

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form F-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

GLOBALFOUNDRIES Inc.

(Exact Name of Registrant as Specified in Its Charter)

Cayman Islands
(State or Other Jurisdiction of
Incorporation or Organization)

3674
(Primary Standard Industrial
Classification Code Number)

98-0604079
(I.R.S. Employer
Identification Number)

400 Stonebreak Road Extension
Malta, NY 12020
(518) 305-9013

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933.

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards[†] provided pursuant to Section 7(a)(2)(B) of the Securities Act.

[†] The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

CALCULATION OF REGISTRATION FEE

Title Of Each Class Of Securities To Be Registered	Proposed Maximum Aggregate Offering Price⁽¹⁾⁽²⁾	Amount Of Registration Fee
Ordinary shares, par value US\$0.02 per share	US\$	US\$

(1) Includes shares that the underwriters may purchase, including pursuant to the option to purchase additional shares, if any.

(2) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. Neither we nor Mubadala may sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED _____, 2021



Ordinary Shares

GLOBALFOUNDRIES Inc.

This is an initial public offering of the ordinary shares, US\$0.02 par value per share of GLOBALFOUNDRIES Inc., or the company. We are offering _____ of the ordinary shares to be sold in this offering. Mubadala Investment Company PJSC (“Mubadala”) is offering _____ of the ordinary shares to be sold in the offering. We will not receive any proceeds from the sale of ordinary shares by Mubadala. Prior to this offering, there has been no public market for our ordinary shares. It is currently estimated that the initial public offering price per ordinary share will be between US\$ _____ and US\$ _____. We intend to apply to list our ordinary shares on the Nasdaq under the symbol “GFS.”

Following the completion of this offering, we will be a “controlled company” as defined under the Nasdaq corporate governance requirements. Our shareholder, Mubadala, through its wholly owned subsidiaries Mubadala Technology Investment Company (“MTIC”) and MTI International Investment Company LLC (“MTIIC”), will beneficially own _____ % of our issued and outstanding ordinary shares and control approximately _____ % of the voting power of our issued and outstanding ordinary shares following this offering, assuming no exercise of the underwriters’ option to purchase additional ordinary shares. See “Principal and Selling Shareholder.”

Investing in our ordinary shares involves risks. See “[Risk Factors](#)” beginning on page 20 of this prospectus.

	<u>Per Ordinary Share</u>	<u>Total</u>
Initial public offering price	US\$ _____	US\$ _____
Underwriting discounts and commissions ⁽¹⁾	US\$ _____	US\$ _____
Proceeds to us, before expenses	US\$ _____	US\$ _____
Proceeds to Mubadala, before expenses	US\$ _____	US\$ _____

(1) See “Underwriters” for additional information regarding total underwriter compensation.

At our request, the underwriters have reserved up to _____ ordinary shares, or up to _____ % of the shares offered by us in this offering, for sale at the initial public offering price through a directed share program to certain employees and other related persons identified by us. See the section titled “Underwriters—Directed Share Program.”

We and Mubadala have granted an option to the underwriters, exercisable for 30 days after the date of this prospectus, to purchase up to _____ additional ordinary shares at the public offering price, less the underwriting discount.

Neither the U.S. Securities and Exchange Commission (the “SEC”) nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the ordinary shares against payment in New York, New York on or about _____, 2021, through the book-entry facility of The Depository Trust Company.

Morgan Stanley
Citigroup

BofA Securities

J.P. Morgan
Credit Suisse

Deutsche Bank Securities

Jefferies

HSBC

Baird Cowen Drexel Hamilton Needham & Company

Raymond James

Siebert Williams Shank

Wedbush Securities

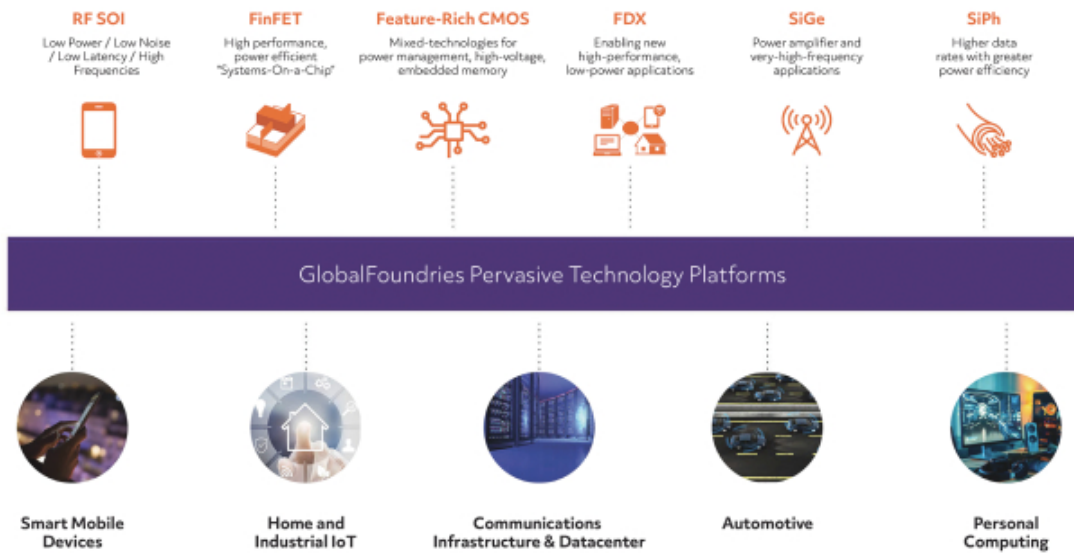
Prospectus dated _____, 2021



**GF: Delivering
pervasive
semiconductors
for humankind**



Differentiated Technology Platforms Serving Secular Growth Markets



\$32Bn
design wins
since 2018



~80%
of 2020 design wins were
single-sourced business



Five
manufacturing sites
across three continents



~2MM
2020 wafer shipments
(300mm eq.)



~15,000
Employees



~10,000
Patents



>200
Customers in 2020



>\$19.5Bn
in aggregate revenue
commitments drives
high visibility



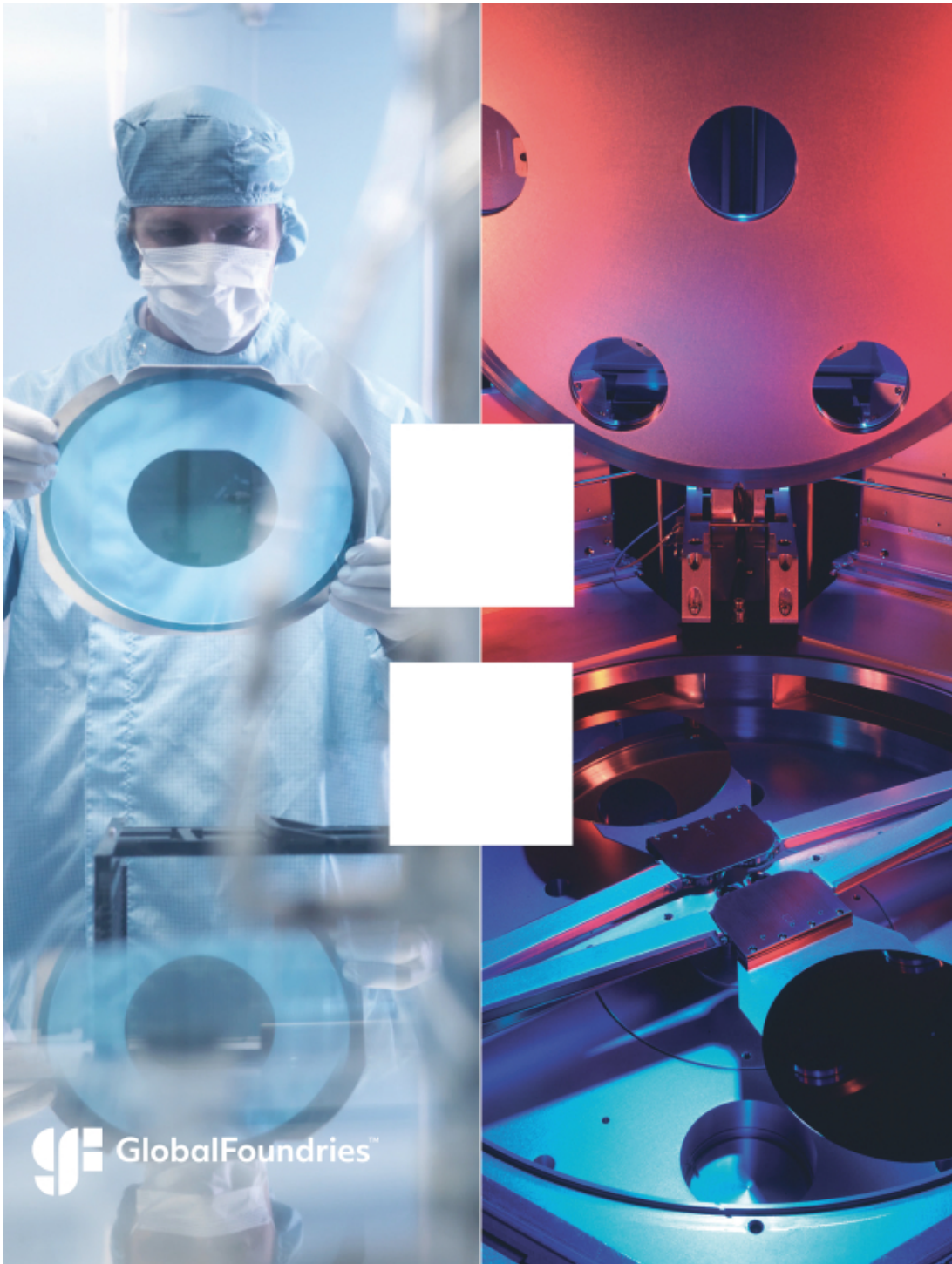


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You should rely only on the information contained in this prospectus or contained in any free writing prospectus prepared by or on behalf of us or to which we have referred you. We and Mubadala have not, and the underwriters have not, authorized anyone to provide any information or make any representations other than those contained in this prospectus or in any free writing prospectus prepared by or on behalf of us or to which we have referred you. We and Mubadala take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We and the selling shareholder are offering to sell, and seeking offers to buy, ordinary shares only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of the ordinary shares. Our results of operations, financial condition, business and prospects may have changed since such date.

Through and including _____, 2021 (the 25th day after the date of this prospectus), all dealers effecting transactions in the ordinary shares, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

For investors outside of the United States: neither we, the selling shareholder, nor any of the underwriters have done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. Persons outside of the United States who come into possession of this prospectus must inform themselves about, observe any restrictions relating to, the offering of ordinary shares and this distribution of this prospectus outside of the United States.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

We report under International Financial Reporting Standards (“IFRS”), as adopted by the International Accounting Standards Board (“IASB”). Our financial statements were not prepared in accordance with generally accepted accounting principles in the United States. We present our consolidated financial statements in U.S. dollars. References in this prospectus to “US\$” or “\$” refer to U.S. dollars, the official currency of the United States.

Use of Non-IFRS Financial Measures

Certain parts of this prospectus contain the following non-IFRS financial measures: adjusted gross profit (loss), adjusted loss from operations, adjusted EBITDA, adjusted net loss from continuing operations and adjusted loss per share.

Adjusted gross profit (loss), adjusted loss from operations, adjusted EBITDA, adjusted net loss from continuing operations and adjusted loss per share are used by our management to monitor the underlying performance of the business and its operations. These measures are used by different companies for differing purposes and are often calculated in ways that reflect the circumstances of those companies. You should exercise caution in comparing these measures as reported by us to the same or similar measures as reported by other companies. Adjusted gross profit (loss), adjusted loss from operations, adjusted EBITDA, adjusted net loss from continuing operations and adjusted loss per share may not be comparable to similarly titled metrics of other companies. These measures are unaudited and have not been prepared in accordance with IFRS or any other generally accepted accounting principles.

Adjusted gross profit (loss), adjusted loss from operations, adjusted EBITDA, adjusted net loss from continuing operations and adjusted loss per share are not measurements of performance under IFRS or any other generally accepted accounting principles, and you should not consider them as an alternative to loss for the period, operating loss or other financial measures determined in accordance with IFRS or other generally accepted accounting principles. These measures have limitations as analytical tools, and you should not consider them in isolation.

PROSPECTUS SUMMARY

This summary highlights selected information that is presented in greater detail elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in our ordinary shares. You should read this entire prospectus carefully, including the sections titled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and the related notes included elsewhere in this prospectus, before making an investment decision. Unless the context otherwise requires, the terms “GF,” “the company,” “we,” “us” and “our” in this prospectus refer to GLOBALFOUNDRIES Inc. and its consolidated subsidiaries.

GLOBALFOUNDRIES INC.

Overview

We are one of the world’s leading semiconductor foundries. We manufacture complex, feature-rich integrated circuits (“ICs”) that enable billions of electronic devices that are pervasive throughout nearly every sector of the global economy. With our specialized foundry manufacturing processes, a library consisting of thousands of qualified circuit-building block designs (known as intellectual property (“IP”) titles or IP blocks), and differentiated transistor and device technology, we serve a broad range of customers, including the global leaders in IC design, and provide optimized solutions for the function, performance and power requirements of critical applications driving key secular growth end markets. As the only scaled pure-play foundry with a global footprint that is not based in China or Taiwan, we help customers mitigate geopolitical risk and provide greater supply chain certainty. We define a scaled pure-play foundry as a company that focuses on producing ICs for other companies, rather than those of its own design, with more than \$2 billion of annual foundry revenue.

Technology megatrends including internet of things (“IoT”), 5G, cloud, artificial intelligence (“AI”) and next-generation automotive are reshaping the global economy and driving a new golden age for semiconductors—a market that is expected to grow to more than \$1 trillion by the end of this decade, from close to \$0.5 trillion in 2021, according to VLSI Research. Semiconductors have become ubiquitous, powering a broad range of applications from consumer devices to enterprise and industrial applications. Semiconductor innovation is essential to the growth and development of many parts of the technology ecosystem. This includes the software and AI revolution and data collection, transmission and processing at an unprecedented scale, as well as increasing use of advanced driver-assistance systems (“ADAS”) and electrification of automobiles, with electric vehicle penetration, consisting of hybrid-full, hybrid-mild and battery electric vehicle propulsion systems, expected to increase from 18% in 2021 to 55% in 2027, according to a February 2021 IHS Markit Automotive Semiconductor Trend report. Semiconductor innovation is also essential for many industrial applications. As the manufacturing backbone of the semiconductor industry, foundries are the bedrock of the global technology ecosystem, and, by extension, the world economy. Foundries such as GF drive innovation by providing advances in process technologies, materials science and IC design IP within the global supply chain to enable customers to develop ICs, accelerate time-to-market and offer value-added services.

We provide differentiated foundry solutions that enable the era for data-centric, connected, intelligent and secure technologies. We are redefining the foundry model with feature-rich solutions that enable our customers to develop innovative products for an increasingly wide variety of applications across broad and pervasive markets. We unlock value for our customers by helping drive technology in multiple dimensions, making their products more intelligent and intuitive, more connected and secure, and more powerful and energy-efficient. Our objective is to be the global leader in feature-rich semiconductor manufacturing—the foundry of choice for the pervasive semiconductor market. We have a large and growing market opportunity with an estimated serviceable addressable market (“SAM”) of \$54 billion in 2020, which reflects the sum of all foundry revenues excluding memory and revenues from <12nm wafers, as estimated by Gartner. Our SAM is supported by significant opportunities in our core markets of Smart Mobile Devices, Home and Industrial IoT, Communications Infrastructure & Datacenter, Automotive and Personal Computing.

Since our founding in 2009, we have invested over \$23 billion in our company to build a global manufacturing footprint with multiple state-of-the-art facilities across three continents, offering customers the flexibility and security their supply chains require. As semiconductor technologies become more complex with advanced integration requirements, we are also able to offer comprehensive, state-of-the-art design solutions and services that provide our customers with a high-quality, cost-effective and faster path to market. We have over 50 ecosystem partners spanning IP, electronic design automation, outsourced assembly and test and design services. Building on an existing library of more than 4,000 IP titles, we currently have more than 950 IP titles in active development across 26 process nodes and 34 IP partners.

We focus on feature-rich devices that include digital, analog, mixed-signal, radio frequency (“RF”), ultra-low power and embedded memory solutions that connect, secure and process data, and efficiently power the digital world around us. As the semiconductor and technology industries become more complex, we expect to become an even more vital partner to fabless semiconductor design companies, integrated device manufacturers (“IDMs”) and original equipment manufacturers (“OEMs”), bringing their designs to life in physical hardware. Our core technology portfolio includes a range of differentiated technology platforms, including our industry-leading RF Silicon-on-Insulator (“SOI”) solutions, advanced high-performance Fin Field-Effect Transistor (“FinFET”), feature-rich Complementary Metal-Oxide Semiconductor (“CMOS”), our proprietary Fully-Depleted SOI (“FDXTM”), high-performance Silicon Germanium (“SiGe”) products and Silicon Photonics (“SiPh”), all of which can be purposely engineered, innovated and designed for a broad set of demanding applications. Customers depend on us for feature-rich solutions based on these differentiated technologies in a growing number of applications that require low power, real-time connectivity and on-board intelligence.

The combination of our highly-differentiated technology and our scaled manufacturing footprint enables us to attract a large share of single-sourced products and long-term supply agreements, providing a high degree of revenue visibility and significant operating leverage, resulting in improved financial performance and bottom line growth. As of the date of this prospectus, the aggregate lifetime revenue commitment reflected by these agreements amounted to more than \$19.5 billion, including more than \$10 billion during the period from 2022 through 2023 and approximately \$2.5 billion in advanced payments and capacity reservation fees. These agreements include binding, multi-year, reciprocal annual (and, in some cases, quarterly) minimum purchase and supply commitments with wafer pricing and associated mechanics outlined for the contract term. Through an intense focus on collaboration, we have built deep strategic partnerships with a broad base of more than 200 customers as of December 31, 2020, many of whom are the global leaders in their field. In the first six months of 2021, our top ten customers, based on wafer shipment volume, included some of the largest semiconductor companies in the world: Qualcomm Inc. (“Qualcomm”), MediaTek Inc. (“MediaTek”), NXP Semiconductors N.V. (“NXP”), Qorvo, Inc. (“Qorvo”), Cirrus Logic, Inc. (“Cirrus Logic”), Advanced Micro Devices, Inc. (“AMD”), Skyworks Solutions, Inc. (“Skyworks”), Murata Manufacturing Co., Ltd. (“Murata”), Samsung Electronics Co., Ltd. (“Samsung”) and Broadcom Inc. (“Broadcom”). A key measure of our position as a strategic partner to our customers is the mix of our wafer shipment volume attributable to single-sourced business, which represented approximately 61% of wafer shipment volume in 2020, up from 47% in 2018. We define single-sourced products as those that we believe can only be manufactured with our technology and cannot be manufactured elsewhere without significant customer redesigns. Approximately 80% of our more than 350 design wins in 2020 were for single-sourced business, a record-breaking year in terms of number of design wins, up from 69% in 2018. We define a design win as the successful completion of the evaluation stage, where a customer has assessed our technology solution, verified that it meets its requirements, qualified it for their products and confirmed to us their selection.

In addition to our highly-differentiated technology platforms, our capital-efficient, scaled manufacturing footprint spanning three continents gives us the flexibility and agility to meet the dynamic needs of our customers around the globe, help them mitigate geopolitical risk and provide greater supply chain certainty. We are also one of the most advanced accredited foundry providers to the U.S. Department of Defense (“DoD”) and

have the ability to extend this high-assurance model to serve commercial customers and to enhance supply chain security and resilience at a time when they are becoming more critical to national and economic security. Since foundry production is concentrated in China and Taiwan, we believe our global manufacturing footprint is a key differentiator that makes us the ideal partner for local and regional government stakeholders at a time when many regions, in particular the United States and Europe, are contemplating significant funding to secure and grow domestic semiconductor manufacturing capabilities.

We currently operate five manufacturing sites in the following locations: Dresden, Germany; Singapore; Malta, New York; Burlington, Vermont; and East Fishkill, New York. Subsequent to our transfer of our East Fishkill facility (the “EFK facility”) (see “Business—Manufacturing and Operations”), we will have four world-class manufacturing sites on three continents, providing the scale, technology differentiation and geographic diversification that we believe are critically important to our customers’ success, with total 300mm equivalent capacity in 2020 of approximately 1,920 kilo wafers per annum (“kwpa”).

Industry Background

Technology Megatrends Are Reshaping the Global Economy

The global economy’s dependency on technology is greater today than ever before. Consumer devices played a significant role in technological advances over the last decade, triggering a wave of innovation in design and manufacturing, as evidenced by the evolution of the smartphone since the introduction of the iPhone in 2007. The number of connected devices worldwide increased from 13.3 billion in 2015 to 21.6 billion in 2020, according to IoT Analytics. The latest generations of smartphone devices have integrated and improved the functionality of dozens of applications, including the Global Positioning System (“GPS”), camera, camcorder, music player, recorder, measuring devices, remote controller, car keys and credit cards, which in turn has spawned increased innovation in myriad electronic devices across numerous markets. Several megatrends including IoT, 5G, cloud, AI and next-generation automotive are poised to lead the next decade of technology advances, redefining how we use electronic devices to live, work and interact as a global society. These megatrends are reshaping nearly every industry in the global economy and rely on advances in semiconductor technology across multiple innovation vectors.

A New Golden Age for Semiconductors

Semiconductors are the core building blocks of electronic devices and systems, including those used in mobile devices, automobiles, consumer electronics, wearables, smart home devices, 5G wireless infrastructure, robotics, personal computers (“PCs”), cloud computing, data networking and others. Historically, semiconductor innovation was driven by a few select compute-centric applications – initially PCs and later the internet and mobile phones. Mobile devices have evolved from a convenient communication appliance to a feature-rich, always-connected device, enabling users to do and control nearly everything in their lives. This has driven significant growth in semiconductor demand. According to Gartner, mobile phone semiconductor revenue in 2021 is expected to increase by approximately 16% from 2020, which is primarily attributable to the shift from 4G to 5G phones. Similarly, the use of semiconductors in automobiles is expected to dramatically increase from 2015 to 2025 as innovation in driver safety, electrical vehicles and infotainment applications increase.

Another significant driver of semiconductor demand has been, and we believe will continue to be, the tremendous growth in the deployment of intelligent software, which is increasingly transforming a wide variety of business functions across all sectors. Semiconductors enable the functionality that software delivers. With wide-scale adoption of mobile devices and software solutions, society has grown to expect high-speed connectivity, convenience and security in all applications, providing a catalyst for increased semiconductor content in nearly every industry.

Semiconductors have become mission-critical to the functionality, safety, transformation and success of many industries. As a result, the diversification of semiconductor demand across a wide range of industries has made the sector more foundational and central to the broader economy and in turn less vulnerable to cyclicity.

Foundries Are the Bedrock of the Technology Ecosystem

Semiconductor manufacturing is now a critical part of the electronics value chain by providing the foundation for innovation by fabless semiconductor design companies and OEMs, enabling broad-ranging products addressing almost every commercial sector. As a result, access to manufacturing has become a supply chain, economic and, ultimately, a national security concern.

Prior to the 1980s, the semiconductor industry was vertically integrated and semiconductor companies owned and operated their own manufacturing facilities. The market demand for continued electronics innovation, combined with the technical and financial barriers to entry in manufacturing, led to the proliferation of fabless semiconductor companies that outsourced manufacturing to foundry players. Over time, foundries, with their continued process technology innovation, coupled with the proliferation of product-focused fabless semiconductor companies, have been the engines driving the growth of the \$0.5 trillion semiconductor market in 2021.

Today, it is increasingly difficult for IDMs to profitably scale manufacturing in-house, resulting in more outsourcing of manufacturing to foundries. In 2020, more than 33% of semiconductor manufacturing was outsourced to foundries, compared to approximately 9% in 2000, according to IC Insights. As manufacturing costs have continued to increase, only foundries have enough manufacturing volume to generate a return on the capital investment required, making outsourcing critical to any IDM's strategy. Today, almost all of the remaining IDMs use foundry services for some of their products.

Geopolitical Environment and Growing Importance of Supply Security

Over the past three decades, semiconductor manufacturing has shifted toward Asia. Since 1990, the share of global semiconductor manufacturing capacity produced in major commercial fabs using leading wafer sizes in the United States and Europe declined from 81% to 21% in 2020, according to the Boston Consulting Group ("BCG") and the Semiconductor Industry Association ("SIA"). Over the same period, production capacity in China and Taiwan increased from close to zero to 37% of total global capacity, driven in large part by significant local government subsidies and support.

There are currently only five foundries of significant scale: GF, Samsung, Semiconductor Manufacturing International Corporation ("SMIC"), Taiwan Semiconductor Manufacturing Company, Limited ("TSMC") and United Microelectronics Corporation ("UMC"). Collectively, these five foundries accounted for the vast majority of worldwide foundry revenue in 2020, according to a March 2021 Gartner Semiconductor Foundry Worldwide Market Share report. More importantly, approximately 77% of foundry revenue in 2020 was from wafers manufactured in Taiwan or China, with SMIC, TSMC and UMC accounting for approximately 72% of foundry revenue in 2020. These trends have not only created trade imbalances and disputes, but have also exposed global supply chains to significant risks, including geopolitical risks. The U.S. and European governments are increasingly focused on developing a semiconductor supply chain that is less dependent on manufacturing based in Taiwan or China.

In particular, the concentration of semiconductor production in countries such as Taiwan, a resource-constrained island susceptible to natural disasters and geopolitical tension, additionally exposes global supply chains to significant risk. Given the ubiquitous nature of semiconductor technology, these imbalances and associated risks are considered by countries to be a threat to economic and national security, with many industry experts equating the importance of semiconductor supply today to that of oil in the twentieth century.

The Global Semiconductor Supply Shortage

While technology megatrends have been driving increased semiconductor demand, the COVID-19 pandemic accelerated demand trends already underway, including remote work, learning and medicine, driving sustainable demand for electronic devices such as networking and infrastructure to maintain a distributed environment. As a result, demand has outstripped supply across most of the semiconductor industry. Meanwhile, other industries, such as the automotive sector, which were initially hard-hit by the pandemic, began to halt new purchases and depleted existing inventories of semiconductor chips. As some parts of the world have started to re-open, these impacted sectors have seen significant increases in new demand, which, when coupled with underlying megatrends not related to the COVID-19 pandemic, such as the electrification of vehicles, have resulted in a significant imbalance between demand and supply. Although the supply-demand imbalance is expected to improve over the medium-term, the semiconductor industry will require a significant increase in investment to keep up with demand, with total industry revenue expected to double over the next eight to ten years.

Government Incentives to Secure Supply

Against this backdrop, governments have been proposing bold new incentives to fund and secure their local semiconductor manufacturing industries. The United States Congress recently authorized the Creating Helpful Incentives to Produce Semiconductors for America (“CHIPS”) Act, which, when funded, as proposed by the United States Innovation and Competition Act, will provide for more than \$52 billion in funding to the domestic semiconductor industry, with approximately two-thirds directed toward semiconductor manufacturing. In Europe, a program referred to as the Important Projects of Common European Interest (“IPCEI”) includes a large aid package to strengthen the European Union’s (“EU”) semiconductor industry. These programs are designed to bring back share in the semiconductor industry to the United States and Europe by encouraging manufacturers such as GF to increase their local capacities in these regions.

Similarly, we believe that foundry customers are increasingly seeking to diversify and secure their semiconductor supply chains, and are looking for foundry partners with manufacturing footprints in Europe, the United States and Asia, outside of China and Taiwan. Fabless companies and IDMs increasingly view their foundry relations as highly strategic and are looking to secure long-term capacity contracts by paying to access capacity expansions at their foundry partners. This trend has the potential to help balance the geographical distribution of manufacturing and drive increased long-term visibility and profitability of the foundry industry.

Evolution to Pervasive, Broadly Diversified End Markets

Historically, processor-centric compute was the foundation of the semiconductor industry, and technological innovation in end products was driven by an evolution to smaller feature sizes and greater processing capability per unit produced. This was appropriate when narrow application requirements were centered on raw processing power, and led to a cyclical industry predominantly focused on highly digital, compute-oriented verticals. Today, robust feature sets such as wireless connectivity, low power and thermal efficiency, human interfaces and security have become mission-critical to the functionality, safety, transformation, security and success of many industries. In addition, virtually all electronic systems require a combination of compute capability and features such as digital, analog, mixed-signal, RF and embedded memory to enable breakthrough functionality across wide-ranging end markets and applications. The ICs that serve these applications comprise the pervasive semiconductor market, consisting of feature-rich digital, analog and mixed-signal semiconductors. The market for, and manufacturing of, ICs for pervasive semiconductors is very different and less cyclical than the market for traditional processor-centric compute semiconductors, which have higher operating and capital costs and a narrower customer set.

The pervasive semiconductor market represented 73% of the total semiconductor foundry market, as well as 33% of the total semiconductor foundry capital expenditure in 2020, according to the Gartner Forecast,

Semiconductor Foundry Revenue Supply and Demand Worldwide 2Q21 Update, July 2021. The pervasive semiconductor market is driving breakthrough innovation across broad applications such as longer battery life for mobile devices, always-on access to connected devices, high data throughput for work from home, streaming, gaming and augmented reality / virtual reality (“AR/VR”), powerful sensing for safe and comfortable autonomous driving and embedded memory for secure cryptographic credentials. Unlike processor-centric compute devices, pervasive semiconductor performance is driven more by circuit design, specialty materials and specialized manufacturing processes. Innovation in pervasive ICs is measured in terms of precision, accuracy, bandwidth, efficiency and sensitivity. When combined with greater breadth and diversity of customers and end markets, these factors tend to result in more stable demand and pricing for pervasive semiconductors than processor-centric compute semiconductors.

Our Journey

History

Since our inception, we have grown through a combination of acquisitions, greenfield expansions and strategic partnerships. We were established in 2009 when a subsidiary of Mubadala acquired AMD’s manufacturing operations in Dresden, Germany, and a fab project site in Malta, New York. In 2010, we combined with Chartered Semiconductor Manufacturing, the third-largest foundry by revenue at the time, forming the basis for our Singapore manufacturing hub. In 2015, we acquired International Business Machines Corporation’s (“IBM”) Microelectronics division with manufacturing facilities in New York and Vermont, adding distinctive technology capabilities, including more than 2,000 IBM engineers. By 2017, we had successfully ramped our most advanced manufacturing site in Malta, New York. Through our organic and strategic growth initiatives, we increased manufacturing capacity twelvefold from 2009 to 2020 and now have a global footprint with five manufacturing sites on three continents with approximately 15,000 employees and approximately 10,000 worldwide patents. In 2020, we shipped approximately 2 million 300mm equivalent semiconductor wafers. With this level of market presence and capability, our technologies are found across most semiconductor end markets in devices used on a daily basis.

Strategic Repositioning

Beginning in 2018, we embarked on a new strategy to significantly reposition our business to better align with our customers’ needs, drive margin expansion and accelerate value creation for our stakeholders. Today, we focus on and are growing sales of foundry solutions for the pervasive semiconductor market, where we are trusted to reliably innovate and deliver premium performance, functionality, efficiency and quality, rather than focusing merely on transistor density and processing speed.

Key elements of our strategy include:

- **Focus on feature-rich solutions.** In August 2018, we shifted our focus to address the pervasive foundry market opportunity and the growing demand for specialized process technologies in emerging high-growth markets.
- **Market-based customer engagement strategy.** In order to better address and capture the pervasive semiconductor foundry market opportunity, we restructured our go-to-market organizations to better align with the growing opportunities in Smart Mobile Devices, Home and Industrial IoT, Communications Infrastructure & Datacenter, Automotive and Personal Computing. We supplemented our existing workforce with talented executives holding deep domain expertise in these growing markets.
- **Optimized portfolio.** We took a number of steps to streamline and optimize our business and manufacturing footprint to improve our bottom line and return on capital. In 2019, we divested three assets that were not aligned with our strategic priorities.

- **Resized and refocused cost structure.** We have realigned our engineering, sales and marketing organizations toward higher-margin, higher-return products and opportunities to drive our improved bottom line.
- **Disciplined, capital-efficient expansion strategy.** Since our repositioning, we have focused on a capital-efficient expansion strategy that is based on long-term demand certainty and partnerships with our customers. In addition, by repositioning to focus on differentiated technologies, we have been able to efficiently add features to our existing platforms while significantly reducing overall capital expenditures. Additionally, this strategy provides us with the opportunity to pursue highly accretive investments to meet market demand.

Our Market Opportunity

According to Gartner, the total addressable market (“TAM”) for the overall semiconductor device market was \$466 billion in 2020, while the TAM for the foundry market, excluding memory, was \$74 billion. Of this total, we estimate that our SAM represented \$54 billion, which included \$22 billion for Smart Mobile Devices, \$18 billion for Home and Industrial IoT, \$9 billion for Communications Infrastructure & Datacenter, \$4 billion for Automotive and \$1 billion for Personal Computing opportunities.

Smart Mobile Devices

According to Gartner, the smart mobile devices semiconductor market, excluding memory, is expected to grow at 6.3% compound annual growth rate (“CAGR”) from 2020 to 2025. By 2025, semiconductor devices for mobile applications, such as phones, tablets and wearables, are expected to account for approximately 28% of total semiconductor demand. Within smart mobile devices, we expect particularly rapid growth in mobile devices connected to phones, such as smart watches (with an expected CAGR of 22% from 2020 to 2025, according to Gartner). RF content in 5G mobile devices is also expected to be more than 700% higher than that of 4G devices by 2025, according to IDC. We anticipate rapid growth in wearables, such as smart watches, mesh sensors and tracking devices, as well as AR/VR headsets, as these technologies continue to mature. Our technology platforms are designed to capture this opportunity as they address key challenges that need to be solved to drive improved customer experience and adoption.

Home and Industrial IoT

According to Gartner, the home and industrial IoT semiconductor market is expected to grow at 7.6% CAGR, with industrial automation markets expected to grow at 11% CAGR from 2020 to 2025. Our Home and Industrial IoT opportunity consists of solutions for a wide variety of applications, including factory automation, test and measurement, smart city, healthcare, transportation, connected home and others. According to Gartner, IoT applications are expected to account for approximately 22% of total annual semiconductor demand in 2025. We are well-positioned to capture future growth in IoT applications, as we believe these applications will increasingly combine ultra-low power chips, a variety of sensors, improved displays and cameras, multi-sensor human-machine interfaces, connectivity and intelligence at the edge.

Communications Infrastructure & Datacenter

According to Gartner, the communications infrastructure & datacenter market is expected to grow at 5.4% CAGR, with wireless infrastructure and enterprise networking markets expected to grow at 12% CAGR, and 9% CAGR, respectively, from 2020 to 2025. Our Communications Infrastructure & Datacenter opportunity consists of solutions for wired and wireless network infrastructure, datacenter applications and satellite communications. We believe we are well-positioned in RF, switching, optical, compute and storage solutions for these key end

markets. Our leading capability in SiPh increases throughput and dramatically reduces power consumption through the use of light instead of electrons. Our millimeter wave (“mmWave”) technology serves the evolving needs of mobile networks, such as micro-cells for 5G mmWave, while our breadth of power applications enable our customers to design more efficient solutions for the RF networks of the future.

Automotive

According to Gartner, the automotive semiconductor devices, ADAS applications, and EV/HEV applications markets are expected to grow at 14.2% CAGR, 20% CAGR and 28% CAGR respectively, from 2020 to 2025. Many of the innovations underway in the automotive industry, such as electric and autonomous vehicles, advanced infotainment, connectivity and security, are driven by increased adoption of semiconductors in cars. Semiconductor content per vehicle is expected to increase dramatically in the coming years. The number of semiconductor devices per car is expected to double between 2016 and 2027, to over 2,000 ICs per car, according to IHS Markit from July 2021.

We expect the recent growth of semiconductor content in the automotive industry to continue, and we have been regularly evolving our technologies to serve these needs. We have developed many technologies that are well-positioned to be the semiconductor backbone of fully autonomous vehicles, such as our FDX™ platform for mmWave RADAR applications and SiGe for battery management.

Personal Computing

According to Gartner, the personal computing market is expected to grow at 2.5% CAGR from 2020 to 2025. Additionally, clamshell ultra-mobile devices and video game consoles are expected to grow at 9% CAGR and 12% CAGR, respectively, within that same time period. By 2025, semiconductor devices for personal computing, such as laptops and desktops are expected to account for approximately 16% of total semiconductor demand. In 2020 and 2021, the volume of personal computing devices has experienced strong growth, driven by work from home, remote learning and other trends related to the COVID-19 pandemic. We expect demand will continue to be sustained with the increasing use of compute in an increasing range of human activities (e.g., education and health), including in geographies that had limited access in the past.

While a large portion of the end market is driven by central processing units / graphics processing units (“CPU/GPUs”) that are progressively transitioning to technologies we do not serve following our pivot in 2018, we will continue to support our customers across a variety of applications where our technology platforms can provide meaningful differentiation for their devices. These devices include chipsets (e.g., platform controller hub (“PCH”) or I/O die (“IOD”)), Wi-Fi, power delivery, display drivers, re-drivers and audio amplifiers. Many of our technologies offer best-in-class performance for these applications, including FinFET, CMOS and BCDLite™.

Key Strengths

We have several distinct advantages that differentiate us from our peers:

- **Scaled manufacturing capabilities.** According to Gartner, in 2020, we were the third largest foundry in the world based on external sales. In 2020, we shipped approximately 2 million 300mm equivalent semiconductor wafers. We believe that our scaled global manufacturing footprint enables our customers to leverage the security of our fabrication facilities (“fabs”) and ensure a trusted supply of critical semiconductors.
- **Differentiated technology platforms and ecosystem.** We deliver highly-differentiated solutions to meet customer demand for superior performance, lower power consumption and better thermal

efficiency for mission-critical applications across IoT, 5G, cloud, AI, next-generation automotive and other secular growth markets that are driving the economy of the future.

- **Diversified and secure geographic footprint.** Our scaled global manufacturing footprint helps mitigate geopolitical, natural disaster and competitive risks. We are the only U.S.-based scaled semiconductor foundry with a global footprint. We believe that this geographic diversification is critical to our customers as well as governments around the world as they look to secure semiconductor supply. Furthermore, a significant number of our technology platforms are qualified across our manufacturing footprint, providing our customers with a geographically diverse one-stop supply chain solution.
- **Market-centric solutions driving deep customer relationships.** We are pioneering a new sustainable foundry relationship with fabless companies, IDMs and OEMs by partnering with customers to redefine the supply chain and economics for the entire value chain. The insights we gain through our market-centric approach enable us to focus on and invest in the markets and applications in which we believe we can achieve a clear leadership position.
- **High degree of revenue and earnings visibility.** Our combination of highly-differentiated technology, significant number of single-sourced products and customer supply agreements provides a high degree of revenue and earnings visibility.
- **Capital-efficient model.** Our focus on the pervasive semiconductor market results in lower capital requirements compared to foundries that focus on processor-centric compute semiconductors and are therefore obligated to invest significant capital to transition from node to node. Additionally, as the only scaled pure-play foundry with existing manufacturing capacity in the United States and Europe, we are well-positioned to benefit from government support, as governments around the world implement or contemplate large aid packages to encourage manufacturers such as us to increase their local capacities in these regions.
- **World-class team and focus on sustainability.** We have a highly technically proficient, talented and experienced management team of executive officers and key employees with average industry experience of 25 years per individual. We are dedicated to ethical and responsible business practices, the personal and social well-being of our diverse and highly-skilled employee base, and supply chain and environmental stewardship. As of December 31, 2020, we employed approximately 15,000 employees, and approximately 65% of our employees were engineers or technicians.

Our Differentiated Technology Platforms

We offer a wide range of feature-rich solutions that can address the needs of mission-critical applications in Smart Mobile Devices, Home and Industrial IoT, Communications Infrastructure & Datacenter, Automotive and Personal Computing. To solve our customers' most complex challenges, we have developed a broad range of sophisticated technology platforms that leverage our extensive patent portfolio and deep technical expertise in digital, analog, mixed-signal, RF and embedded memory.

We devote the majority of our research and development ("R&D") efforts to our six primary differentiated technology platforms:

- **RF SOI:** Our industry-leading RF SOI technologies are utilized in high-growth, high-volume wireless and Wi-Fi markets and are optimized for low power, low noise and low latency/high frequency applications that enable longer battery life for mobile applications and high cellular signal quality. Our RF SOI technologies are found in almost all cellular handsets from major manufacturers and in cellular ground station transceivers.

- **FinFET:** Our FinFET process technology is purpose-built for high-performance, power-efficient Systems-on-a-Chip (“SoCs”) in demanding, high-volume applications. Advanced features such as RF, automotive qualification, ultra-low power memory and logic provide a best-in-class (12 to 16 nanometer (“nm”)) combination of performance, power and area, and are well-suited for compute and AI, mobile/consumer and automotive processors, high-end IoT applications, high performance transceivers and wired/wireless networking applications.
- **Feature-Rich CMOS:** Our CMOS platforms combined with foundational and complex IP and design enablement offer mixed-technology solutions on volume production-proven processes and are well-suited for a wide variety of applications. Technology features include Bipolar-CMOS-DMOS (“BCD”) for power management, high-voltage triple-gate oxide for display drivers, and embedded non-volatile memory for micro-controllers.
- **FDXTM:** Our proprietary FDXTM process technology platform is especially well-suited for efficient single-chip integration of digital and analog signals delivering cost-effective performance for connected and low-power embedded applications. A full range of features, such as Ultra-Low Power (“ULP”), Ultra-Low Leakage (“ULL”), RF and mmWave, embedded Magnetoresistive Random Access Memory (“MRAM”) and automotive qualification, makes our FDXTM process technology platform especially well-matched for IoT/wireless, 5G (including mmWave), automotive radar, and satellite communications applications.
- **SiGe:** Our SiGe Bipolar CMOS (“BiCMOS”) technologies are uniquely optimized for either power amplifier applications or very-high-frequency applications for optical and wireless networking, satellite communications and communications infrastructure. Our SiGe technologies are performance-competitive with more costly compound semiconductor technologies while taking full advantage of being integrated with conventional Silicon CMOS (“Si CMOS”).
- **SiPh:** Our SiPh platforms address the increasing need for data centers to handle ever higher data rates and volumes with greater power efficiency, as conventional copper wire connections are becoming prohibitive from a power consumption perspective. Our SiPh platforms integrate photonics components with CMOS logic and RF to enable a fully integrated, monolithic electrical and optical computing and communications engine. Our SiPh technologies are also being extended to applications such as Light Detection and Ranging (“LiDAR”), quantum computing and consumer optical networks.

Our Growth Strategies

Key elements of our growth strategies include:

- **Deepen relationships with key customers.** We operate a customer-focused partnership model in which we work closely with our customers to better understand their requirements in order to invest in and develop tailored solutions to suit their specific needs. We intend to expand our customer base and increase market share by leveraging our core IP, comprehensive portfolio, scale and flexibility to redefine the fabless-foundry model.
- **Expand portfolio of differentiated, feature-rich technologies.** We believe that maintaining and enhancing our leadership position in differentiated technologies is critical to attracting and retaining customers, which increasingly rely on specific silicon features to differentiate their products. We will continue to invest in R&D across our six key technology platforms, which we believe provide room for continued innovation and growth within our addressable market for the foreseeable future.
- **Disciplined capacity expansion.** We believe that we have a capital-efficient model that allows us to expand capacity in a disciplined and economically attractive manner. Our focus on the pervasive semiconductor market requires lower capital intensity than that of the compute-focused foundries to drive revenue growth.

- **Strengthen government partnerships.** We intend to continue expanding our existing footprint by building on the strength of our public/private investment partnerships. As regions around the world work to establish domestic semiconductor supply, we believe governmental funding to secure local manufacturing will continue.
- **Continued operational excellence.** We delivered more than \$1 billion in cost savings from 2018 to 2020 through intensive management focus on operational efficiency and are continuing to implement additional efficiency measures aimed at expanding margins, improving our bottom line, and generating higher returns on investment. We expect our business model to provide significant bottom line benefits as revenue scales at each of our existing locations.

RISK FACTORS SUMMARY

Our business is subject to numerous risks and uncertainties, including those highlighted in the section titled “Risk Factors” immediately following this prospectus summary. These risks include the following:

Risks Related to our Business and Industry

- Global economic and political conditions could materially and adversely affect us.
- We have long-term supply agreements with certain customers that obligate us to meet specific production requirements, which may expose us to liquidated and other damages, require us to return advanced payments, require us to provide products and services at reduced or negative margins and constrain our ability to reallocate our production capacity to serve new customers or otherwise.
- Our strategy of securing and maintaining long-term supply contracts and expanding our production capacity may not be successful.
- We depend on a small number of customers for a significant portion of our revenues and any loss of this or our other key customers, including potentially through further customer consolidation, could result in significant declines in our revenues.
- We rely on a complex silicon supply chain and breakdowns in that chain could affect our ability to produce our products.
- Reductions in demand and average selling prices for our customers’ end products (*e.g.*, consumer electronics).
- Our competitors have announced expansions and may continue to expand in the United States and Europe, which could materially and adversely affect our competitive position.
- Sales to government entities and highly regulated organizations are subject to a number of challenges and added risks, and we could fail to comply with these heightened compliance requirements, or effectively manage these challenges or risks.

Risks Related to Manufacturing, Operations and Expansion

- If we are unable to manage our capacity and production facilities effectively, our competitiveness may be weakened.
- Our manufacturing processes are highly complex, costly and potentially vulnerable to impurities and other disruptions, and cost increases, that can significantly increase our costs and delay product shipments to our customers.

- Our profit margin may substantially decline if we are unable to continually improve our manufacturing yields, maintain high shipment utilization or fail to optimize the process technology mix of our wafer production.
- If we are unable to obtain adequate supplies of raw materials in a timely manner and at commercially reasonable prices our revenue and profitability may decline.

Risks Related to Intellectual Property

- Any failure to obtain, maintain, protect or enforce our intellectual property and proprietary rights could impair our ability to protect our proprietary technology and our brand.
- There is a risk that our trade secrets, know-how and other proprietary information will be stolen, used in an unauthorized manner, or compromised.
- The laws of some foreign countries may not be as protective of intellectual property rights as those in the United States, and mechanisms for enforcement of intellectual property rights may be inadequate.
- Our success depends, in part, on our ability to develop and commercialize our technology without infringing, misappropriating or otherwise violating the intellectual property rights of third parties and we may not be aware of such infringements, misappropriations or violations.
- We may be unable to provide technology to our customers if we lose the support of our technology partners.
- We have been and may continue to become subject to intellectual property disputes, which are costly and may subject us to significant liability and increased costs of doing business.

Political, Regulatory and Legal Risks

- Environmental, health and safety laws and regulations expose us to liability and risk of non-compliance, and any such liability or non-compliance may adversely affect our business.
- We are subject to governmental export and customs compliance requirements that could impair our ability to compete in international markets or subject us to liability if we violate the controls.
- We are currently and may in the future become subject to litigation that could result in substantial costs, divert or continue to divert management's attention and resources.

Risks Related to Our Status as a Controlled Company and Foreign Private Issuer

- Mubadala will continue to have substantial control after this offering, which could limit your ability to influence the outcome of key transactions, including a change of control, and otherwise affect the prevailing market price of our ordinary shares.
- We are a foreign private issuer and, as a result, are not subject to U.S. proxy rules but are subject to reporting obligations that, to some extent, are more lenient and less frequent than those of a U.S. issuer.

CORPORATE INFORMATION

We are an exempted company incorporated in the Cayman Islands with limited liability on October 7, 2008 when a subsidiary of Mubadala acquired AMD's manufacturing operations in Dresden, Germany. Our principal executive offices are located at 400 Stonebreak Road Extension, Malta, New York 12020, United States, and our telephone number is (518) 305-9013. Our website address is www.gf.com. Information contained on, or that can be accessed through, our website is not incorporated by reference into this prospectus, and you should not consider information on our website to be part of this prospectus.

The GF design logo, "GF" and our other registered or common law trademarks, service marks, or trade names appearing in this prospectus are the property of GLOBALFOUNDRIES Inc. Other trade names, trademarks and service marks used in this prospectus are the property of their respective owners.

OUR OFFERING

Ordinary shares offered by us	shares
Ordinary shares offered by Mubadala	shares
Ordinary shares to be outstanding after this offering	shares (or shares if the underwriters exercise their over-allotment option in full)
Option to purchase additional shares	We and Mubadala have granted an option to the underwriters, exercisable for 30 days after the date of this prospectus, to purchase up to additional shares at the public offering price, less the underwriting discount.
Use of proceeds	<p>We estimate that our net proceeds from this offering will be approximately \$ million (or approximately \$ million if the underwriters exercise their over-allotment option in full) from the sale of the shares of ordinary shares offered by us in this offering, based on an assumed initial public offering price of \$ per share, the midpoint of the price range set forth on the cover page of this prospectus, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.</p> <p>We intend to use the anticipated net proceeds from this offering for capital expenditures and other general corporate purposes. We may use a portion of the net proceeds for acquisitions of technologies or businesses that complement our business, although we have no present commitments or agreements to enter into any such acquisitions or investments. See “Use of Proceeds” for additional information.</p> <p>We will not receive any proceeds from the sale of ordinary shares by Mubadala in this offering.</p>
Dividend policy	We currently intend to retain all available funds and any future earnings to fund the development and growth of our business. Therefore, we do not anticipate declaring or paying any cash dividends to our shareholders in the foreseeable future. See “Dividend Policy” for additional information.
Directed share program	At our request, the underwriters have reserved up to ordinary shares, or % of the shares offered by us in this offering, for sale at the initial public offering price through a directed share program to certain employees and other related persons identified by us.

The number of ordinary shares available for sale to the general public will be reduced to the extent that such persons purchase such reserved shares. Any reserved shares not so purchased will be offered by the underwriters to the general public on the same basis as the other shares offered by this prospectus. Morgan Stanley & Co. LLC will administer our directed share program.

See the sections titled “Certain Relationships and Related Party Transactions,” “Shares Eligible for Future Sale,” and “Underwriters—Directed Share Program.”

Risk factors

You should read the section titled “Risk Factors” for a discussion of factors to consider carefully before deciding to invest in our shares.

Proposed Nasdaq symbol

“GFS”

The number of our ordinary shares to be outstanding after this offering is based on _____ ordinary shares outstanding as of _____, 2021. Unless otherwise indicated, all information contained in this prospectus assumes no exercise of the option granted to the underwriters to purchase up to _____ additional ordinary shares at the public offering price, less the underwriting discount.

The number of ordinary shares to be outstanding after this offering does not take into account an aggregate of _____ ordinary shares available for future issuance under the 2017 LTIP and 2018 Equity Plan (as defined under “Executive Compensation”).

In addition, except as otherwise noted, all information in this prospectus reflects our reverse share split, which was effective September 12, 2021, to reclassify:

- all 1,153,804,300, 1,000,000,000 and 1,000,000,000 of our ordinary shares outstanding as of December 31, 2018, 2019, and 2020 respectively, to 576,902,150, 500,000,000 and 500,000,000 ordinary shares, respectively; and
- all 1,000,000,000 of our ordinary shares outstanding as of June 30, 2021 to 500,000,000 ordinary shares.

SUMMARY CONSOLIDATED FINANCIAL DATA

The following table summarizes our historical consolidated financial data at the dates and for the periods indicated. We have derived our summary consolidated statements of operations data for the years ended December 31, 2018, 2019 and 2020, and for the six months ended June 30, 2020 and 2021, and our summary consolidated balance sheet data as of December 31, 2019 and 2020, and June 30, 2021 from our consolidated financial statements included elsewhere in this prospectus. We prepare our annual financial statements in accordance with IFRS, as adopted by the IASB. We prepare our unaudited interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS No. 34 “Interim Financial Reporting,” or IAS 34. The financial information presented below may not be indicative of our future performance. The summary historical consolidated financial data should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the consolidated financial statements and the accompanying notes included elsewhere in this prospectus.

(dollars in millions, except for share amounts)	For the Years Ended December 31,			For the Six Months Ended June 30,	
	2018	2019	2020	2020	2021
Consolidated Statement of Operations data					
Net revenues ⁽¹⁾	\$ 6,196	\$ 5,813	\$ 4,851	\$ 2,697	\$ 3,038
Cost of revenues	(6,646)	(6,345)	(5,563)	(3,058)	(2,708)
Gross profit (loss)⁽²⁾	(450)	(532)	(713)	(361)	330
Research and development expenses	(926)	(583)	(476)	(243)	(235)
Selling, general and administrative expenses	(453)	(446)	(445)	(210)	(293)
Operating expenses	(1,379)	(1,029)	(921)	(453)	(528)
Restructuring charges	(112)	—	—	—	—
Impairment charges	(582)	(64)	(23)	2	—
Other operating charges	(694)	(64)	(23)	2	—
Loss from operations⁽²⁾	(2,523)	(1,625)	(1,656)	(815)	(198)
Finance income	10	11	3	2	3
Finance expenses	(165)	(230)	(154)	(82)	(58)
Share of profit of joint ventures and associates	7	8	4	2	2
Gain on sale of a fabrication facility and application specific integrated circuit business	—	615	—	—	—
Other income (expense), net	61	74	440	395	(20)
Loss before income taxes from continuing operations	(2,610)	(1,147)	(1,363)	(498)	(271)
Income tax (expense) benefit	(16)	(224)	12	(36)	(30)
Net loss from continuing operations	(2,626)	(1,371)	\$ (1,351)	(534)	(301)
Discontinued operations					
Loss from discontinued operations, net of tax \$1	(148)	—	—	—	—
Net loss⁽²⁾	\$ (2,774)	\$ (1,371)	\$ (1,351)	\$ (534)	\$ (301)
Attributable to:					
Shareholder of GLOBALFOUNDRIES INC.	\$ (2,702)	\$ (1,371)	\$ (1,348)	\$ (533)	\$ (299)
Non-controlling interest	(72)	—	(3)	(1)	(2)
Net loss for the period	\$ (2,774)	\$ (1,371)	\$ (1,351)	\$ (534)	\$ (301)
Loss per share attributable to the equity holders of the company:					
Basic and diluted loss per share:					
From continuing operations	\$ (4.56)	\$ (2.72)	\$ (2.70)	\$ (1.06)	\$ (0.60)
From discontinued operations	\$ (0.14)	\$ —	\$ —	\$ —	\$ —
Net loss per share	\$ (4.70)	\$ (2.72)	\$ (2.70)	\$ (1.06)	\$ (0.60)

- (1) In 2020, the majority of our customer contractual terms were amended in a manner that resulted in moving from recognizing wafer revenue on a Percentage-of-Completion basis to recognizing revenue on a Wafer Shipment basis. For more information, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates—Revenue Recognition.” This resulted in a one-time, non-recurring reduction in net revenues recognized in 2020. Had the change in terms not occurred, our net revenues in 2020 would have been an estimated \$810 million higher than reported results. In addition, we divested our Application Specific Integrated Circuit (“ASIC”) business, Avera Semiconductor, in 2019. This business generated \$391 million of revenue in 2019 and \$402 million in 2018.
- (2) The change in customer contract terms and associated revenue recognition also had a one-time impact on adjusted EBITDA, adjusted gross profit (loss), adjusted loss from operations, and adjusted net loss in 2020, estimated to be \$176 million.

(dollars in millions)	Years Ended December 31,			Six Months Ended June 30,	
	2018	2019	2020	2020	2021
Consolidated Statement of Cash Flows data					
Net cash provided by operating activities	\$ 279	\$ 497	\$1,006	\$ 539	\$ 582
Net cash provided by (used in) investing activities	(1,167)	344	(366)	(166)	(462)
Net cash provided by (used in) financing activities	1,132	(684)	(733)	(99)	(224)

(dollars in millions)	As of December 31,		As of
	2019	2020	June 30, 2021
Consolidated Balance Sheets data			
Cash and cash equivalents	\$ 997	\$ 908	\$ 805
Total current assets	3,514	2,987	3,008
Total assets	14,498	12,322	12,397
Total current liabilities	2,336	1,896	2,146
Total liabilities	5,478	5,080	5,464
Total stockholder’s equity	9,019	7,242	6,932

We use non-IFRS financial information and believe it is useful to investors as it provides additional information to facilitate comparisons of historical operating results, and identify trends in our underlying operating results, and it provides additional insight and transparency on how we evaluate the business. These non-IFRS measures are used by both our management and our board of directors, together with the comparable IFRS information, in evaluating our current performance and planning future business activities. We have detailed the non-IFRS adjustments that we make in our non-IFRS definitions below. The adjustments generally fall within the categories of non-cash items, acquisition and integration costs, business transformation initiatives and financing-related costs. We believe the non-IFRS measures should always be considered along with the related IFRS financial measures. We have provided the reconciliations between the IFRS and non-IFRS financial measures below. For more information, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

The following table reconciles gross profit (loss) to adjusted gross profit (loss) for the years ended December 31, 2018, 2019 and 2020, and the six months ended June 30, 2020 and 2021, respectively:

Adjusted gross profit (loss)

(dollars in millions)	For the Years Ended December 31,			For the Six Months Ended June 30,	
	2018	2019	2020	2020	2021
Gross profit (loss) for the period(1)	\$ (450)	\$ (532)	\$ (713)	\$ (361)	\$ 330
Share-based compensation	—	—	—	—	36
Adjusted gross profit (loss)	\$ (450)	\$ (532)	\$ (713)	\$ (361)	\$ 366

(1) The change in customer contract terms and associated revenue recognition also had a one-time impact on adjusted EBITDA, adjusted gross profit (loss), adjusted loss from operations and adjusted net loss in 2020, estimated to be \$176 million.

The following table reconciles loss from operations to adjusted loss from operations for the years ended December 31, 2018, 2019 and 2020, and the six months ended June 30, 2020 and 2021, respectively:

Adjusted loss from operations

(dollars in millions)	For the Years Ended December 31,			For the Six Months Ended June 30,	
	2018	2019	2020	2020	2021
Loss from operations for the period(1)	\$ (2,523)	\$ (1,625)	\$ (1,656)	\$ (815)	\$ (198)
Share-based compensation	5	—	1	1	144
Adjusted loss from operations	\$ (2,518)	\$ (1,625)	\$ (1,655)	\$ (814)	\$ (54)

(1) The change in customer contract terms and associated revenue recognition also had a one-time impact on adjusted EBITDA, adjusted gross profit (loss), adjusted loss from operations and adjusted net loss in 2020, estimated to be \$176 million.

The following table reconciles net loss from continuing operations to adjusted EBITDA for the years ended December 31, 2018, 2019 and 2020, and for the six months ended June 30, 2020 and 2021, respectively:

Adjusted EBITDA

(dollars in millions)	For the Years Ended December 31,			For the Six Months Ended June 30,	
	2018	2019	2020	2020	2021
Net loss from continuing operations	\$ (2,626)	\$ (1,371)	\$ (1,351)	\$ (534)	\$ (301)
<i>Adjustments to net loss from continuing operations:</i>					
Depreciation and amortization	2,948	2,678	2,523	1,285	785
Finance expense	165	230	154	82	58
Provision for income taxes	16	224	(12)	36	30
Share-based compensation	5	—	1	1	144
Restructuring and corporate severance programs	125	—	16	3	10
(Gain) on transactions, legal settlements and transaction expenses(1)	21	(607)	(356)	(339)	34
Adjusted EBITDA(2)	\$ 654	\$ 1,154	\$ 976	\$ 535	\$ 760

(1) See the table below for the composition of (gain) on transactions, legal settlements and transaction expenses adjustment for each period presented

(dollars in millions)	For the Years Ended December 31,			For the Six Months Ended June 30,	
	2018	2019	2020	2020	2021
(Gain) on transactions ^(a)	\$ —	\$ (682)	\$ (98)	\$ (63)	\$ —
Legal settlements ^(b)	—	—	(294)	(294)	34
Transaction expenses ^(c)	21	75	36	18	—
Total (gain) on transactions, legal settlements and transaction expenses	\$ 21	\$ (607)	\$ (356)	\$ (339)	\$ 34

- (a) As part of our strategic repositioning, for the year ended December 31, 2019, we recognized \$615 million of gains related to the sale of the ASIC business and Singapore fabrication facility. Additionally, we recognized a gain on tool and equipment sales of \$67 million, \$98 million and \$63 million for the years ended December 31, 2019 and 2020, and the six months ended June 30, 2020, respectively. We exclude these gains as they are not representative of our ongoing business and impact investors' ability to evaluate our business.
- (b) Represents \$294 million gain directly associated with a patent legal settlement with a competitor for the year ended December 31, 2020, and \$34 million related to a provision for a settlement with Chengdu, China local government ("CD"), regarding its request for the company to share in CD's alleged losses and related costs incurred to support the parties' joint venture for the six months ended June 30, 2021. We exclude these legal settlements as they are not representative of our ongoing business and impact investors' ability to evaluate our business.
- (c) Represents transaction expenses for professional services rendered in connection with business combinations and dispositions. We exclude these charges because they are not reflective of our ongoing business and results of operations.
- (2) The change in customer contract terms and associated revenue recognition also had a one-time impact on adjusted EBITDA, adjusted gross profit (loss), adjusted loss from operations and adjusted net loss in 2020, estimated to be \$176 million.

The following table reconciles net loss from continuing operations to adjusted net loss from continuing operations and adjusted loss per share for the years ended December 31, 2018, 2019 and 2020, and for the six months ended June 30, 2020 and 2021, respectively:

Adjusted net loss from continuing operations

(dollars in millions)	For the Years Ended December 31,			For the Six Months Ended June 30,	
	2018	2019	2020	2020	2021
Net loss from continuing operations⁽¹⁾	\$ (2,626)	\$ (1,371)	\$ (1,351)	\$ (534)	\$ (301)
Share-based compensation	5	—	1	1	144
Adjusted net loss from continuing operations	\$ (2,621)	\$ (1,371)	\$ (1,350)	\$ (533)	\$ (157)
Adjusted loss per share	\$ (4.54)	\$ (2.72)	\$ (2.70)	\$ (1.06)	\$ (0.32)

(1) The change in customer contract terms and associated revenue recognition also had a one-time impact on adjusted EBITDA, adjusted gross profit (loss), adjusted loss from operations and adjusted net loss in 2020, estimated to be \$176 million.

RISK FACTORS

A description of the risks and uncertainties associated with our business and ownership of our shares is set forth below. You should carefully consider the risks and uncertainties described below, together with all of the other information in this prospectus, including the section titled “Management’s Discussion and Analysis of Financial Condition and Result of Operations” and our consolidated financial statements and the related notes included elsewhere in this prospectus, before making a decision to invest in our shares. Our results of operations, financial condition, business and prospects could also be harmed by risks and uncertainties that are not presently known to us or that we currently believe are not material. If any of the risks actually occur, our results of operations, financial condition, business and prospects could be materially and adversely affected. In that event, the market price of our shares could decline and you could lose all or part of your investment.

Risks Related to our Business and Industry

Global economic and political conditions could materially and adversely affect our results of operations, financial condition, business and prospects.

The semiconductor industry relies on a global supply chain and is considered strategically important by major trading countries, including the United States, China, and countries in the EU. Political, economic and financial crises have in the past negatively affected and in the future could negatively affect the semiconductor industry and its end markets. Our business may also be materially affected by the impact of geopolitical tensions and related actions. In recent years, there have been political and trade tensions among, and between, a number of the world’s major economies, most notably in our industry between the United States and China, with Hong Kong and Taiwan implicated in the tensions. These tensions have resulted in the implementation of trade barriers, including the use of economic sanctions and export control restrictions against certain countries and individual companies. For example, over the past two years, the U.S. Department of Commerce’s Bureau of Industry and Security (“BIS”) placed one of the largest mobile handset and 5G infrastructure providers in the world, Huawei, and China’s largest semiconductor foundry, SMIC, on the BIS Entity List. Violations of these economic sanctions and export control restrictions can result in significant civil and criminal penalties. These trade barriers have had a particular impact on the semiconductor industry and related markets. Prolonged or increased use of trade barriers may result in a decrease in the growth of the global economy and semiconductor industry and could cause turmoil in global markets, which in turn often results in declines in our customers’ electronic products sales and could decrease demand for our products and services. Also, any increase in the use of economic sanctions or export control restrictions to target certain countries and companies could impact our ability to continue supplying products and services to those customers and our customers’ demand for our products and services, and could disrupt semiconductor supply chains.

Any future systemic political, economic or financial crisis or market volatility, including interest rate fluctuations, inflation or deflation and changes in economic, trade, fiscal and monetary policies in major economies, could cause revenue or profits for us or the semiconductor industry as a whole to decline dramatically. If the economic conditions in the markets in which our customers operate or the financial condition of our customers were to deteriorate, the demand for our products and services may decrease and impairments, write-downs and other accounting charges may be required, which could reduce our operating income and net income. Further, in times of market instability, sufficient external financing may not be available to us on a timely basis, on commercially reasonable terms or at all. If sufficient external financing is not available when we need such financing to meet our demand-driven capital requirements, we may be forced to curtail expansion, modify plans and delay the deployment of new or differentiated technologies, products, or services until we obtain such financing. Further escalation of trade tensions, the increased use of economic sanctions or export control restrictions or any future global systemic crisis or economic downturn could materially and adversely affect our results of operations, financial condition, business and prospects.

We have long-term supply agreements with certain customers that obligate us to meet specific production requirements, which may expose us to liquidated and other damages, require us to return advanced payments, require us to provide products and services at reduced or negative margins and constrain our ability to reallocate our production capacity to serve new customers or otherwise.

In response to the current global semiconductor supply shortage and in connection with our focus on differentiated technology platforms and deeper customer engagements, we have entered into multiple long-term supply agreements that provide for significant customer commitments in return for capacity reservation commitments from us. In many cases, in connection with these arrangements we have received, or will receive, customer advanced payments and capacity reservation fees. If we are unable to satisfy our obligations under these contracts, we may be forced to return such payments which could result in significant cash expenditures. Under most of our long-term supply agreements, we must maintain sufficient capacity at our manufacturing facilities to meet anticipated customer demand for our proprietary products. From time to time, this requires us to invest in expansion or improvements of those facilities, which often involves substantial cost and other risks, such as delays in completion. Such expanded manufacturing capacity may still be insufficient, or may not come online soon enough, to meet customer demand and we may have to limit the amount of products we can supply to customers, forgo sales or lose customers as a result. Further, capacity reserved for certain customers could cause us to breach obligations to other customers due to capacity constraints, or prevent us from serving new customers. If we are unable to satisfy our obligations under our customer agreements, we may be subject to significant liquidated damages or penalties, which could result in significant cash expenditures and require us to raise additional capital. Conversely, if we overestimate customer demand or a customer defaults on its purchase or payment obligations to us, we could experience underutilization of capacity at these facilities without a corresponding reduction in fixed costs. Our inability to maintain appropriate capacity could materially and adversely affect our results of operations, financial condition, business and prospects.

Our strategy of securing and maintaining long-term supply contracts and expanding our production capacity may not be successful.

We have undertaken, and will continue to undertake, various business strategies to sell a significant portion of our production capacity through long-term supply contracts, grow our production capacity, and improve operating efficiencies and generate cost savings. We cannot assure you that we will successfully implement those business strategies or that implementing these strategies will sustain or improve and not harm our results of operations. In particular, our ability to implement our strategy to enter into long-term supply contracts successfully is subject to certain risks, including:

- customers defaulting on their obligations to us, which may include significant payment obligations;
- our defaulting on our obligations to our customers (for example, due to raw materials shortages or production disruptions), which could result in us owing substantial penalties to our customers;
- customers seeking to renegotiate key terms of their contracts, such as pricing and specified volume commitments, in the event market conditions change during the contract term; and
- our inability to extend contracts when they expire.

As a result, we cannot assure you that we will successfully implement this strategy or realize the anticipated benefits of these contracts.

Additionally, the costs involved in implementing our strategies may be significantly greater than we currently anticipate. For example, our ability to complete production capacity expansions or make other operational improvements as planned may be delayed, interrupted or made more costly by the need to obtain environmental and other regulatory approvals, the availability of semiconductor manufacturing equipment, labor and materials, unforeseen hazards, such as weather conditions, and other risks customarily associated with construction projects. Moreover, the cost of expanding production capacity could have a negative impact on our financial results until shipment utilization is sufficient to absorb the incremental costs associated with the expansion.

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Our ability to successfully implement these strategies depends on a variety of factors, including, among other things, our ability to finance our operations, maintain high-quality and efficient manufacturing operations, respond to competitive and regulatory changes, access semiconductor manufacturing equipment or quality raw materials in a cost-effective and timely manner, and retain and attract highly skilled personnel. Further, some of our long-term supply agreements constrain our ability to change product mix within short time frames, given “end of life” provisions in our agreements that require substantial notice periods before we can cease production of existing products. Since 2018, we have been in the process of pivoting our development resources to focus on differentiated technologies, based on an analysis of market dynamics and our competitive strengths. Any failure to continue implementing this strategic pivot in a timely and cost-effective manner could materially and adversely affect our results of operations, financial condition, business and prospects.

We depend on a small number of customers for a significant portion of our revenues and any loss of this or our other key customers, including potentially through further customer consolidation, could result in significant declines in our revenues.

We have been largely dependent on a small number of customers for a substantial portion of our business. Our ten largest customers in 2018, 2019 and 2020 accounted for approximately 75%, 73% and 73% of our wafer shipment volume, respectively. We expect that a significant portion of our revenue will continue to come from a relatively limited number of customers. We cannot assure you that our revenue generated from these customers, individually or in the aggregate, will reach or exceed historical levels in any future period. Loss or cancellation of business from, significant changes in scheduled deliveries to, or decrease of products and services sold to any of these customers could significantly reduce our revenue. Additionally, the increasing trend in mergers and acquisition activities in the semiconductor industry could reduce the total available customer base.

We rely on a complex silicon supply chain and breakdowns in that chain could affect our ability to produce our products and could materially and adversely affect our results of operations, financial condition, business and prospects.

We rely on a small number of suppliers for wafers, which is a key input into our products. In particular, only a limited number of companies in the world are able to produce SOI wafers. If there is an insufficient supply of wafers, particularly SOI wafers, to satisfy our requirements, we may need to limit or delay our production, which could materially and adversely affect our results of operations, financial condition, business and prospects. If our limited source suppliers and suppliers for wafer preparation were to experience difficulties that affected their manufacturing yields or the quality of the materials they supply to us, it could materially and adversely affect our results of operations, financial condition, business and prospects. In particular, we depend on Soitec S.A. (“Soitec”), our largest supplier of SOI wafers, for the timely provision of wafers in order to meet our production goals and obligations to customers. We have entered into multiple long-term agreements with Soitec across a wide spectrum of SOI products. Soitec supplied 52% of our SOI wafers in 2020. In April 2017, we entered into a multi-year materials supply agreement with Soitec that expires in 2022, with automatic annual extensions unless terminated by either party. In that same year, we agreed to an addendum to the materials supply agreement for FDX™ wafers, in particular, as amended and restated in 2021. In November 2020, we agreed to an addendum to our original materials supply agreement to secure supply for 300 mm RF SOI, partially-depleted SOI and SiPh wafers. Our supply agreements with Soitec impose mutual obligations, in the form of capacity requirements, minimum purchase requirements and supply share percentages. We may be subject to penalties if we fail to comply with such obligations. If we are unable to obtain 300mm SOI wafers from Soitec for any reason, we expect that it would be challenging, if not infeasible, to find a replacement supplier on commercially acceptable terms in the near term. While we are in the process of developing relationships with alternate suppliers, we do not expect to be able to acquire a significant amount of SOI wafers from those suppliers in the near term, and there is no assurance that we will ever be able to do so.

The ability of our suppliers to meet our requirements could be impaired or interrupted by factors beyond their control, such as earthquakes or other natural phenomena, labor strikes or shortages, or political unrest or

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failure to obtain materials for their suppliers. For example, Soitec is reliant on third-party providers to obtain raw silicon wafers—difficulties in obtaining raw silicon wafers may result in Soitec’s inability to produce SOI wafers. In the event one of our suppliers is unable to deliver products to us or is unwilling to sell materials or components to us, our operations may be adversely affected. Further, financial or other difficulties faced by our suppliers, or significant changes in demand for the components or materials they use in the products they supply to us, could limit the availability of those products, components, or materials to us. Any breakdown of our wafer supply chain could materially and adversely affect our results of operations, financial condition, business and prospects.

Reductions in demand and average selling prices (“ASPs”) for our customers’ end products (e.g., consumer electronics) and increases in inflation may decrease demand for our products and services and could materially and adversely affect our results of operations, financial condition, business and prospects.

The substantial majority of our revenue is derived from customers who use our products in intelligent and highly connected devices in markets such as Smart Mobile Devices, Home and Industrial IoT, Communications Infrastructure & Datacenter, Automotive and Personal Computing. A deterioration or a slowdown in the growth of such end markets resulting in a substantial decrease in the demand for overall global semiconductor foundry services, including our products and services, could adversely affect our revenue and profit margins. Semiconductor manufacturing facilities require substantial investment to construct and are largely fixed-cost assets once they are in operation. Because we own our manufacturing facilities, a significant portion of our operating costs are fixed. In general, these costs do not decline when customer demand or our shipment utilization rate drops, and thus declines in customer demand, among other factors, may significantly decrease our profit margins. Our costs may also increase as a result of, among other things, inflation, which may have a greater impact on our profit margins than ASPs. In the past, there have been periods of sustained decline in ASPs of our customers’ end products and applications. A return to historical trends could place downward pressure on the prices of the components, including our products, that go into such end products and applications. If ASPs decline and our cost reduction programs and actions do not offset the decrease or our costs increase due to inflation or otherwise and are not offset by an increase in ASPs, our results of operations, financial condition, business and prospects may be materially and adversely affected.

The seasonality and cyclical nature of the semiconductor industry and periodic overcapacity make us vulnerable to significant and sometimes prolonged economic downturns.

The semiconductor industry has exhibited cyclical nature in the past and, at various times, has experienced downturns. Fluctuations in our customers’ demand drive significant variations in order levels for our products and services and can result in volatility in our revenues and earnings. Because our business is, and will continue to be, largely dependent on the requirements of both consumer and industrial high-end technology product suppliers for our services, downturns in this broad industry will likely lead to reduced demand for our products and services.

Demand for our customers’ end products is affected by seasonal variations in market conditions that contribute to the fluctuations of demand and prices for semiconductor services and products. The seasonal sales trends for semiconductor services and products closely mirror those for automotive, consumer electronics, communication and computer sales. These seasonal variations, and seasonal variation changes that we cannot anticipate, may result in increased volatility in our results of operation and could materially and adversely affect our results of operations, financial condition, business and prospects.

Overcapacity in the semiconductor industry may reduce our revenues, earnings and margins.

The prices that we can charge our customers for manufacturing services are significantly related to the overall worldwide supply of ICs and semiconductor products. The overall supply of semiconductors is based in

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part on the capacity of other companies, which is outside of our control. For example, in light of current market conditions, we and some other companies, including competitors with access to material government support, have announced plans to increase capacity expenditures significantly. Additionally, some nations, including China, are investing heavily in developing additional domestic capacity for semiconductor fabrication. We believe such plans, if carried out as planned, will increase the industry-wide capacity and could result in overcapacity in the future. In periods of overcapacity, if we are unable to offset the adverse effects of overcapacity through, among other things, our technology and product mix, we may have to lower the prices we charge our customers for our services and/or we may have to operate at significantly less than full capacity. Such actions could reduce our margin and profitability and weaken our financial condition and results of operations. We cannot give any assurance that an increase in the demand for foundry services in the immediate and short-term will not lead to overcapacity in the future, which could materially and adversely affect our results of operations, financial condition, business and prospects.

If we are unable to attract customers with our technology, respond to fast-changing semiconductor market dynamics or maintain our leadership in product quality, we will become less competitive.

The semiconductor industry and the technologies it brings to market are constantly being created and evolving. We compete by developing process technologies that incorporate increasingly higher performance and advanced features, offering increasing functionality depending upon the customer's application requirements. If we do not anticipate these changes in technology requirements and fail to rapidly develop new and innovative solutions to meet these demands, we may not be able to provide foundry services on competitive terms with respect to cost, schedule or volume manufacturing capacity. There is a risk that our competitors may successfully adopt new or more differentiated technology before we do, resulting in us losing design wins (including in cases in which we have expended significant resources to pursue design wins) and market share. If we are unable to continue to offer differentiated services and processes on a competitive and timely basis, we may lose customers to competitors providing similar or better technologies.

A key differentiator in the marketplace is to significantly reduce the time in which technology products or services are launched into the market. If we are unable to meet the shorter time-to-market requirements of our customers or fail to impress them with our newer technology solutions or are unable to allocate or develop new production capacity to meet those customers' demands in a timely manner, we risk losing their business and not generating the market adoption needed to pay for our development efforts. These factors have also been intensified by the shift of the global technology market to consumer-driven products and increasing concentration of customers and competition. Further, the increasing complexity of technology also imposes challenges for achieving expected product quality, cost and time-to-market expectations. If we fail to maintain quality, it may result in loss of revenue and additional cost, as well as loss of business or customer trust. If we are unable to meet the expected production yields of a new technology, we will not be able to meet the expected costs of that technology. In addition, the market prices for technology and services tend to fall over time, except in times of extreme supply shortage. As a result, if we are unable to offer new differentiated services and processes on a competitive and timely basis, we may need to decrease the prices that we set for our existing services and processes. If we are unable to innovate new and differentiated technologies and bring them to a cost-competitive volume manufacturing scale that meets the demand of our customers, we may become less competitive and our revenue and margins may decline significantly.

External risks also exist that can impact our position as a technology leader. Differentiated technology offerings may rely upon unique or specialized materials as compared to our competitors, including specialized wafers upon which some of our technologies are currently manufactured, raw materials for wafer fabrication, and materials used in the packaging of ICs to enable them to be used in the end products. A disruption in the availability of or quality of these new or unique materials during technology development can impact time-to-market, or have impact on the quality or cost of finished goods in the marketplace. Similarly, our technology roadmap relies on externally sourced design tools and component circuit designs that allow our end customers to more readily realize their products in our technologies, and disruption or delays in our ability to obtain those resources may impair our ability to compete effectively and serve our customers.

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The rapidly changing nature of advanced semiconductor technology can also culminate in the emergence of highly disruptive or unconventional technologies and new disruptive solutions using existing technologies which can create a rapid inflection point leaving those on a conventional technology roadmap path at a significant disadvantage and unprepared to react in a timely manner.

If we are unable to compete effectively with other sophisticated players in the highly competitive foundry segment of the semiconductor industry, we may lose customers and our profit margins and earnings may decrease.

The foundry market is comprised of five major pure-play foundries that accounted for the vast majority of worldwide foundry revenue in 2020, according to a March 2021 Gartner Semiconductor Foundry Worldwide Market Share report. TSMC at \$46 billion of wafer revenue in 2020 accounted for more than 58% of the total market, while the next four players combined made up only 27% of the market. Other key competitors include SMIC and UMC, as well as the foundry operation services of some integrated device manufacturers, such as Samsung and, more recently, Intel Corporation (“Intel”). IDMs principally manufacture and sell their own proprietary semiconductor products but may also offer foundry services. Other smaller dedicated foundry competitors include X-FAB Silicon Foundries, Tower Semiconductor Ltd., Vanguard International Semiconductor Corporation (“Vanguard”) and WIN Semiconductors Corp. Some of our competitors may offer more advanced or differentiated technologies than we do and some have greater access to capital and substantially greater production capacity, R&D, marketing and other resources, including access to government subsidies and economic stimulus (including protective demand-side measures), than we do. As a result, these companies may be able to compete more aggressively over a longer period of time than we can.

The principal elements of competition in the wafer foundry market include:

- scale and the ability to access capital to fund future growth;
- capacity utilization;
- technical competence, including internal and access to external design enablement capabilities;
- technology leadership and differentiation;
- price;
- time-to-volume production and cycle time;
- time-to-market;
- investment in R&D and related quality of results;
- manufacturing yields;
- optimization of the technology mix of wafer production at particular process technology nodes;
- design/technology interaction and resulting chip reliability;
- customer service and design support;
- management expertise; and
- strategic alliances and geographic diversification.

Our ability to compete successfully also depends on factors partially outside of our control, including component supply, intellectual property, including cell libraries that our customers embed in their product designs, and industry and general economic trends.

Our competitors have announced expansions and may continue to expand in the United States and Europe, which could materially and adversely affect our competitive position.

TSMC, Samsung and Intel have recently announced plans to develop new fabs and substantially increase their manufacturing capacity in the United States, and other competitors may seek to do likewise. Similarly, our competitors may seek to develop new fabs in Europe and substantially increase their manufacturing capacity. Such expansions may increase the attractiveness of our competitors to customers who wish to utilize fabs located in the United States or Europe, use geographically dispersed suppliers or mitigate risks posed by geopolitical tensions and export controls. Further, it may lead to increased competition for funding and talent in those jurisdictions. This increased competition could materially and adversely affect our results of operations, financial condition, business and prospects.

The semiconductor industry is capital-intensive and, if we are unable to invest the necessary capital to operate and grow our business, we may not remain competitive.

To remain competitive and comply with evolving regulatory requirements, we must constantly improve our facilities and process technologies and carry out extensive R&D, each of which requires investment of significant amounts of capital. The costs of manufacturing facilities and semiconductor manufacturing equipment continue to rise. We expect to incur additional capital expenditures in connection with our revenue expansion plans to expand our fabs in Dresden, Germany; Malta, New York; and Singapore. On June 22, 2021, we announced plans to spend approximately \$4.0 billion to expand our Fab 7 operations in Singapore, and on July 19, 2021 announced fab expansion plans in Malta, New York involving approximately \$1.0 billion, with the construction of a new fab on the same campus to follow. Our actual expenditures may exceed our planned spend due to global economic and industry-wide equipment or material price increases during the long lead time to build capacity. Given the fixed-cost nature of our business, we have in the past incurred, and may in the future incur, operating losses if our revenues do not adequately offset the impact of our capital expenditures and the cost of financing these expenditures. Additionally, a significant portion of any operating income we do generate is needed to service our outstanding debt.

We invest significantly in R&D, and to the extent our R&D efforts are unsuccessful, our competitive position may be harmed and we may not be able to realize a return on our investments. To compete successfully, we must maintain a successful R&D effort, develop new product technologies, features and manufacturing processes, and improve our existing products and services, technologies and processes. Our R&D efforts may not deliver the benefits we anticipate. To the extent we do not timely introduce new technologies and features relative to competitors, we could face cost, product performance, and time-to-market disadvantages, which could materially and adversely affect our results of operations, financial condition, business and prospects.

Financing, including equity capital, debt financing, customer co-investments and government subsidies, may not be available on commercially acceptable terms or at all. Any additional debt financing we may undertake could require debt service and financial and operational requirements that could adversely affect our business. If we are unable to generate sufficient cash or raise sufficient capital to meet both our debt service and capital investment requirements, or if we are unable to raise required capital on favorable terms when needed, we may be forced to curtail revenue expansion plans or delay capital investment, which could materially and adversely affect our results of operations, financial condition, business and prospects.

We may not be able to implement our planned growth and development or maintain the differentiation of our solutions if we are unable to recruit and retain key executives, managers and skilled technical personnel.

We rely on the continued services and contributions of our management team and skilled technical and professional personnel. In this industry, the competitive pressures to find and retain the most talented personnel are intense and constant. The top talent in the industry is often well-known and pursued by competitors. In addition, with the speed of technological and business change, skills need to be constantly refreshed and built

upon. Our business could suffer if we are unable to fulfill and sustain resource requirements with qualified individuals in required positions globally. Fulfilling new resource needs on a timely basis continues to be a challenge in this highly competitive market for semiconductor talent. Competition for talent exists in all of our operating regions emphasizing the importance of strong employee retention, and if we fail to attract and retain top talent, our business and results of operations could be materially adversely impacted.

We receive subsidies and grants in certain countries and regions in which we operate, and a reduction in the amount of governmental funding available to us or demands for repayment could increase our costs and affect our results of operations.

As is the case with other large semiconductor companies, we receive subsidies and grants from governments in certain countries and regions in which we operate. In response to increased geopolitical tensions, national security and supply chain concerns, as well as recent supply shortages, government funding such as the proposed United States Innovation and Competition Act in the United States, which includes the CHIPS Act and the R&D funding in the Endless Frontiers Act, and the “second” IPCEI in Europe are in the process of being adopted or funded, resulting in potentially significant new sources of capital and R&D investment for our industry. Historically, we have benefitted from government investment programs, and we intend to continue to benefit from government programs to help fund our expansion efforts. However, we may be unable to secure government funding at the levels we expect or at all, and the availability of government funding is outside our control. Moreover, should we terminate any activities or operations related to government funds that we receive or upon which government funds have been conditioned, we may face adverse consequences. In particular, government agencies could seek to recover subsidies or grants from us, seek repayment of loans, or could cancel, reduce or deny our requests for future subsidies or grants. This could materially and adversely affect our results of operations, financial condition, business and prospects.

Strong government support in China for capacity expansion, combined with weaker demand from and strained economic relations with that country, could lead to underutilization or significant ASP erosion for fab fill.

China’s aggressive investment in its “buy from China” initiatives have inflated the capital available for technology development in China and resulted in an expansion of fabrication capacity for semiconductors. China’s decision to build capacity for China, to be sourced primarily from indigenous suppliers like SMIC, will have the effect of limiting the Chinese market for other global suppliers like us. Increases in China’s fabrication capacity for semiconductors may also significantly increase the competition we face globally, which may make it more difficult for us to retain and obtain new customers and lead to material reductions in ASPs.

Any outbreak of contagious disease, such as the recent COVID-19 pandemic, could materially and adversely affect our results of operations, financial condition, business and prospects.

Any outbreak of contagious disease, including, but not limited to, COVID-19, Zika virus, Ebola virus, avian or swine influenza or severe acute respiratory syndrome, may disrupt our ability to adequately staff our business and may generally disrupt our operations. The recent outbreak of COVID-19 has slowed economic growth, including in regions of the world where we, our customers and suppliers operate, and has negatively impacted the global supply chain, market and economies. We have significant operations in the United States, Europe, and Singapore, including supply chain and manufacturing facilities and sales and marketing channels and information technology (“IT”) design and other support services in these countries and regions as well as other countries such as Japan, India, Bulgaria, Taiwan and China.

If the COVID-19 outbreak worsens or continues longer term, or new outbreaks of COVID-19 or other contagious diseases occur, we may experience material adverse effects on our business, including, among other things:

- declines in sales activities and customer orders;

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- significant fluctuations in demand for our products and services, which could in turn cause uncertainty for our capacity planning, production delays and reduced workforce availability;
- difficulties in domestic and international travel and communications and interruption;
- delays in our planned expansion in Singapore, including from temporary governmental work stoppage orders to control COVID-19 infection rates or as a result of border closures with Malaysia, both of which have occurred;
- delays in other potential expansion plans; or
- slowdown of R&D activities.

Likewise, such an outbreak of disease could slow or suspend the operations of our suppliers and cause them to be unable to deliver needed raw materials as required. Any of these factors could materially and adversely affect our results of operations, financial condition, business and prospects.

Sales to government entities and highly regulated organizations are subject to a number of challenges and added risks, and our failure to comply with these heightened compliance requirements, or effectively manage these challenges or risks, could impact our operations and financial results.

We currently sell to the U.S. federal government and to customers in highly regulated industries, and may sell to state and local governments and to foreign governmental agency customers in the future. Sales to such entities are subject to a number of compliance challenges and risks, including regarding access to and required protection of classified information. Failure to comply with Foreign Ownership, Control or Influence, or “FOCI”, agreements could lead to a loss of our security clearance and certain government business and reputational harm. Selling to governmental and highly regulated entities can be highly competitive, expensive and time-consuming, often requiring significant upfront time and expense without any assurance that these efforts will generate a sale. Government contracting requirements may change and in doing so restrict our ability to sell into the government sector until we have attained any revised necessary certification or authorization. Government demand and payment for our products and services are affected by public sector budgetary cycles and funding authorizations, with funding reductions or delays adversely affecting public sector demand for our products and services. Such sales are made more difficult by the fact that many of our product design and life cycles are very long, compared to public fiscal budget calendars.

Further, governmental and highly regulated entities may demand contract terms that differ from our standard commercial arrangements, and those contract terms may be in some respects less favorable than terms agreed to by private sector customers. Governments routinely retain certain rights to IP developed in connection with government contracts. Such entities may have statutory, contractual or other legal rights to terminate contracts with us or our partners for convenience or for other reasons that are out of our control or influence. Any such terminations, or other adverse actions, may materially adversely affect our ability to contract with other government customers, as well as our reputation, results of operations, financial condition, business and prospects. In addition, our U.S. government contracts obligate us to comply with various cybersecurity requirements. These requirements include ongoing investment in systems, policies and personnel, and we expect these requirements to continue to impact our business in the future by increasing our legal, operational and compliance costs.

Certain of our government contracts require us to notify the applicable governmental actor and discuss options with the governmental actor before making certain potential transfers of intellectual property developed under those contracts, and certain of our government contracts impose specific limitations on our use and licensing of certain of our intellectual property. Additionally, production of sensitive, export-controlled products for governmental and highly regulated entities requires adherence to strict export and security controls. In the event of a breach or other security event involving one of these products, we may be subject to investigations to determine the extent and impact to such products, regulatory proceedings, litigation, mitigation and other actions, as well as penalties, fines, increased insurance premiums, indemnification expenditures and administrative, civil

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and criminal liabilities and reputational harm, each of which could negatively impact operations for multiple products and future business, cause production and sales delays and materially and adversely affect our results of operations, financial condition, business and prospects.

We may be exposed to liabilities if it is determined that our compensation arrangements do not comply with, or are not exempt from, Section 409A of the Code.

Section 409A (“Section 409A”) of the Internal Revenue Code of 1986, as amended (“the Code”), sets forth the rules governing non-qualified deferred compensation arrangements. Section 409A contains many technical, complicated and ambiguous rules and regulations, including proposed but not yet finalized regulations that do not currently have the force of law, making compliance with Section 409A difficult to assess and to ensure. While we have attempted to structure our compensation arrangements (including our equity incentive awards) so that they either comply with, or are exempt from, Section 409A, it is possible that some of these compensation arrangements are not so exempt or compliant. In some instances, we have determined that amendments to certain of our compensation arrangements were advisable in order to mitigate or eliminate potential Section 409A non-compliance risk, though there can be no assurance that such amendments will mitigate or eliminate any such risk. If it is determined that any of our compensation arrangements are neither compliant with, nor exempt from, Section 409A, we may be subject to significant liabilities and costs, including penalties for failing to properly report deferred compensation arrangements under Section 409A and to withhold taxes payable by our service providers, including our employees, and we may be required to pay to the applicable governmental authorities the amount of taxes we should have withheld and related interest and penalties. In addition, those of our service providers, including our employees, participating in such arrangements may experience significant adverse tax consequences under Section 409A, including a 20% federal penalty tax imposed on the amount of compensation involved (and, as applicable, similar excise taxes under state law or foreign law). These liabilities may be significant and the imposition of such liabilities may materially affect our employee relations. In addition, in the event any such liabilities were imposed on our service providers, including our employees, we could decide to take remedial action, including making cash payments to adversely affected service providers, including our employees. Any amounts so paid by us could materially and adversely affect our results of operations, financial condition, business and prospects.

The market data and forecasts included in this prospectus may prove to be inaccurate, and you should not unduly rely on such market data and forecasts.

The market data and forecasts included in this prospectus are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. Such reports speak as of their respective publication dates and the opinions expressed in such reports are subject to change, including as a result of the impact of COVID-19 on the global economy. Accordingly, potential investors in our ordinary shares should not place undue reliance on such forecasts and market data.

Improper disclosure of confidential information could negatively impact our business.

In the ordinary course of our business, we maintain sensitive data on our networks, including our intellectual property and proprietary or confidential business information relating to our business and that of our customers and business partners. In addition, we regularly enter into confidentiality obligations with our customers, suppliers and parties that we license intellectual property to or from. The secure maintenance of this information is critical to our business and reputation. We have put in place policies, procedures and technological safeguards designed to protect the security of this information. However, we cannot guarantee that this information will not be improperly disclosed or accessed. Disclosure of this information could harm our reputation, subject us to liability under our contracts and harm our relationships with key counterparties, which could materially and adversely affect our results of operations, financial condition, business and prospects.

Risks Related to Manufacturing, Operations and Expansion

If we are unable to manage our capacity and production facilities effectively, our competitiveness may be weakened.

We perform long-term market demand forecasts for our products to manage, and plan for, our overall capacity. Because market conditions are dynamic, our market demand forecasts may change significantly at any time. During periods of decreased demand, certain manufacturing lines or tools in some of our manufacturing facilities may be idled or shut down temporarily, to save costs while preserving capacity. However, if subsequent demand increases rapidly, we may not be able to restore the capacity in a timely manner to take advantage of the upturn. In light of market demand forecasts, we have recently been adding capacity to meet market needs for our products. Expansion of our capacity will increase our costs. For example, we will need to purchase additional equipment, and hire and train additional personnel to operate the new equipment. If demand does not increase as planned, we may not increase our net revenues accordingly, which could materially and adversely affect our results of operations, financial condition, business and prospects.

Because we own and operate high-tech manufacturing facilities, our operations have high costs that are fixed or difficult to reduce in the short term, including our costs related to utilization of existing facilities, facility construction and equipment, R&D, and the employment and training of a highly skilled workforce. To the extent demand decreases or we fail to forecast demand accurately, we could be required to write off inventory or record underutilization charges, which would lower our gross margin. To the extent any demand decrease is prolonged, our manufacturing capacity could be underutilized, and we may be required to write down our long-lived assets, which would increase our expenses. We may also be required to shorten the useful life of under-used facilities and equipment and accelerate depreciation.

Our manufacturing processes are highly complex, costly and potentially vulnerable to impurities and other disruptions, and cost increases, that can significantly increase our costs and delay product shipments to our customers.

Our semiconductor manufacturing processes are highly complex, require advanced and costly equipment, and are continuously being modified to improve manufacturing yields and product performance intended to improve or protect our ability to achieve our revenue and profit plan. Disruptions in manufacturing operations could be caused by numerous issues including impurities in our raw materials (such as chemicals, gases and wafers), facilities issues (such as electrical power and water outages), equipment failures (such as performance issues or defects) or IT issues (such as down computer systems and viruses). Any of these issues, and others, could lower production yields or interrupt manufacturing, which could result in the loss of products in process that could cause delivery delays, reduced revenue, increased cost or reduced quality delivered to our customers. These factors could significantly affect our financial results as well as our ability to attract new and retain existing customers.

In the past, we have encountered, among other issues:

- capacity constraints due to changes in product mix or the delayed delivery of equipment critical to our production;
- construction delays during expansions of our clean rooms and other facilities;
- difficulties in upgrading or expanding existing facilities;
- failure of manufacturing execution system or automatic transportation systems;
- unexpected breakdowns in manufacturing equipment and/or related facilities;
- disruptions in connection with changing or upgrading our process technologies;
- raw materials shortages and impurities; and
- delays in delivery or shortages of spare parts used in the maintenance of our equipment.

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If the above issues recur or we face similar challenges in the future, we may suffer delays in our ability to deliver our products, which could have a material and adverse effect on our results of operations, financial condition, business and prospects. In addition, we cannot guarantee that we will be able to increase our manufacturing capacity and efficiency in the future to the same extent as in the past. Additionally, increases in the costs of key inputs to fabs, including raw materials, electric power and water, could materially and adversely affect our results of operations, financial condition, business and prospects.

We are subject to risks associated with the development and implementation of new manufacturing technologies.

Production of ICs is a complex process. We are continually engaged in the development of new manufacturing process technologies and features. Forecasting our progress and schedule for developing new process technologies and features is challenging, and at times we encounter unexpected delays due to the complexity of interactions among steps in the manufacturing process, challenges in using new materials, and other issues. We may expend substantial resources on developing new technologies that are ultimately not successful, which may result in our recognizing significant impairment charges. Diagnosing defects in our manufacturing processes often takes a long time, as manufacturing throughput times can delay our receipt of data about defects and the effectiveness of fixes. We are not always successful or efficient in developing or implementing new technologies and manufacturing processes.

Our profit margin may substantially decline if we are unable to continually improve our manufacturing yields, maintain high shipment utilization or fail to optimize the process technology mix of our wafer production.

Our ability to maintain our profit margin depends, in part, on our ability to:

- maintain high capacity utilization;
- maintain or improve our production yields; and
- optimize the technology mix of our production by increasing the number of wafers manufactured by utilizing different processing technologies.

Our shipment utilization affects our operating results because a large percentage of our operating costs is fixed. Our manufacturing yields directly affect our ability to attract and retain customers, as well as the prices of our services. Different technologies load the available capacity differently, and an increase of lower margin product demand could lower the financial performance of a factory while still fully utilizing the available capacity. If we are unable to continuously maintain high capacity utilization, improve our manufacturing yields or optimize the technology mix of our wafer production, our profit margin may substantially decline.

Our manufacturing processes are highly complex, require advanced and costly equipment and are continuously being modified in an effort to improve yields and product performance. Minute impurities or other difficulties in the manufacturing process can lower yields. Further, at the beginning of each semiconductor technological upgrade, the manufacturing yield utilizing the new technology may be lower than the yield under current technology. Our manufacturing efficiency is an important factor in our profitability, and we cannot assure you that we will be able to maintain our manufacturing efficiency or increase manufacturing efficiency to the same extent as our competitors.

In addition, as is common in the semiconductor industry, we have from time to time experienced difficulty in effecting transitions to new manufacturing processes. As a consequence, we may suffer delays in product deliveries or reduced yields. We may experience manufacturing problems in achieving acceptable yields or experience product delivery delays in the future as a result of, among other things, capacity constraints, upgrading or expanding our existing facilities or changing our process technologies, any of which could materially and adversely affect our results of operations, financial condition, business and prospects.

We may be unable to obtain manufacturing equipment in a timely manner and at a reasonable cost that is necessary for us to remain competitive.

Our operations and ongoing revenue expansion plans depend on our ability to obtain complex and specialized manufacturing equipment and related services from a limited number of suppliers in a market that is characterized from time to time by limited supply and long delivery cycles. During such times, supplier-specific or industry-wide lead times for delivery can be as long as twelve months or more. Further, growing complexities of the most valuable equipment may delay the timely delivery of such equipment and parts needed to capitalize on time-sensitive and perishable business opportunities. Industry-wide demand increases for this equipment could increase its market price as well as the market price of replacement parts and consumable materials needed to operate the equipment. As a result of demand driven by the semiconductor supply shortage, as well as significant new sources of funding in China as well as potentially other governments (such as Korea, the United States and Europe), the current demand for semiconductor manufacturing equipment and equipment supply constraints are resulting in longer than normal lead times for such equipment. If we are unable to obtain equipment in a timely manner to fulfill our customers' demand on technology and production capacity, or at a reasonable cost, we may be unable to meet commitments under our contracts with customers, which could expose us to substantial liquidated damages and other claims and could materially and adversely affect our results of operations, financial condition, business and prospects.

If we are unable to obtain adequate supplies of raw materials in a timely manner and at commercially reasonable prices our revenue and profitability may decline.

Our production operations require that we obtain adequate supplies of raw materials, such as silicon wafers, gases, chemicals and photoresist, on a timely basis and at commercially reasonable prices, many of which are not commodities easily replaced with substitutions. In the past, shortages in the supply of some materials, whether by specific vendors or by the industry generally, have resulted in occasional industry-wide price adjustments and delivery delays. Moreover, major natural disasters, trade barriers and political or economic turmoil occurring within the country of origin of such raw materials may also significantly disrupt the availability of such raw materials or increase their prices. Further, since we procure some of our raw materials from sole-sourced suppliers, there is a risk that our need for such raw materials may not be met or that back-up supplies may not be readily available. In addition, recent trade tensions between the United States and China could result in increased prices or the unavailability of raw materials, including rare earth metals used in our products. Tariffs, export control or other non-tariff barriers, due to global or local economic conditions could also affect material cost and availability.

Certain raw materials and other inputs, such as electricity and water, necessary for our production operations may experience substantial price volatility. Hedging transactions for many of those raw materials and other inputs are not available to us, or are not available on terms we believe are commercially acceptable. Hedges that we enter into with respect to certain inputs, such as electricity, may not be effective. Additionally, once our prices with a customer are negotiated, we are generally unable to revise pricing with that customer until our next regularly scheduled price adjustment. As a result, if market prices for essential components increase, we will often be unable to pass the price increases through to our customers for products purchased under an existing agreement. Consequently, we are exposed to the risks associated with the volatility of prices for these components and our cost of revenues could increase and our gross margins could decrease in the event of price increases. Recently, as a result of demand driven by the semiconductor supply shortage, the costs of raw wafers as well as certain other raw materials are relatively high. Failure to obtain adequate supplies could result in our being unable to meet commitments under our contracts with customers, which could expose us to substantial liquidated damages and other claims, which could materially and adversely affect our results of operations, financial condition, business and prospects.

Failure to adjust our supply chain volume due to changing market conditions or failure to estimate our customers' demand could adversely affect our sales and could result in additional charges for obsolete or excess inventories or non-cancelable purchase commitments.

We make significant decisions, including determining the levels of business that we will seek and accept, production schedules, personnel needs and other resource requirements, based on our estimates of customer requirements. The possibility of rapid changes in demand for our customers' products reduces our ability to accurately estimate our customers' future requirements for our products. On occasion, our customers may require rapid increases in production, which can challenge our resources. We may not have sufficient capacity at any given time to meet our customers' demands. Conversely, downturns in the semiconductor industry have in the past caused and may in the future cause our customers to significantly reduce the amount of products ordered from us. Because many of our sales, R&D, and manufacturing expenses are relatively fixed, a reduction in customer demand may decrease our gross margins and operating income, which could materially and adversely affect our results of operations, financial condition, business and prospects.

In addition, we base many of our operating decisions, and enter into purchase commitments, on the basis of anticipated sales, which are highly unpredictable. Some of our purchase commitments are not cancelable, and in some cases we are required to recognize a charge representing the amount of material or capital equipment purchased or ordered that exceeds our actual requirements. For example, we have non-cancelable purchase commitments with vendors and long-term supply agreements with certain of our third-party wafer fabrication partners, under which we are required to purchase a minimum number of wafers per year or face financial penalties. These types of commitments and agreements could reduce our ability to adjust our inventory to address declining market demands. If demand for our products is less than we expect, we may experience additional excess and obsolete inventories and be forced to incur additional charges. If sales in future periods fall substantially below our expectations, or if we fail to accurately forecast changes in demand mix, we could again be required to record substantial charges for obsolete or excess inventories or non-cancelable purchase commitments.

Moreover, during a market upturn, we may not be able to purchase sufficient supplies or components to meet increasing product demand, which could prevent us from taking advantage of opportunities and reduce our sales. In addition, a supplier could discontinue a component necessary for our design, extend lead times, limit supply or increase prices due to capacity constraints or other factors. Our failure to adjust our supply chain volume or estimate our customers' demands could materially and adversely affect our results of operations, financial condition, business and prospects.

Until recently, as a result of current market conditions, we did not typically operate with any significant backlog, except in periods of capacity shortage. The historic lack of significant backlog and the unpredictable length and timing of semiconductor cycles made it more difficult for us to accurately forecast revenue in future periods. Additionally, as we now face more significant backlog, it may not necessarily be indicative of actual sales for any succeeding period. Moreover, our expense levels are based in part on our expectations of future revenue, and we may be unable to fully adjust costs in a timely manner to compensate for revenue shortfalls.

Certain of our debt agreements contain covenants that may constrain the operation of our business, and our failure to comply with these covenants could materially and adversely affect our results of operations, financial condition, business and prospects.

Restrictive covenants in our credit facilities may prevent us from pursuing certain transactions or business strategies, including by limiting our ability to, in certain circumstances:

- incur additional indebtedness;
- pay dividends or make distributions;
- acquire assets or make investments outside of the ordinary course of business;

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- sell, lease, license, transfer or otherwise dispose of assets;
- enter into transactions with our affiliates;
- create or permit liens;
- guarantee indebtedness; and
- engage in certain extraordinary transactions.

Failure to comply with any of the covenants in our debt agreements, including due to events beyond our control, could result in an event of default. The holders of the defaulted debt could terminate commitments to lend and accelerate amounts outstanding to be due and payable immediately. This could also result in cross-defaults under our other debt instruments, significantly impacting our liquidity and ability to fund our operations. Any of these occurrences could materially and adversely affect our results of operations, financial condition, business and prospects.

Aging infrastructure, power grids and risks to the supply of fresh water or natural gas could interrupt production.

The semiconductor fabrication process requires extensive amounts of fresh water and a stable source of electricity and natural gas. In addition, it requires effective facilities to manage wastewater. As our production capabilities and our business grow, our requirements for these factors will grow substantially. Although we have not, to date, experienced any instances of lack of sufficient supplies of water or natural gas or material disruptions in the electricity supply to, or wastewater processing capacity of, any of our fabs beyond temporary or short-term stoppages, we may not have access to sufficient supplies of water, natural gas, electricity or wastewater processing capacity to accommodate our planned growth. Droughts, pipeline interruptions, power interruptions, electricity shortages or government intervention, particularly in the form of rationing, are factors that could restrict our access to these utilities in the areas in which our fabs are located. If there is an insufficient supply of fresh water, natural gas, electricity or wastewater processing capacity to satisfy our requirements, we may need to limit or delay our production. In addition, a power outage, even of very limited duration, could result in a loss of wafers in production and a deterioration in yield. Any of these occurrences could materially and adversely affect our results of operations, financial condition, business and prospects.

We may be subject to the risk of loss due to fire because the materials we use in our manufacturing processes are highly flammable.

We use highly flammable materials such as silane and hydrogen in our manufacturing processes and may therefore be subject to the risk of loss arising from fires. The risk of fire associated with these materials cannot be completely eliminated. We maintain insurance policies to reduce losses caused by fire, including business interruption insurance. However, our insurance coverage is subject to deductibles and self-insured retention and may not be sufficient to cover all of our potential losses. If any of our fabs were to be damaged or cease operations as a result of a fire, our manufacturing capacity would be reduced, which could materially and adversely affect our results of operations, financial condition, business and prospects.

Our operations are subject to the risks of earthquakes, fires, floods, severe weather incidents and other natural catastrophic events, and to interruption by man-made problems such as power disruptions, industrial accidents, or terrorism.

Significant natural disasters such as earthquakes, fires, floods, severe weather incidents or acts of terrorism occurring in any of our manufacturing or office locations, or where a business partner, such as a customer or supplier, is located, could adversely affect our operational and financial performance. In addition, natural disasters, spills or hazardous exposure incidents, accidents and acts of terrorism could cause disruptions in our business or our suppliers' or customers' businesses, national economies or the global economy as a whole, and we may not have

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insurance coverage for these matters. Our operations, as well as our computing systems, are vulnerable to interference, or interruption from terrorist attacks, natural disasters or pandemics (including COVID-19), the effects of climate change (such as sea level rise, drought, flooding, wildfires, and increased storm severity), power loss, telecommunications failures, criminal fraud or impersonation, inadvertent or intentional actions by our employees, or other attempts to harm or access our systems. In the event of a major disruption caused by a natural disaster or any of the foregoing, we may be unable to continue our operations and may endure system interruptions, reputational harm, delays in our development activities, lengthy interruptions in service, breaches of data security and loss of critical data or personal information, any of which could materially and adversely affect our results of operations, financial condition, business and prospects. We are also at risk of data breaches, as further described below.

The risk of cyberattacks and other data security breaches requires us to incur significant costs to maintain the security of our networks and data, and, in the event of such breaches, may expose us to liability, adversely affect our operations, damage our reputation, and affect our net revenues and profitability, and our efforts to combat breach and misuse of our systems and unauthorized access to our data may not be successful.

We rely on our IT systems and those of our service providers to conduct much of our business operations. Our and our service providers' IT and computer systems store and transmit customer information, trade secrets, corporate data and personal information, and are otherwise essential to the operation of our production lines, which may make us a target for cyberattacks. In addition, our accreditation as a Trusted Foundry by the Defense Microelectronics Activity ("DMEA") and our processing of sensitive information may make us an attractive target for attacks, including industrial or nation-state espionage, organized criminals, and terrorist cyberattacks. Hackers may seek to disrupt our operations, blackmail us to regain control of our systems, or spy on us for sensitive information. Further, we depend on our employees and the employees of our service providers to appropriately handle confidential and sensitive data and deploy our IT resources in a safe and secure manner that does not expose our network systems to security breaches or the loss of data. However, there is always a risk that inadvertent disclosure or actions or internal malfeasance by our employees or those of our service providers could result in a loss of data or a breach or interruption of our IT systems.

We are making significant investments in cybersecurity and data security, as well as other efforts to combat breach and misuse of our systems and unauthorized access to our and our customers' data by third parties. While we seek to continuously review and assess our cybersecurity policies and procedures to ensure their adequacy and effectiveness, all IT and computer systems are vulnerable to attacks, especially via methods that have not been observed yet or quickly evolve. The risk of security breaches may be higher during times of a natural disaster or pandemic (including COVID-19) due to remote working arrangements. We cannot guarantee that our IT and computer systems which control or maintain vital corporate functions, such as our manufacturing operations and enterprise accounting, would be immune to cyberattacks. In the event of a serious cyberattack, our systems may lose important customer information, trade secrets, corporate data or personal information or our production lines may be shut down pending the resolution of such an attack.

In addition, we employ certain third-party service providers for us and our affiliates worldwide with whom we need to share highly sensitive and confidential information to enable them to provide the relevant services. While, to date, we have not been subject to cyberattacks which, individually or in the aggregate, have been material to our operations or financial conditions, some of our third-party service providers have experienced cyberattacks of which we have been made aware. Despite requiring certain third-party service providers to comply with the confidentiality and security requirements in our service agreements with them, there is no assurance that each of them will strictly fulfill any of their obligations or that they will be successful in preventing further cyberattacks. The on-site network systems and the off-site cloud computing networks such as servers maintained by these service providers and/or their contractors are also subject to risks associated with cyberattacks. While we attempt to take prompt action once we are alerted to a cyberattack against one of our third-party service providers and implement steps designed to mitigate associated risks to our systems and data, we may in the future not be made aware of such events in a timely manner or may be unable to successfully sever network connectivity or otherwise limit the risk to our own systems.

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If we or our service providers are not able to timely contain, remediate and resolve the respective issues caused by cyberattacks and data breaches, or ensure the integrity and availability of our systems and data (or data belonging to our customers or other third parties) or control of our or our service providers' IT or computer systems, then such attacks, breaches or failures could:

- disrupt the proper functioning of these networks and systems and, therefore, our operations and/or those of certain of our customers;
- result in the unauthorized access to, and destruction, loss, theft, misappropriation or release of, proprietary, confidential, sensitive or otherwise valuable information of ours, our customers or our employees, including trade secrets, which could be used to compete against us or for disruptive, destructive or otherwise harmful purposes and outcomes;
- result in litigation and governmental investigation and proceedings that could expose us to civil or criminal liabilities;
- compromise national security and other sensitive government functions;
- require significant management attention and resources to remedy the damages that result;
- result in our incurring significant expenses in implementing remedial and improvement measures to enhance our IT network or computer systems;
- result in costs which exceed our insurance coverage and/or indemnification arrangements;
- subject us to claims for contract breach, damages, credits, penalties or termination; and
- damage our reputation with our customers (including the U.S. government) and the general public.

Further, remediation efforts may not be successful and could result in interruptions, delays or cessation of service, unfavorable publicity, damage to our reputation, customer allegations of breach-of-contract, possible litigation, and loss of existing or potential customers that may impede our sales or other critical functions. Additionally, any such attack or unauthorized access may require spending resources on correcting the breach and indemnifying the relevant parties and litigation, regulatory investigations, regulatory proceedings, increased insurance premiums, lost revenues, penalties fines and other potential liabilities, which could materially and adversely affect our results of operations, financial condition, business and prospects.

Any of the foregoing factors could materially and adversely affect our results of operations, financial condition, business and prospects.

Compliance with applicable data security and data privacy laws and regulations may be costly and, in the case of a breach of applicable law, could harm our reputation.

In the United States, federal and state laws impose limits on, or requirements regarding the collection, distribution, use, security and storage of personal information of individuals, and there has been increased regulation of data privacy and security particularly at the state level, including the California Consumer Privacy Act (effective on January 1, 2020), and the California Privacy Rights Act (expected to take effect on January 1, 2023). Currently, many states are actively considering or enacting similar laws and we operate in many of these jurisdictions. Outside the United States, the European Union and other countries in which we operate also have privacy and data protection laws, regulations and standards.

The interpretation and application of many of these existing or recently enacted laws and regulations are increasingly complex, uncertain and fluid, and could be inconsistent with our existing data management practices. For example, recent developments in Europe have created complexity and uncertainty regarding transfers of personal data from the EEA and the UK to the United States and other jurisdictions. Furthermore, the long-term regulation of data transfers between the EEA and the UK is uncertain, as a relevant adequacy decision

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enabling such transfers is due to expire. These developments could lead to substantial costs, require significant changes, divert the attention of our technology personnel, adversely affect our margins, increase costs and subject us to additional liabilities. If we are unable to transfer personal data between and among countries and regions in which we operate, it could affect the geographical location or segregation of our relevant systems and operations, and could adversely affect our financial results. In addition, the existing EU and UK privacy laws on cookies and e-marketing are also in flux and are likely to be replaced by new regulations, which may introduce more stringent requirements for using cookies and similar technologies for direct marketing and significantly increase fines for non-compliance in-line with the General Data Protection Regulation (“GDPR”). Stricter enforcement of such laws could limit the effectiveness of our marketing activities, divert the attention of our technology personnel, increase costs and subject us to additional liabilities.

Inappropriate disclosure of personal and other sensitive data, even if inadvertent, or other actual or perceived violations of or noncompliance with such laws and regulations could expose us to significant administrative, civil or criminal liability as well as reputational harm. For example, a breach of the GDPR could result in fines of up to 20 million euros (“EUR”) under the European GDPR or British pound sterling (“GBP”) 17.5 million under the U.K. GDPR or up to 4% of the annual global revenues of the infringer, whichever is greater, as well as regulatory investigations, reputational damage, orders to cease or change our processing of personal data, enforcement notices and/or assessment notices (for a compulsory audit). Privacy-related claims or lawsuits initiated by governmental bodies, employees or other third parties, whether meritorious or not, could be time-consuming, result in costly regulatory proceedings, litigation, penalties and fines, or require us to change our business practices, sometimes in expensive ways, or other potential liabilities.

Additionally, a failure to comply with the National Institute of Standards and Technology Special Publication 800-171 or the DoD’s cybersecurity requirements, including the Cyber Security Material Model Certificate (“CMMC”), which will require all contractors to receive specific third-party cybersecurity certifications to be eligible for contract awards, could restrict our ability to bid for, be awarded and perform on DoD contracts. The DoD expects that all new contracts will be required to comply with the CMMC by 2026, and initial requests for information and for proposal have already begun. We are in the process of evaluating our readiness and preparing for the CMMC. To the extent we, or our subcontractors or other third parties on whom we rely are unable to achieve certification in advance of contract awards that specify the requirement, we may be unable to bid on contract awards or follow-on awards for existing work with the DoD, which could materially and adversely affect our results of operations, financial condition, business and prospects. We will also be required to go through a recertification process every two years. In addition, any obligations that may be imposed on us under the CMMC may be different from or in addition to those otherwise required by applicable laws and regulations, which may cause additional expense for compliance.

Our products may contain defects that could harm our reputation, be costly to correct, delay revenues and expose us to litigation.

Our products are highly complex and sophisticated and, from time to time, may contain defects, errors, hardware failures or other failures that are difficult to detect and correct. Errors, defects and other failures may be found in new solutions, products or services or improvements to existing solutions, products or services after delivery to our customers. If these defects, errors and failures are discovered, we may not be able to successfully correct them in a timely manner or otherwise mitigate or eliminate the impact of the error or failure. The occurrence of errors, defects and other failures in our products could result in the delay or the denial of market acceptance of our products and alleviating such errors, defects and other failures may require us to make significant expenditure of our resources. Our products are often used for critical business processes and as a result, any defect in or failure of our products may cause customers to reconsider renewing their contract with us, cause significant customer dissatisfaction and possibly giving rise to claims for indemnification or other monetary damages. The harm to our reputation resulting from errors, defects and other failures may be material. Any claims for actual or alleged losses to our customers’ businesses may require us to spend significant time and money in litigation or arbitration or to pay significant settlements or damages. Defending a lawsuit, regardless of

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merit, can be costly and divert management's attention and resources. Accordingly, any such claim could materially and adversely affect our results of operations, financial condition, business and prospects.

Any problem in the semiconductor outsourcing infrastructure could materially and adversely affect our results of operations, financial condition, business and prospects.

Many of our customers depend on third parties to provide assembly, testing and other related services. Many of these services are geographically concentrated primarily in Asia. If these customers cannot timely obtain those services on reasonable terms, they may not order foundry products and services from us, which could materially and adversely affect our results of operations, financial condition, business and prospects.

Risks Related to Intellectual Property

Any failure to obtain, maintain, protect or enforce our intellectual property and proprietary rights could impair our ability to protect our proprietary technology and our brand.

Our success depends to a significant degree on our ability to obtain, maintain, protect and enforce our intellectual property rights. We rely on a combination of patents, trade secrets, copyrights, trademarks, service marks, and other forms of intellectual property, contractual restrictions and confidentiality procedures to establish and protect our proprietary rights. However, the steps we take to obtain, maintain, protect and enforce our intellectual property rights may be inadequate. We may not be able to protect our technology, know-how, and/or brand if we are unable to enforce our rights for whatever reason or if we do not detect unauthorized use of our intellectual property rights. If we fail to protect our intellectual property rights adequately, our competitors may gain access to our proprietary technology and develop and commercialize substantially similar products, services or technologies, which could materially and adversely affect our results of operations, financial condition, business and prospects.

We have filed various applications for certain aspects of our intellectual property in the United States and other countries, and we have built a comprehensive patent portfolio of approximately 10,000 worldwide patents. In the future, we may acquire additional patents or patent portfolios, license patents from third parties or agree to license the technology of third parties, which could require significant cash expenditures. Our patents do not cover all of our technologies, systems, products and product components and our competitors or others may design around our patented technologies. Further, when we seek patent protection for a particular technology, there is no assurance that the applications we file will result in issued patents or that if patents do issue as a result that they will be found to be valid and enforceable or that they will effectively block competitors from creating competing technology. In addition, we may need to license technology from third parties to develop and market new products and we cannot be certain that we could license that technology on commercially reasonable terms or at all. Our inability to license this technology could harm our ability to compete and materially and adversely affect our results of operations, financial condition, business and prospects.

Some of our know-how or technology is not patented or patentable and may constitute trade secrets. To protect our trade secrets, we have a policy of requiring our employees, consultants, advisors and other collaborators who contribute to our material intellectual property to enter into confidentiality agreements. We also rely on customary contractual protections with our suppliers and customers, and we implement security measures intended to protect our trade secrets, know-how and other proprietary information. However, no assurances can be given that those contracts will not be breached. Further, those contracts and arrangements may be ineffective in protecting our intellectual property and may not prevent unauthorized disclosure. See also "There is a risk that our trade secrets, know-how and other proprietary information will be stolen, used in an unauthorized manner, or compromised, which could materially and adversely affect our results of operations, financial condition, business and prospects." In addition, third parties may independently develop technologies that may be substantially equivalent or superior to our technology.

There is a risk that our trade secrets, know-how and other proprietary information will be stolen, used in an unauthorized manner, or compromised, which could materially and adversely affect our results of operations, financial condition, business and prospects.

Our trade secrets, know-how and other proprietary information may be stolen, used in an unauthorized manner, or compromised through a direct intrusion by private parties or foreign actors, including those affiliated with or controlled by state actors, through cyber intrusions into our computer systems, physical theft through corporate espionage or other means, or through more indirect routes, including by joint venture partners, licensees that do not honor the terms of the license, potential licensees that were ultimately not licensed, or other parties reverse engineering our company's solutions, products or components. Any of the foregoing factors could materially and adversely affect our results of operations, financial condition, business and prospects.

The laws of some foreign countries may not be as protective of intellectual property rights as those in the United States, and mechanisms for enforcement of intellectual property rights may be inadequate.

The absence of internationally harmonized intellectual property laws and different enforcement regimes makes it more difficult to ensure consistent protection of our proprietary rights. Our strong international presence may lead to increased exposure to unauthorized copying and use of our manufacturing technologies and proprietary information. Moreover, policing unauthorized use of our technologies, trade secrets, and intellectual property may be difficult, expensive and time-consuming, particularly in foreign countries where the laws may not be as protective of intellectual property rights as those in the United States and where mechanisms for enforcement of intellectual property rights may be weak. Accordingly, despite our efforts, we may be unable to prevent third parties from infringing upon, misappropriating or otherwise violating our intellectual property rights. Our inability to secure or enforce our intellectual property rights could materially and adversely affect our results of operations, financial condition, business and prospects.

We have been and may continue to become subject to intellectual property disputes, which are costly and may subject us to significant liability and increased costs of doing business.

The semiconductor industry is subject to claims of infringement by patent assertion entities and is characterized by frequent litigation regarding patent rights. From time to time, we receive communications from third parties that allege that our products or technologies infringe their patent or other intellectual property rights and we have had patent infringement lawsuits filed against us claiming that certain of our products, services, or technologies infringe the intellectual property rights of others. We may continue to become subject to such intellectual property disputes in the future. Further, we have entered into licenses, including patent licenses with third parties in settlements of claims or in order to avoid intellectual property disputes and the loss of license rights, including as a result of a termination or expiration of such licenses, may limit our ability to use certain technologies in the future, which could cause us to incur significant costs, prevent us from commercializing certain of our products or otherwise have a material adverse effect on us. In addition, there may be issued patents held by third parties that, if found to be valid and enforceable, could be alleged to be infringed by our current or future technologies or products. There also may be pending patent applications of others that may result in issued patents, which could be alleged to be infringed by our current or future technologies or products.

In order to protect our intellectual property rights, we may be required to spend significant resources to monitor and protect those rights. Litigation brought to protect and enforce our intellectual property rights could be costly, time-consuming and distracting to management. Further, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights, and if such defenses, counterclaims or countersuits are successful, we could lose valuable intellectual property rights. Our inability to protect our proprietary technology against unauthorized copying or use, as well as any costly litigation or diversion of our management's attention and resources, could delay the implementation of our manufacturing technologies, delay introductions of new solutions or injure our reputation and could have a material and adverse effect on our results of operations, financial condition, business and prospects.

Further, many of our agreements with our customers and partners, the terms of which often survive termination or expiration of the applicable agreement, require us to defend such parties against certain intellectual property infringement claims and indemnify them for damages and losses arising from certain intellectual property infringement claims against them, which have in the past resulted, and could in the future result, in increased costs for defending such claims or significant damages if there is an adverse ruling in any such claims. These defense costs and indemnity payments could materially and adversely affect our results of operations, financial condition, business and prospects. Such customers and partners may also discontinue the use of our products, services, and solutions, as a result of injunctions or otherwise, which could result in loss of revenues and adversely affect our business. We may also have to seek a license for the technology, which may not be available on reasonable terms, if at all, and may significantly increase our operating expenses or may require us to restrict our business activities and limit our ability to develop and deliver our products. As a result, we may also be required to develop alternative non-infringing technology, which could require significant effort and expense or which may not be possible, which could negatively affect our business. Moreover, intellectual property indemnities provided to us by our suppliers, when obtainable, may not cover all damages and losses suffered by us and our customers arising from intellectual property infringement claims. Even if we were to prevail in such a dispute, any litigation regarding our intellectual property could be costly and time-consuming and divert the attention of our management and key personnel from our business operations.

Any of the foregoing factors could materially and adversely affect our results of operations, financial condition, business and prospects.

Our success depends, in part, on our ability to develop and commercialize our technology without infringing, misappropriating or otherwise violating the intellectual property rights of third parties and we may not be aware of such infringements, misappropriations or violations.

Third parties may bring claims alleging infringement, misappropriation or violation of intellectual property rights. We cannot guarantee that we have not, do not or will not infringe, misappropriate or otherwise violate the intellectual property rights of others. Our technologies may not be able to withstand any third-party claims against their use. In addition, some companies may have the capability to dedicate substantially greater resources to enforce their intellectual property rights and to defend claims that may be brought against them. Furthermore, third parties have and may continue to assert infringement claims against us in the future, including the sometimes aggressive and opportunistic actions of non-practicing entities whose business model is to obtain patent-licensing revenues from operating companies such as us. Regardless of the merit of such claims, any claim that we have violated intellectual property or other proprietary rights of third parties, whether or not it results in litigation, is settled out of court or is determined in our favor, could be expensive and time-consuming, and could divert the time and attention of management and technical personnel from our business. The litigation process is subject to inherent uncertainties, and we may not prevail in litigation matters regardless of the merits of our position. In some jurisdictions, plaintiffs can also seek injunctive relief that may limit the operation of our business or prevent the marketing and selling of our services that infringe or allegedly infringe on the plaintiff's intellectual property rights. If a third party is able to obtain an injunction preventing us from using our technology, accessing third-party intellectual property rights, or if we cannot license or develop alternative technology for any infringing aspect of our business, we could be forced to limit or stop manufacturing activities or sales of our products or cease other business activities related to such intellectual property. To resolve these claims, we may enter into licensing agreements with restrictive terms or significant fees, stop selling our products or services or be required to implement costly or inferior redesigns to the affected products or services, or pay damages to satisfy contractual obligations to others. If we do not resolve these claims in advance of a trial, there is no guarantee that we will be successful in court. These outcomes could materially and adversely affect our results of operations, financial condition, business and prospects.

We may be unable to provide technology to our customers if we lose the support of our technology partners.

Enhancing our manufacturing process technologies is critical to our ability to provide services for our customers. We intend to continue to advance our process technologies through internal R&D and alliances with

other companies. In addition to our internal R&D focused on developing new and improved semiconductor manufacturing process technologies, our business involves collaboration, including customization and other development of technologies and intellectual property, with and for our customers, vendors and other third parties. We frequently enter into agreements with customers, vendors, equipment suppliers and others that involve customization and other development of technologies and intellectual property. As a result of these agreements, we may be required to limit use of, or refrain from using, certain technologies and intellectual property rights in parts of our business. Determining inventorship and ownership of technologies and intellectual property rights resulting from development activities can be difficult and uncertain.

Disputes may arise with customers, vendors and other third parties regarding ownership of and rights to use and enforce these technologies and intellectual property rights or regarding interpretation of our agreements with these third parties, and these disputes may result in claims against us or claims that intellectual property rights are not owned by us, are not enforceable, or are invalid. The cost and effort to resolve these types of disputes, or the loss of rights in technologies in intellectual property rights if we lose these types of disputes, could harm our business and financial condition. In addition, our customers, vendors and other third parties may suffer delays, quality issues, or other problems affecting their development activities and ability to supply us with certain technology and intellectual property, which could adversely affect our business and operating results. Further, if we are unable to continue any of our joint development arrangements or other agreements, on mutually beneficial terms, or if we cannot re-evaluate the technological and economic benefits of such relationships with these partners, vendors or suppliers in a timely manner sufficient to support our ongoing technology development, we may be unable to continue providing our customers with leading edge or differentiated mass-producible process technologies and may, as a result, lose important customers, which could have a materially adverse effect on our results of operations, financial condition, businesses and prospects.

Risks Related to Strategic Transactions

We are in the process of divesting our EFK facility to ON Semiconductor as part of a transaction we entered into in 2019. Failure to successfully manage the divestment of that asset in a timely manner may adversely affect our operations and have a material impact on our cost savings initiatives.

In April 2019, we entered into an Asset Purchase Agreement with Semiconductor Components Industries, LLC (“ON Semiconductor”) pursuant to which we agreed to transfer substantially all the assets and employees related to our EFK facility in return for \$400 million in consideration and \$30 million for a technology license. ON Semiconductor paid \$100 million in advance upon signing, and an additional \$100 million in 2020. We expect the completion of the sale will occur, subject to regulatory approvals, at the end of 2022. The transaction excluded the transfer of our commercial customer arrangements. Since the transaction was entered into, we have transferred a number of technologies from the EFK facility to our other global manufacturing sites to ensure continuous supply to key customers. In order to facilitate these transfers, we and ON Semiconductor have agreed to provide transition services, including reciprocal supply agreements and technology transfer and intellectual property licensing agreements. Pursuant to the Asset Purchase Agreement, we also agreed to transition approximately 1,000 employees to ON Semiconductor. While we do not anticipate issues related to the transfer and anticipate satisfying all the conditions to closing as set forth in the agreements, the divestment has taken and will continue to require management time and attention and, if for any reason, we fail to complete the transfer on a timely manner or at all or ON Semiconductor fails to fulfill its obligations under the applicable agreements, we may not be able to realize our anticipated benefits, including cost savings, related to the divestment, which could materially and adversely affect our results of operations, financial condition, business and prospects.

We may make strategic acquisitions, and such acquisitions may introduce significant risks and uncertainties, including risks related to integrating the acquired companies, assets or businesses.

We have in the past sought, and may in the future seek, to acquire or invest in businesses, joint ventures and technologies that we believe could complement or expand our capacity, enhance our technology offerings or

otherwise offer growth opportunities. These efforts may divert the attention of management and cause us to incur various expenses in identifying, investigating and pursuing suitable opportunities, whether or not the transactions are completed, and may result in unforeseen operating difficulties and expenditures. Our integration efforts may periodically expose deficiencies in the controls and procedures relating to cybersecurity and the compliance with data privacy and protection laws, regulations and standards of an acquired company or business that were not identified in our due diligence undertaken prior to consummating the acquisition. Additionally, we may encounter difficulties assimilating or integrating the businesses, technologies, products, personnel or operations of any acquired companies, particularly if the key personnel of an acquired company cannot be retained, or we have difficulty preserving the customers of any acquired business. Any such transactions that we are able to complete may not result in the synergies or other benefits we expected to achieve, which could result in substantial impairment charges. These transactions could also result in dilutive issuances of equity securities or the incurrence of debt, which could adversely affect our results of operations. Any of the foregoing factors could materially and adversely affect our results of operations, financial condition, business and prospects.

Political, Regulatory and Legal Risks

Environmental, health and safety laws and regulations expose us to liability and risk of non-compliance, and any such liability or non-compliance could adversely affect our business.

In each jurisdiction in which we operate, our operations are subject to diverse environmental, health and safety laws and regulations that govern, among other things, emissions of pollutants into the air, wastewater discharges, the use and handling of hazardous substances, waste disposal, the investigation and remediation of soil and ground water contamination and the health and safety of our employees. Semiconductor manufacturing depends on a wide array of process materials, including hazardous materials that are subject to local, state, national or international regulations. These materials, our manufacturing operations and our products and services are subject to diverse environmental, health and safety laws, regulations and regulatory requirements. Sourcing of materials could also present reputational risks if our direct or indirect suppliers are found to be in violation of environmental health and safety regulations, or of ethical or human rights regulations or standards.

Regulatory changes, including restrictions on new or existing materials critical to our manufacturing processes, such as per- and polyfluoroalkyl substances and perfluorooctane sulfonate, increased restrictions related to wastewater, air emissions and hazardous substances, or changes to necessary permitting requirements, could cause disruptions to our operations or necessitate additional costs or capital expenditures, such as those associated with identifying and qualifying substitute materials or processes, or with installing additional controls related to wastewater, air emissions or waste management. Regulatory limitations or restrictive covenants at contaminated properties could affect our ability to expand manufacturing operations or capacities and may affect our ability to import materials or equipment.

Industrial accidents or releases, including those associated with storage, use, transportation or disposal of hazardous materials or wastes, could expose us to liabilities or remediation obligations and we may not have insurance coverage for such matters. Non-compliance with environmental, health and safety regulations or associated permit requirements may result in liabilities or monetary penalties. Non-compliance with or public controversy regarding environmental, health and safety matters could result in reputational harm.

Certain environmental laws, including the Comprehensive Environmental Response, Compensation and Liability Act, the Resource Conservation and Recovery Act and state equivalents, make us potentially liable on a strict, joint and several basis for the investigation and remediation of contamination at, or originating from, facilities that are currently or formerly owned or operated by us and third-party sites to which we send or have sent materials for disposal or materials for recycling, along with related natural resources damages. We could become subject to potential material liabilities for the investigation and cleanup of historic contamination on the U.S. properties where we operate should the currently responsible parties cease their ongoing remediation efforts notwithstanding their contractual obligations to us.

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Regulations and customer-imposed requirements in response to climate change could result in additional costs related to changes in process materials, control of process emissions, “carbon taxes” or related fees, and sourcing of energy supplies. Increased frequency of extreme weather events, and chronic conditions like higher temperatures and droughts could cause disruptions to our manufacturing facilities, non-manufacturing operations and supply chain.

Although we have policies, controls, and procedures designed to help ensure compliance with applicable laws, there can be no assurance that our employees, contractors, suppliers or agents will not violate such laws or our policies. Violations of these laws and regulations can result in fines, criminal sanctions against us, our officers, or our employees, prohibitions on the conduct of our business, and damage to our reputation.

Any of the foregoing factors could materially and adversely affect our results of operations, financial condition, business and prospects.

We are subject to anti-corruption, anti-bribery, anti-money laundering, counter-terrorist financing laws and similar laws and regulations, and non-compliance with such laws, regulations and standards can subject us to administrative, criminal or civil liability and harm our business, financial condition, results of operations and reputation.

We are subject to the U.S. Foreign Corrupt Practices Act of 1977, as amended, U.S. anti-bribery laws and other anti-corruption, anti-bribery, anti-money laundering and counter-terrorist financing laws and regulations in the countries in which we conduct business. Anti-corruption and anti-bribery laws have been enforced aggressively in recent years and are interpreted broadly to generally prohibit companies, their employees and their third-party intermediaries from authorizing, offering or providing, directly or indirectly, improper payments or benefits to recipients in the public or private sectors. In connection with our international sales and business and sales to the public sector, we may engage with business partners and third-party intermediaries to market our products and services and to obtain necessary permits, licenses, and other regulatory approvals. In addition, our third-party intermediaries, or other business partners, may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities. We can be held liable for corrupt or other illegal activities of these third-party intermediaries or other business partners, their employees, representatives, contractors, partners, and agents, even if we do not explicitly authorize such activities. Although we have policies and procedures to address compliance with such laws and regulations, there is a risk that our employees and agents will take actions in violation of our policies and applicable law, for which we may be ultimately held responsible.

Detecting, investigating and resolving actual or alleged violations of anti-corruption laws can require a significant diversion of time, resources and attention from senior management. In addition, noncompliance with anti-corruption, anti-bribery, anti-money laundering or counter-terrorist financing laws and regulations could subject us to whistleblower complaints, investigations, sanctions, settlements, prosecution, enforcement actions, fines, damages, other civil or criminal penalties or injunctions, suspension or debarment from contracting with certain persons, reputational harm, adverse media coverage and other collateral consequences. If any subpoenas or investigations are launched, or governmental or other sanctions are imposed, or if we do not prevail in any possible civil or criminal proceeding, our results of operations, financial condition, business and prospects could be materially and adversely affected. Even in the event of a positive outcome in such an investigation or proceeding, the cost of the investigation or defense could be significant and negatively affect our financial performance.

These laws, regulations and standards are driving the review and updating of many corporate policies and systems, often at significant expense. Until there is a settling of a consistent and stable global approach, our company, with customers and employees around the world, will be exposed to financial risk in complying with these requirements. Any of the foregoing factors could materially and adversely affect our results of operations, financial condition, business and prospects.

We are subject to governmental export and customs compliance requirements that could impair our ability to compete in international markets or subject us to liability if we violate the controls.

Our products and technology are subject to export controls in the jurisdictions where we do business. For example, in the United States, we are subject to the Export Administration Regulations and the International Traffic in Arms Regulations (“ITAR”). Under these regulations, certain commodities, software and technology may be exported only with the required export authorizations. Some technology and software that we create or possess is controlled under these regulations, and in certain cases, we are required to maintain controls limiting the access to such technology and software, even among our own employees. Furthermore, our activities are subject to economic sanctions laws and regulations, including U.S. economic sanctions laws and regulations administered by the U.S. Department of the Treasury’s Office of Foreign Assets Control that prohibit or restrict dealings that are within U.S. jurisdiction with, in or involving certain jurisdictions subject to comprehensive U.S. sanctions and certain designated persons and entities. We have corporate policies and procedures in place reasonably designed to ensure compliance with all applicable export control and economic sanctions laws and regulations.

In some cases, our compliance obligations may result in the loss of sales opportunities. In other cases, we may experience delays in our ability to conduct business as we await government authorization. Violations of economic sanctions or export control regulations can result in significant administrative fines or penalties or even criminal prosecution.

We are currently and may in the future become subject to litigation that could result in substantial costs, divert or continue to divert management’s attention and resources, and materially and adversely affect our results of operations, financial condition, business and prospects.

On June 7, 2021 we filed a complaint in the Supreme Court of New York seeking declaratory judgment that we had not violated certain agreements entered into with IBM relating to our acquisition of IBM’s Microelectronics division in 2015, and subsequent development and research activities and sales of our products to IBM. On June 8, 2021, IBM filed a complaint in the Supreme Court of New York asserting intentional breach of contract and fraudulent misrepresentation claims under the same set of agreements. IBM argues that it is entitled to a return of its \$1.5 billion payment to the company and at least \$1 billion in damages. We believe, based on discussions with legal counsel, that we have meritorious defenses against such claims. We dispute IBM’s claims and intend to vigorously defend against them. In addition, we are, and may become subject to, legal proceedings and claims that arise in the ordinary course of business, such as claims brought by our customers in connection with commercial disputes, product liability claims, employment claims made by our current or former employees or claims of infringement raised by intellectual property owners, in connection with the technology used in our manufacturing operations. The risk of such litigation may increase due to use of our products in safety-related systems of other advanced technologies, including automobiles.

In 2017, we and CD entered into a set of agreements related to the establishment of a joint venture in Chengdu, China to establish and operate a greenfield wafer production site in Chengdu. The parties contemplated that the manufacturing operations would be implemented in two phases. Due to a variety of factors, including unanticipated market conditions, the manufacturing operations did not proceed as planned and the parties have been working to wind-down operations of the joint venture. On April 26, 2021, we received a claim from CD requesting that we share in CD’s alleged losses and related costs incurred to support the joint venture. We and CD are engaged in negotiations to settle the claim and we recorded a provision of \$34 million in June 2021.

Any existing or future disputes, claims or proceedings could result in substantial costs and may divert management’s attention and resources. Insurance might not cover such claims, might not provide sufficient payments to cover all the costs to resolve one or more such claims and might not continue to be available on terms acceptable to us. A claim brought against us that is uninsured or underinsured could result in unanticipated costs, potentially harming our business, financial position and results of operations. Any of the foregoing factors

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could materially and adversely affect our results of operations, financial condition, business and prospects. Further, negative publicity arising from disputes, claims or proceedings may damage our reputation and adversely affect the image of our brand and our products. In addition, if any verdict or award is rendered against us, we could be required to pay significant monetary damages, assume other liabilities and even to suspend or terminate related business ventures or projects.

If regular or statutory consultation processes with employee representatives such as works councils fail or are delayed, or if our employees were to engage in a strike or other work stoppage, our results of operations, financial condition, business and prospects could be materially and adversely affected.

We may be required to consult with our employee representatives, such as works councils, on items such as work hours, restructurings, acquisitions and divestitures. Although we believe that our relations with our employees, employee representatives and works councils are satisfactory, no assurance can be given that we will be able to successfully extend or renegotiate these agreements as they expire from time to time or, in the case of transactions, to conclude potential consultation processes in a timely way. Also, if we fail to extend or renegotiate our labor agreements and social plans, if significant disputes with unions arise, or if our workers engage in a strike or other work stoppage, we could incur higher ongoing labor costs or experience a significant disruption of operations. Recently, we have experienced minor work stoppages involving a small number of employees at our Dresden, Germany manufacturing facility. Although those work stoppages did not materially impact production, future work stoppages, if more frequent or on a larger scale, could impact our production and our ability to timely provide products to our customers. Any of the foregoing factors could materially and adversely affect our results of operations, financial condition, business and prospects.

Currency and Interest Rate Risks

We are exposed to foreign currency risk, which could materially adversely affect our cost of expenses and profit margins and could result in exchange losses.

The majority of our sales are denominated in U.S. dollars, and therefore, our revenue is not subject to foreign currency risk. However, an increase in the value of the U.S. dollar can increase the real cost to our customers of our products and services in those markets outside of the United States where we sell in U.S. dollars. Conversely, a weakened U.S. dollar can increase the cost of expenses such as our direct labor, raw materials and overhead that are incurred outside of the United States. These operating expenses are denominated in foreign currencies and are subject to fluctuations due to changes in foreign currency exchange rates. Additionally, this could impact our capital expenditures with foreign suppliers we pay in non-U.S. dollar currencies. We also engage in financing activities in local currencies. Our hedging programs may not be able to effectively offset any, or more than a portion, of the impact of currency exchange rate movements. As a result, unfavorable changes in exchange rates could materially and adversely affect our results of operations, financial condition, business and prospects.

LIBOR and certain other interest “benchmarks” may be subject to regulatory guidance and/or reform that could cause interest rates under our current or future debt agreements to perform differently than in the past or cause other unanticipated consequences.

Because a majority of our debt is primarily based on the London Interbank Offered Rate (“LIBOR”) and certain other benchmarks, fluctuations in interest rates could have a material effect on our business. We currently utilize, and may in the future utilize, derivative financial instruments such as interest rate swaps or interest rate caps to hedge some of our exposure to interest rate fluctuations, but such instruments may not be effective in reducing our exposure to interest fluctuations, and we may discontinue utilizing them at any time. As a result, we may incur higher interest costs if interest rates increase. These higher interest costs could have a material adverse impact on our financial condition and the levels of cash we maintain for working capital.

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In addition, LIBOR and certain other interest “benchmarks” may be subject to regulatory guidance and/or reform that could cause interest rates under our current or future debt agreements to perform differently than in the past or cause other unanticipated consequences. The United Kingdom’s Financial Conduct Authority, which regulates LIBOR, has announced that it intends to stop encouraging or requiring banks to submit LIBOR rates after 2021, and it is unclear if LIBOR will cease to exist or if new methods of calculating LIBOR will evolve. On March 5, 2021, ICE Benchmark Administration announced that all LIBOR settings will either cease to be provided by any benchmark administrator, or no longer be representative immediately after December 31, 2021 for all GBP, EUR, Swiss franc (“CHF”) and Japanese yen (“JPY”) LIBOR and for one-week and two-month U.S. dollar (“USD”) LIBOR tenors, and immediately after June 30, 2023 for the remaining USD LIBOR tenors. Notwithstanding this extension, a joint statement by key regulatory authorities called on banks to cease entering into new contracts that use LIBOR as a reference rate by no later than December 31, 2021. If LIBOR ceases to exist or if the methods of calculating LIBOR change from their current form, interest rates on our current or future debt obligations may be adversely affected.

If a published USD LIBOR rate is unavailable, we may be required to substitute an alternative reference rate, such as a different benchmark interest rate or the Secured Overnight Financing Rate (“SOFR”), in lieu of LIBOR. The Alternative Reference Rates Committee has proposed SOFR as its recommended alternative to LIBOR and the Federal Reserve Bank of New York began publishing SOFR rates in April 2018. SOFR is intended to be a broad measure of the cost of borrowing cash overnight that is collateralized by U.S. Treasury securities. However, because SOFR is a broad U.S. Treasury repo financing rate that represents overnight secured funding transactions, it differs fundamentally from LIBOR. For example, SOFR is a secured overnight rate, while LIBOR is an unsecured rate that represents interbank funding over different maturities. In addition, because SOFR is a transaction-based rate, it is backward-looking, whereas LIBOR is forward-looking. Because of these and other differences, there is no assurance that SOFR will perform in the same way as LIBOR would have performed at any time, and there is no guarantee that it is a comparable substitute for LIBOR. SOFR may fail to gain market acceptance. A change from LIBOR to any of the proposed alternative reference rates could result in interest obligations that are more than or that do not otherwise correlate over time with the payments that would have been made on this debt if USD LIBOR were available in its current form. Any of these proposals or consequences could have a material adverse effect on our financing costs. Moreover, the phase-out of LIBOR may adversely affect our assessment of effectiveness or measurement of ineffectiveness for accounting purposes of any future interest rate hedging agreements indexed to LIBOR.

Risks Related to Changes in Effective Tax Rate and Accounting Principles

Changes in our effective tax rate or tax liability may have an adverse effect on our results of operations.

Our effective tax rate could increase due to several factors, including, but not limited to:

- changes in the relative amounts of income before taxes in the various jurisdictions in which we operate that have differing statutory tax rates;
- changes in tax laws, tax treaties and regulations or the interpretation of them;
- changes to our assessment about our ability to realize our deferred tax assets that are based on estimates of our future results, the prudence and feasibility of possible tax planning strategies, and the economic and political environments in which we do business;
- the outcome of current and future tax audits, examinations or administrative appeals; and
- limitations or adverse findings regarding our ability to do business in some jurisdictions.

Changes, such as these, that affect our effective tax rate could materially and adversely affect our results of operations and financial condition.

Our international operations subject us to potentially adverse tax consequences.

We generally conduct our international operations through subsidiaries and report our taxable income in various jurisdictions worldwide based upon our business operations in those jurisdictions. Our intercompany relationships are subject to complex transfer pricing regulations administered by taxing authorities in various jurisdictions. The relevant taxing authorities may disagree with our determinations as to the value of assets sold or acquired or income and expenses attributable to specific jurisdictions. If such a disagreement were to occur, and our position were not sustained, we could be required to pay additional taxes, interest, and penalties, which could result in one-time tax charges, higher effective tax rates, reduced cash flows, and lower overall profitability of our operations.

There is also a high level of uncertainty in today's tax environment stemming from both global initiatives put forth by the Organisation for Economic Co-operation and Development, or the OECD, and unilateral measures being implemented by various countries due to a historic lack of consensus on these global initiatives. As an example, the OECD has put forth two proposals—Pillar One and Pillar Two—that revise the existing profit allocation and nexus rules (profit allocation based on location of sales versus physical presence) and ensure a minimal level of taxation, respectively. If these proposals are passed, it is likely that we will have to pay higher income taxes in countries where such rules are applicable.

Our reported financial results may be adversely affected by changes in accounting principles.

IFRS, as adopted by the IASB, is subject to interpretation by the IASB and various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations could have a significant effect on our reported results of operations, financial position and cash flows and could affect the reporting of transactions already completed before the announcement of a change.

Risks Related to Our Status as a Controlled Company and Foreign Private Issuer

Our shareholder, Mubadala, will continue to have substantial control after this offering, which could limit your ability to influence the outcome of key transactions, including a change of control, and otherwise affect the prevailing market price of our ordinary shares.

After this offering, our shareholder, Mubadala, will beneficially own, in the aggregate, approximately _____ % of our outstanding ordinary shares, and approximately _____ % of our outstanding ordinary shares if the underwriters' option to purchase additional shares of ordinary shares in this offering is exercised in full. See "Principal and Selling Shareholder." In addition, as described in more detail under "Certain Relationships and Related Party Transactions," prior to the consummation of this offering, we intend to enter into a shareholder's agreement with Mubadala, which will entitle Mubadala, subject to the level of Mubadala's beneficial ownership of our ordinary shares, to certain consent rights and director nomination rights. As a result, Mubadala will continue to have significant influence over the management and affairs of our company, as well as the ability to control the outcome of matters submitted to our shareholders for approval, including the election of directors and the approval of significant corporate transactions, including any merger, consolidation or sale of all or substantially all of our assets and the issuance or redemption of equity interests in certain circumstances. The interests of Mubadala may not always coincide with, and in some cases may conflict with, our interests and the interests of our other shareholders. For instance, Mubadala could attempt to delay or prevent a change in control of our company, even if such change in control would benefit our other shareholders, which could deprive our shareholders of an opportunity to receive a premium for their ordinary shares. This concentration of ownership may also affect the prevailing market price of our ordinary shares due to investors' perceptions that conflicts of interest may exist or arise, and because Mubadala may sell, or investors may perceive that Mubadala is likely to sell, a significant amount of our ordinary shares.

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As a foreign private issuer and a controlled company, we are not subject to certain corporate governance rules applicable to U.S. listed companies.

As a foreign private issuer that intends to apply to list our ordinary shares on the Nasdaq, we rely on a provision in the Nasdaq corporate governance listing standards that allows us to follow Cayman Island law with regard to certain aspects of corporate governance. This allows us to follow certain corporate governance practices that differ in significant respects from the corporate governance requirements applicable to U.S. companies listed on the Nasdaq.

For example, we are exempt from Nasdaq regulations that require a listed U.S. company to:

- have a majority of the board of directors consist of independent directors;
- require non-management directors to meet on a regular basis without management present;
- adopt a code of conduct and promptly disclose any waivers of the code for directors or executive officers that should address certain specified items;
- have an independent compensation committee;
- have an independent nominating committee;
- review related-party transactions; and
- seek shareholder approval for the implementation of certain equity compensation plans and issuances of ordinary shares.

As a foreign private issuer, we are permitted to follow home country practice in lieu of the above requirements. Our audit, risk and compliance committee is required to comply with the provisions Rule 10A-3 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), which is applicable to U.S. companies listed on the Nasdaq. However, because we are a foreign private issuer, our audit, risk and compliance committee is not subject to additional Nasdaq corporate governance requirements applicable to listed U.S. companies, including the requirements to have a minimum of three members and to affirmatively determine that all members are “independent,” using more stringent criteria than those applicable to us as a foreign private issuer.

We are a foreign private issuer and, as a result, are not subject to U.S. proxy rules but are subject to reporting obligations that, to some extent, are more lenient and less frequent than those of a U.S. issuer.

We are a non-U.S. company with foreign private issuer status. Because we qualify as a foreign private issuer under the Exchange Act, and although we follow the laws and regulations of the Cayman Islands with regard to such matters, we are exempt from certain provisions of the Exchange Act that are applicable to U.S. public companies, including: (i) the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act, (ii) the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time and (iii) the rules under the Exchange Act requiring the filing of quarterly reports on Form 10-Q containing unaudited financial and other specified information, or current reports on Form 8-K, upon the occurrence of specified significant events. Foreign private issuers are required to file their annual report on Form 20-F within four months after the end of each fiscal year. Foreign private issuers are also exempt from the Regulation Fair Disclosure, aimed at preventing issuers from making selective disclosures of material information. As a result of the above, you may not have the same protections afforded to shareholders of companies that are not foreign private issuers. This may be the case even though we intend to make interim reports available to our shareholders, copies of which we are required to furnish to the SEC on a Form 6-K, and even though we are required to file reports on Form 6-K disclosing whatever information we have made or are required to make public pursuant to Cayman Islands law or distribute to our shareholders and that is material to us.

We are a Cayman Islands company and, because judicial precedent regarding the rights of shareholders is more limited under Cayman Islands law than that under U.S. law, you may have less protection for your shareholder rights than you would under U.S. law.

Our corporate affairs are governed by our Amended and Restated Memorandum and Articles of Association (the “Memorandum and Articles of Association”), as amended and restated from time to time, the Cayman Islands Companies Act (as amended) (the “Cayman Companies Act”) and the common law of the Cayman Islands. The rights of shareholders to take action against the directors, actions by minority shareholders and the fiduciary responsibilities of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as that from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The rights of our shareholders and the fiduciary responsibilities of our directors under Cayman Islands law are not as clearly defined as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands has a less prescriptive body of securities laws than the United States. In addition, some U.S. states, such as Delaware, have more fulsome and judicially interpreted bodies of corporate law than the Cayman Islands.

As a result of all of the above, public shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of the board of directors or controlling shareholders than they would as shareholders of a corporation incorporated in a jurisdiction in the United States.

Our officers and directors presently have, and any of them in the future may have, additional fiduciary or contractual obligations to other entities, and, accordingly, may have conflicts of interest in determining to which entity a particular business opportunity should be presented.

Our directors and officers presently have, and any of them in the future may have, additional fiduciary or contractual obligations to other entities pursuant to which such officer or director is or will be required to present a business opportunity to such entity, subject to his or her fiduciary duties under Cayman Islands law. Accordingly, they may have conflicts of interest in determining to which entity a particular business opportunity should be presented. These conflicts may not be resolved in our favor and a potential business opportunity may be presented to another entity prior to its presentation to us, subject to their fiduciary duties under Cayman Islands law.

Our Memorandum and Articles of Association provide that, to the fullest extent permitted by applicable law: (i) no individual serving as a director or an officer shall have any duty, except and to the extent expressly assumed by contract, to refrain from engaging directly or indirectly in the same or similar business activities or lines of business as us; and (ii) we renounce any interest or expectancy in, or in being offered an opportunity to participate in, any potential transaction or matter which may be a corporate opportunity for any director or officer, on the one hand, and us, on the other.

For a complete discussion of our executive officers’ and directors’ business affiliations and the potential conflicts of interest that you should be aware of, please see “Management” and “Certain Relationships and Related Party Transactions.”

The Cayman Islands Economic Substance Law may affect our operations.

The Cayman Islands has recently enacted the International Tax Co-operation (Economic Substance) Law (2020 Revision), or the Cayman Economic Substance Law. The Cayman Economic Substance Law generally requires legal entities domiciled or registered in the Cayman Islands to have demonstrable substance in the Cayman Islands. The Cayman Economic Substance Law was introduced by the Cayman Islands to ensure that it meets its commitments to the European Union, as well as its obligations under the OECD’s global Base Erosion and Profit Shifting initiatives. We are required to comply with the Cayman Economic Substance Law. As we are

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a Cayman Islands company, compliance obligations include filing annual notifications for us, which need to state whether we are carrying out any relevant activities and, if so, whether we have satisfied economic substance tests to the extent required under the Cayman Economic Substance Law. As it is a relatively new regime, it is anticipated that the Cayman Economic Substance Law will evolve and be subject to further clarification and amendments. We may need to allocate additional resources to keep updated with these developments, and may have to make changes to our operations in order to comply with all requirements under the Cayman Economic Substance Law. Failure to satisfy these requirements may subject us to penalties under the Cayman Economic Substance Law. The Cayman Islands Tax Information Authority shall impose a penalty of CI\$10,000 (or US\$12,500) on a relevant entity for failing to satisfy the economic substance test or CI\$100,000 (or US\$125,000) if it is not satisfied in the subsequent financial year after the initial notice of failure. Following failure after two consecutive years the Grand Court of the Cayman Islands may make an order requiring the relevant entity to take specified action to satisfy the economic substance test or ordering it that it is defunct or be struck off.

Risks Related to Operating as a Public Company

We will incur increased costs and expenses as a result of operating as a public company and our management will be required to devote substantial time to compliance with our public company responsibilities and corporate governance practices.

As a public company, we will incur greater legal, accounting and other expenses than we incurred as a private company. After this offering, we will be subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act of 2002 (“SOX”), the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”), and the rules and regulations of the Nasdaq, which impose various requirements on public companies, including establishment and maintenance of effective disclosure and financial controls and corporate governance practices. These requirements will increase our legal, accounting, and financial compliance costs and will make some activities more difficult, time-consuming, and costly, and place significant strain on our personnel, systems and resources. For example, we expect these rules and regulations to make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to maintain the same or similar coverage.

We are evaluating these rules and regulations and cannot predict or estimate the amount of additional costs we may incur or the timing of such costs. These rules and regulations are often subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices.

We will also need to comply with auditor attestation requirements of Section 404 of SOX. In that regard, as we prepare for such compliance, we will need to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge. We cannot predict or estimate the amount of additional costs we may incur or the timing of such costs.

If we fail to establish and maintain proper and effective internal control over financial reporting, our operating results and our ability to operate our business could be harmed.

Ensuring that we have adequate internal financial and accounting controls and procedures in place so that we can produce accurate financial statements on a timely basis is a costly and time-consuming effort that needs to be re-evaluated frequently. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles. In connection with this offering, we intend to begin the process of documenting, reviewing and improving our internal controls and procedures for compliance with Section 404 of SOX, which will require annual management assessment of the effectiveness of our internal

control over financial reporting. Implementing any appropriate changes to our internal controls may distract our officers and employees, entail substantial costs to modify our existing processes and take significant time to complete. These changes may not, however, be effective in maintaining the adequacy of our internal controls, and any failure to maintain that adequacy, or consequent inability to produce accurate financial statements on a timely basis, could increase our operating costs and harm our business. In addition, investors' perceptions that our internal controls are inadequate or that we are unable to produce accurate financial statements on a timely basis may harm the trading price of our ordinary shares following this offering and make it more difficult for us to effectively market and sell our service to new and existing customers.

Risks Related to our Ordinary Shares

There has been no prior public market for our ordinary shares, and an active trading market may never develop or be sustained.

Prior to this offering, there has been no public market for our ordinary shares. The initial public offering price for our ordinary shares was determined by negotiations between us, Mubadala and the representatives of the underwriters and may not be indicative of prices that will prevail in the trading market following the closing of this offering. Although we intend to apply to have our ordinary shares listed on the Nasdaq, an active trading market for our ordinary shares may never develop or be sustained following this offering. If an active market for our ordinary shares does not develop, it may be difficult for you to sell shares you purchase in this offering without depressing the market price for our ordinary shares, or at all. An inactive trading market may also impair our ability to raise capital by selling shares of our ordinary shares and enter into strategic partnerships or acquire other complementary products, technologies or businesses by using shares of our ordinary shares as consideration. Furthermore, although we intend to apply to have our ordinary shares listed on the Nasdaq, even if listed, there can be no guarantee that we will continue to satisfy the continued listing standards of the Nasdaq. If we fail to satisfy the continued listing standards, we could be de-listed, which would negatively impact the value and liquidity of your investment.

The trading price of our ordinary shares following this offering may be volatile, and investors in our ordinary shares may not be able to resell shares of our ordinary shares at or above the price paid, or at all.

The trading price of our ordinary shares following this offering could be volatile and subject to wide fluctuations in response to various factors, many of which are beyond our control, including, but not limited to:

- variations in our actual or anticipated annual or quarterly operating results or those of others in our industry;
- results of operations that otherwise fail to meet the expectations of securities analysts and investors;
- changes in earnings estimates or recommendations by securities analysts, or other changes in investor perceptions of the investment opportunity associated with our ordinary shares relative to other investment alternatives;
- market conditions in the semiconductor industry;
- publications, reports or other media exposure of our products and services or those of others in our industry, or of our industry generally;
- announcements by us or others in our industry, or by our or their respective suppliers, distributors or other business partners, regarding, among other things, significant contracts, price reductions, capital commitments or other business developments, the entry into or termination of strategic transactions or relationships, securities offerings or other financing initiatives, and public reaction thereto;
- additions or departures of key management personnel;

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- regulatory actions involving us or others in our industry, or actual or anticipated changes in applicable government regulations or enforcement thereof;
- the development and sustainability of an active trading market for our ordinary shares;
- sales, or anticipated sales, of large blocks of our ordinary shares;
- a significant number of shares of our ordinary shares becoming available for sale in a condensed period of time in connection with the exercise of employee stock options or sales by Mubadala;
- general economic and securities market conditions; and
- other factors discussed in this “Risk Factors” section and elsewhere in this prospectus.

Furthermore, the stock market in general has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of particular companies. Broad market and industry factors may significantly affect the market price of our ordinary shares, regardless of our actual operating performance. These fluctuations may be even more pronounced in the trading market for our ordinary shares shortly following the closing of this offering, including potential volume fluctuations related to the exercise of a significant number of our employee stock options and subsequent sale of shares prior to the end of the calendar year in which our management lock-up expires. The number of options that are currently expected to be exercised in calendar year 2022 is approximately 13.0 million.

These and other factors may cause the market price and demand for our ordinary shares to fluctuate significantly, which may limit or prevent investors from readily selling their shares of ordinary shares and may otherwise negatively affect the liquidity of our ordinary shares. In addition, in the past, when the market price of a stock has been volatile, holders of that stock have sometimes instituted securities class action litigation against the company that issued the stock. If any of our shareholders were to bring a lawsuit against us, we could incur substantial costs defending the lawsuit. Such a lawsuit could also divert the time and attention of our management from our core business operations.

We have broad discretion to use the net proceeds that we receive from this offering, and our investment of these proceeds may not yield a favorable return. We may invest such proceeds of this offering in ways you disagree with.

Our management has broad discretion as to how to spend and invest the proceeds that we receive from this offering, and we may spend or invest these proceeds in ways with which our shareholders may disagree. Accordingly, investors will need to rely on our judgment with respect to the use of these proceeds. We intend to use the proceeds that we receive from this offering for capital expenditures and other general corporate purposes. We could spend the proceeds that we receive from this offering in ways that our shareholders may not agree with or that do not yield a favorable return. You will not have the opportunity as part of your investment decision to assess whether the net proceeds that we receive from this offering are being used appropriately. If we do not use the net proceeds that we receive in this offering effectively, our results of operations, financial condition, business and prospects could be materially adversely affected, and the market price of our ordinary shares could decline.

If you purchase our ordinary shares in this offering, you will incur immediate and substantial dilution, and issuance of additional capital stock could lead to further dilution.

The assumed initial public offering price of \$ _____ per share (the midpoint of the estimated offering price range set forth on the cover page of this prospectus) will be substantially higher than the pro forma net tangible book value per share of our outstanding ordinary shares of \$ _____ per share as of _____, 2021 after this offering. Investors purchasing shares of our ordinary shares in this offering will pay a price per share that substantially exceeds the book value of our tangible assets after subtracting our liabilities. As a result, investors purchasing ordinary shares in this offering will incur immediate dilution of \$ _____ per share, based

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on the assumed initial public offering price of \$ _____ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus.

This dilution is due to the substantially lower price paid by our shareholders who purchased shares prior to this offering as compared to the price offered to the public in this offering. As a result of the dilution to investors purchasing shares in this offering, investors may receive less than the purchase price paid in this offering, if anything, in the event of our liquidation. See “Dilution.”

Future sales or distributions of our shares by Mubadala could depress the price of our ordinary shares.

After this offering, and subject to the lock-up period described below, Mubadala may sell all or a portion of the ordinary shares that it owns. Immediately following the offering, Mubadala will own approximately _____ % of our outstanding ordinary shares. Sales by Mubadala in the public market or other distributions of substantial amounts of our ordinary shares, or the filing of a registration statement relating to a substantial amount of our ordinary shares, could depress our ordinary share price. Mubadala is not subject to any contractual obligation to maintain its ownership position in our shares, except that it has agreed not to sell or otherwise dispose of any of our ordinary shares for a period ending 180 days after the date of this prospectus without the prior written consent of Morgan Stanley & Co. LLC on behalf of the underwriters, subject to specified limited exceptions and extensions described in “Underwriters.” Consequently, Mubadala may decide not to maintain its ownership of our ordinary shares once the lock-up period expires. See “Shares Eligible for Future Sale.”

In addition, Mubadala will have the right, subject to certain conditions, to require us to file registration statements covering its shares or to include its shares in other registration statements that we may file. By exercising its registration rights and selling a large number of shares, Mubadala could cause the price of our ordinary shares to decline.

We do not expect to declare or pay any dividends on our ordinary shares for the foreseeable future.

We do not intend to pay cash dividends on our ordinary shares for the foreseeable future. Consequently, investors must rely on sales of their shares of our ordinary shares after price appreciation, which may never occur, as the only way to realize any future gains on their investment. Investors seeking dividends should not purchase shares of our ordinary shares. Any future determination to pay dividends will be at the discretion of our board of directors and subject to, among other things, our compliance with applicable law, and depending on, among other things, our business prospects, financial condition, results of operations, cash requirements and availability, debt repayment obligations, capital expenditure needs, the terms of any preferred equity securities we may issue in the future, covenants in the agreements governing our current and future indebtedness, other contractual restrictions, industry trends and any other factors or considerations our board of directors may regard as relevant. See “Dividend Policy.”

Anti-takeover provisions in our organizational documents and Cayman Islands law may discourage or prevent a change of control, even if an acquisition would be beneficial to our shareholders, which could depress the price of our ordinary shares and prevent attempts by our shareholders to replace or remove our current management.

Our Memorandum and Articles of Association contain provisions that may discourage unsolicited takeover proposals that shareholders may consider to be in their best interests. Our board of directors is divided into three classes with staggered, three-year terms. Our board of directors has the ability to designate the terms of and issue preferred shares without shareholder approval. We are also subject to certain provisions under Cayman Islands law that could delay or prevent a change of control. Together these provisions may make more difficult the removal of management and may discourage transactions that otherwise could involve payment of a premium over prevailing market prices for our ordinary shares. See “Description of Share Capital.”

Our Memorandum and Articles of Association provide that the courts of the Cayman Islands will be the exclusive forum for certain disputes between us and our shareholders, which could limit our shareholders' ability to obtain a favorable judicial forum for complaints against us or our directors, officers or employees.

Our Memorandum and Articles of Association provide that unless we consent in writing to the selection of an alternative forum, the courts of the Cayman Islands will, to the fullest extent permitted by the law, have exclusive jurisdiction over any claim or dispute arising out of or in connection with our Memorandum and Articles of Association or otherwise related in any way to each shareholder's shareholding in us, including but not limited to (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of any fiduciary or other duty owed by any of our current or former directors, officers or other employees to us or our shareholders, (iii) any action asserting a claim arising pursuant to any provision of the Cayman Companies Act or our Memorandum and Articles of Association, and (iv) any action asserting a claim against us governed by the "Internal Affairs Doctrine" (as such concept is recognized under the laws of the United States) and that each shareholder irrevocably submits to the exclusive jurisdiction of the courts of the Cayman Islands over all such claims or disputes. Our Memorandum and Articles of Association will provide that, unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, the federal district courts of the United States will be the exclusive forum for the resolution of any complaint asserting a cause or causes of action arising under the Securities Act or Exchange Act, including all causes of action asserted against any defendant named in such complaint.

Our Memorandum and Articles of Association also provide that, without prejudice to any other rights or remedies that we may have, each of our shareholders acknowledges that damages alone would not be an adequate remedy for any breach of the selection of the courts of the Cayman Islands as exclusive forum and that accordingly we shall be entitled, without proof of special damages, to the remedies of injunction, specific performance or other equitable relief for any threatened or actual breach of the selection of the courts of the Cayman Islands as exclusive forum.

This choice of forum provision may increase a shareholder's cost and limit the shareholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage lawsuits against us and our directors, officers and other employees. Any person or entity purchasing or otherwise acquiring any of our shares or other securities, whether by transfer, sale, operation of law or otherwise, shall be deemed to have notice of and have irrevocably agreed and consented to these provisions. There is uncertainty as to whether a court would enforce such provisions, and the enforceability of similar choice of forum provisions in other companies' charter documents has been challenged in legal proceedings. It is possible that a court could find this type of provisions to be inapplicable or unenforceable, and if a court were to find this provision in our Memorandum and Articles of Association to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving the dispute in other jurisdictions, which could have adverse effect on our business and financial performance.

Our Memorandum and Articles of Association provide for indemnification of officers and directors at our expense and limit their liability, which may result in a major cost to us and hurt the interests of our shareholders because corporate resources may be expended for the benefit of officers and/or directors.

Our Memorandum and Articles of Association and applicable law of the Cayman Islands provide for the indemnification of our directors and officers, under certain circumstances, against losses, liabilities, attorney's fees and other expenses incurred by them in any litigation to which they become a party arising from their association with or activities on our behalf. We will also bear the expenses of such litigation for any of our directors or officers, upon such person's promise to repay us if it is ultimately determined that any such person shall not have been entitled to indemnification. This indemnification policy could result in substantial expenditures by us that we will be unable to recoup.

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We have been advised that, in the opinion of the SEC, indemnification for liabilities arising under federal securities laws is against public policy as expressed in the Securities Act of 1933, as amended (“Securities Act”), and is, therefore, unenforceable.

If equity research analysts or industry analysts do not publish research or reports about our business, or if they change their recommendations regarding our stock adversely, our stock price and trading volume could decline.

The trading market for our ordinary shares, should one develop, will be influenced by the research and reports that industry or equity research analysts publish about us or our business. As a newly public company, we may be slow to attract research coverage and the analysts who publish information about our ordinary shares will have had relatively little experience with us, which could affect their ability to accurately forecast our results and could make it more likely that we fail to meet their estimates. If no or few securities or industry analysts commence coverage of us, the trading price for our ordinary shares will be negatively impacted. In the event we do obtain industry or equity research analyst coverage, we will not have any control over the analysts’ content and opinions included in their reports. If any of the analysts who cover us issue an adverse or misleading opinion regarding us, our business model, financial performance, stock price or otherwise, our stock price would likely decline. If one or more of these analysts ceases coverage of our company or fails to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline and result in the loss of all or a part of your investment in us.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that reflect our plans, beliefs, expectations and current views with respect to, among other things, future events and financial performance. The forward-looking statements appear in a number of places in this prospectus including, but not limited to, the sections titled “Prospectus Summary,” “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business.” Forward-looking statements are based on our management’s beliefs and assumptions and on information currently available to our management.

You can identify some of these forward-looking statements by words or phrases such as “aim,” “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “is/are likely to,” “may,” “might,” “plan,” “potential,” “predict,” “shall,” “should,” “target,” “will,” the negative of these words or other similar expressions, or by discussions of strategy, plans or intentions. Known and unknown risks, uncertainties, and other factors, including those listed under “Risk Factors,” may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements. Such risks and uncertainties include, but are not limited to:

- general global economic conditions;
- our ability to meet production requirements under long-term supply agreements;
- our business and operating strategies and plans for the development of existing and new businesses, ability to implement such strategies and plans and expected time;
- our reliance on a small number of customers;
- our future business development, financial condition and results of operations;
- the seasonality, volatility and cyclical nature of the semiconductor and microelectronics industry;
- expected changes in our revenue, costs or expenditures;
- our dividend policy;
- our assumptions and estimates regarding design wins;
- our expectations regarding demand for and market acceptance of our products and services;
- our expectations regarding our relationships with customers, contract manufacturers, component suppliers, third-party service providers, strategic partners and other stakeholders;
- our expectations regarding our capacity to develop, manufacture and deliver semiconductor products in fulfilment of our contractual commitments;
- our ability to conduct our manufacturing operations without disruptions;
- our ability to manage our capacity and production facilities effectively;
- our ability to develop new technologies successfully and remain a technological leader;
- our ability to maintain control over expansion and facility modifications;
- our ability to generate growth or profitable growth;
- our ability to maintain and protect our intellectual property;
- our ability to hire and maintain qualified personnel;
- our effective tax rate or tax liability;
- our ability to acquire required equipment and supplies necessary to meet customer demand;
- the increased competition from other companies and our ability to retain and increase our market share;

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- our proposed use of proceeds from this offering;
- the potential business or economic disruptions caused by current and future pandemics, such as the COVID-19 pandemic;
- developments in, or changes to, laws, regulations, governmental policies, incentives and taxation affecting our operations relating to our industry; and
- assumptions underlying or related to any of the foregoing.

We caution you that the foregoing list does not contain all of the forward-looking statements made in this prospectus.

Forward-looking statements are based on current plans, estimates and projections, and therefore you should not place undue reliance on them. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update them publicly in light of new information or future events, except as required by law. The inclusion of this forward-looking information should not be regarded as a representation by us, the underwriters or any other person that the future plans, estimates or expectations contemplated by us will be achieved. Actual future results may be materially different from what we expect.

You should carefully consider the “Risk Factors” and subsequent public statements, or reports filed with or furnished to the SEC, before making any investment decision with respect to our securities. If any of these trends, risks or uncertainties actually occurs or continues, our business, financial condition or operating results could be materially adversely affected, the trading prices of our securities could decline and you could lose all or part of your investment. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by this cautionary statement.

INDUSTRY AND MARKET DATA

This prospectus contains statistical data, estimates and forecasts about our industry and the market in which we operate, including our general expectations and market position, market opportunity and market size. That information is based on our own internal estimates and research, as well as independent industry publications such as those published by Gartner, Inc., Boston Consulting Group, International Data Corporation, IoT Analytics, Dell’Oro Group, Inc. (“Gartner”), IC Insights, U.S. Census Bureau, IHS Markit Ltd., Omdia, VLSI Research and the Semiconductor Industry Association, and is subject to a number of assumptions and limitations. The Gartner content described herein (the “Gartner Content”) represents research opinion or viewpoints published, as part of a syndicated subscription service, by Gartner, and are not representations of fact. Gartner Content speaks as of its original publication date (and not as of the date of this prospectus), and the opinions expressed in the Gartner Content are subject to change without notice.

Although we are responsible for all of the disclosure contained in this prospectus and we believe the information from the industry publication and other third-party sources included in this prospectus is reliable, neither we nor the underwriters have independently verified market and industry data from third-party sources. While we believe our internal company research is reliable and the definitions of our market and industry are appropriate, neither this research nor these definitions have been verified by any independent source.

The industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the section titled “Risk Factors” and elsewhere in this prospectus. These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties and by us.

USE OF PROCEEDS

We estimate that the net proceeds from the sale of _____ ordinary shares that we are selling in this offering will be approximately \$ _____ million (or \$ _____ million if the underwriters exercise in full their option to purchase additional shares), based on an assumed initial public offering price of \$ _____ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. We will not receive any proceeds from the sale of ordinary shares by the selling shareholder.

Each \$1.00 increase or decrease in the assumed initial public offering price would increase or decrease, respectively, the net proceeds to us by approximately \$ _____ million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions. Similarly, each increase (decrease) of _____ shares in the number of ordinary shares offered by us would increase (decrease) the net proceeds to us from this offering by approximately \$ _____, assuming the assumed initial public offering price remains the same and after deducting underwriting discounts and commissions and estimated offering expenses payable by us. We do not expect that a change in the initial price to the public or the number of shares by these amounts would have a material effect on uses of the proceeds from this offering, although it may accelerate the time at which we will need to seek additional capital.

The principal purposes of selling our ordinary shares in this offering are to obtain additional capital, to create a public market for our ordinary shares and to facilitate our future access to the public equity markets. We intend to use the net proceeds for capital expenditures and other general corporate purposes. We may also use a portion of the net proceeds for the acquisition of, or investment in, businesses or technologies that complement our business, although we have no present commitments or agreements to do so.

We have not yet determined our anticipated expenditures and therefore cannot estimate the amounts to be used for each of the purposes discussed above. The amounts and timing of any expenditures will vary depending on the amount of cash generated by our operations, competitive and technological developments and the rate of growth, if any, of our business. Accordingly, our management will have significant flexibility in applying the net proceeds from this offering, and investors will be relying on the judgment of our management regarding the application of these net proceeds. Pending the uses described above, we intend to invest the net proceeds from this offering in short-term, interest-bearing obligations, investment-grade instruments, certificates of deposit or direct or guaranteed obligations of the U.S. government. The goal with respect to the investment of these net proceeds will be capital preservation and liquidity so that these funds are readily available to fund our operations.

DIVIDEND POLICY

We currently intend to retain all available funds and any future earnings to fund the development and growth of our business. Therefore, we do not anticipate declaring or paying any cash dividends to our shareholders in the foreseeable future. Any future determination as to the declaration and payment of dividends, if any, will be at the discretion of our board of directors, subject to applicable laws, and will depend on a number of factors, including our business prospects, results of operations, financial condition, cash requirements and availability, debt repayment obligations, capital expenditure needs, covenants in the agreements governing our current and future indebtedness, other contractual restrictions, industry trends and any other factors or considerations our board of directors may regard as relevant.

Under Cayman Islands law, dividends may be declared and paid only out of funds legally available therefor, namely out of either profit or distributable reserves, including our share premium account, and provided further that a dividend may not be paid if this would result in us being unable to pay our debts as they fall due in the ordinary course of business.

For additional information, see “Risk Factors—We do not expect to declare or pay any dividends on our ordinary shares for the foreseeable future” and “Description of Share Capital—Dividends.”

CAPITALIZATION

The following table sets forth our capitalization as of June 30, 2021:

- on an actual basis; and
- on an as adjusted basis to reflect the sale of ordinary shares by us pursuant to this offering.

This table should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” our consolidated financial statements and the related notes included elsewhere in this prospectus, and with other financial information contained in this prospectus.

	June 30, 2021	
	(dollars in thousands)	
	Actual	As Adjusted ⁽¹⁾
Cash and cash equivalents	\$ 804,668	
Long term debt, including current portion		
USD Term Loan A due 2025	646,405	
2019 EUR Dresden Equipment Financing due 2026	466,475	
2019 Tool Equipment Purchase and Lease Financing due 2024	232,147	
2019 USD Dresden Equipment Financing due 2024	197,534	
2020 USD Equipment Financing due 2025	240,698	
EUR Term Loan A due 2025	98,162	
Other long term debt	294,424	
Total debt ⁽²⁾	\$ 2,175,845	
Shareholder’s equity		
Share capital	10,000	
Additional paid-in capital	11,848,304	
Loan from shareholder ⁽³⁾	10,554,687	
Accumulated deficit	(15,517,963)	
Accumulated other comprehensive loss	(24,590)	
Total equity (deficit) attributable to the company	\$ 6,870,438	\$
Non-controlling interests	\$ 61,295	
Total equity	\$ 6,932,363	
Total capitalization	\$ 9,108,208	

- (1) The as adjusted column further reflects the sale of our ordinary shares in this offering at an assumed initial public offering price of \$ _____ per share, the midpoint of the price range set forth on the cover page of this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses payable by us.
- (2) On September 3, 2021, we entered into a loan agreement with a lender, which provided for loan facilities with maximum drawdown of SGD1,541,000,000 (US\$1,148,500,000) at fixed interest rates. No amounts have been drawn down on the facility. See Note 37 to our annual consolidated financial statements and Note 17 to our interim unaudited condensed consolidated financial statements included elsewhere in this prospectus for additional details. This facility is not reflected in the table above.
- (3) We anticipate that Mubadala will convert the loans provided under the loan facilities with Mubadala in 2012 to 2016 to additional paid-in capital immediately prior to the consummation of this offering, which will not impact shares outstanding or have any dilutive effects, as additional shares will not be issued to Mubadala.

DILUTION

If you invest in our ordinary shares in this offering, your ownership interest will be diluted to the extent of the difference between the initial public offering price per share and the pro forma as adjusted net tangible book value per share of our ordinary shares immediately after this offering. Dilution results from the fact that the initial public offering price per share is substantially in excess of the book value per share attributable to the existing shareholders for our presently outstanding ordinary shares.

Our pro forma net tangible book value as of _____, 2021 was \$ _____ or \$ _____ per share of ordinary shares. Pro forma net tangible book value per share is determined by dividing our tangible net worth, total assets less total liabilities, by the aggregate number of ordinary shares outstanding. After giving effect to the sale of the _____ ordinary shares in this offering, at an assumed initial public offering price of \$ _____ per share, the midpoint of the range set forth on the cover page of this prospectus, and the receipt and application of the net proceeds, our pro forma net tangible book value at _____, 2021 would have been \$ _____ or \$ _____ per share. This represents an immediate increase in pro forma net tangible book value to existing shareholder of \$ _____ per share and an immediate dilution to new investors of \$ _____ per share. The following table illustrates this per share dilution:

Assumed initial public offering price	\$
Pro forma net tangible book value per share as of _____, 2021	\$
Increase in pro forma net tangible book value per share attributable to new investors	\$
Pro forma net tangible book value per share after offering	\$
Dilution per share to new investors	\$

Dilution is determined by subtracting pro forma net tangible book value per share after the offering from the initial public offering price per share.

The following table sets forth, on a pro forma basis, as of _____, 2021, the number of ordinary shares purchased from us, the total consideration paid, or to be paid, and the average price per share paid, or to be paid, by the existing shareholder and by the new investors, at an assumed initial public offering price of \$ _____ per share, the midpoint of the range set forth on the cover page of this prospectus, before deducting estimated underwriting discounts and commissions and offering expenses payable:

	<u>Shares Purchased</u>		<u>Total Consideration</u>		<u>Average Price Per Share</u>
	<u>Number</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>\$</u>
Existing shareholder		%	\$	%	\$
New investors		%	\$	%	\$
Total		100%	\$	\$ 100%	\$

The foregoing tables assume no exercise of the underwriters' over-allotment option or of outstanding share options after _____, 2021. At _____, 2021, _____ ordinary shares were subject to outstanding options, at a weighted average exercise price of \$ _____. To the extent these options are exercised there will be further dilution to new investors. See Note 33 to our annual consolidated financial statements and Note 16 to our interim unaudited condensed consolidated financial statements included elsewhere in this prospectus for additional details.

MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the section titled “Summary Consolidated Financial Data” and the consolidated financial statements included elsewhere in this prospectus. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those discussed below. Factors that could cause or contribute to such differences include, but are not limited to, those identified below and those discussed in the section titled “Risk Factors” included elsewhere in this prospectus.

Overview

We are one of the world’s leading semiconductor foundries. We manufacture complex, feature-rich ICs that enable billions of electronic devices that are pervasive throughout nearly every sector of the global economy. With our specialized foundry manufacturing processes, a library consisting of thousands of IP titles, and differentiated transistor and device technology, we serve a broad range of customers, including the global leaders in IC design, and provide optimized solutions for the function, performance and power requirements of critical applications driving key secular growth end markets. As the only scaled pure-play foundry with a global footprint that is not based in China or Taiwan, we help customers mitigate geopolitical risk and provide greater supply chain certainty. We define a scaled pure-play foundry as a company that focuses on producing ICs for other companies, rather than those of its own design, with more than \$2 billion of annual foundry revenue.

Technology megatrends including IoT, 5G, cloud, artificial intelligence and next-generation automotive are reshaping the global economy and driving a new golden age for semiconductors. As the manufacturing backbone of the semiconductor industry, foundries are the bedrock of the global technology ecosystem. We provide differentiated foundry solutions that enable the era for data-centric and connected technologies. We have a large and growing market opportunity with an estimated SAM of \$54 billion in 2020, which reflects the sum of all foundry revenues excluding memory and revenues from <12nm wafers, as estimated by Gartner. Our SAM is supported by significant opportunities in our core markets of Smart Mobile Devices, Home and Industrial IoT, Communications Infrastructure & Datacenter, Automotive and Personal Computing. Our combination of highly-differentiated technology and large share of single-sourced products and long-term supply agreements provides a high degree of revenue visibility and significant operating leverage, resulting in improved financial performance and bottom line growth.

Since our founding in 2009, we have achieved the following key milestones:



Strategic Repositioning

Beginning in 2018, we embarked on a new strategy to significantly reposition our business to better align with our customers' needs, drive margin expansion and accelerate value creation for our stakeholders. Today, we focus on and are growing sales of foundry solutions for the pervasive semiconductor market, where we are trusted to reliably innovate and deliver premium performance, functionality, efficiency and quality specifically developed for customer applications, rather than focusing merely on transistor density and processing speed.

Key elements of our strategy include:

- **Focus on feature-rich solutions.** In August 2018, we shifted our focus to address the pervasive foundry market opportunity and the growing demand for specialized process technologies in emerging high-growth markets.
- **Market-based customer engagement strategy.** In order to better address and capture the pervasive semiconductor foundry market opportunity, we restructured our go-to-market organizations to better align with the growing opportunities in Smart Mobile Devices, Home and Industrial IoT, Communications Infrastructure & Datacenter, Automotive and Personal Computing. We supplemented our existing workforce with talented executives holding deep domain expertise in these growing markets.
- **Optimized portfolio.** We took a number of steps to streamline and optimize our business and manufacturing footprint to improve our bottom line and return on capital. In 2019, we divested three assets that were not aligned with our strategic priorities.
- **Resized and refocused cost structure.** We have realigned our engineering, sales and marketing organizations toward higher-margin, higher-return products and opportunities to drive our improved bottom line. We have moved toward product offerings that require lower capital expenditure while still creating significant value. Additionally, we have focused on feature rich-solutions that help us better partner with our customers to create long-term relationships. Our pivot has begun to contribute to a higher gross margin, with an adjusted gross margin of 12% for the six months ended June 30, 2021, compared to (15)% for the year ended December 31, 2020.
- **Disciplined, capital-efficient expansion strategy.** Since our repositioning, we have focused on a capital-efficient expansion strategy that is based on long-term demand certainty and partnerships with our customers. In addition, by repositioning to focus on differentiated technologies, we have been able to efficiently add features to our existing platforms while significantly reducing overall capital expenditures. Additionally, this strategy provides us with the opportunity to pursue highly accretive investments to meet market demand.

How We Generate Revenue

We generate the vast majority of our revenue from wafer fabrication and sales of finished semiconductor wafers, which accounted for approximately 92% of our net revenues in 2020. We derived the remainder of our revenue primarily from photomask manufacturing and sourcing services and post-fab manufacturing services.

In 2020, our net revenues were \$4.9 billion, which included a one-time, non-recurring reduction in revenue due to our moving from recognizing wafer revenue on a Percentage-of-Completion basis to recognizing revenue on a Wafer Shipment basis, as a result of amendments to the majority of our customer contractual terms. See “—Critical Accounting Policies and Estimates—Revenue Recognition.” Had the change in terms not occurred, net revenues in 2020 would have been an estimated \$810 million higher than reported results and 2020 cost of revenues would have likewise been higher by an estimated \$634 million, with a commensurate decrease in our inventories. In addition, we divested our ASIC business in 2019. The divested business generated \$391 million of revenue in 2019 and \$402 million in 2018.

Key Financial and Operating Metrics

We monitor the following key metrics to help us evaluate our business, identify trends affecting our business, measure our performance, formulate business plans and make strategic decisions. We believe the

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following metrics are useful in evaluating our business but should not be considered in isolation or as a substitute for IFRS financial measures. Certain judgments and estimates are inherent in our processes to calculate these metrics.

Wafer Shipment Volume

We define wafer shipment volume as the number of finished wafers shipped in a period expressed in 300mm equivalent wafers. We manufacture semiconductors on silicon wafers based on proprietary circuitry designs provided by and developed in conjunction with our customers.

	Year Ended December 31,			Six Months Ended June 30,	
	2018	2019	2020	2020	2021
Wafer shipment volume	1,863	1,758	2,030	957	1,143

Non-IFRS Financial Metrics

We believe that in addition to our results determined in accordance with IFRS, adjusted gross profit (loss), adjusted loss from operations, adjusted EBITDA, adjusted net loss from continuing operations, and adjusted loss per share are useful in evaluating our business and the underlying trends that are affecting our performance. These non-IFRS financial measures provide supplemental information regarding our operating performance that excludes certain gains, losses and non-cash charges that occur relatively infrequently and/or that we consider to be unrelated to our core operations. These non-IFRS measures are used by both our management and our board of directors, together with the comparable IFRS information, in evaluating our current performance and planning future business activities.

We believe that these non-IFRS measures, when used in conjunction with our IFRS financial information, also allow investors to better evaluate our financial performance in comparison to other periods and to other companies in our industry. However, non-IFRS financial information is presented for supplemental informational purposes only and should not be considered in isolation or as a substitute for financial information presented in accordance with IFRS. Our presentation of non-IFRS measures should not be construed as an inference that our future results will be unaffected by unusual or nonrecurring items. Other companies in our industry may calculate these measures differently, which may limit their usefulness as a comparative measure.

See “Summary Consolidated Financial Data” for reconciliation to the most directly comparable financial measure stated in accordance with IFRS.

	Year Ended December 31,			Six Months Ended June 30,	
	2018	2019	2020	2020	2021
	(dollars in millions)				
Net revenues ⁽¹⁾	\$ 6,196	\$ 5,813	\$ 4,851	\$2,697	\$3,038
Gross profit (loss) ⁽²⁾	\$ (450)	\$ (532)	\$ (713)	\$ (361)	\$ 330
Adjusted gross profit (loss) ⁽³⁾	\$ (450)	\$ (532)	\$ (713)	\$ (361)	\$ 366
Loss from operations ⁽²⁾	\$(2,523)	\$(1,625)	\$(1,656)	\$ (815)	\$ (198)
Adjusted loss from operations ⁽⁴⁾	\$(2,518)	\$(1,625)	\$(1,655)	\$ (814)	\$ (54)
Adjusted EBITDA ⁽²⁾⁽⁵⁾	\$ 654	\$ 1,154	\$ 976	\$ 535	\$ 760
Net loss from continuing operations ⁽²⁾	\$(2,626)	\$(1,371)	\$(1,351)	\$ (534)	\$ (301)
Adjusted net loss from continuing operations ⁽⁶⁾	\$(2,621)	\$(1,371)	\$(1,350)	\$ (533)	\$ (157)
Adjusted loss per share ⁽⁷⁾	\$ (4.54)	\$ (2.72)	\$ (2.70)	\$ (1.06)	\$ (0.32)

(1) In 2020, the majority of our customer contractual terms were amended in a manner that resulted in moving from recognizing wafer revenue on a Percentage-of-Completion basis to recognizing revenue on a Wafer Shipment basis. This resulted in a one-time, non-recurring reduction in net revenues recognized in 2020.

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Had the change in terms not occurred, net revenues in 2020 would have been an estimated \$810 million higher than reported results. In addition, we divested our ASIC business, Avera Semiconductor, in 2019. The divested business generated \$391 million of revenue in 2019 and \$402 million in 2018.

- (2) The change in customer contract terms and associated revenue recognition also had a one-time impact on adjusted EBITDA, adjusted gross profit (loss), adjusted loss from operations, and adjusted net loss in 2020, estimated to be \$176 million.
- (3) We define adjusted gross profit (loss) for a particular period as gross profit (loss) before share-based compensation expense.
- (4) We define adjusted loss from operations for a particular period as loss from operations before share-based compensation expense.
- (5) We define adjusted EBITDA as net income (loss) from continuing operations, excluding the impact of interest expense, tax expense, depreciation, amortization adjusted for share-based compensation expense, one-time transaction gains and associated expenses, one-time restructuring charges and litigation settlements.
- (6) We define adjusted net loss from continuing operations for a particular period as net loss before share-based compensation expense.
- (7) We define adjusted loss per share for a particular period as adjusted net loss from continuing operations divided by the weighted average number of ordinary shares outstanding during the particular period.

Adjusted Gross Profit (Loss)

We regularly monitor adjusted gross profit (loss) to assess our manufacturing efficiency and pricing strategy. We define adjusted gross profit (loss) for a particular period as gross profit (loss) before share-based compensation expense. Adjusted gross profit (loss) has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under IFRS.

Adjusted Loss from Operations

We regularly monitor adjusted loss from operations to assess our operating performance. We define adjusted loss from operations for a particular period as loss from operations before share-based compensation expense. Adjusted loss from operations has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under IFRS.

Adjusted EBITDA

We regularly monitor adjusted EBITDA to assess our operating performance. We define adjusted EBITDA as net income (loss) from continuing operations, excluding the impact of interest expense, tax expense, depreciation, amortization adjusted for share-based compensation expense, one-time transaction gains and associated expenses, one-time restructuring charges and litigation settlements. Adjusted EBITDA is used to facilitate a comparison of the ordinary, ongoing and customary course of our operations on a consistent basis from period to period and provides an additional understanding of factors and trends affecting our business. Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under IFRS.

Adjusted Net Loss from Continuing Operations and Adjusted Loss Per Share

We regularly monitor adjusted net loss from continuing operations to assess our operating performance. We define adjusted net loss from continuing operations for a particular period as net loss from continuing operations before share-based compensation expense. We define adjusted loss per share for a particular period as adjusted net loss from continuing operations divided by the weighted average number of ordinary shares outstanding during the particular period. Adjusted net loss from continuing operations and adjusted loss per share have limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of our results as reported under IFRS.

Key Factors and Trends Affecting Our Operating Results

Our financial condition and results of operations have been, and will continue to be, affected by numerous factors and trends, including the following:

Global Demand for Semiconductor Products

Demand for our products is dependent on market conditions in the end markets in which our customers operate, which are generally subject to seasonality, cyclical and competitive conditions. Additionally, we derive a portion of our net revenues from sales to customers that purchase large volumes of our products. Customers generally provide periodic forecasts of their requirements, but these forecasts do not commit such customers to minimum purchases except when long-term contracts are in place.

Increasing Design Wins with New and Existing Customers

We believe that we provide highly-differentiated solutions that enable our customers to innovate and deliver exceptional products to the marketplace. A key measure of our success is customer design wins, and we have secured more than \$32 billion in design wins from 2018 to 2020. As our number of design wins has increased, our customer base has become larger and more diverse, having grown from only one customer, AMD, in 2009, to a global base of more than 200 customers as of December 31, 2020. As design wins for our highly-differentiated solutions are put into production and generate revenue, we expect significant benefits to our bottom line as our core solutions sell at premium pricing. We define a design win as the successful completion of the evaluation stage, where a customer has assessed our technology solution, verified that it meets its requirements, qualified it for their products and confirmed to us their selection.

Increasing Single-sourced Revenue Mix

We manufacture products based on a combination of our own technologies and our customers' IP, resulting in a significant number of products that can only be sourced from us. Our sales and marketing strategy centers on deepening relationships with top customers and investing in technologies to become their single-source supplier for mission-critical applications. We believe a key measure of our success as a differentiated technology partner to our customers is the mix of our wafer shipment volume attributable to single-sourced business, which represented approximately 61% of wafer shipment volume in 2020, up from 47% in 2018. We define single-sourced products as those that we believe can only be manufactured with our technology and cannot be manufactured elsewhere without significant customer redesigns. Approximately 80% of our more than 350 design wins in 2020 were for single-sourced business, a record-breaking year in terms of number of design wins, up from 69% in 2018.

Technology Solution Mix and Pricing

Product mix is among the most important factors affecting revenue and margins, as our wafer price varies significantly across technology platforms. The value of a wafer is determined principally by the uniqueness and complexity of the technology, performance characteristics, yield and defect density. Devices with richer feature sets, higher performance, better yields and greater system-level integration require more substantial R&D investments and more complex manufacturing expertise and equipment, and thus generally command higher wafer prices.

Pricing and margins depend on the volumes and features of the solutions we deliver. We continually monitor and work to reduce the cost of our products and improve the potential value that our solutions deliver to our customers as we target new design win opportunities. While individual product prices may decline, we believe our R&D investments, differentiated product and single-sourced strategy should lead to improvements in pricing mix and overall ASPs if we compete effectively. We establish pricing levels for specific periods of time

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with our customers, some of which are subject to adjustment during the course of that period to take into account market conditions and other factors. We believe our efforts to provide a wide range of highly-differentiated solutions support our premium position in the marketplace.

Customer Advanced Payments

We recently began to more frequently enter into multiple long-term supply agreements with leading companies in the industry. Many of these contracts include customer advanced payments and capacity reservation fees in order to secure future supply. We have in place multiple long-term supply agreements with more than \$19.5 billion in aggregate lifetime revenue commitment. These revenue commitments provide significant visibility for our company.

Government Policy and Grants

We have received investment grants from the Federal Republic of Germany, the State of Saxony, various agencies of the Government of Singapore and the Empire State Development Corporation in New York. These grants are primarily provided in connection with construction and operation of our wafer manufacturing facilities, employment and R&D. We incorporate committed government grants into our planning process for future expansions.

Shipment Utilization

Beginning in 2020, our shipment utilization rates began to increase significantly compared to prior years, as we have optimized and streamlined our manufacturing footprint. We define shipment utilization as the ratio of wafer shipment volume divided by our estimated total capacity for wafer manufacturing in a specified period. Shipment utilization remains a very important factor in driving our financial performance, as we incur significant costs regardless of the number of wafers we actually produce. These fixed costs include staffing, electricity, infrastructure, depreciation and maintenance costs at each fab.

Our average shipment utilization rate across our 300mm fabs was 80%, 70% and 84% for the years ended December 31, 2018, 2019 and 2020, respectively. Factors affecting shipment utilization rates include efficiency in production facilities, complexity and mix of wafer types ordered by customers, including the impact of export controls and other regulatory changes affecting customers and competitors. Our production capacity is determined based on the capacity ratings of the equipment in the fab, adjusted for expected down time due to set up for production runs and maintenance and R&D.

Impact of COVID-19 on Our Business

All of our manufacturing facilities continue to remain open and are operating at normal production levels. We have been classified as an essential business in the United States, Germany and Singapore and we expect our facilities to remain open throughout the COVID-19 pandemic. Our manufacturing sites are limited to essential personnel only and we are able to maintain appropriate staffing levels to support production. We are also taking all appropriate measures to protect our workforce and community.

At the beginning of the pandemic, we increased the frequency of monitoring our cash flows and working capital, and to date we have seen no impacts. In March 2020, we drew down a \$235 million revolving credit facility as a safeguard measure in case of pressure on the banking system, which was fully paid back in July 2020. Our suppliers continue to support our business without material impacts from the pandemic.

We are also evaluating and participating in government initiatives as appropriate. To date, we have benefited from approximately \$29 million from payroll tax deferrals in the United States and approximately \$26 million in grants from the government of Singapore.

Our customers have not signaled material demand shifts at this point and non-cancellable revenue coverage is within the normal historical range. We continue to closely monitor the business environment for changes and are prepared to adjust capital and operational spending as appropriate.

Components of Results of Operations

Net Revenues

We generate the majority of our revenue from volume production and sales of semiconductor wafers, which are priced on a per-wafer basis for the applicable design. We also generate revenue from pre-fabrication services such as rendering of non-recurring engineering (“NRE”) services, mask production and post-fabrication services such as bump, test, and packaging. Pricing is typically agreed prior to production and then updated based on subsequent period negotiations.

We recognize the vast majority of our revenue upon shipment of finished wafers to our customers. Prior to 2020, we recognized wafer revenue primarily on a Percentage-of-Completion basis. In 2020, the majority of our customer contractual terms were amended in a manner that resulted in moving from recognizing wafer revenue on a Percentage-of-Completion basis to recognizing revenue on a Wafer Shipment basis. This resulted in a one-time, non-recurring reduction in net revenues recognized in 2020. Our net revenues in 2020 were \$4.8 billion, and had the change in terms not occurred, net revenues would have been an estimated \$810 million higher than reported results. In addition, we divested our ASIC business in 2019. The divested business generated \$391 million and \$402 million of revenue in 2019 and 2018, respectively.

Cost of Revenues

Cost of revenues consists primarily of material expenses, depreciation and amortization, employee-related expenses, facility costs and costs of fixed assets, including maintenance and spare parts. Costs related to NRE services are also included within the cost of revenues.

Material expenses primarily include the costs of raw wafers, test wafers, photomasks, resists, process gases, process chemicals, other operating supplies and external service costs for wafer manufacturing. Depreciation and amortization charges primarily include the depreciation of clean room production equipment. We depreciate equipment on a straight-line basis over a two- to ten-year period and buildings on a straight-line basis over up to 26 years (or the remaining lease term of related land on which the buildings are erected, if shorter). Prior to 2021, we depreciated equipment on a straight-line basis over a two- to eight-year period. Employee-related expenses primarily include employee wages and salaries, social security contributions and benefits costs for operators, maintenance technicians, process engineers, supply chain, IT production, yield improvement and health and safety roles. Facility costs primarily consist of the costs of electricity, water and other utilities and services.

Operating Expenses

Our operating expenses consist of R&D and selling, general and administrative expenses. Personnel costs are the most significant component of our operating expenses and consist of salaries, benefits, bonuses, share-based compensation, and commissions.

Research and Development (“R&D”)

Our R&D efforts are focused on developing highly-differentiated process technologies and solutions. As part of our strategic repositioning, we shifted our R&D efforts to focus on technologies where we can deliver a highly- differentiated solution and discontinued our R&D-intensive single-digit node program. Our R&D expense includes personnel costs, materials costs, software license and intellectual property expenses, facility costs, supplies, professional and consulting fees, and depreciation on equipment used in R&D activities. Our

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development roadmap includes new platform investments, platform features and extensions, and investments in emerging technology capabilities and solutions. We expense R&D costs as incurred. We believe that continued investment in our technology portfolio is important for our future growth and acquisition of new customers. We expect our R&D expense as a percentage of revenue to moderately decline over time as revenue increases.

Selling, General and Administrative (“SG&A”)

SG&A expenses consist primarily of personnel-related costs, including sales commissions to independent sales representatives and professional fees, including the costs of accounting, audit, legal, regulatory and tax compliance. Additionally, costs related to advertising, trade shows, corporate marketing and allocated overhead costs are also included in SG&A expenses.

We expect our SG&A expenses to decrease as a percentage of net revenues. We anticipate that we will incur increased accounting, audit, legal, regulatory, compliance and director and officer insurance costs as well as investor and public relations expenses associated with becoming and operating as a public company.

Other Operating Charges

Restructuring Charges

During the year ended December 31, 2018, we committed to a company-wide transformation program that resulted in the reorganization of our global business infrastructure. The company-wide transformation program resulted in restructuring charges relating to employee separation costs, which include one-time termination benefits that were recognized as a liability at estimated fair value at the time of communication to employees. During the year ended December 31, 2020, we also undertook transformation programs in targeted areas that resulted in restructuring charges related to employee separation costs.

Impairment Charges

We review, at each reporting date, or upon occurrence of a triggering event, the carrying amount of our property, plant and equipment and finite lived intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If it is determined that impairment of an asset has occurred, impairment losses are recognized in the consolidated statements of operations and comprehensive loss to the extent that the recoverable amount, measured at the present value of discounted cash flows attributable to the assets, is less than its carrying value.

Finance Expense

Finance expense consists primarily of interest on borrowings, amortization of debt issuance costs under our term loans, revolving credit facility, finance leases and the other credit facilities we maintain with various financial institutions.

Share of Profit from Joint Ventures and Associates

Share of profit from joint ventures and associates relates to our portion of profit and loss in investments that we do not consolidate. See Note 16 in our annual consolidated financial statements and Note 4 to our interim unaudited condensed consolidated financial statements for more information.

Gain on Sale of a Fabrication Facility and ASIC Business

Gain on sale of a fabrication facility and ASIC business relates to the sale of Fab 3E facility in Singapore in December 2019, and the sale of our ASIC business in November 2019.

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Other Income (Expense), net

Other income (expense), net consists of one-time gains and losses and other miscellaneous income and expense items unrelated to our core operations. Included are payments received related to a recent legal settlement as part of a patent dispute with one of our competitors, as well as one-time gains related to a remeasurement of existing equity interests.

Income Tax Benefit (Expense)

Income tax expense consists primarily of income taxes in certain foreign jurisdictions in which we conduct business, which mainly include Germany, Singapore and U.S. federal and state income taxes.

Results of Operations

The following table sets forth our consolidated statements of operations data for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,	
	2018	2019	2020	2020	2021
	(dollars in millions)				
Net revenues	\$ 6,196	\$ 5,813	\$ 4,851	\$ 2,697	\$ 3,038
Cost of revenues ⁽¹⁾⁽²⁾	6,646	6,345	5,563	3,058	2,708
Gross profit (loss)	(450)	(532)	(713)	(361)	330
Operating expenses:					
Research and development ⁽¹⁾⁽²⁾	926	583	476	243	235
Selling, general and administrative ⁽¹⁾⁽²⁾	453	446	445	210	293
Total operating expense	1,379	1,029	921	453	528
Restructuring charges	112	—	—	—	—
Impairment charges	582	64	23	2	—
Other operating charges	694	64	23	2	—
Loss from operations	(2,523)	(1,625)	(1,656)	(815)	(198)
Finance Income	10	11	3	2	3
Finance Expense	(165)	(230)	(154)	(82)	(58)
Share of profit of joint ventures and associates	7	8	4	2	2
Gains on sale of a fabrication facility and ASIC business	—	615	—	—	—
Other income (expense), net	61	74	440	395	(20)
Loss before income taxes	(2,610)	(1,147)	(1,363)	(498)	(271)
Income tax (expense) benefit	(16)	(224)	12	(36)	(30)
Net loss from continuing operations	<u>\$ (2,626)</u>	<u>\$ (1,371)</u>	<u>\$ (1,351)</u>	<u>\$ (534)</u>	<u>\$ (301)</u>

(1) Includes amortization of acquired intangibles:

	Years Ended December 31,			Six Months Ended June 30,	
	2018	2019	2020	2020	2021
	(dollars in millions)				
Cost of revenues	\$ 102	\$ 92	\$ 100	\$ 41	\$ 55
Research and development	\$ 114	\$ 104	\$ 99	\$ 44	\$ 38
Selling, general and administrative	\$ 44	\$ 46	\$ 84	\$ 43	\$ 11

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(2) Includes share-based compensation expense as follows:

	Years Ended December 31,			Six Months Ended June 30,	
	2018	2019	2020	2020	2021
	(dollars in millions)				
Cost of revenues	\$ —	\$ —	\$ —	\$ —	\$ 36
Research and development	\$ —	\$ —	\$ —	\$ —	\$ 11
Selling, general and administrative	\$ 5	\$ —	\$ 1	\$ 1	\$ 97

Net Revenues**Comparison of Year Ended December 31, 2020 and December 31, 2019**

	Years Ended December 31,		Change	% Change
	2019	2020		
	(dollars in millions)			
Net revenues	\$5,813	\$4,851	\$ (962)	(16.6)%

Net revenues decreased by \$962 million, or 16.6%, for the year ended December 31, 2020, compared to the year ended December 31, 2019. In 2020, the majority of our customer contractual terms were amended in a manner that resulted in moving from recognizing wafer revenue on a Percentage-of-Completion basis to recognizing revenue on a Wafer Shipment basis. This resulted in a one-time, non-recurring reduction in net revenues recognized in 2020. Had the change in terms not occurred, our net revenues in 2020 would have been an estimated \$810 million higher than reported results. In addition, we divested our ASIC business, which generated \$391 million of revenue in 2019. These changes were offset by an increase in wafer shipment volume of approximately 272,000.

Comparison of Year Ended December 31, 2019 and December 31, 2018

	Years Ended December 31,		Change	% Change
	2018	2019		
	(dollars in millions)			
Net revenues	\$6,196	\$5,813	\$ (383)	(6.2)%

Net revenues decreased by \$383 million, or 6.2%, for the year ended December 31, 2019, compared to the year ended December 31, 2018. The decrease was driven primarily due to a reduction of wafer fabrication revenue of \$270 million as a result of lower shipment to customers, as well as a decrease in ASPs.

Comparison of Six Months Ended June 30, 2021 and June 30, 2020

	Six Months Ended June 30,		Change	% Change
	2020	2021		
	(dollars in millions)			
Net revenues	\$2,697	\$3,038	\$ 341	12.6%

Net revenues increased by \$341 million, or 12.6%, for the six months ended June 30, 2021, compared to the six months ended June 30, 2020. This increase was primarily attributable to a \$234 million increase in wafer fabrication revenue as a result of a 19% increase in shipment to customers, as well as an increase in ASPs and product mix.

[Table of Contents](#)**Cost of Revenues****Comparison of Year Ended December 31, 2020 and December 31, 2019**

	Years Ended December 31,		Change	% Change
	2019	2020		
Cost of revenues	\$6,345	\$5,563	\$ (782)	(12.3)%

Cost of revenues decreased by \$782 million, or 12.3%, for the year ended December 31, 2020, compared to the year ended December 31, 2019. The decrease was primarily attributable to the change in our customer contractual terms, which were amended in a manner that resulted in moving from recognizing wafer revenue on a Percentage-of-Completion basis to recognizing revenue on a Wafer Shipment basis. Had the change in terms not occurred, our cost of revenues in 2020 would have been an estimated \$634 million higher than reported results, with a commensurate decrease in inventories. In addition, we divested our ASIC business in 2019. Cost of revenues related to this business was approximately \$150 million in 2019.

Comparison of Year Ended December 31, 2019 and December 31, 2018

	Years Ended December 31,		Change	% Change
	2018	2019		
Cost of revenues	\$6,646	\$6,345	\$ (301)	(4.5)%

Cost of revenues decreased by \$301 million, or 4.5%, for the year ended December 31, 2019, compared to the year ended December 31, 2018. The decrease was primarily attributable to a \$208 million reduction in depreciation expense and lower wafer fabrication shipments.

Comparison of Six Months Ended June 30, 2021 and June 30, 2020

	Six Months Ended June 30,		Change	% Change
	2020	2021		
Cost of revenues	\$3,058	\$2,708	\$ (350)	(11.4)%

Cost of revenues decreased by \$350 million, or 11.4%, for the six months ended June 30, 2021, compared to the six months ended June 30, 2020. This decrease was primarily due to an approximately \$390 million reduction in depreciation and amortization expense, of which approximately \$300 million was related to a change in 2021 in the estimated useful lives of manufacturing equipment. This decrease was partially offset by a \$36 million share-based compensation expense in 2021. During the same period, wafer fabrication shipments increased by 19%.

Research and Development Expenses**Comparison of Year Ended December 31, 2020 and December 31, 2019**

	Years Ended December 31,		Change	% Change
	2019	2020		
Research and development expenses	\$583	\$476	\$ (107)	(18.4)%

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Research and development expenses decreased by \$107 million, or 18.4%, for the year ended December 31, 2020, compared to the year ended December 31, 2019. This decrease was primarily due to the sale of our ASIC business, which incurred research and development expenses of \$91 million in 2019, and a \$9 million increase in grants and NRE, reducing R&D.

Comparison of Year Ended December 31, 2019 and December 31, 2018

	Years Ended December 31,		Change	% Change
	2018	2019		
Research and development expenses	\$926	\$583	\$ (343)	(37.1)%

Research and development expenses decreased by \$343 million, or 37.1%, for the year ended December 31, 2019, compared to the year ended December 31, 2018. This decrease was primarily related to a \$152 million decrease related to a reduction in headcount, a \$68 million decrease in indirect materials spend (purchase of raw materials used in the manufacturing of wafers), and a \$115 million reduction in professional and other services fees. These reductions were largely as a result of our suspension of 7nm development in 2018.

Comparison of Six Months Ended June 30, 2021 and June 30, 2020

	Six Months Ended June 30,		Change	% Change
	2020	2021		
Research and development expenses	\$ 243	\$ 235	\$ (8)	(3.3)%

Research and development expenses decreased by \$8 million, or 3.3%, for the six months ended June 30, 2021, compared to the six months ended June 30, 2020. This decrease was primarily attributable to a \$26 million decrease in depreciation and amortization expense, which was partially offset by an \$11 million increase in share-based compensation expense.

Selling, General and Administrative Expenses

Comparison of Year Ended December 31, 2020 and December 31, 2019

	Years Ended December 31,		Change	% Change
	2019	2020		
Selling, general and administrative expenses	\$446	\$445	\$ (1)	(0.2)%

Selling, general and administrative expenses decreased by \$1 million, or 0.2%, for the year ended December 31, 2020, compared to the year ended December 31, 2019. This decrease was primarily due to a reduction in administrative expenses related to the ASIC business which was sold to Marvell Technology Group Ltd. ("Marvell").

Comparison of Year Ended December 31, 2019 and December 31, 2018

	Years Ended December 31,		Change	% Change
	2018	2019		
Selling, general and administrative expenses	\$453	\$446	\$ (7)	(1.6)%

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Selling, general and administrative expenses decreased by \$7 million, or 1.6%, for the year ended December 31, 2019, compared to the year ended December 31, 2018. This decrease was primarily due to a reduction in professional and marketing expenses.

Comparison of Six Months Ended June 30, 2021 and June 30, 2020

	Six Months Ended June 30,		Change	% Change
	2020	2021		
	(dollars in millions)			
Selling, general and administrative expenses	\$ 210	\$ 293	\$ 83	39.5%

Selling, general and administrative expenses increased by \$83 million, or 39.5%, for the six months ended June 30, 2021, compared to the six months ended June 30, 2020. This increase was primarily attributable to share-based compensation expense of \$97 million in the second quarter of 2021.

Other operating charges

Comparison of Year Ended December 31, 2020 and December 31, 2019

	Years Ended December 31,		Change	% Change
	2019	2020		
	(dollars in millions)			
Other operating charges	\$ 64	\$ 23	\$ (41)	(64.1)%

Other operating charges decreased by \$41 million, or 64.1%, for the year ended December 31, 2020, compared to the year ended December 31, 2019. This decrease was primarily due to lower impairment charges in 2020 related to equipment held for sale.

Comparison of Year Ended December 31, 2019 and December 31, 2018

	Years Ended December 31,		Change	% Change
	2018	2019		
	(dollars in millions)			
Other operating charges	\$694	\$ 64	\$ (630)	Not meaningful ("NM")

Other operating charges decreased by \$630 million for the year ended December 31, 2019, compared to the year ended December 31, 2018. This decrease was primarily due to lower impairment charges in 2019, compared to 2018. In 2018, we recorded \$494 million of impairment charges related to our 7nm assets and \$112 million of restructuring-related charges.

Comparison of Six Months Ended June 30, 2021 and June 30, 2020

	Six Months Ended June 30,		Change	% Change
	2020	2021		
	(dollars in millions)			
Other operating charges	\$ 2	\$ 0	\$ (2)	NM

Other operating charges decreased by \$2 million for the six months ended June 30, 2021, compared to the six months ended June 30, 2020 due to an impairment charge that did not occur in 2021.

[Table of Contents](#)*Finance income***Comparison of Year Ended December 31, 2020 and December 31, 2019**

	<u>Years Ended December 31,</u>		<u>Change</u>	<u>% Change</u>
	<u>2019</u>	<u>2020</u>		
	(dollars in millions)			
Finance income	\$ 11	\$ 3	\$ (8)	NM

Finance income decreased by \$8 million for the year ended December 31, 2020, compared to the year ended December 31, 2019. This decrease was primarily due to lower cash balances and lower interest rates in 2020 compared to 2019, resulting in a decrease of interest earned.

Comparison of Year Ended December 31, 2019 and December 31, 2018

	<u>Years Ended December 31,</u>		<u>Change</u>	<u>% Change</u>
	<u>2018</u>	<u>2019</u>		
	(dollars in millions)			
Finance income	\$ 10	\$ 11	\$ 1	10.7%

Finance income increased by \$1 million, or 10.7%, for the year ended December 31, 2020, compared to the year ended December 31, 2019. This increase was primarily due to higher cash balances in 2019, compared to 2018, resulting in an increase of interest earned.

Comparison of Six Months Ended June 30, 2021 and June 30, 2020

	<u>Six Months Ended June 30,</u>		<u>Change</u>	<u>% Change</u>
	<u>2020</u>	<u>2021</u>		
	(dollars in millions)			
Finance income	\$ 2	\$ 3	\$ 1	50.0%

Finance income increased by \$1 million, or 50.0%, for the six months ended June 30, 2021, compared to the six months ended June 30, 2020.

*Finance expense***Comparison of Year Ended December 31, 2020 and December 31, 2019**

	<u>Years Ended December 31,</u>		<u>Change</u>	<u>% Change</u>
	<u>2019</u>	<u>2020</u>		
	(dollars in millions)			
Finance expenses	\$230	\$154	\$ (76)	(32.9)%

Finance expenses decreased by \$76 million, or 32.9%, for the year ended December 31, 2020, compared to the year ended December 31, 2019. This decrease was primarily driven by lower outstanding loan balances, and matured loans refinanced with lower interest rates.

Comparison of Year Ended December 31, 2019 and December 31, 2018

	Years Ended December 31,		Change	% Change
	2018	2019		
	(dollars in millions)			
Finance expenses	\$165	\$230	\$ 65	39.4%

Finance expenses increased by \$65 million, or 39.4%, for the year ended December 31, 2019, compared to the year ended December 31, 2018. This increase was primarily due to higher interest expense following a modification of one of our credit facilities and new financing.

Comparison of Six Months Ended June 30, 2021 and June 30, 2020

	Six Months Ended June 30,		Change	% Change
	2020	2021		
	(dollars in millions)			
Finance expenses	\$ 82	\$ 58	\$ (24)	(29.3)%

Finance expenses decreased by \$24 million, or 29.3%, for the six months ended June 30, 2021, compared to the six months ended June 30, 2020. This decrease was primarily driven by the maturity of several loans in 2020, as well as lower interest rate from the refinancing of our Term Loan B with a term loan facility.

Share of profit of joint ventures and associates

Comparison of Year Ended December 31, 2020 and December 31, 2019

	Years Ended December 31,		Change	% Change
	2019	2020		
	(dollars in millions)			
Share of profit of joint ventures and associates	\$ 8	\$ 4	\$ (4)	NM

Share of profit of joint ventures and associates decreased by \$4 million for the year ended December 31, 2020, compared to the year ended December 31, 2019. This decrease was primarily due to the consolidation of our AMTC (as defined below) mask operations joint venture in Germany.

Comparison of Year Ended December 31, 2019 and December 31, 2018

	Years Ended December 31,		Change	% Change
	2018	2019		
	(dollars in millions)			
Share of profit of joint ventures and associates	\$ 7	\$ 8	\$ 1	13.9%

Share of profit of joint ventures and associates increased by \$1 million, or 13.9%, for the year ended December 31, 2019, compared to the year ended December 31, 2018.

Comparison of Six Months Ended June 30, 2021 and June 30, 2020

	Six Months Ended June 30,		Change	% Change
	2020	2021		
	(dollars in millions)			
Share of profit of joint ventures and associates	\$ 2	\$ 2	\$ 0	NM

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Share of profit of joint ventures and associates for the six months ended June 30, 2021 was consistent with the six months ended June 30, 2020.

Gain on Sale of a Fabrication Facility and ASIC Business**Comparison of Year Ended December 31, 2020 and December 31, 2019**

	<u>Years Ended December 31,</u>		<u>Change</u>	<u>% Change</u>
	<u>2019</u>	<u>2020</u>		
	(dollars in millions)			
Gain on sale of a fabrication facility and application specific integrated circuit business	\$615	\$ —	\$ (615)	NM

In 2019, we recorded a \$197 million gain on sale of Fab 3E and a \$418 million gain on the sale of our ASIC business.

Comparison of Year Ended December 31, 2019 and December 31, 2018

	<u>Years Ended December 31,</u>		<u>Change</u>	<u>% Change</u>
	<u>2018</u>	<u>2019</u>		
	(dollars in millions)			
Gain on Sale of a Fabrication Facility and ASIC Business	\$ —	\$ 615	\$ 615	NM

As discussed above, we recorded gains in 2019 related to the sale of Fab 3E and our ASIC business.

Other Income (Expense), net**Comparison of Year Ended December 31, 2020 and December 31, 2019**

	<u>Years Ended December 31,</u>		<u>Change</u>	<u>% Change</u>
	<u>2019</u>	<u>2020</u>		
	(dollars in millions)			
Other income (expense), net	\$ 74	\$ 440	\$ 366	NM

Other income (expense), net increased by \$366 million for the year ended December 31, 2020, compared to the year ended December 31, 2019. This increase was primarily due to gains of \$333 million related to a legal settlement and remeasurement of existing equity interests in 2020.

Comparison of Year Ended December 31, 2019 and December 31, 2018

	<u>Years Ended December 31,</u>		<u>Change</u>	<u>% Change</u>
	<u>2018</u>	<u>2019</u>		
	(dollars in millions)			
Other income (expense), net	\$ 61	\$ 74	\$ 13	21.3%

Other income (expense), net increased by \$13 million, or 21.3%, for the year ended December 31, 2019, compared to the year ended December 31, 2018, primarily due to a decrease in interest related to lease expenses.

Comparison of Six Months Ended June 30, 2021 and June 30, 2020

	Six Months Ended June 30,		Change	% Change
	2020	2021		
	(dollars in millions)			
Other income (expense), net	\$ 395	\$ (20)	\$ (415)	NM

Other income (expense), net decreased by \$415 million for the six months ended June 30, 2021, compared to the six months ended June 30, 2020. This decrease was primarily attributable to a \$357 million gain related to a legal settlement and remeasurement of existing equity interests, as well as gains on the sale of tools in 2020.

Income tax benefit (Expense)

Comparison of Year Ended December 31, 2020 and December 31, 2019

	Years Ended December 31,		Change	% Change
	2019	2020		
	(dollars in millions)			
Income tax benefit (expense)	\$(224)	\$ 12	\$ 236	NM

We had an income tax benefit of \$12 million for the year ended December 31, 2020, compared to an income tax expense of \$224 million for the year ended December 31, 2019. This change was primarily due to the one-time 2019 deferred tax asset write-down of \$190 million in Germany, and a one-time reduction in Singapore deferred tax liabilities of \$64 million in 2020, after satisfying investment conditions necessary for an extension of a lower tax rate incentive during the year. This combined year-to-year expense reduction of \$254 million was partially offset by a \$33 million withholding tax expense on a negotiated lawsuit settlement in 2020.

Comparison of Year Ended December 31, 2019 and December 31, 2018

	Years Ended December 31,		Change	% Change
	2018	2019		
	(dollars in millions)			
Income tax benefit (expense)	\$(16)	\$(224)	\$ (208)	NM

Income tax (expense) increased by \$208 million for the year ended December 31, 2019, compared to the year ended December 31, 2018. This increase was primarily due to a \$190 million asset write-down by a German subsidiary associated with a change in transfer price approach.

Comparison of Six Months Ended June 30, 2021 and June 30, 2020

	Six Months Ended June 30,		Change	% Change
	2020	2021		
	(dollars in millions)			
Income tax benefit (expense)	\$ (36)	\$ (30)	\$ 6	16.6%

Income tax expense decreased by \$6 million, or 16.6%, for the six months ended June 30, 2021, compared to the six months ended June 30, 2020. This decrease was primarily due to a \$31 million decrease in withholding tax related to a legal settlement that occurred in 2020, partially offset by \$22 million increase in income tax expense related to Singapore.

Liquidity and Capital Resources

We have financed operations primarily through cash generated from our business operations, debt and government funding. As of December 31, 2020 and June 30, 2021, our principal source of liquidity was our cash balance of \$908 million and \$805 million, respectively, as well as an undrawn \$398 million revolving credit facility. We believe that our operating cash flow, cash balance, revolving credit facilities and proceeds of this offering will be sufficient to support working capital and capital expenditure requirements for at least the next 12 months. We also have a \$400 million revolving credit facility which was made available to us by Mubadala. In addition to our available revolvers, which were undrawn as of December 31, 2020, and June 30, 2021, we had \$2,338 million and \$2,176 million of debt outstanding as of December 31, 2020 and June 30, 2021, respectively, which was primarily comprised of multiple term loans in various currencies.

The following table shows a summary of our term loan facilities, other debt facilities, which consist primarily of equipment financing and accounts receivable factoring, and our committed undrawn revolvers.

	<u>As of December 31,</u>		<u>As of June 30,</u>
	<u>2019</u>	<u>2020</u>	<u>2021</u>
Term loan facilities	\$ 1,838	\$ 1,771	\$ 1,691
Other debt facilities	\$ 891	\$ 566	\$ 485
Revolvers	\$ 639	\$ 803	\$ 807

See Note 23 to our annual consolidated financial statements and Note 17 to our interim unaudited condensed consolidated financial statements included elsewhere in this prospectus for additional details, including in respect of the loan agreement we entered into on September 3, 2021, which provides for loan facilities with maximum drawdown of SGD1,541 million (US\$1,149 million) at fixed interest rates.

Additionally, we entered into loan facilities with Mubadala in 2012 to 2016 (collectively, the “Shareholder Loans”). The Shareholder Loans are non-interest bearing and principal repayment, in whole or in part, is entirely at our discretion. The Shareholder Loans have no maturity date and remain outstanding until they are paid in full. Further, there are no contingent settlements in the agreements. Since the Shareholder Loans do not contain any contractual obligations to deliver cash, but rather allow us to make repayment at our absolute discretion and further prohibit Mubadala from demanding repayment, we classified the Shareholder Loans as equity within the consolidated financial statements. As of December 31, 2020 and June 30, 2021, we had \$10,681 million and \$10,555 million of Shareholder Loans, respectively. We anticipate that Mubadala will convert the Shareholder Loans to additional paid-in capital immediately prior to the consummation of this offering, which will not impact shares outstanding or have any dilutive effects, as additional shares will not be issued to Mubadala.

We also rely on government grants as a key capital resource. Those grants are primarily provided in connection with construction and operation of our wafer manufacturing facilities, employment and R&D. For the years ended December 31, 2019, 2020 and six months ended June 30, 2021, we received \$335 million, \$312 million and \$51 million, respectively, in proceeds from government grants.

We monitor capital using a gearing ratio, which is net debt divided by total capital plus net debt. Our policy is to keep the gearing ratio within a range to meet our business needs. Our future capital requirements will depend on many factors, including our revenue growth rate, the timing and the amount of cash received from customers, the timing and extent of spending to support development efforts, the introduction of new and enhanced products and solutions, and the continuing market adoption of our platform. We may from time to time seek to raise additional capital to support our growth. Any equity financing we may undertake could be dilutive to our shareholders, and any additional debt financing we may undertake could require debt services and financial and operational requirements that could adversely affect our business. We cannot provide any assurance that we would be able to obtain future financing on favorable terms or at all.

Cash Flows

The following table shows a summary of our cash flows for the periods presented:

	Years Ended December 31,			Six Months Ended June 30,	
	2018	2019	2020	2020	2021
	(in millions)				
Cash provided by operating activities	\$ 279	\$ 497	\$1,006	\$ 539	\$ 582
Cash provided by (used in) investing activities	(1,167)	344	(366)	(166)	(462)
Cash provided by (used in) financing activities	1,132	(684)	(733)	(99)	(224)
Effect of exchange rate changes on cash and cash equivalents	(1)	(4)	4	(3)	1
Net increase (decrease) in cash and cash equivalents	\$ 243	\$ 153	\$ (89)	\$ 271	\$ (103)

Operating Activities

Cash provided by operating activities for the six months ended June 30, 2021 of \$582 million primarily related to our net loss of \$301 million, adjusted for \$785 million of depreciation and amortization of intangible assets. Other drivers for the period relate to \$144 million of share-based compensation expense and associated payroll taxes, and \$33 million of deferred income taxes, offset by \$16 million amortization of government grants and an \$11 million gain on sale of property, plant equipment. Changes in assets and liabilities were \$39 million, which included a \$246 million increase in receivables, prepayments and other assets and an \$86 million increase in inventory, which was offset by a \$290 million increase in trade and other payables and a \$3 million increase in income tax payable.

Cash provided by operating activities for the six months ended June 30, 2020 of \$539 million primarily related to our net loss of \$534 million, adjusted for \$1,285 million of depreciation and amortization of intangible assets. Other drivers for the period relate to a decrease related to a \$45 million gain on sale of plant equipment, \$38 million gain on remeasurement of existing equity interests and \$27 million amortization of government grants. Changes in assets and liabilities were \$64 million, which included a \$137 million decrease in receivables, prepayments and other assets and a \$224 million decrease in trade and other payables.

Cash provided by operating activities for the year ended December 31, 2020 of \$1,006 million primarily related to our net loss of \$1,351 million, adjusted for \$2,523 million of depreciation and amortization of intangible assets. Other drivers for the period relate to \$154 million of finance expenses, offset by a decrease related to a \$79 million gain on sale of plant equipment, and \$51 million amortization of government grants. Changes in assets and liabilities were \$59 million, which included a decrease in receivables, prepayments and other assets of \$753 million and an increase of \$21 million of income tax payable, offset by a \$560 million increase in inventory and \$155 million decrease in trade and other payables. The changes in inventory and prepayments and receivables, prepayments and other assets are primarily driven by impacts related to the change in method of revenue recognition from Percentage-of-Completion basis to Wafer Shipment basis.

Cash provided by operating activities for the year ended December 31, 2019 of \$497 million primarily related to our net loss of \$1,371 million, adjusted for \$2,678 million of depreciation and amortization of intangible assets. The main drivers of the cash provided by operating activities relate to a \$615 million gain on transaction-related proceeds primarily consisting of sale of our ASIC business and Fab 3E facility in Singapore as well as changes in working capital, which primarily related to a \$144 million increase in receivables, prepayments and other assets, and decrease in trade and other payables of \$97 million.

Cash provided by operating activities for the year ended December 31, 2018 of \$279 million primarily related to our net loss of \$2,774 million, adjusted for \$2,948 million of depreciation and amortization of intangible assets and \$582 million of impairment charges related to our underutilized fabrication tools resulting from our strategic shift. This was offset by \$180 million increase in amortization of deferred income from

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government grants, as well as changes in working capital, including a \$188 million increase in receivables, prepayments and other assets, a \$69 million decrease in trade and other payables, and \$168 million increase in deferred revenue relating to technology cooperation agreements.

Investing Activities

Cash used in investing activities was \$462 million for the six months ended June 30, 2021, compared to \$166 million of cash used in investing activities for the six months ended June 30, 2020, reflecting a \$296 million increase. This increase was primarily driven by a \$458 million increase in capital expenditures and was offset by \$170 million increase in advances and proceeds from sale of property, plant and equipment and intangible assets, including \$15 million of advances and proceeds from the sale of a fabrication facility and the ASIC business.

Cash used in investing activities was \$366 million for the year ended December 31, 2020, compared to \$344 million of cash provided by investing activities for the year ended December 31, 2019, reflecting a decrease of \$710 million year-over-year. This is primarily attributable to lower capital expenditures of \$181 million (2020 capital expenditures of \$592 million and 2019 capital expenditures of \$773 million) offset by lower proceeds of \$865 million from transaction-related activities and asset sales.

Cash provided by investing activities was \$343 million for the year ended December 31, 2019, compared to \$1,167 cash used in investing activities for the year ended December 31, 2018. The year-over-year change is primarily attributable to lower spending on capital expenditures of \$556 million (2019 capital expenditures of \$773 million and 2018 capital expenditures of \$1,329 million) and \$833 million of proceeds from transaction-related activities in 2019.

Capital Expenditures

We define capital expenditures as purchases of property, plant, and equipment and purchases of intangible assets. Capital expenditures were \$725 million for the six months ended June 30, 2021, compared to \$267 million for the six months ended June 30, 2020, reflecting a \$458 million increase. This increase was primarily driven by factory capacity expansion to support increased customer demand related to long-term agreements.

Capital expenditures were \$592 million for the year ended December 31, 2020, compared to \$773 for the year ended December 31, 2019. Capital expenditures decreased by \$181 million, or 23.4%, for the year ended December 31, 2020, compared to the year ended December 31, 2019. This decrease was primarily driven by increased management focus on capital expenditure efficiency and completion of factory construction costs related to our new Malta fab facility in the year ended December 31, 2019.

Capital expenditures were \$773 million for the year ended December 31, 2019, compared to \$1,329 for the year ended December 31, 2018. Capital expenditures decreased by \$556 million, or 41.8%, for the year ended December 31, 2019, compared to the year ended December 31, 2018. The decrease was primarily attributable to reduction in factory construction costs and reduction in 7nm investments as a result of our 2018 strategic pivot.

Financing Activities

Cash used in financing activities was \$224 million for the six months ended June 30, 2021, compared to \$99 million for the six months ended June 30, 2020. This change was primarily attributable to a \$336 million decrease in repayments of loans and borrowings from our shareholder, and a \$225 million reduction of debt and lease obligation payments, and a \$54 million decrease in net accounts receivable financing. This was offset by a \$586 million decrease in proceeds from borrowings and a \$193 million decrease in proceeds from government grants. The \$586 million decrease in proceeds from borrowings was partially attributable to a \$235 million draw down on a revolving credit facility in 2020 to safeguard available liquidity due to the COVID-19 pandemic. We repaid the \$235 million in July of 2020.

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Cash used in financing activities was higher by \$49 million for the fiscal year ended December 31, 2020, compared to the same period in 2019. This change was primarily due to the refinancing of existing debt obligations.

Cash used in financing activities was \$684 million for the year ended December 31, 2019, compared to \$1,132 of cash provided by financing activities for the year ended December 31, 2018. This change was primarily due to repayment of debt obligations in 2019 as well as a return of capital and repayment of near-term debt to Mubadala, totaling approximately \$650 million.

Contractual Obligations

As of December 31, 2020, we had \$1,997 million of unconditional purchase commitments, \$952 million of which related to contracts for capital expenditures, and \$1,045 million of contracts related to operating expenditures. Of the total balance as of December 31, 2020, \$1,316 is due within the next 12 months. As of June 30, 2021, we had \$4,704 million of unconditional purchase commitments, \$1,655 million of which related to contracts for capital expenditures, and \$3,048 million of contracts related to operating expenditures. Of the total balance as of June 30, 2021, \$2,032 is due within the next 12 months. See Note 30 to our annual consolidated financial statements and Note 14 to our interim unaudited condensed consolidated financial statements included elsewhere in this prospectus for additional details.

Off-Balance Sheet Arrangements

During the periods presented, we did not have, and we do not currently have, any off-balance sheet financing arrangements or any relationships with unconsolidated entities or financial partnerships, including entities sometimes referred to as structured finance or special purpose entities, that were established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Qualitative and Quantitative Disclosures about Market Risk

We are exposed to market risks in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily the result of fluctuations in interest rates and foreign currency exchange rates. See Note 34 to our consolidated financial statements included elsewhere in this prospectus for additional details.

Interest Rate Risk

Our exposure to market risk for changes in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Our interest-earning financial assets are mostly highly liquid investments and consist of primarily money market funds and time deposits. As these financial assets are mainly short-term in nature, our exposure to mark-to-market risk is limited. Our interest-bearing financial liabilities include fixed and floating rate loans and lease obligations. Floating rate loans bear interest at base rate or LIBOR or Euro Interbank Offered Rate ("EURIBOR") plus a premium, which is fixed. We use pay-fixed / receive-float interest rate swaps to protect against adverse fluctuations in interest rates and to reduce our exposure to variability in cash flows on our forecasted floating-rate debt facility to the extent that it is practicable and cost-effective to do so. As of December 31, 2020 and June 30, 2021, a hypothetical 1,000 basis point change in interest rates would not have a material impact on our consolidated financial statements.

Foreign Currency Exchange Risk

As a result of foreign operations, we have costs, assets and liabilities denominated in foreign currencies, primarily the euro, the Singapore dollar and the Japanese yen. Therefore, movements in exchange rates could cause foreign currency-denominated expenses to increase as a percentage of net revenues, which are denominated in U.S. dollars, affecting profitability and cash flows. We use foreign currency forward contracts to

reduce exposure to foreign currency fluctuations. We also incur a certain portion of our interest expense in euro, exposing us to exchange rate fluctuations between U.S. dollar and euro. We use cross currency swaps to reduce our exposure to variability from foreign exchange impacting cash flows arising from our foreign currency-denominated debt cash flows to the extent that it is practicable and cost effective to do so. We do not believe that a hypothetical 1,000 basis point increase or decrease in the relative value of the U.S. dollar to currencies other than the euro would have a material effect on our operating results.

Critical Accounting Policies and Estimates

Our consolidated financial statements and the related notes included elsewhere in this prospectus are prepared in accordance with IFRS. The preparation of consolidated financial statements also requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs and expenses, and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ significantly from the estimates made by management. To the extent that there are differences between our estimates and actual results, our future financial statement presentation, financial condition, results of operations and cash flows will be affected.

We believe that the accounting policies described below involve a greater degree of judgment and complexity. Accordingly, these are the policies we believe are the most critical to aid in fully understanding and evaluating our consolidated financial condition and results of operations.

Revenue Recognition

We recognize revenue when control of the promised goods or services is transferred to customers for an amount that reflects the consideration that we expect to receive in exchange for those goods or services. Generally, our customers obtain control at the point of shipment from our facilities for wafers, and over time for pre-fabrication services such as non-recurring engineering services and mask production based on a percentage of costs incurred over total expected costs. Sales taxes collected from customers and remitted to governmental authorities are accounted for on a net basis and therefore excluded from revenues in the consolidated statements of operations and comprehensive loss.

Prior to 2021, we concluded that we met the criteria to recognize revenue for wafers over time upon the initial application of IFRS 15 “Revenue from Contracts with Customers” in 2018, on the basis that we fabricated customized wafers to customers’ specifications and had contractual enforceable right to payment including a reasonable profit (due to the existence of cancellation clauses for each arrangement). Thus, we previously recognized wafer revenue over time during the manufacturing process, based on a percentage of wafer costs incurred over total expected wafer costs (“Percentage-of-Completion basis”). Cost of revenues was recognized in the same period as related revenue. During the year ended December 31, 2020, we modified the cancellation terms of our contracts with customers that are applicable to wafer products. As a result, we no longer met the criteria to account for revenue recognition from contracts with customers over time on the outstanding purchase orders at the contract modification date, and future orders thereafter. Consequently, we now recognize revenue on the impacted outstanding wafers orders and future orders at the point at which control of the wafers is transferred to the customer, which we determined to be at the point of wafer shipment from our facilities (“Wafer Shipment basis”). Cost of revenues is recognized at the same time as related revenue, at the point of shipment. Prior to the point of shipment, inventories are increased to reflect costs incurred.

We recognize revenue at transaction prices that we determine using contractual prices reduced by sales returns and allowances, which we estimate based on historical experience having determined that a significant reversal in the amount of cumulative revenue recognized is not probable to occur. We recognize refund liabilities for estimated sales returns and allowances based on the customer complaints, historical experience and other known factors.

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We recognize accounts receivable when we transfer control of the goods or services to customers and have a right to an amount of consideration that is unconditional. Such accounts receivable are short term and do not contain a significant financing component. For certain contracts that do not provide us unconditional rights to the consideration, and the transfer of controls of the goods or services has been satisfied, we recognize contract assets and revenue.

We account for consideration received from customers prior to having satisfied our performance obligations as contract liabilities which are transferred to revenue after the performance obligations are satisfied. We recognize costs to fulfill a contract when the costs relate directly to the contract, generate or enhance resources to be used to satisfy performance obligations in the future, and are expected to be recovered. We recognize the costs and revenue when we satisfy our performance obligations to customers upon transfer of control of promised goods and services.

Inventory Valuation

As a build-to-order foundry, we procure raw materials based on forecasted demand and produce work-in-progress and finished goods inventory against specific customer purchase orders. We state inventories at the lower of cost or net realizable value for finished goods, work-in-progress, raw materials, and spare parts. We make inventory write-downs on an item-by-item basis, except where it may be appropriate to group similar or related items.

A significant amount of our manufacturing cost is fixed because our global footprint of manufacturing facilities that are the source of our production capacity require substantial investment for construction and fit up. These are largely fixed-cost assets once they become operational. Utilization of these assets can have a material impact on product cost of revenues and inventory valuations. Our objectives for inventory are to maintain high levels of customer service, maintain stable and competitive lead times, minimize inventory obsolescence and optimize manufacturing asset utilization.

We value work-in-process and finished goods product cost based on a standard costing approach. We base standard cost on the planned utilization of installed factory capacity and adjust it annually as factory capacity conditions change and cost efficiencies are realized. We make allowances for saleability quarterly based on the aging characteristics of our inventory. Additionally, we make allowances where necessary to ensure saleable inventory is valued at a realizable value based on customer pricing agreements.

Realization of Deferred Income Tax Assets

When we have temporary differences in the amount of tax expenses recorded for tax purposes and financial reporting purposes, we may be able to reduce the amount of tax that we would otherwise be required to pay in future periods. We generally recognize deferred tax assets to the extent that it is probable that sufficient taxable income will be available in the future to utilize such assets. We record the income tax benefit or expense when there is a net change in our total deferred tax assets and liabilities in a period. The ultimate realization of the deferred tax assets depends upon the generation of future taxable income during the periods in which the temporary differences may be utilized. Specifically, the realization of deferred income tax assets is impacted by our expected future revenue growth and profitability, tax holidays and the amount of tax credits that can be utilized within the statutory period. In determining the amount of deferred tax assets as of December 31, 2020, we considered past performance, the general outlook of the semiconductor industry, business conditions, future taxable income and prudent and feasible tax planning strategies.

Because the determination of the amount of deferred tax assets that can be realized is based, in part, on our forecast of future profitability, it is inherently uncertain and subjective. Changes in market conditions and our assumptions may cause the actual future profitability to differ materially from our current expectation, which may require us to increase or decrease the deferred tax assets that we have recorded. As of December 31, 2018,

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2019 and 2020, deferred tax assets were \$627 million, \$408 million and \$444 million, respectively. Deferred tax assets increased by \$36 million in 2020, mainly due to additional deferred tax assets in Singapore.

Property, Plant and Equipment

We make estimates and assumptions when accounting for property, plant and equipment. We compute depreciation using the straight-line method over the estimated useful life of the assets, and our depreciation expense is highly dependent on the assumptions we make about the estimated useful life of our assets. We estimate the useful life of our property, plant and equipment based on our experience with similar assets and our estimate of the usage of the asset. Whenever events or circumstances occur that change the estimated useful life of an asset, we account for the change prospectively. We must also make judgments about the capitalization of costs. We capitalize costs of major improvements, while we charge costs of normal repairs and maintenance to expense as incurred. If an asset or asset group is disposed or retired before the end of its previously estimated useful life, we may be required to accelerate our depreciation expense or recognize a loss on disposal.

During the first quarter of 2021, we revised the estimated useful life of certain production equipment and machinery from a range of five to eight years, to ten years. We made this change to better reflect the expected pattern of economic benefits from the use of the equipment and machinery over time based on an analysis of the expected technology lifecycle, historical usage experience and industry practices. The change in estimated useful life is a change in accounting estimate that was applied prospectively from January 1, 2021.

Share-Based Payment

We measure and recognize compensation expense related to share-based transactions, including employee, consultant, and non-employee director share option awards, in the consolidated financial statements based on fair value. We estimate the date that an initial public offering (“IPO”) is probable based on facts and circumstances that indicate there is a greater than 50% likelihood that an IPO will occur, at which point compensation expense is recognized for options that have vested as of the IPO probable date. We deemed an IPO to be probable on June 30, 2021, and recognized share-based compensation expense of \$144 million, inclusive of \$3 million of associated taxes, based on the graded vesting of the awards outstanding as of the IPO probable date. For any awards that do not have an IPO vesting condition, we will recognize the expense in accordance with the terms of individual agreements. We estimate the share option fair value at the date of grant using the Black-Scholes option pricing model, which requires management to make certain assumptions of future expectations based on historical and current data. The assumptions include the expected term of the share option, expected volatility, dividend yield, and risk-free interest rate. The expected term represents the amount of time that options granted are expected to be outstanding, based on forecasted exercise behavior. The risk-free rate is based on the rate at grant date of zero-coupon U.S. Treasury notes with a term comparable to the expected term of the option. We estimate expected volatility based on the historical volatility of comparable public entities’ share price from the same industry. We base our dividend yield on forecasted expected payments, which we expect to be zero for the immediate future. We recognize compensation expense over the vesting period of the award on a graded attribution basis, and we estimate forfeitures.

We will continue to use judgment in evaluating the assumptions related to our share-based compensation on a prospective basis. As we continue to accumulate additional data related to our ordinary shares, we may have refinements to our estimates, which could materially impact our future share-based compensation expense.

See Note 33 to our annual consolidated financial statements and Note 16 to our interim unaudited condensed consolidated financial statements included elsewhere in this prospectus for more information.

Ordinary Shares Valuations

The fair value of the ordinary shares underlying our share-based awards has been determined by our board of directors, with input from management and third-party valuations. We believe that our board of directors has the relevant experience and expertise to determine the fair value of our ordinary shares. Given the absence of a public trading market of our ordinary shares, and in accordance with the American Institute of Certified Public Accountants Practice Aid, Valuation of Privately-Held Company Equity Securities Issued as Compensation, our board of directors exercised reasonable judgment and considered numerous objective and subjective factors to determine the best estimate of the fair value of our ordinary shares at each grant date. These factors include:

- valuations of our ordinary shares performed by independent third-party specialists;
- lack of marketability of our ordinary shares;
- our actual operating and financial performance;
- current business conditions and projections;
- likelihood of achieving a liquidity event, such as an IPO or a merger or acquisition of our company given prevailing market conditions;
- the market performance of comparable publicly traded companies; and
- the U.S. and global capital market conditions.

In valuing our ordinary shares, our board of directors determined the equity value of our business using various valuation methods including combinations of income and market approaches with input from management. The income approach estimates value based on the expectation of future cash flows that a company will generate. These future cash flows are discounted to their present values using a discount rate derived from an analysis of the cost of capital of comparable publicly traded companies in our industry or similar business operations as of each valuation date and is adjusted to reflect the risks inherent in our cash flows.

Application of these approaches involves the use of estimates, judgment, and assumptions that are highly complex and subjective, such as those regarding our expected future revenue, expenses, and future cash flows, discount rates, market multiples, the selection of comparable companies, and the probability of possible future events. Changes in any or all of these estimates and assumptions or the relationships between those assumptions impact our valuations as of each valuation date and may have a material impact on the valuation of our ordinary shares.

For valuations after the completion of this offering, our board of directors will determine the fair value of each share of underlying ordinary shares based on the closing price of our ordinary shares as reported on the date of grant. Future expense amounts for any particular period could be affected by changes in our assumptions or market conditions.

Recent Accounting Pronouncements

See Note 3 to our annual consolidated financial statements and Note 2 to our interim unaudited condensed consolidated financial statements included elsewhere in this prospectus.

BUSINESS

Overview

We are one of the world's leading semiconductor foundries. We manufacture complex, feature-rich ICs that enable billions of electronic devices that are pervasive throughout nearly every sector of the global economy. With our specialized foundry manufacturing processes, a library consisting of thousands of IP titles, and differentiated transistor and device technology, we serve a broad range of customers, including the global leaders in IC design, and provide optimized solutions for the function, performance and power requirements of critical applications driving key secular growth end markets. As the only scaled pure-play foundry with a global footprint that is not based in China or Taiwan, we help customers mitigate geopolitical risk and provide greater supply chain certainty.

Technology megatrends including IoT, 5G, cloud, AI and next-generation automotive are reshaping the global economy and driving a new golden age for semiconductors – a market that is expected to grow to more than \$1 trillion by the end of this decade, from close to \$0.5 trillion in 2021, according to VLSI Research. Semiconductors have become ubiquitous, powering a broad range of applications from consumer devices to enterprise and industrial applications. Semiconductor innovation is essential to the growth and development of many parts of the technology ecosystem. For example, semiconductors are expected to drive the software and AI revolution by enabling data collection, transmission and processing at an unprecedented scale. In 2020, the world generated 64 zettabytes of data. According to IDC, global data creation and replication will grow at a 23% CAGR from 2020 to 2025. Semiconductors are also revolutionizing how this data is transmitted, with 5G expected to deliver 500 times the bandwidth and more than 10 times lower latency than the 3G networks that supported the first generation of iPhones just 14 years ago. Finally, this technology revolution is expected to fully penetrate automobiles with the accelerating adoption of electric and hybrid vehicles. Electric vehicle penetration, consisting of hybrid-full, hybrid-mild and battery electric vehicle propulsion systems, is expected to increase from 18% in 2021 to 55% in 2027, according to a February 2021 IHS Markit Automotive Semiconductor Trend report. Semiconductor innovation is also essential for many industrial applications. As the manufacturing backbone of the semiconductor industry, foundries are the bedrock of the global technology ecosystem, and, by extension, the world economy. Foundries such as GF drive innovation by providing advances in process technologies, materials science and IC design IP within the global supply chain to enable customers to develop ICs, accelerate time-to-market and offer value-added services.

We provide differentiated foundry solutions that enable the era for data-centric, connected, intelligent and secure technologies. We are redefining the foundry model with feature-rich solutions that enable our customers to develop innovative products for an increasingly wide variety of applications across broad and pervasive markets. We unlock value for our customers by helping drive technology in multiple dimensions, making their products more intelligent and intuitive, more connected and secure, and more powerful and energy-efficient. Our objective is to be the global leader in feature-rich semiconductor manufacturing – the foundry of choice for the pervasive semiconductor market. We have a large and growing market opportunity with an estimated SAM of \$54 billion in 2020, which reflects the sum of all foundry revenues excluding memory and revenues from <12nm wafers, as estimated by Gartner. Our SAM is supported by significant opportunities in our core markets of Smart Mobile Devices, Home and Industrial IoT, Communications Infrastructure & Datacenter, Automotive and Personal Computing.

Since our founding in 2009, we have invested over \$23 billion in our company to build a global manufacturing footprint with multiple state-of-the-art facilities across three continents, offering customers the flexibility and security their supply chains require. As semiconductor technologies become more complex with advanced integration requirements, we are also able to offer comprehensive, state-of-the-art design solutions and services that provide our customers with a high-quality, cost-effective and faster path to market. We have over 50 ecosystem partners spanning IP, electronic design automation, outsourced assembly and test and design services. Building on an existing library of more than 4,000 IP titles, we currently have more than 950 IP titles in active development across 26 process nodes and 34 IP partners.

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We focus on feature-rich devices that include digital, analog, mixed-signal, RF, ultra-low power and embedded memory solutions that connect, secure and process data, and efficiently power the digital world around us. As the semiconductor and technology industries become more complex, we expect to become an even more vital partner to fabless semiconductor design companies, IDMs and OEMs, bringing their designs to life in physical hardware. Our core technology portfolio includes a range of differentiated technology platforms, including our industry-leading RF SOI solutions, advanced high-performance FinFET, feature-rich CMOS, our proprietary FDXTM, high-performance SiGe products and SiPh, all of which can be purposely engineered, innovated and designed for a broad set of demanding applications. Customers depend on us for feature-rich solutions based on these differentiated technologies in a growing number of applications that require low power, real-time connectivity and on-board intelligence.

The combination of our highly-differentiated technology and our scaled manufacturing footprint enables us to attract a large share of single-sourced products and long-term supply agreements, providing a high degree of revenue visibility and significant operating leverage, resulting in improved financial performance and bottom line growth. As of the date of this prospectus, the aggregate lifetime revenue commitment reflected by these agreements amounted to more than \$19.5 billion, including more than \$10 billion during the period from 2022 through 2023 and approximately \$2.5 billion in advanced payments and capacity reservation fees. These agreements include binding, multi-year, reciprocal annual (and, in some cases, quarterly) minimum purchase and supply commitments with wafer pricing and associated mechanics outlined for the contract term. Through an intense focus on collaboration, we have built deep strategic partnerships with a broad base of more than 200 customers as of December 31, 2020, many of whom are the global leaders in their field. In the first six months of 2021, our top ten customers, based on wafer shipment volume, included some of the largest semiconductor companies in the world: Qualcomm, MediaTek, NXP, Qorvo, Cirrus Logic, AMD, Skyworks, Murata, Samsung and Broadcom. A key measure of our position as a strategic partner to our customers is the mix of our wafer shipment volume attributable to single-sourced business, which represented approximately 61% of wafer shipment volume in 2020, up from 47% in 2018. We define single-sourced products as those that we believe can only be manufactured with our technology and cannot be manufactured elsewhere without significant customer redesigns. Approximately 80% of our more than 350 design wins in 2020 were for single-sourced business, a record-breaking year in terms of number of design wins, up from 69% in 2018. We define a design win as the successful completion of the evaluation stage, where a customer has assessed our technology solution, verified that it meets its requirements, qualified it for their products and confirmed to us their selection.

In addition to our highly-differentiated technology platforms, our capital-efficient, scaled manufacturing footprint spanning three continents gives us the flexibility and agility to meet the dynamic needs of our customers around the globe, help them mitigate geopolitical risk and provide greater supply chain certainty. We are also one of the most advanced accredited foundry providers to the DoD and have the ability to extend this high-assurance model to serve commercial customers and to enhance supply chain security and resilience at a time when they are becoming more critical to national and economic security. Since foundry production is concentrated in China and Taiwan, we believe our global manufacturing footprint is a key differentiator that makes us the ideal partner for local and regional government stakeholders at a time when many regions, in particular the United States and Europe, are contemplating significant funding to secure and grow domestic semiconductor manufacturing capabilities.

Industry Background

Technology Megatrends Are Reshaping the Global Economy

The global economy's dependency on technology is greater today than ever before. Consumer devices played a significant role in technological advances over the last decade, triggering a wave of innovation in design and manufacturing, as evidenced by the evolution of the smartphone since the introduction of the iPhone in 2007. The number of connected devices worldwide increased from 13.3 billion in 2015 to 21.6 billion in 2020, according to IoT Analytics. The latest generations of smartphone devices have integrated and improved the

functionality of dozens of applications, including GPS, camera, camcorder, music player, recorder, measuring devices, remote controller, car keys and credit cards, which in turn has spawned increased innovation in myriad electronic devices across numerous markets. At the same time, these devices have been increasingly coupled with companion devices such as smart watches, Bluetooth headphones, location tags and more, collectively driving a significant acceleration of consumer spending on personal technology. The value of wearable device shipments grew 28% from \$52 billion in 2019 to \$67 billion in 2020, according to IDC. These devices, in-turn, have driven a massive increase in the demand for and creation of data and content, which has prompted innovation in wireless and wired communication infrastructure in homes, workplaces, factories and the cellular and satellite-based networks that enable them.

Several megatrends including IoT, 5G, cloud, AI and next-generation automotive are poised to lead the next decade of technology advances, redefining how we use electronic devices to live, work and interact as a global society. Mobility continues to drive digital transformation throughout the global economy and enhanced connectivity continues to transform the way we communicate and share data, fueling a new era of widespread machine-to-machine communication around the world. Next-generation automotive capabilities, which we expect to further expand as adoption of electric and autonomous vehicles accelerates, are driving industry implementation of sophisticated safety systems, including sensors, advanced connectivity and analytics capabilities. Additionally, embedded AI functionality and the move to edge AI are bringing data storage and computation closer to the end devices, increasing the need for high speed, high bandwidth connectivity, combined with efficient power management and security.

These megatrends are reshaping nearly every industry in the global economy and rely on advances in semiconductor technology across multiple innovation vectors.

A New Golden Age for Semiconductors

Semiconductors are the core building blocks of electronic devices and systems, including those used in mobile devices, automobiles, consumer electronics, wearables, smart home devices, 5G wireless infrastructure, robotics, PCs, cloud computing, data networking and others. Historically, semiconductor innovation was driven by a few select compute-centric applications – initially PCs and later the internet and mobile phones. Mobile devices have evolved from a convenient communication appliance to a feature-rich, always-connected device, enabling users to do and control nearly everything in their lives. This has driven significant growth in semiconductor demand. According to Gartner, mobile phone semiconductor revenue in 2021 is expected to increase by approximately 16% from 2020, which is primarily attributable to the shift from 4G to 5G phones. Similarly, the use of semiconductors in automobiles is expected to dramatically increase from 2015 to 2025 as innovation in driver safety, electrical vehicles and infotainment applications increase. With continued development of new features such as augmented reality (“AR”), advanced audio and video communication and requirements for more powerful and multi-protocol connectivity (e.g., 5G mmWave cellular, Wi-Fi, Bluetooth, Near-Field Communication (“NFC”), Ultra-Wideband (“UWB”) and others) advancement in feature-rich semiconductor content will be needed to continue to satisfy consumer requirements. For example, we expect a continued focus on power efficiency to improve battery life, improved sensors to enable facial recognition in all light environments and 3D sensing, all of which will increasingly rely on differentiated semiconductor solutions.

Another significant driver of semiconductor demand has been, and we believe will continue to be, the tremendous growth in the deployment of intelligent software which is increasingly transforming a wide variety of business functions across all sectors. Semiconductors enable the functionality that software delivers. With wide-scale adoption of mobile devices and software solutions, society has grown to expect high-speed connectivity, convenience and security in all applications, providing a catalyst for increased semiconductor content in nearly every industry. These trends were accelerated by the COVID-19 pandemic, which emphasized the criticality of connectivity to allow the world to continue to work, communicate, educate, and deliver goods and services. For example, e-commerce accelerated dramatically in the United States in 2020, growing almost as much in the first two quarters of the year (more than 5% of total retail sales) as it had in the previous 10 years (more than 6% from

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2009 to 2019), according to the U.S. Census Bureau. We believe that accelerated adoption of technologies such as video conferencing, telemedicine, e-education and e-commerce will serve to drive increased requirements for these technologies going forward.

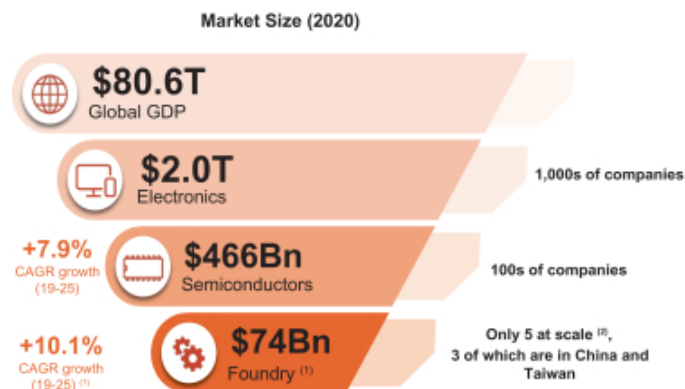
Semiconductors are enabling the transformation of other sectors of the economy as well. According to IHS Markit from July 2021, total semiconductor shipments for the automotive industry are expected to more than double between 2016 and 2026, driven by demand for advanced safety systems, battery management and other applications, such as infotainment, navigation, temperature control, RADAR, LiDAR and 5G connectivity. Semiconductor shipments for ADAS applications are expected to increase by more than 370% over the same time period, according to IHS Markit from July 2021. In particular, autonomous driving applications are driving a sharp increase in semiconductor sensors. Semiconductors are increasingly integral to the performance, safety and comfort of vehicles, and we believe the continued electrification of automobiles will only further accelerate this trend.

Semiconductors have become mission-critical to the functionality, safety, transformation and success of many industries in addition to the automotive industry. As a result, the diversification of semiconductor demand across a wide range of industries has made the sector more foundational and central to the broader economy and in turn less vulnerable to cyclical.

Foundries Are the Bedrock of the Technology Ecosystem

Semiconductor manufacturing is now a critical part of the electronics value chain by providing the foundation for innovation by fabless semiconductor design companies and OEMs, enabling broad-ranging products addressing almost every commercial sector. As a result, access to manufacturing has become a supply chain, economic and, ultimately, a national security concern.

According to Gartner, the global electronics market generated approximately \$2 trillion in annual revenue in 2020. Of that, the global semiconductor market represented \$466 billion and the foundry market, excluding memory, represented approximately \$74 billion. As a result of this increasing relevance, regions around the world are competing to increase domestic semiconductor manufacturing. According to Gartner, the overall semiconductor and foundry markets are expected to grow at 7.9% CAGR and 10.1% CAGR, respectively, from 2019 to 2025.



Source: Derived from Gartner data, Gartner Forecast, Semiconductor Foundry Revenue Supply and Demand Worldwide 2021 Update, July 2021

Note:

1. Excluding memory
2. Excludes smaller foundry players, defined as those with less than \$2Bn of foundry revenue (e.g., Intel, Skywater, Tower, WIN)

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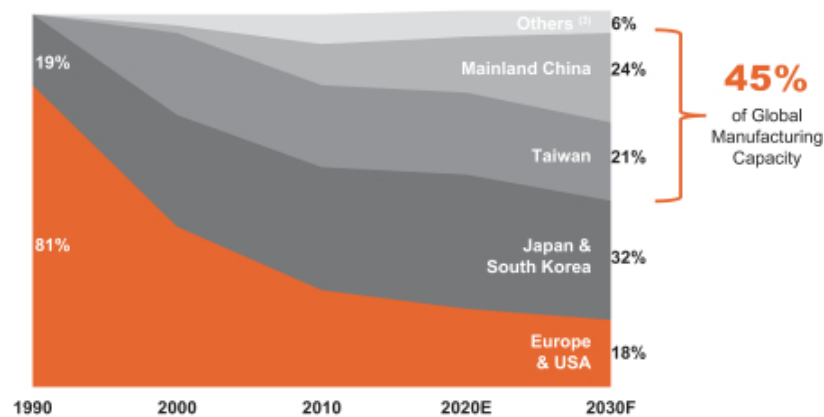
Prior to the 1980s, the semiconductor industry was vertically integrated and semiconductor companies owned and operated their own manufacturing facilities. The market demand for continued electronics innovation, combined with the technical and financial barriers to entry in manufacturing, led to the proliferation of fabless semiconductor companies that outsourced manufacturing to foundry players. Over time, foundries, with their continued process technology innovation, coupled with the proliferation of product-focused fabless semiconductor companies, have been the engines driving the growth of the \$0.5 trillion semiconductor market in 2021.

It is increasingly difficult for IDMs to profitably scale manufacturing in-house, resulting in more outsourcing of manufacturing to foundries. In 2020, more than 33% of semiconductor manufacturing was outsourced to foundries, compared to approximately 9% in 2000, according to IC Insights. As manufacturing costs have continued to increase, only foundries have enough manufacturing volume to generate a return on the capital investment required, making outsourcing critical to any IDM's strategy. Today, almost all of the remaining IDMs use foundry services for some of their products. Intel and Samsung are the only remaining digital logic IDMs with manufacturing capabilities for nodes smaller than 28nm, and we expect the trend of increased outsourcing of manufacturing to foundries to continue. Additionally, hyper-scalers such as Google, Amazon, Facebook and Microsoft, as well as Tier 1 automotive suppliers are increasingly developing their semiconductor design capabilities, broadening the role foundries play in the technology ecosystem. As evidence of the increasing importance of foundries, foundry market revenue growth has consistently exceeded, and is expected to continue to exceed, that of the broader semiconductor industry from 2019 to 2025.

Geopolitical Environment and Growing Importance of Supply Security

Over the past three decades, semiconductor manufacturing has shifted toward Asia. Since 1990, the share of global semiconductor manufacturing capacity produced in major commercial fabs using leading wafer sizes in the United States and Europe declined from 81% to 21% in 2020, according to BCG and SIA. Over the same period, production capacity in China and Taiwan increased from close to zero to 37% of total global capacity, driven in large part by significant local government subsidies and support.

Semiconductor Manufacturing Capacity Has Shifted to Asia⁽²⁾



Source: BCG and SIA; Gartner

Note:

1. Based on Gartner data on worldwide foundry revenue

2. All values shown in 8" equivalents; excludes capacity below 5 kwpm (thousand wafers per month) or less than 8"

3. Others includes Israel, Singapore, and the rest of the world

There are currently only five foundries of significant scale: GF, Samsung, SMIC, TSMC and UMC. Collectively, these five foundries accounted for the vast majority of worldwide foundry revenue in 2020,

according to a March 2021 Gartner Semiconductor Foundry Worldwide Market Share report. More importantly, approximately 77% of foundry revenue in 2020 was from wafers manufactured in Taiwan or China, with SMIC, TSMC and UMC accounting for approximately 72% of foundry revenue in 2020. These trends have not only created trade imbalances and disputes, but have also exposed global supply chains to significant risks, including geopolitical risks. The U.S. and European governments are increasingly focused on developing a semiconductor supply chain that is less dependent on manufacturing based in Taiwan or China.

Recent regulatory and trade tensions between the United States and China have led to export controls, historically used sparingly to address national security concerns, being used to control the flow of critical technology. For example, over the past two years, the BIS placed one of the largest mobile handset and 5G infrastructure providers in the world, Huawei, and China's largest semiconductor foundry, SMIC, on the BIS Entity List. The concentration of semiconductor production in countries such as Taiwan, a resource-constrained island susceptible to natural disasters and geopolitical tension, additionally exposes global supply chains to significant risk. Given the ubiquitous nature of semiconductor technology, these imbalances and associated risks are considered by countries to be a threat to economic and national security, with many industry experts equating the importance of semiconductor supply today to that of oil in the twentieth century.

The Global Semiconductor Supply Shortage

While technology megatrends have been driving increased semiconductor demand, the COVID-19 pandemic accelerated demand trends already underway, including remote work, learning and medicine, driving sustainable demand for electronic devices such as networking and infrastructure to maintain a distributed environment. As a result, demand has outstripped supply across most of the semiconductor industry. Meanwhile, other industries, such as the automotive sector, which were initially hard-hit by the pandemic, began to halt new purchases and depleted existing inventories of semiconductor chips. As some parts of the world have started to re-open, these impacted sectors have seen significant increases in new demand, which, when coupled with underlying megatrends not related to the COVID-19 pandemic, such as the electrification of vehicles, have resulted in a significant imbalance between demand and supply. Although the supply-demand imbalance is expected to improve over the medium-term, the semiconductor industry will require a significant increase in investment to keep up with demand, with total industry revenue expected to double over the next eight to ten years.

Government Incentives to Secure Supply

Against this backdrop, governments have been proposing bold new incentives to fund and secure their local semiconductor manufacturing industries. The United States Congress recently authorized the CHIPS Act, which, when funded as proposed by the United States Innovation and Competition Act, will provide for more than \$52 billion in funding to the domestic semiconductor industry, with approximately two-thirds directed toward semiconductor manufacturing. In Europe, a program referred to as the IPCEI includes a large aid package to strengthen the EU's semiconductor industry. These programs are designed to bring back share in the semiconductor industry to the United States and Europe by encouraging manufacturers such as GF to increase their local capacities in these regions.

Similarly, we believe that foundry customers are increasingly seeking to diversify and secure their semiconductor supply chains, and are looking for foundry partners with manufacturing footprints in Europe, the United States and Asia, outside of China and Taiwan. Fabless companies and IDMs increasingly view their foundry relations as highly strategic and are looking to secure long-term capacity contracts by paying to access capacity expansions at their foundry partners. This trend has the potential to help balance the geographical distribution of manufacturing and drive increased long-term visibility and profitability of the foundry industry.

Evolution to Pervasive, Broadly Diversified End Markets

Historically, processor-centric compute was the foundation of the semiconductor industry, and technological innovation in end products was driven by an evolution to smaller feature sizes and greater processing capability per unit produced. This was appropriate when narrow application requirements were centered on raw processing power, and led to a cyclical industry predominantly focused on highly digital, compute-oriented verticals. Today, robust feature sets such as wireless connectivity, low power and thermal efficiency, human interfaces and security have become mission-critical to the functionality, safety, transformation, security and success of many industries. In addition, virtually all electronic systems require a combination of compute capability and features such as digital, analog, mixed-signal, RF and embedded memory to enable breakthrough functionality across wide-ranging end markets and applications. The ICs that serve these applications comprise the pervasive semiconductor market, consisting of feature-rich digital, analog and mixed-signal semiconductors. The market for, and manufacturing of, ICs for pervasive semiconductors is very different and less cyclical than the market for traditional processor-centric compute semiconductors, which have higher operating and capital costs and a narrower customer set.

Processor-centric compute semiconductors are primarily used for processing information and storing data. Their performance is generally evaluated by speed, density and overall power efficiency, where improvements and evolution have been defined by shrinking transistor size and increasing transistor density with each successive generation of process technology. This segment of the semiconductor industry has been governed by Moore's Law, which forecasted a doubling of the number of transistors that could fit on a chip every 18 to 24 months. This focus has resulted in a trend in which feature size reduction is the most significant technological differentiator among processor-centric compute ICs. Foundries that manufacture processor-centric compute ICs need to produce them in higher volumes or at increasingly higher prices to support the substantial growth in capital expenditures necessary to continually improve processing capabilities. Substantial increases in manufacturing cost and complexity have made this segment of the market increasingly challenging to serve, resulting in shrinking application use cases.

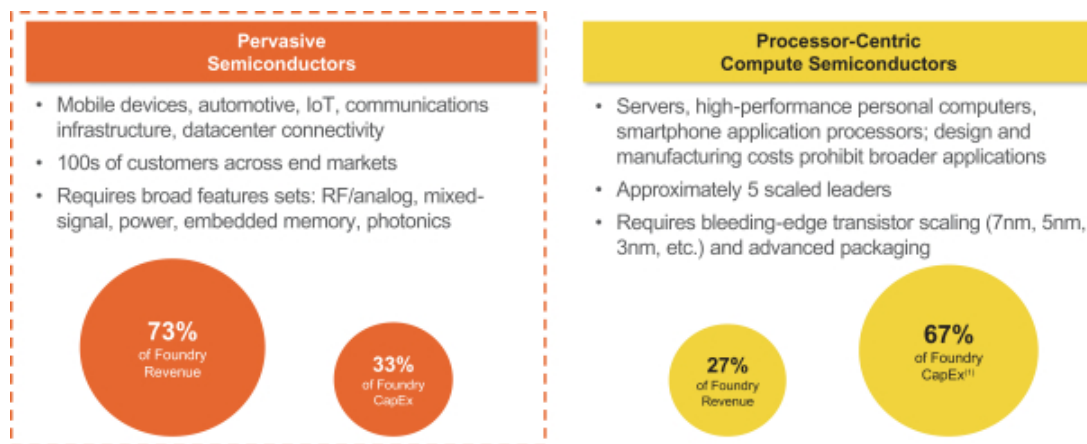
The performance enhancements of moving to lower digital nodes often fail to offset the increasing cost and complexity of IC design at these lower nodes, which has become cost-prohibitive for many companies. Many sectors beyond processor-centric compute no longer need the latest digital logic devices, and even the processor-centric compute sector has started to design elements of their processors (referred to as chiplets) on ³12nm technologies to avoid these added costs. We believe there are only three foundries (GF, Samsung and TSMC) with at-scale production of complex FinFET technologies ³12nm. Samsung and TSMC are the only remaining foundries serving the market at lower nodes, which require capital investments of approximately \$20 billion to ramp and scale a new fab, plus additional R&D expenses, to serve this additional, smaller portion of the overall market. All of this combined has further slowed down the advancement of Moore's Law.

Unlike processor-centric compute semiconductors, digital, analog, mixed-signal and RF devices do not require single nanometer features. Mixed-signal devices embed both digital and analog circuitry onto a single IC, enabling digital processing of real-world occurrences on a single chip. Mixed-signal semiconductors are often developed using high levels of customization and tailored to the specific requirements of a particular end product. Production of these devices typically requires manufacturers that can accommodate a wide range of technologies and production processes that can be adapted to specific design requirements. Changes to the design can drive significant increases in engineering costs, which tends to support stickier relationships between foundries and their customers.

The pervasive semiconductor market represented 73% of the total semiconductor foundry market, as well as 33% of the total semiconductor foundry capital expenditure in 2020, according to the Gartner Forecast, Semiconductor Foundry Revenue Supply and Demand Worldwide 2Q21 Update, July 2021. The pervasive semiconductor market is driving breakthrough innovation across broad applications such as longer battery life for mobile devices, always-on access to connected devices, high data throughput for work from home, streaming, gaming and AR/VR, powerful sensing for safe and comfortable autonomous driving and embedded memory for secure cryptographic credentials. Unlike processor-centric compute devices, pervasive semiconductor performance is driven more by circuit design, specialty materials and specialized manufacturing processes.

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Innovation in pervasive ICs is measured in terms of precision, accuracy, bandwidth, efficiency and sensitivity. When combined with greater breadth and diversity of customers and end markets, these factors tend to result in more stable demand and pricing for pervasive semiconductors than processor-centric compute semiconductors. Additionally, capital expenditure requirements are generally significantly lower for manufacturers of pervasive semiconductors.



Source: Gartner Forecast, Semiconductor Foundry Revenue Supply and Demand Worldwide 2021 Update, July 2021; 2020 data
Note:
1. Processor-Centric Compute CapEx represents combination of TSMC and Samsung's CapEx

Our Journey

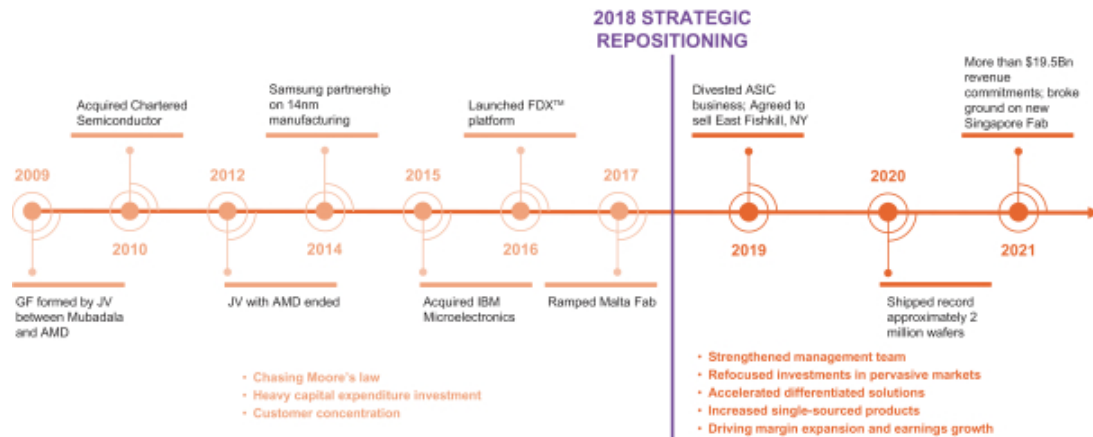
History

Since our inception, we have grown through a combination of acquisitions, greenfield expansions and strategic partnerships. We were established in 2009 when a subsidiary of Mubadala acquired AMD's manufacturing operations in Dresden, Germany, and a fab project site in Malta, New York. In 2010, we combined with Chartered Semiconductor Manufacturing, the third-largest foundry by revenue at the time, forming the basis for our Singapore manufacturing hub. In 2015, we acquired IBM's Microelectronics division with manufacturing facilities in New York and Vermont, adding distinctive technology capabilities, including more than 2,000 IBM engineers. By 2017, we had successfully ramped our most advanced manufacturing site in Malta, New York. Through our organic and strategic growth initiatives, we increased manufacturing capacity twelvefold from 2009 to 2020 and now have a global footprint with five manufacturing sites on three continents with approximately 15,000 employees and approximately 10,000 worldwide patents. In 2020, we shipped approximately 2 million 300mm equivalent semiconductor wafers. With this level of market presence and capability, our technologies are found across most semiconductor end markets in devices used on a daily basis.

Strategic Repositioning

Beginning in 2018, we embarked on a new strategy to significantly reposition our business to better align with our customers' needs, drive margin expansion and accelerate value creation for our stakeholders. Today, we focus on and are growing sales of foundry solutions for the pervasive semiconductor market, where we are trusted to reliably innovate and deliver premium performance, functionality, efficiency and quality, rather than focusing merely on transistor density and processing speed.

Our Strategic Repositioning



Key elements of our strategy include:

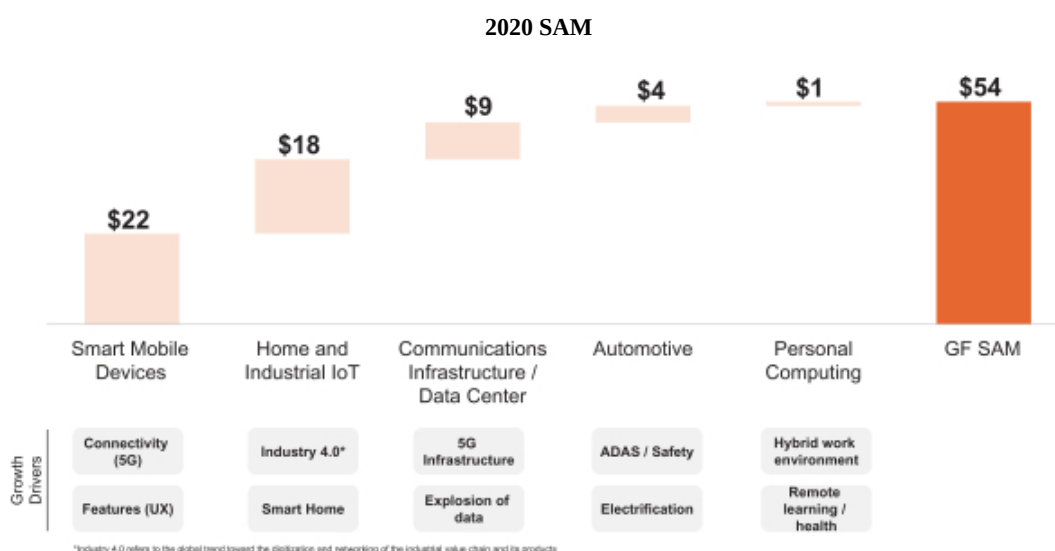
- Focus on feature-rich solutions.** In August 2018, we shifted our focus to address the pervasive foundry market opportunity and the growing demand for specialized process technologies in emerging high-growth markets. We accelerated our efforts to develop and commercialize feature-rich solutions including our advanced RF, FDX™, SiGe, embedded memory, and other technology platforms, working hand-in-hand with our customers to tailor performance, features and the availability of foundational and complex IP blocks to support their requirements. We discontinued our R&D and capital-intensive focus on 7nm FinFET associated with processor-centric compute semiconductors and the pursuit of Moore's Law scaling. While many of our competitors focus on a node-based strategy, we continue to focus on transitioning our revenues to a richer product mix and ramping higher-margin products, we expect significant benefits to our gross and operating profit margins.
- Market-based customer engagement strategy.** In order to better address and capture the pervasive semiconductor foundry market opportunity, we restructured our go-to-market organizations to better align with the growing opportunities in Smart Mobile Devices, Home and Industrial IoT, Communications Infrastructure & Datacenter, Automotive and Personal Computing. We supplemented our existing workforce with talented executives holding deep domain expertise in these growing markets. For the past several years, these executives, and their respective technology development teams, have helped refine and deliver relevant feature-rich solutions to our core end markets, helping to enable our customers to win in their respective markets. A key measure of our success as a differentiated technology partner is the mix of our revenue attributable to single-sourced business with such revenue increasing to approximately 61% of our wafer shipment volume in 2020, up from approximately 47% in 2018. Another key measure of our success is the willingness of our customers to engage with us in long-term partnerships. We have multiple long-term supply agreements with lifetime revenue commitments of more than \$19.5 billion. We believe that these deeper, more intimate, customer engagements make us unique in our industry and we also believe that our market-based engagement strategy enables us to deliver longer-lived solutions with better demand visibility and, ultimately, higher lifetime profitability.
- Optimized portfolio.** We took a number of steps to streamline and optimize our business and manufacturing footprint to improve our bottom line and return on capital. In 2019, we divested three assets that were not aligned with our strategic priorities. We sold our ASIC business, Avera Semiconductor, which had a single-digit node roadmap, to Marvell to focus on our core foundry strategy. We sold our Fab 3E facility in Tampines, Singapore to Vanguard, allowing us to consolidate

our Singapore operations into one campus and focus our efforts on technologies where we have clear differentiation. Additionally, we agreed to transfer ownership of our sub-scale EFK facility to ON Semiconductor by the end of 2022, allowing us to refocus investment into differentiated technologies in our three world-scale 300mm sites in New York, Germany and Singapore.

- **Resized and refocused cost structure.** We have realigned our engineering, sales and marketing organizations toward higher-margin, higher-return products and opportunities to drive our improved bottom line. We have moved toward product offerings that require lower capital expenditure while still creating significant value. Additionally, we have focused on feature rich-solutions that help us better partner with our customers to create long-term relationships. Our pivot is beginning to contribute to a higher gross margin, with an adjusted gross margin of 12% for the six months ended June 30, 2021, compared to (15)% for the year ended December 31, 2020. Additionally, we have streamlined our manufacturing operations resulting in significant efficiency improvements that have helped us deliver more than \$1 billion in cost savings from 2018 to 2020.
- **Disciplined, capital-efficient expansion strategy.** Since our repositioning, we have focused on a capital-efficient expansion strategy that is based on long-term demand certainty and partnerships with our customers. In addition, by repositioning to focus on differentiated technologies, we have been able to efficiently add features to our existing platforms while significantly reducing overall capital expenditures. Additionally, this strategy provides us with the opportunity to pursue highly accretive investments to meet market demand. We built our existing infrastructure in a modular way, enabling us to expand capacity in existing facilities by installing tooling, which will allow us to more cost-effectively and quickly add new capacity. As a result of the initiatives mentioned above, our net capital expenditures (capital expenditures, net of government subsidies) decreased from \$1.4 billion in 2017 to \$476 million in 2020. In 2021, we intend to increase our capital expenditures in a disciplined manner.

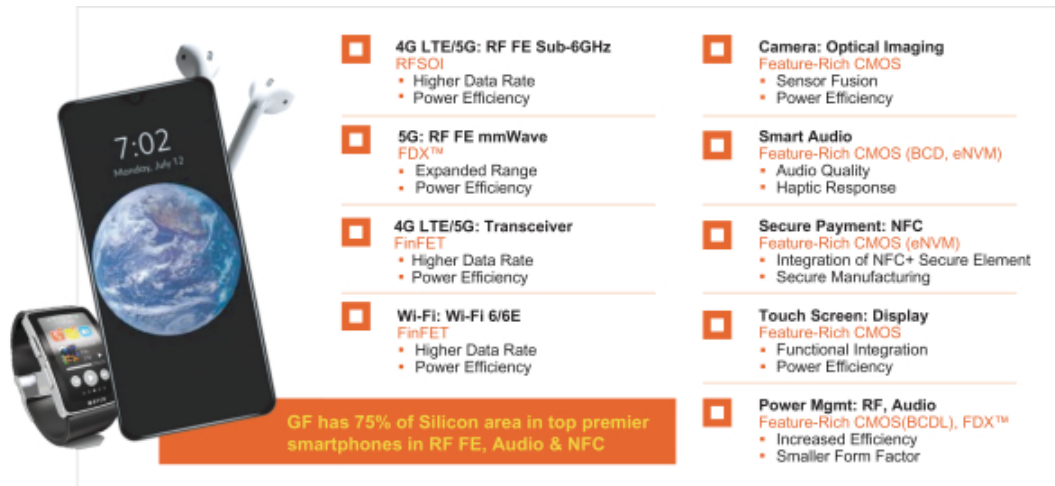
Our Market Opportunity

According to Gartner, the TAM for the overall semiconductor device market was \$466 billion in 2020, while the TAM for the foundry market, excluding memory, was \$74 billion. Of this total, we estimate that our SAM represented \$54 billion, which included \$22 billion for Smart Mobile Devices, \$18 billion for Home and Industrial IoT, \$9 billion for Communications Infrastructure & Datacenter, \$4 billion for Automotive and \$1 billion for Personal Computing opportunities.



Smart Mobile Devices

According to Gartner, the smart mobile devices semiconductor market, excluding memory, is expected to grow at 6.3% CAGR from 2020 to 2025. By 2025, semiconductor devices for mobile applications, such as phones, tablets and wearables, are expected to account for approximately 28% of total semiconductor demand. Within smart mobile devices, we expect particularly rapid growth in mobile devices connected to phones, such as smart watches (with an expected CAGR of 22% from 2020 to 2025, according to Gartner). Historically, handset unit volume growth drove demand, but today users’ desire for increased functionality, speed and performance is driving significant increases in semiconductor content per device. IDC estimates that semiconductor content per mobile device has increased by more than 100% over the last five years. 5G implementation is driving the next wave of content growth as higher data rates and an increased number of bands require more RF circuits to amplify, transmit and receive signals. Our differentiation and expertise in RF technology positions us well in the smart mobile devices market as we help our customers deliver cellular, Wi-Fi, Bluetooth and other RF-based solutions. To date, we have shipped more than 80 billion RF chips into the smartphone market, and GF content is present in smart phone brands that cover 85% of the smartphone market, including many top models. In addition to RF technologies, we believe we are well-positioned to deliver audio, display, optical imaging and power solutions for the smart mobile devices market. As a foundry supplier, we produce more square inches of silicon in RF front-end, audio and NFC per smartphone than any other semiconductor manufacturer in the world.



RF content in 5G mobile devices is also expected to be more than 700% higher than that of 4G devices, by 2025, according to IDC. We anticipate rapid growth in wearables, such as smart watches, mesh sensors and tracking devices, as well as AR/VR headsets, as these technologies continue to mature. Our technology platforms are designed to capture this opportunity as they address key challenges that need to be solved to drive improved customer experience and adoption, including battery-life, smart audio, reliable multi-protocol connectivity, such as 5G, Wi-Fi 6, Bluetooth and NFC, security through LiDAR and imaging.

Home and Industrial IoT

According to Gartner, the home and industrial IoT semiconductor market is expected to grow at 7.6% CAGR, with industrial automation markets expected to grow at 11% CAGR from 2020 to 2025. Our Home and Industrial IoT opportunity consists of solutions for a wide variety of applications, including factory automation, test and measurement, smart city, healthcare, transportation, connected home and others. According to Gartner, IoT applications are expected to account for approximately 22% of total annual semiconductor demand in 2025. Our SoC, wireless, imaging, power and audio solutions are well-suited to deliver the functionality needed to

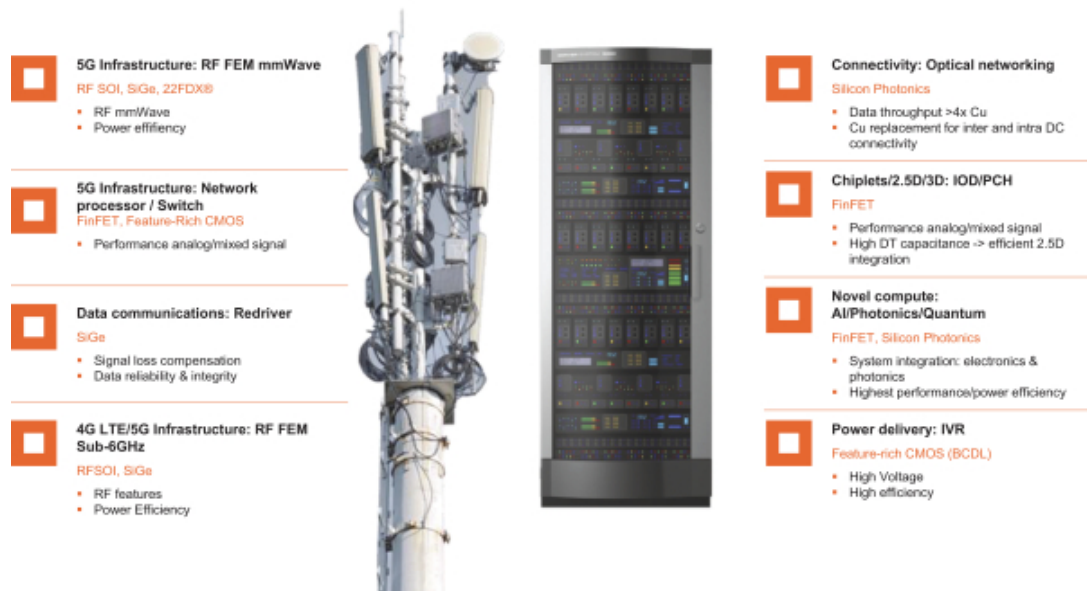
drive the next generation of home, workplace and factory automation. We believe these secular trends will continue and accelerate as the era of the intelligent edge increases in importance and overall size relative to the global economy.



We are well-positioned to capture future growth in IoT applications, as we believe these applications will increasingly combine ultra-low power chips, a variety of sensors, improved displays and cameras, multi-sensor human-machine interfaces, connectivity and intelligence at the edge.

Communications Infrastructure & Datacenter

According to Gartner, the communications infrastructure & datacenter market is expected to grow at 5.4% CAGR, with wireless infrastructure and enterprise networking markets expected to grow at 12% CAGR, and 9% CAGR, respectively, from 2020 to 2025. Our Communications Infrastructure & Datacenter opportunity consists of solutions for wired and wireless network infrastructure, datacenter applications and satellite communications. Key growth drivers include 5G wireless infrastructure deployment and continued buildout of cloud computing capabilities. According to Omdia, 5G infrastructure spend is expected to grow at a high single-digit rate through 2025 and account for more than 80% of mobile infrastructure spend by 2025. Additionally, according to a July 2021 report by Dell’Oro Group, data center capital expenditures by cloud service providers are expected to grow at an approximately 14% CAGR from 2020 to 2025, driven by overall cloud migration and transformation, as well as by work and learn from home trends. We believe we are well-positioned in RF, switching, optical, compute and storage solutions for these key end markets.

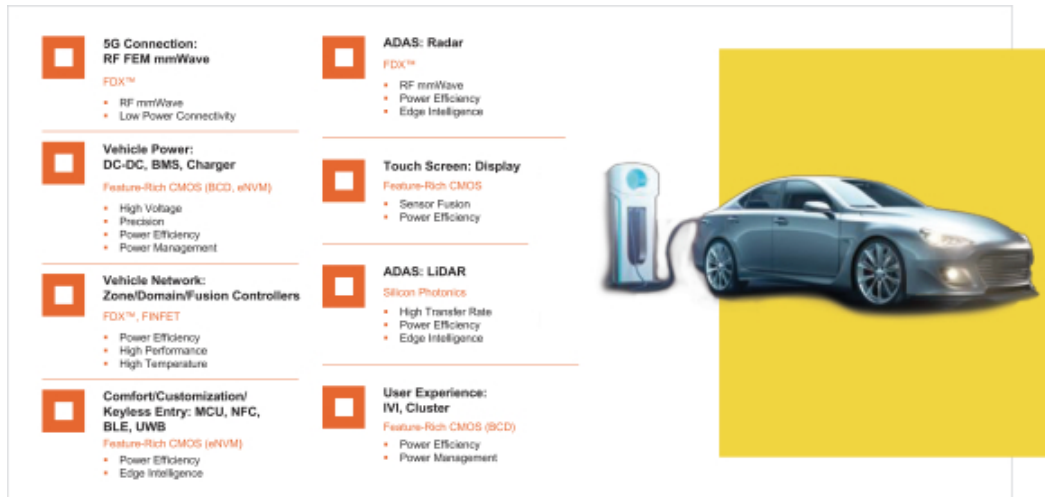


We believe that significant technological breakthroughs will be required to handle the substantial growth in data and elevated levels of power consumption. According to IDC, the total 64 zettabytes of data generated in 2020 is expected to grow at a 23% CAGR from 2020 to 2025. Our leading capability in SiPh increases throughput and dramatically reduces power consumption through the use of light instead of electrons.

Our mmWave technology serves the evolving needs of mobile networks, such as micro-cells for 5G mmWave, while our breadth of power applications enable our customers to design more efficient solutions for the RF networks of the future. Our RF capability is also well-suited to serve the emerging and fast growing Low Earth Orbit (“LEO”) networks that aim to bring connectivity to the entire planet. This end market is likely to experience rapid growth from satellites, base towers and end-devices, all three of which our technologies currently serve.

Automotive

According to Gartner, the automotive semiconductor devices, ADAS applications, and EV/HEV applications markets are expected to grow at 14.2% CAGR, 20% CAGR and 28% CAGR, respectively, from 2020 to 2025. Many of the innovations underway in the automotive industry, such as electric and autonomous vehicles, advanced infotainment, connectivity and security, are driven by increased adoption of semiconductors in cars. Semiconductor content per vehicle is expected to increase dramatically in the coming years. The number of semiconductor devices per car is expected to double between 2016 and 2027, to over 2,000 ICs per car, according to IHS Markit from July 2021. Significant content increases are being driven primarily by mandates for reduced emissions, improved safety and electrification. Semiconductor devices are now an integral component of engines, batteries, dashboard displays, safety systems and infotainment. We are well-positioned in RF and wireless for connectivity and communication as well as automotive microcontrollers (“MCUs”), power management, RADAR and LiDAR.



We expect the recent growth of semiconductor content in the automotive industry to continue, and we have been regularly evolving our technologies to serve these needs. For example, the weight of vehicles is a critical driver of range and performance, but as the amount of in-vehicle technology increases, so does the weight of the wiring and connections. Our SiPh platform applied to In-Vehicle-Networking (“IVN”) has the potential to drive a massive reduction in that weight, while improving speed and latency.

As the race for self-driving vehicles continues, we have developed many technologies that are well-positioned to be the semiconductor backbone of fully autonomous vehicles, such as our FDX™ platform for mmWave RADAR applications and SiGe for battery management. Our fabs have been producing automotive semiconductors for more than 15 years. In 2019 alone, we produced 107 products for 22 customers worldwide. Most of our facilities are IATF 16949:2016 certified and meet the mandatory global automotive industry quality management standards. In addition, we offer a range of feature-rich automotive technologies that span traditional CMOS, FinFET, high-voltage BiPolar CMOS for electrification and our proprietary FDX™ processes. Each of these technologies meets or exceeds the robust AEC-Q100 standards required by automotive OEMs. Additionally, our geographic diversity positions us well as the automotive industry seeks to localize its supply chain. For example, our Fab 1 in Dresden is the only 300mm foundry in Europe. We believe the proximity of Fab 1 to the German automotive innovation hubs in Saxony and Bavaria provides our customers with an advantage in supplying German OEMs.

Personal Computing

According to Gartner, the personal computing market is expected to grow at 2.5% CAGR from 2020 to 2025. Additionally, clamshell ultra-mobile devices and video game consoles are expected to grow at 9% CAGR and 12% CAGR, respectively, within that same time period. By 2025, semiconductor devices for personal computing, such as laptops and desktops are expected to account for approximately 16% of total semiconductor demand. In 2020 and 2021, the volume of personal computing devices has experienced strong growth, driven by work from home, remote learning and other trends related to the COVID-19 pandemic. We expect demand will continue to be sustained with the increasing use of compute in an increasing range of human activities (e.g., education and health), including in geographies that had limited access in the past.



While a large portion of the end market is driven by CPU/GPUs that are progressively transitioning to technologies we do not serve following our pivot in 2018, we will continue to support our customers across a variety of applications where our technology platforms can provide meaningful differentiation for their devices. These devices include chipsets (e.g. PCH or IOD), Wi-Fi, power delivery, display drivers, re-drivers and audio amplifiers. Many of our technologies offer best-in-class performance for these applications, including FinFET, CMOS and BCDLite™.

Key Strengths

We have several distinct advantages that differentiate us from our peers:

- **Scaled manufacturing capabilities.** According to Gartner, in 2020, we were the third largest foundry in the world based on external sales. In 2020, we shipped approximately 2 million 300mm equivalent semiconductor wafers. We provide scaled manufacturing capabilities focused exclusively on the pervasive semiconductor market. We currently operate five manufacturing sites, with plans for future expansions and upgrades to deliver more output at all of our locations. We believe that our scaled global manufacturing footprint enables our customers to leverage the security of our fabs and ensure a trusted supply of critical semiconductors.
- **Differentiated technology platforms and ecosystem.** We deliver highly-differentiated solutions to meet customer demand for superior performance, lower power consumption and better thermal efficiency for mission-critical applications across IoT, 5G, cloud, AI, next-generation automotive, and other secular growth markets that are driving the economy of the future. Our deep portfolio of approximately 10,000 worldwide patents and leadership positions in highly-differentiated technologies such as RF, FinFET, FDXTM and SiGe allow us to be key thought leaders and partners to customers who are developing semiconductors that are shaping the future of technology. Our deep and rich foundry ecosystem of over 50 partners, including industry leaders such as Arm Ltd., Cadence Design Systems, Inc. and Synopsys, Inc., with more than 4,000 IP titles available, enable our customers to accelerate their time-to-market, reduce their design costs and improve their speed of innovation.
- **Diversified and secure geographic footprint.** Our scaled global manufacturing footprint helps mitigate geopolitical, natural disaster and competitive risks. We are the only U.S.-based scaled semiconductor foundry with a global footprint. We believe that this geographic diversification is critical to our customers as well as governments around the world as they look to secure semiconductor

supply. Furthermore, a significant number of our technology platforms are qualified across our manufacturing footprint providing our customers with a geographically diverse one-stop supply chain solution. Additionally, we are a member of the DoD's Trusted Foundry Program, and we believe that our Fab 8 facility is the most advanced ITAR-compliant semiconductor manufacturing facility of its kind in the world. We extend this know-how and capability to offer secure solutions for our commercial customers as part of our GF Shield initiative, which is a comprehensive, company-wide platform to further safeguard and protect our customers' intellectual property and products.

- **Market-centric solutions driving deep customer relationships.** We are pioneering a new sustainable foundry relationship with fabless companies, IDMs and OEMs by partnering with customers to redefine the supply chain and economics for the entire value chain. We provide customized and innovative solutions tailored to the specific needs of our customers and key end markets. Through an intense focus on collaboration, we have built strong strategic partnerships with a broad base of more than 200 customers as of December 31, 2020, many of whom are the global leaders in their field. Equipped with a deep understanding of the solutions our customers need, our expert teams work alongside customers to solve their most complex challenges. Our focus on end market applications for our customers drives our process technology decisions, not the other way around. The insights we gain through our market-centric approach enable us to focus on and invest in the markets and applications in which we believe we can achieve a clear leadership position.
- **High degree of revenue and earnings visibility.** Our combination of highly-differentiated technology, significant number of single-sourced products and customer supply agreements provides a high degree of revenue and earnings visibility. Recently, we entered into multiple long-term supply agreements with leading companies in the industry, totaling more than \$19.5 billion in aggregate lifetime revenue commitments. Many of these contracts include customer advanced payments and capacity reservation fees.
- **Capital-efficient model.** Our focus on the pervasive semiconductor market results in lower capital requirements compared to foundries that focus on processor-centric compute semiconductors and are therefore obligated to invest significant capital to transition from node to node. Additionally, as the only scaled pure-play foundry with existing manufacturing capacity in the United States and Europe, we are well-positioned to benefit from government support, as governments around the world implement or contemplate large aid packages to encourage manufacturers such as us to increase their local capacities in these regions. This support includes cash grants or government-backed loans that can significantly reduce the cash funding required for capital expenditures. For example, our Dresden facility was the largest German recipient of the EU's 2018 IPCEI Microelectronics initiative, receiving a total of approximately \$270 million through 2020. Additionally, expansion of our Fab 7 in Singapore, which broke ground and was announced in June 2021, will be funded in-part by the Singapore EDB in the form of long-term developmental loans and grants.
- **World-class team and focus on sustainability.** We have a highly technically proficient, talented and experienced management team of executive officers and key employees with average industry experience of 25 years per individual. Most members of our management team have served in prior roles at a variety of the world's leading semiconductor and other high-tech companies, bringing a rich and diverse set of experiences to their roles at GF. Each member of our board of directors is equipped with deep industry and functional expertise. We are dedicated to ethical and responsible business practices, the personal and social well-being of our diverse and highly-skilled employee base, and supply chain and environmental stewardship. As of December 31, 2020, we employed approximately 15,000 employees, and approximately 65% of our employees were engineers or technicians.

Our Differentiated Technology Platforms

We offer a wide range of feature-rich solutions that can address the needs of mission-critical applications in Smart Mobile Devices, Home and Industrial IoT, Communications Infrastructure & Datacenter, Automotive and

Personal Computing. To solve our customers' most complex challenges, we have developed a broad range of sophisticated technology platforms that leverage our extensive patent portfolio and deep technical expertise in digital, analog, mixed-signal, RF and embedded memory.

We work in close collaboration with a broad ecosystem of partners on all areas of customer design enablement. We believe that our extensive partner network is a key differentiator of our technology platforms, allowing us to offer comprehensive, state-of-the-art design solutions and services that provide our customers with a high-quality, cost-effective and faster path to market. We have over 50 ecosystem partners spanning IP, electronic design automation, outsourced assembly and test and design services. Building on an existing library of more than 4,000 IP titles, we currently have more than 950 IP titles in active development across 26 process nodes and 34 IP partners, and over the last five years, more than 1,500 customer designs have been enabled by our IP ecosystem. Additionally, we believe that our close collaboration with our partner ecosystem enables a robust quality management system to review the quality of all ecosystem IP and deliver high-quality solutions in an efficient manner.

Our core technology portfolio includes a range of differentiated technology platforms, including our industry-leading RF SOI offering, advanced high-performance FinFET, feature-rich CMOS, our proprietary FDX™, high-performance SiGe products and SiPh, all of which can be purpose-built for demanding applications.

We devote the majority of our R&D efforts to our six primary differentiated technology platforms:

- **RF SOI:** Our industry-leading RF SOI technologies are utilized in high-growth, high-volume wireless and Wi-Fi markets and are optimized for low power, low noise and low latency/high frequency applications that enable longer battery life for mobile applications and high cellular signal quality. Our RF SOI technologies are found in almost all cellular handsets from major manufacturers and in cellular ground station transceivers. As one of the industry leaders in RF, we are enabling new levels of connectivity with a portfolio of established and advanced RF SOI platforms targeting low-noise amplifiers, RF switches, phased-array antennas and control function integration in RF front-end modules for advanced 4G LTE, mmWave beamforming and 5G applications.
- **FinFET:** Our FinFET process technology is purpose-built for high-performance, power-efficient SoCs in demanding, high-volume applications. Advanced features such as RF, automotive qualification, ultra-low power memory and logic provide a best-in-class (12 to 16nm) combination of performance, power and area, and are well-suited for compute and AI, mobile/consumer and automotive processors, high-end IoT applications, high performance transceivers and wired/wireless networking applications. Currently, GF, Intel, Samsung and TSMC are the only foundries that manufacture at scale on FinFET technology. Construction of a new facility with FinFET production capabilities can cost over \$10 billion and require advanced lithography tools, which are at greater risk of being subject to export controls, adding uncertainty to the efforts of China-based companies to build FinFET capabilities. The significant cost required to develop and produce FinFET-based devices provides barriers to entry. Features such as RF and high-performance embedded decoupling capacitors enable key market segment penetration.
- **Feature-Rich CMOS:** Our CMOS platforms combined with foundational and complex IP and design enablement offer mixed-technology solutions on volume production-proven processes and are well-suited for a wide variety of applications. Technology features include BCD for power management, high-voltage triple-gate oxide for display drivers, and embedded non-volatile memory for micro-controllers.
- **FDX™:** Our proprietary FDX™ process technology platform is especially well-suited for efficient single-chip integration of digital and analog signals delivering cost-effective performance for connected and low-power embedded applications. A full range of features, such as ULP, ULL, RF and mmWave, embedded Magnetoresistive Random Access Memory ("MRAM") and automotive qualification, makes our FDX™ process technology platform especially well-matched for IoT/wireless, 5G (including mmWave), automotive radar, and satellite communications applications.

22FDX™ Target Applications & Advantages over Traditional 28nm Bulk-CMOS

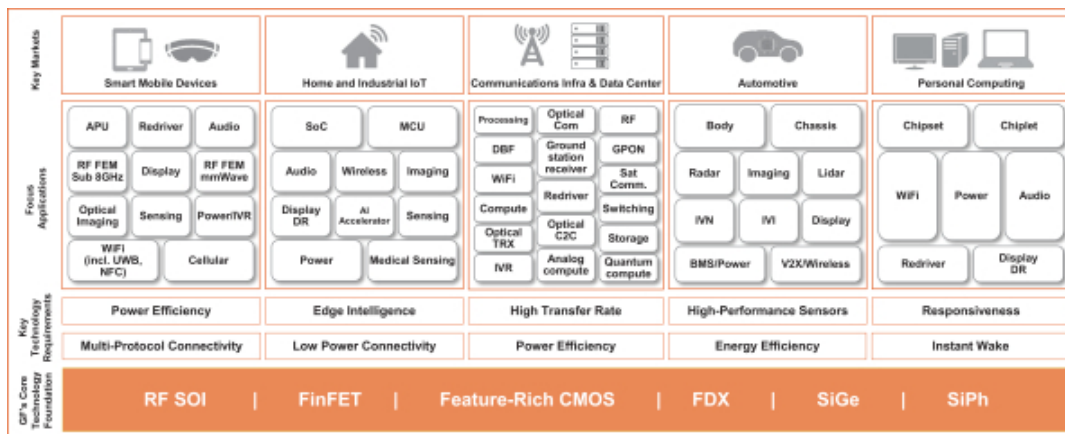
5G, LTE and Wi-Fi	IoT / Wearables	Automotive mmWave RADAR, MCU, ADAS	Mid/low-Tier Apps Processor
Enables New RF Architectures	Lower Power down to 0.4V	High-performance Long-range RADAR	Full-node Scaling Benefits
<ul style="list-style-type: none"> 35-50% die shrink 40-50% lower power 	<ul style="list-style-type: none"> 80% lower power than 40nm 	<ul style="list-style-type: none"> Lower latency Lower power Lower cost 	<ul style="list-style-type: none"> <60% power 1.3x performance ~70% area

- SiGe:** Our SiGe BiCMOS technologies are uniquely optimized for either power amplifier applications or very-high-frequency applications for optical and wireless networking, satellite communications and communications infrastructure. Our SiGe technologies are performance-competitive with more costly compound semiconductor technologies while taking full advantage of being integrated with conventional Si CMOS.
- SiPh:** Our SiPh platforms address the increasing need for data centers to handle ever higher data rates and volumes with greater power efficiency, as conventional copper wire connections are becoming prohibitive from a power consumption perspective. Our SiPh platforms integrate photonics components with CMOS logic and RF to enable a fully integrated, monolithic electrical and optical computing and communications engine. Our SiPh technologies are also being extended to applications such as LiDAR, quantum computing and consumer optical networks.

Purpose-Built Solutions for Key Markets

We take a market-centric approach, developing differentiated technologies to solve our customers’ most complex challenges. Through our market insights, we have developed a broad range of sophisticated technologies tailored to market-specific needs. Our customers turn to us when superior performance, lower power consumption and better thermal efficiency are critical. We enable unique applications in our five core markets of Smart Mobile Devices, Home and Industrial IoT, Communications Infrastructure & Datacenter, Automotive, and Personal Computing.

Our Five Core Markets



Our Growth Strategies

Our objective is to be the leading foundry partner for mission-critical and pervasive applications. We take a market-centric approach, developing differentiated technologies to solve the industry’s most complex challenges.

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As the only U.S.-based scaled semiconductor foundry with a global footprint, we provide our customers with increasingly critical supply chain certainty and geopolitical risk mitigation. Key elements of our growth strategies include:

- **Deepen relationships with key customers.** We operate a customer-focused partnership model in which we work closely with our customers to better understand their requirements in order to invest in and develop tailored solutions to suit their specific needs. We believe this approach is critical to attracting new customers and increasing the use of our technology platforms by existing customers over time. We intend to expand our customer base and increase market share by leveraging our core IP, comprehensive portfolio, scale and flexibility to redefine the fabless-foundry model. As an example of this new, more strategic, customer-focused model, we have recently entered into multiple long-term supply agreements with leading companies in the industry, totaling more than \$19.5 billion in aggregate lifetime revenue commitments. Many of these contracts include customer advanced payments and capacity reservation fees.
- **Expand portfolio of differentiated, feature-rich technologies.** We believe that maintaining and enhancing our leadership position in differentiated technologies is critical to attracting and retaining customers, which increasingly rely on specific silicon features to differentiate their products. Through our close cooperation with customers, we generate insights that enable us to solve complex problems as semiconductors become more ubiquitous in a more connected, data-driven world. We will continue to invest in R&D across our six key technology platforms: RF, FinFET, feature-rich CMOS, FDX™, SiGe (as well as other compound semiconductors such as Gallium nitride-on-Silicon) and SiPh. Our investments cover a broad range of innovation vectors, including materials and substrates, architecture, integration, services, including packaging, and ecosystem. We have deep expertise in all these areas that make us a critical partner in enabling our customers' product roadmaps. We believe that these platforms provide room for continued innovation and growth within our addressable market for the foreseeable future.
- **Disciplined capacity expansion.** We believe that we have a capital-efficient model that allows us to expand capacity in a disciplined and economically attractive manner. We are in the process of significantly expanding capacity at our Dresden and Malta facilities and recently broke ground on an expansion in Singapore. Our focus on the pervasive semiconductor market requires lower capital intensity than that of the compute-focused foundries to drive revenue growth.
- **Strengthen government partnerships.** We intend to continue expanding our existing footprint by building on the strength of our public/private investment partnerships. In addition to the Dresden and Singapore expansions, we have the potential to partner with the U.S. government and customers to expand our Fab 8 location, our most advanced manufacturing facility and headquarter located in Malta, New York. These expansion opportunities will increase the scale and diversity of our global manufacturing footprint, serving to further mitigate geopolitical risks for our customers and partners. As regions around the world work to establish domestic semiconductor supply, we believe governmental funding to secure local manufacturing will continue.
- **Continued operational excellence.** We delivered more than \$1 billion in cost savings from 2018 to 2020 through intensive management focus on operational efficiency and are continuing to implement additional efficiency measures aimed at expanding margins, improving our bottom line, and generating higher returns on investment. We expect our business model to provide significant bottom line benefits as revenue scales at each of our existing locations.

Sales, Marketing and Customers

We are highly focused on helping our customers achieve success through close cooperation and collaboration. As of December 31, 2020, our global, customer-facing sales and marketing teams are organized into three regions, across North America, EMEA and APAC, with more than 300 professionals who promote new

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solutions, secure design wins and facilitate design realization. Our team of application engineers closely supports our customers to increase design productivity and optimize customer product performance and time-to-market.

We have significantly transformed our customer engagements over the last few years. Prior to 2018, as we competed to win business at the latest digital nodes, we were often forced to accept second-source, lower margin business. Today, our sales and marketing strategy focuses on deepening our existing relationships and growing with new customers and becoming their single-source supplier for mission-critical applications. We are a strategic partner to some of the largest fabless semiconductor companies and IDMs in the world and are also increasingly engaged with hyper-scalers and OEMs.

Our customer base has become more diversified over time, having grown from only one customer, AMD, in 2009 to a diverse base of more than 200 customers as of December 31, 2020. In 2020, AMD and Qualcomm were our only customers exceeding 10% of our net revenues, with percentage contributions of approximately 21% and 11%, respectively.

Historically, the majority of our revenue was tied to purchase orders that could be cancelled without charge prior to wafer start and rolling non-binding demand forecasts made by our customers. Prior to 2020, any significant long-term supply agreements were exceptional and substantially consisted of our long-term agreements with AMD and IBM, which were entered into as part of strategic acquisitions agreed with AMD in 2009, and with IBM in 2015.

More recently, due to our deeper customer engagements, more differentiated technology offerings and the severe global supply shortage, we have entered into more than 20 long-term supply agreements with leading global semiconductor device companies. These agreements include binding, multi-year, reciprocal annual (and, in some cases, quarterly) minimum purchase and supply commitments with wafer pricing and associated mechanics outlined for the contract term. See “Risk Factors—We have long-term supply agreements with certain customers that obligate us to meet specific production requirements, which may expose us to liquidated and other damages, require us to return advanced payments, require us to provide products and services at reduced or negative margins and constrain our ability to reallocate our production capacity to serve new customers or otherwise.”

In addition, many of these customer agreements are further secured through customer advanced payments and capacity reservation fees.

As of the date of this prospectus, the aggregate lifetime revenue commitment reflected by these agreements amounted to more than \$19.5 billion, including more than \$10 billion during the period from 2022 through 2023 and approximately \$2.5 billion in advanced payments and capacity reservation fees.

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The following is a summary of our significant long-term supply agreements:

	<u>Year Signed</u>	<u>Contract Duration (Years)</u>	<u>Revenue Commitment (\$ in billions)(1)</u>	<u>Technology</u>	<u>Core End Products</u>
Customer 1	2021	4	>\$3.0	FinFET, CMOS, BCD CMOS, FDXTM, RF SOI	Various Mobile Products
Customer 2	2021	6	>\$2.5	eNVM CMOS	NFC and UWB Secure Element, Secure Cards
Customer 3	2021	3	>\$1.5	FinFET	Various Computing Products, Automotive Processors
Customer 4	2021	4	>\$1.5	eNVM CMOS	Automotive MCU, Secure Cards
Customer 5	2021	4	>\$1.5	RF SOI	Various Mobile Products
Customer 6	2020/2021	4	>\$1.5	FinFET, CMOS	High-End Image Sensor and DTV Processor
Customer 7	2021	5	>\$1.5	BCD CMOS	Mobile Audio, Haptic and Power
Customer 8	2021	5	>\$1.0	FinFET	Various Computing Products
Customer 9	2021	4	>\$1.0	CMOS, FDXTM	Various Mobile Products
Customer 10	2020/2021	5	>\$1.0	CMOS	Image Sensor Processors
Customer 11	2021	4	>\$0.5	FinFET	Network and Connectivity Infrastructure Processors

(1) Revenue commitment does not reflect any options customers may have to increase purchase orders pursuant to their agreements with us.

Manufacturing and Operations

We are one of only five foundries of significant scale. According to Gartner, in 2020, we were the third largest foundry in the world based on external sales. In 2020, we shipped approximately 2 million 300mm equivalent semiconductor wafers. We currently operate five manufacturing sites in the following locations: Dresden, Germany; Singapore; Malta, New York; Burlington, Vermont; and East Fishkill, New York.

Scaled Global Footprint



Our focus on highly-differentiated solutions, quality, security and reliability requires world-class manufacturing capabilities. Since our strategic repositioning in 2018, we have shifted focus to digital, analog, mixed-signal and RF technologies, where we believe we can add significant value. We are streamlining and aligning our manufacturing footprint with this priority.

In 2018, we significantly reduced our contractual obligations under a set of agreements that we entered into with CD and its affiliates related to the establishment of a joint venture in Chengdu. As part of the original agreements, CD agreed to build, own and lease an approximately \$1.1 billion clean room to the joint venture for 20 years. The amended agreement entered into in 2018 canceled a portion of the clean room project and terminated the lease agreement.

As part of our strategy to consolidate manufacturing to at-scale sites, on December 31, 2019, we sold our Fab 3E facility and operations in Tampines, Singapore to Vanguard for \$236 million.

Furthermore, in April 2019, we agreed to transfer substantially all the assets and employees related to our EFK facility to ON Semiconductor in return for \$400 million in consideration and additional licensing fees, of which ON Semiconductor paid \$70 million in advance upon signing, and an additional \$100 million in 2020. This transfer will allow us to refocus investment into differentiated technologies at scale in our three globally diversified 300mm sites in New York, Germany and Singapore. We expect the completion of the asset sale to occur, subject to regulatory approvals, at the end of 2022. Since the transaction was entered into, we have transferred a number of technologies from the EFK facility to our other global manufacturing sites to ensure continuous supply to key customers.

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Subsequent to our divestiture of Fab 3E and transfer of the EFK facility, we will have four world-class manufacturing sites on three continents, providing the scale, technology differentiation and geographic diversification that we believe are critically important to our customers' success.

Our manufacturing sites currently occupy an aggregate area of approximately 6.2 million square meters, which equates to approximately 1,170 U.S.-style football fields. The total clean room space is approximately 255,000 square meters spread across five manufacturing sites. Each site is equipped with thousands of highly sophisticated manufacturing equipment and tools. We currently have more than 7,500 tools across all of our fabs. Each site has dedicated power, water, gas and chemical distribution systems.

Our products have applications that span the global markets from mobility to wireless, wired and satellite communication, to automotive, industrial, consumer electronics, to personal computing, data center, to power, power management, photonics and more, with sizes that range from just a few millimeters square to 400 millimeters square, across our six differentiated technology platforms.

Dresden Facility

Our Dresden facility is the largest semiconductor manufacturing site in Europe, with approximately 310,000 300mm equivalent semiconductor wafers shipped in 2020. The facility occupies an area of approximately 407,000 square meters, with clean room extending over an area of approximately 63,000 square meters, which is home to our CMOS and FDX™ process technologies from 55nm down to the 28/22nm node.

In Germany and the rest of Europe, we employ approximately 3,350 people from over 37 nations.



Singapore Facility

Our Singapore facility is one of the largest semiconductor foundry manufacturing sites in South-east Asia, with approximately 970,000 300mm equivalent semiconductor wafers shipped in 2020. The facility occupies an area of approximately 182,000 square meters, with clean room extending over an area of approximately 72,000 square meters, which is home to process technology of 40nm to 0.6um.

In Singapore, we employ approximately 4,800 people, which we believe makes us the second largest semiconductor-related employer and the largest foundry employer in the country.



Malta, New York Facility

Our Malta, New York facility is the largest and most advanced 300mm pure-play foundry site in the United States, with approximately 350,000 300mm equivalent semiconductor wafers shipped in 2020. The facility occupies an area of approximately 976,000 square meters, with clean room extending over an area of approximately 42,000 square meters, which is home to our FinFET process technology. We believe that our Malta facility is the most advanced ITAR-compliant semiconductor manufacturing facility of its kind in the world.

At our Malta facility, we employ approximately 3,000 people, which we believe makes the facility one of the largest manufacturing employers in the area.



Burlington, Vermont Facility

Our Burlington, Vermont facility is the largest 200mm pure-play foundry site in the United States with approximately 260,000 300mm equivalent semiconductor wafers shipped in 2020. The facility occupies an area of approximately 2.7 million square meters, with clean room extending over an area of approximately 44,000 square meters, which is home to most of our RF process technologies. Our Burlington facility is an accredited member of the DoD's Trusted Foundry Program.

In the State of Vermont, we employ approximately 2,300 people, which we believe makes us one of the largest private-sector employers in the state.



East Fishkill, New York Facility

Our East Fishkill, New York facility is located in the Hudson Valley. The site has been developing and manufacturing a wide range of technologies in Digital Logic, RF SiPh, and now discrete devices for end-customer applications. This facility shipped approximately 135,000 300mm equivalent semiconductor wafers in 2020. The facility occupies over 2 million square meters, with clean room space extending over an area of approximately 33,000 square meters. We agreed to transfer ownership of this facility to ON Semiconductor by the end of 2022, allowing us to refocus investment into differentiated technologies in our three world-scale 300mm sites in New York, Germany and Singapore.

At the East Fishkill facility, we employ approximately 1,300 people, which we believe makes the facility one of the largest manufacturing employers in the area.



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The following table describes each of our core manufacturing facilities as of June 30, 2021:

Our Global Manufacturing Footprint

	Key Technologies ⁽¹⁾	Wafer Size (mm)	2020 Shipments (kwa, 300mm equivalent)	Fully Equipped Clean Room Space (kwa, 300mm equivalent)
Malta, New York	FinFET, RF SOI, SiPh	300	~350	~570
Burlington, Vermont	RF SOI, SiGe	200	~260	~275
Dresden, Germany	FDX TM , NVM, HV, BCDL	300	~310	~850
East Fishkill, New York⁽²⁾	HP CMOS, RF SOI, SiPh	300	~135	N/A
Singapore	BCD/BCDL, HV, NVM, DDI, RF SOI, LP SiGe	300, 200	~970	~1040 ⁽³⁾

(1) NVM refers to Non-Volatile Memory.

(2) Transfer of ownership of this facility to ON Semiconductor is expected to be completed by the end of 2022.

(3) Excludes Fab 7 Module 7H 450 kwa expansion under construction.

In early 2021, we announced plans to accelerate the buildout of capacity within our existing fabs to meet committed customer demand. These investments are expected to add scale with attractive economic returns. For new fab expansions that require additional construction beyond our existing clean rooms, our strategy is to continue to build scale in each of our locations through public/private partnerships, coupled where possible with deep customer commitments, as well as advanced payments and capacity reservation fees to secure supply for our customers.

On June 22, 2021, we announced fab expansion plans in Singapore, with the addition of Module 7H, an extension of our existing 300mm Fab 7 operations. We expect to invest close to \$4 billion in capital investments to build and fit out the new module, with construction to be completed by the end of 2023 and first products qualified shortly thereafter. The expansion will be funded in-part by the Singapore EDB in the form of long-term developmental loans and grants. We anticipate hiring an additional 1,000 people to the site, and once fully ramped, we anticipate having an additional 450,000 wafers of 300mm capacity.

On July 19, 2021, we announced fab expansion plans in Malta, New York, including the construction of a new fab on the same campus. We expect to invest approximately \$1 billion in capital investments to expand the capacity of the existing fab by approximately 150,000 wafers per year, to be followed by the construction of an additional fab that we expect to double existing capacity. We are planning to fund the expansion through private/public partnerships in the United States.

Raw Materials

One of the most important raw materials used in our production processes is silicon wafers, which is the basic raw material from which integrated circuits are made. In recent years, the silicon substrate market has experienced price volatility and supply shortages. The principal suppliers for our wafers are Soitec, GlobalWafers Singapore Pte. Ltd. (“GlobalWafers”), SK Siltron, Inc., Siltronic AG, Sumco Corporation and Shin-Etsu Handotai (“S.E.H.”). In order to secure a reliable and flexible supply of high-quality wafers, we have entered into multiple long-term agreements with the majority of our principal suppliers, the largest of which is Soitec. We have entered into multiple long-term agreements with Soitec across a wide spectrum of SOI products. Soitec supplied 52% of our SOI wafers in 2020. See also “Risk Factors—We rely on a complex silicon supply chain and breakdowns in that chain could affect our ability to produce our products and could materially and adversely affect our results of operations, financial condition, business and prospects.”

Research and Development

We have a strong heritage of innovation, stemming from our roots at AMD, Chartered Semiconductor and IBM, and have built a comprehensive technology portfolio supported by approximately 10,000 worldwide patents, more than double that of other pure-play foundries with similar scale and revenue. As of December 31, 2020, we had approximately 1,400 employees dedicated to R&D.

We have a strong commitment to R&D, and, since our strategic repositioning in 2018, have been able to invest more efficiently, focusing our R&D efforts primarily on delivering a comprehensive and expanded portfolio of highly-differentiated, feature-rich solutions for our customers, including RF, FinFET, feature-rich CMOS, FDX™, SiGe and SiPh. Our investments cover a broad range of innovation vectors, including materials and substrates, architecture, integration, services, including packaging, and the development of our ecosystem. These resources provide our customers with improved opportunities to develop innovative products to fuel the global economy. In 2018, 2019 and 2020, we spent \$926 million, \$583 million and \$476 million, respectively, on R&D, which represented 15%, 10% and 10% of our net revenues in each respective year. The sequential decline in R&D spending was driven primarily by a reallocation of investment from 7nm development to a focus on expanding and enhancing features of our solutions for the pervasive semiconductor market, where R&D spending has significantly more impact per dollar invested.

Competition

There are substantial barriers to enter the foundry market. Operating an at-scale foundry requires an intricate web of ecosystem partners and IP libraries, mastery of highly complex manufacturing process technology, access to deep know-how and engineering talent, and a global engineering customer-support organization. Even companies with substantial access to capital have struggled to develop these capabilities. Historically, IDMs have attempted to use their excess capacity to provide foundry services, but these efforts have been challenged given the complexities of serving both internal and external customers, limited investment and focus on the necessary ecosystem, technology offering, customer support and process technologies. We believe IDMs will continue to struggle to meaningfully compete with pure-play foundries.

The foundry market is comprised of five major pure-play foundries that accounted for the vast majority of worldwide foundry revenue in 2020, according to a March 2021 Gartner Semiconductor Foundry Worldwide Market Share report. TSMC at \$46 billion of wafer revenue in 2020 accounted for more than 58% of the total market, while the next four players combined made up only 27% of the market. In the pervasive semiconductor market in which we compete, we strive to differentiate ourselves with our deep portfolio of patents and leadership positions in technologies such as RF, FinFET, FDX™ and SiGe. Our primary competitors are Samsung, SMIC, TSMC, UMC and other smaller foundries.

We are the only U.S.-based semiconductor foundry with a global footprint. Having a reliable foundry partner outside of China, Taiwan and Korea is becoming increasingly important to ensuring the stability of the global economy, making us a vital player in today's geopolitical landscape. We have limited exposure to China relative to our competition, as we do not maintain any fab operations in the country and have a diversified customer base with less than 10% of total sales in 2020 originating in China. See "Risk Factors—Our competitors have announced expansions and may continue to expand in the United States and Europe, which could materially and adversely affect our competitive position."

Intellectual Property

We rely on IP rights, particularly patents and trade secrets, as well as contractual arrangements, to protect our core process and design enablement technologies and provide our customers with protected technology to enable their mission-critical offerings. On average, we file hundreds of new patent applications annually, and approximately 90% of our filed patent applications have successfully been issued as patents (based on U.S.

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patent applications filed between 2016 and 2020), which reflects the innovation of our engineers. Following our 2018 pivot to focus on differentiated technologies, our recent patent applications have closely tracked our areas of focus, including RF, FDX™, SiGe, and SiPh. We file our patent applications in the United States and in key countries such as Taiwan, Korea, China and Germany based on the location of other semiconductor manufacturers or major markets.

In addition to patents invented by our engineers, we have also acquired thousands of patents from other leading semiconductor manufacturers, including AMD, Chartered Semiconductor and IBM. We periodically conduct in-depth reviews of our patents and the industry's manufacturing technologies, and we cull patents having limited or no value, yielding both savings in patent office maintenance fees and a strong, active patent portfolio. As of December 31, 2020, we held approximately 10,000 worldwide patents.

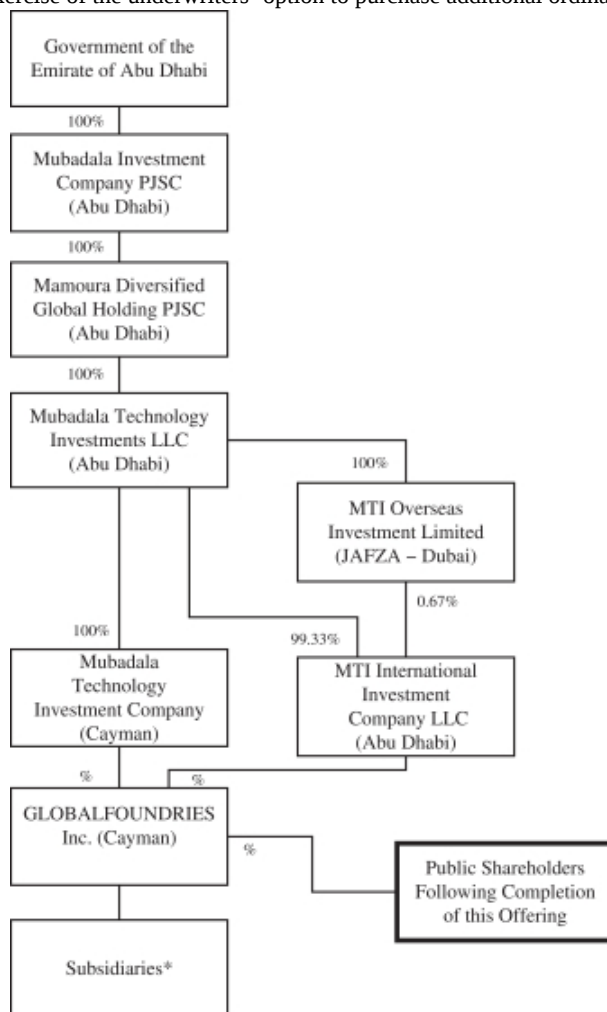
Over the years, we have used our patent portfolio to successfully fend off operating companies seeking to extract patent license fees from us. Additionally, in 2019, we filed patent infringement lawsuits against TSMC in the U.S. International Trade Commission and district courts in the United States and Germany. The case was quickly settled with a patent cross-license. We have also entered into patent cross-licenses with a number of other leading advanced semiconductor companies, including AMD, Samsung and IBM. These cross-licenses provide us with valuable freedom of operation under patents owned or subsequently divested by such companies.

As is the case with many companies in the semiconductor industry, we have from time to time received communications from third parties, in particular, so-called non-practicing entities, asserting patents that allegedly cover certain of our technologies, and we expect to receive similar communications in the future. Some of the patents that others have chosen to assert against us are not valid based on pre-existing prior art, and we have successfully defended ourselves using *inter partes* review ("IPR") and other procedures in the U.S. Patent and Trademark Office.

Regardless of the validity or the successful assertion of such claims, we could incur significant costs and devote significant management resources to the defense of these claims, which could seriously harm our company. Additionally, many of our agreements with our customers and partners require us to defend such parties against certain IP infringement claims and indemnify them for damages and losses arising from certain intellectual property infringement claims against them. See "Risk Factors—Intellectual Property—We have been and may continue to become subject to intellectual property disputes, which are costly and may subject us to significant liability and increased costs of doing business."

Corporate Organizational Structure

Prior to this offering, we were wholly owned by Mubadala, which is wholly owned by the Government of Abu Dhabi, through Mubadala’s indirectly held, wholly owned subsidiaries, MTIC and MTIIC. As depicted in the organizational chart below, following this offering, Mubadala will beneficially own % of our issued and outstanding ordinary shares and control approximately % of the voting power of our issued and outstanding ordinary shares, assuming no exercise of the underwriters’ option to purchase additional ordinary shares.



* Please refer to Note 1 of our consolidated financial statements included elsewhere in this prospectus for more information on our subsidiaries.

Employees

We have a highly-skilled employee base and as of December 31, 2020, we employed approximately 15,000 employees primarily located at our manufacturing sites. As of December 31, 2020, approximately 46% of our employees were located in North America, approximately 22% in EMEA, and approximately 32% in APAC. We also engage temporary employees and consultants. Overall, we believe we have good relations with our employees.

Our employee base is highly skilled, and in 2020 we invested more than 1.4 million hours in training for our employees. As of December 31, 2020, approximately 65% of our employees were engineers or technicians, and more than 44% of our employees had degrees in engineering, more than 14% had a Master's degree, and more than 6% had a PhD.

Environmental, Social and Governance (“ESG”)

We are dedicated to ethical and responsible business practices, the personal and social well-being of our employees, and supply chain and environmental stewardship. ESG is fundamental to our culture and our value proposition to our customers, the communities in which we live and do business, and our full range of global stakeholders.

We currently focus our ESG efforts in the following key areas:

Employee Safety, Health and Well-being

Our Journey to Zero commitment is the leading theme of our Global Environmental Health and Safety (“EHS”) Policy and Standards, which serve as the foundation of health and safety programs at each of our manufacturing locations. We strive to continuously reduce occupational injuries and illnesses in all of our operations, and aspire to achieve the goal of zero annual incidents. In November 2020, we received the America's Safest Companies award from EHS Today. Our enterprise-wide health and safety management system is certified to the ISO 45001:2018 standard.

Sustainable Manufacturing and Operations

Semiconductor manufacturing is generally resource-intensive. Therefore, our Journey to Zero commitment also represents our pursuit of sustainable and environmentally efficient manufacturing operations, seeking to minimize environmental- and climate-related impacts from our operations through pollution prevention and resource conservation. Our Global EHS Policy and Standards establish a continual improvement process and performance requirements that apply throughout the company. Our enterprise-wide environmental management system is certified to the ISO 14001:2015 standard. In August 2021, we launched our Journey to Zero commitment that aims to reduce greenhouse gas emissions by 25% by 2030.

Responsible Sourcing

As a member of the Responsible Business Alliance (“RBA”), we are committed to responsible sourcing practices. We progressively apply the RBA Code of Conduct to our major suppliers and monitor its application. We encourage and support our suppliers to do the same in our continuous pursuit of excellence in corporate responsibility and extension of responsible practices throughout the supply chain.

Technology Solutions for Humanity

We are focused on creating innovations in the largest and most pervasive segments of the semiconductor industry. As power efficiency has become a critical success factor for our industry, we strive to develop solutions that can lower the power consumption of digital technology.

Human Capital: Diversity & Inclusion and Talent Development

We believe that our success rests on empowering employees to bring their whole selves to the company and that building a culture of inclusion drives better business outcomes. As a global company, we recognize and value the wide variety of cultural values, traditions, experiences, education and perspectives of our team and communities. As part of our strategic repositioning in 2018, we established a Diversity & Inclusion office. As of

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December 31, 2020, we employed a multicultural workforce representing more than 90 nationalities across 13 countries. We believe that our culture of inclusion leads to higher levels of belonging, engagement and ultimately, higher-performing teams. We strive to focus on all aspects of the employee lifecycle, including recruitment, retention, professional development, and advancement of diverse talent. As part of this effort, we established our GLOBALWOMEN initiative in 2013 to have a positive impact on our business through the enrichment of our female employees. We use an annual engagement survey process to help measure employee engagement and our diversity and inclusion strategy progress.

Community Support and Engagement

We have a long history of community involvement, with well-established programs and global and local teams dedicated to enriching the lives of the people in our communities around the world. Through our worldwide GlobalGives program, we provide employees with the opportunity to make a positive impact in their local communities through personal donations, company-matched donations as well as through volunteering their time.

Stakeholder Engagement

Our key stakeholders have a significant interest in our business and help shape our company and the products and services we provide. We regularly engage with our employees, customers, communities, suppliers, and industry peers, sharing perspectives and gaining valuable insight relevant to our business and operations.

Legal Proceedings

On April 28, 2021, IBM sent us a letter alleging for the first time that we did not fulfill our obligations under the contracts we entered into with IBM in 2014 associated with our acquisition of IBM's Microelectronics division. IBM asserted that we engaged in fraudulent misrepresentations during the underlying negotiations, and claimed we owed them \$2.5 billion in damages and restitution. We believe, based on discussions with legal counsel, that we have meritorious defenses against IBM's claims and on June 7, 2021, we filed a complaint with the New York State Supreme Court seeking a declaratory judgment that we did not breach the relevant contracts. IBM subsequently filed a complaint with the New York State Supreme Court on June 8, 2021. We do not currently anticipate this proceeding to have a material impact on our results of operations, financial condition, business and prospects.

In 2017, we and CD entered into a set of agreements related to the establishment of a joint venture in Chengdu, China to establish and operate a greenfield wafer production site in Chengdu. The parties contemplated that the manufacturing operations would be implemented in two phases. Due to a variety of factors, including unanticipated market conditions, the manufacturing operations did not proceed as planned and the parties have been working to wind-down operations of the joint venture. On April 26, 2021, we received a claim from CD requesting that we share in CD's alleged losses and related costs incurred to support the joint venture. We and CD are engaged in negotiations to settle the claim and we recorded a provision of \$34 million in June 2021.

In addition to the foregoing proceeding, from time to time, we become involved in legal proceedings arising in the ordinary course of our business, such as claims brought by our customers in connection with commercial disputes, product liability claims, employment claims made by our current or former employees or claims of infringement raised by intellectual property owners, in connection with the technology used in our manufacturing operations. Based on the information currently available to us, we believe that the outcome of these proceedings would not have a material impact on our results of operations, financial condition, business and prospects.

MANAGEMENT

The following table sets forth information for our executive officers, directors and key employees as of the date of this prospectus:

<u>Name</u>	<u>Age</u>	<u>Title</u>
Executive Officers		
Dr. Thomas Caulfield	62	Chief Executive Officer, Board Director
David Reeder	46	Chief Financial Officer
Kay Chai (KC) Ang	62	Senior Vice President
Saam Azar	45	Chief Legal Officer
Juan Cordovez	42	Senior Vice President
Emily Reilly	57	Senior Vice President
Board of Directors		
Ahmed Yahia Al Idrissi	48	Chairman
Dr. Thomas Caulfield	62	Chief Executive Officer, Board Director
Ahmed Saeed Al Calily	47	Board Director
Tim Breen	43	Board Director
Glenda Dorchak	67	Board Director
Martin L. Edelman	80	Board Director
David Kerko	48	Lead Independent Director
Jack Lazar	56	Board Director
Elissa E. Murphy	52	Board Director
Carlos Obeid	56	Board Director
Key Employees		
Gregory Bartlett	60	Senior Vice President
Dr. Bami Bastani	68	Senior Vice President, General Manager
Michael J. Cadigan	64	Senior Vice President
Amir Faintuch	52	Senior Vice President, General Manager
Michael Hogan	56	Senior Vice President, General Manager
Americo Lemos	54	Senior Vice President
Thomas Weber	52	Senior Vice President

Executive Officers

Dr. Thomas Caulfield is Chief Executive Officer (CEO) of GF and was elected to the board of directors in March 2018. Dr. Caulfield joined the company in May 2014 as Senior Vice President and General Manager of the company's Fab 8 semiconductor wafer manufacturing facility in Malta, NY, where he led operations, expansion and the ramp-up of semiconductor manufacturing production. Dr. Caulfield has an extensive career spanning engineering, management and global operational leadership with leading technology companies. Prior to joining GF, Dr. Caulfield served as President and Chief Operations Officer (COO) at Soraa from May 2012 to

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May 2014, the world's leading developer of GaN on GaN™ (gallium nitride on gallium nitride) solid-state lighting technology. Before Soraa, Dr. Caulfield served as President and COO of Ausra from 2009 to 2010, a leading provider of large-scale concentrated solar power solutions for electricity generation and industrial steam production. Prior to leading at Ausra, Dr. Caulfield served as Executive Vice President of Sales, Marketing and Customer Service at Novellus Systems, Inc. Before that, Dr. Caulfield spent 17 years at IBM in a variety of senior leadership roles, ultimately serving as vice president of 300mm semiconductor operations for IBM's Microelectronics division, leading its wafer fabrication operations in East Fishkill, NY. Dr. Caulfield earned a Bachelor of Science in Physics from St. Lawrence University before entering Columbia University's Fu Foundation School of Engineering and Applied Science, where he earned both his Bachelor and Master of Science in Materials Science and Engineering as well as a Doctorate in Materials Science and Engineering. Dr. Caulfield was also a postdoctoral fellow at Columbia's Engineering Center for Strategic Materials.

David Reeder is Chief Financial Officer (CFO) of GF, responsible for the company's financial strategy and leading the global financial organization. He joined GF in August 2020 and has extensive experience in the semiconductor industry and other fields. Previously, he was Chief Executive Officer for Tower Hill Insurance Group from 2017 to 2020. Prior to that, he was President and CEO for Lexmark International, Inc. from 2015 to 2017. Earlier in his career, Mr. Reeder was CFO at Electronics for Imaging from 2014 to 2015 and Cisco's Enterprise Networking Division from 2012 to 2014, and held executive positions at Broadcom and Texas Instruments. He holds a Bachelor of Science degree in Chemical Engineering from University of Arkansas and a Master of Business Administration degree from Southern Methodist University.

Kay Chai (KC) Ang is Senior Vice President of Global Fab Operations for GF since October 2020. Mr. Ang joined GF in July 2009 and has served in a variety of senior leadership roles for the company including head of all of our Singapore operations from 2012 to 2020 and as head of the Fab 1 manufacturing facility, customer engineering and corporate quality organizations. Mr. Ang has more than 30 years of foundry industry experience with a proven track record in manufacturing operations, fab start-up, and technology transfer. Prior to joining the company, he held senior leadership positions at Chartered Semiconductor Manufacturing from 1988 to 2009, including Senior Vice President of Sales and Marketing with responsibility for global sales, marketing, services, customer support and regional business operations. He also served as Senior Vice President of Fab Operations, where Mr. Ang had responsibility for manufacturing strategy and operational excellence across all of the company's fabs from 2002 to 2007, including the launching operations at Chartered's 300mm Fab 7 facility, which was integrated into GF in January 2010. Mr. Ang has held other manufacturing operations roles at Chartered as well as at SilTerra. He is also the SEMI Southeast Asia Regional Advisory Chairman and the Board Advisor to Singapore Semiconductor Industry Association. Mr. Ang holds a bachelor's degree in Mechanical Engineering from National Taiwan University and a master's degree in Engineering from University of Texas.

Saam Azar is Chief Legal Officer for GF since January 2017. He oversees all legal, compliance, government relations, strategic transactions and M&A matters worldwide. Mr. Azar also serves as Secretary to the GF board of directors and has been involved with the company since its founding in 2009. Before joining GF as Chief Legal Officer, Mr. Azar worked closely with the GF legal department and GF senior management on various strategic matters, including the IBM Microelectronics Division acquisition. He also served as GF Assistant General Counsel from 2014 to 2015. From 2006 to 2017, Mr. Azar has also served in various roles for GF's sole shareholder, Mubadala Development Company PJSC, as a senior member of the Legal & Compliance Unit, working primarily on complex, cross border partnerships. Prior to Mubadala, he worked as a corporate associate at the international law firm of Cleary Gottlieb in New York, where he supported numerous corporate transactions with an emphasis on debt and equity capital markets. Mr. Azar holds a J.D. from New York University School of Law and a Bachelor of Science degree in Civil and Environmental Engineering from Duke University.

Juan Cordovez is Senior Vice President of Global Sales for GF since July 2019, leading client-facing functions including sales, commercial operations, field applications and customer engineering. Prior to his current role, Mr. Cordovez led GF's EMEA and later APAC sales from 2016 to 2019. Prior to that, Mr. Cordovez

led GF's Customer Design Enablement Team including the PDK, device modeling and field applications engineering teams from 2013 to 2016. Prior to joining GF, Mr. Cordovez was founder and Vice President of Sentinel IC Technologies from 2008 to 2013 and Manager of Design Enablement at Jazz Semiconductor from 2002 to 2008. He holds a Master of Science degree in Electrical and Computer Engineering from the University of California, Irvine.

Emily Reilly is Senior Vice President of Human Resources at GF since March 2018 and has worldwide responsibility for all aspects of strategic human resources including talent and leadership development, delivering world-class people solutions, shaping the company's culture and creating an environment of diversity, inclusion and belonging within GF. A member of GF's original startup team, she joined the company in 2009 and has been instrumental in GF's growth into a thriving, global organization of approximately 15,000 employees. Prior to joining GF, as an engineer, she worked in several roles with GE Advanced Materials and Momentive Performance Materials. During the course of her 14-year tenure, Ms. Reilly held leadership roles in both engineering and human resources, including a human resources leadership role for engineering in GE's energy business. Ms. Reilly is Chair of the company's People and Sustainability Committee and serves on the Women's Leadership Council of the Global Semiconductor Association (GSA), providing inspiration and sponsorship for the next generation of women leaders. She holds a Bachelor of Science degree in Industrial Engineering from Cornell University.

Board of Directors

Ahmed Yahia Al Idrissi was elected to the board of directors as Chairman in December 2013. Mr. Al Idrissi is currently the Chief Executive Officer of Direct Investments at Mubadala Investment Company (Mubadala) with oversight of the energy, chemicals, technology, life sciences, consumer, industrial and financial services portfolios. Prior to joining Mubadala, Mr. Al Idrissi was a partner at McKinsey & Company, where he co-lead the Principal Investor practice and Managing Partner of the Abu Dhabi practice. He was formerly a Marketing Manager at Procter & Gamble, where he led several flagship brands. He also serves as Chairman of the board of directors of Compañía Española de Petróleos and S.A.U (Cepsa), Chairman of NOVA Chemicals Corporation, and a member of the board of directors of Emirates Global Aluminium PJSC, Mubadala Capital and PCI Pharma Services. Previously, Mr. Al Idrissi served as a board member for Advanced Micro Devices (AMD) from 2012 to 2019. Mr. Al Idrissi holds a Bachelor of Science in Industrial Engineering from École Centrale Paris and a Master of Science in Mechanical Engineering from the Massachusetts Institute of Technology.

Dr. Thomas Caulfield is Chief Executive Officer (CEO) of GF and was elected to the board of directors in March 2018. Please see above under "Executive Officers" for a description of the business experience of Dr. Caulfield.

Ahmed Saeed Al Calily was elected to the board of directors in March 2018. Mr. Al Calily is the Chief Strategy & Risk Officer for Mubadala Investment Company (Mubadala), with oversight over portfolio strategy, enterprise risk management, and responsible investing. Prior to that, Mr. Al Calily was the Chief Executive Officer of Energy at Mubadala, where he oversaw the company's energy assets. Prior to re-joining Mubadala, Mr. Al Calily was director general of the Abu Dhabi Technology Development Committee and Chief Executive Officer and managing director of the Abu Dhabi Ports Company. Mr. Al Calily also served as deputy director of the infrastructure and services unit at Mubadala. He currently serves as a member of the board of directors at Abu Dhabi Future Energy Company (Masdar), Cleveland Clinic Abu Dhabi LLC, Medical Holding Company LLC and Abu Dhabi Commercial Bank PJSC. Mr. Al Calily holds a bachelor's degree in Economics and Political Science from Boston University.

Tim Breen was elected to the board of directors in January 2018. In 2020, he served as Executive Vice President of Strategy and Business Performance and as senior counselor to the Chief Executive Officer. Prior to that, he served as the Executive Vice President of Strategy and Business Transformation from 2018 to August 2020. He is currently a member of the senior leadership team of Mubadala Investment Company (Mubadala), responsible for the firm's direct investments in the technology and consumer sectors and serves on the board of

directors of several of Mubadala's North American investments, including NOVA Chemicals Corporation and Equinox Gold Corp. Prior to joining Mubadala, Mr. Breen was a partner with McKinsey & Company in Abu Dhabi. He holds a Master of Business Administration degree from London Business School.

Glenda Dorchak was elected to the board of directors in June 2019. Ms. Dorchak spent over thirty years in operational leadership roles in the technology industry, most recently as Executive Vice President and General Manager of Global Business with Spansion, Inc., a flash memory manufacturer. Her career began at International Business Machines Corporation (IBM) where she held executive positions including General Manager of PC Direct's Personal Systems Group. Ms. Dorchak went on to become Chairperson and Chief Executive Officer at Value America Inc. before joining Intel Corporation as Vice President and Chief Operating Officer of Intel Communications Group. She also served as Vice President and General Manager of Intel Broadband Products Group and Vice President and General Manager of Intel Consumer Electronics Group. After Intel, Ms. Dorchak was Chairperson and Chief Executive Officer of Intrinsic Software and Vice Chairman and Chief Executive Officer of VirtualLogix. Ms. Dorchak currently does advisory and board work, including as a member of the board of directors at ANSYS, Inc., Viavi Solutions Inc. and CREE, Inc.

Martin L. Edelman was elected to the board of directors in February 2017. Mr. Edelman serves as "Of Counsel" in the real estate practice of Paul Hastings LLP. He has been an advisor to Grove Investors and is a partner at Fisher Brothers, a real estate partnership. Mr. Edelman is a Director of Blackstone Mortgage Trust, Inc. and Aldar Properties and currently serves on the boards of various nongovernmental organizations. Previously, Mr. Edelman served as a board member for Advanced Micro Devices (AMD) from 2013 to 2017. He has more than 40 years of experience and concentrates his practice on real estate and corporate mergers and acquisitions transactions. Mr. Edelman holds a Bachelor of Arts degree from Princeton University and a law degree from Columbia Law School.

David Kerko was elected to the board of directors in January 2018. Mr. Kerko is Head of North America Private Equity at Elliott Investment Management L.P. Prior to joining Elliott, Mr. Kerko was an advisor, member and co-head of the Technology Group at Kohlberg Kravis Roberts & Co. Inc. (KKR). Prior to joining KKR, he worked for Gleacher NatWest Inc. on mergers and acquisition transactions and financing. Mr. Kerko holds a Bachelor of Science degree and a Bachelor of Science in Engineering degree, summa cum laude, from the University of Pennsylvania.

Jack Lazar was elected to the board of directors in July 2021. Mr. Lazar has spent over thirty years in operational and finance leadership roles at technology companies across multiple industries, most recently as Chief Financial Officer of GoPro, Inc., which he helped to take public in 2014. Prior to GoPro, Mr. Lazar served as Senior Vice President of Corporate Development and General Manager of Qualcomm Atheros, Inc. From 2003 until the time in which it was acquired by Qualcomm in 2011, he served in a variety of leadership roles at Atheros Communications, Inc. most recently as Chief Financial Officer and Senior Vice President of Corporate Development. In 2004, Mr. Lazar was part of the team that took Atheros public. He also served in leadership roles at NetRatings, Apptitude, and Electronics for Imaging, Inc. (EFI). Mr. Lazar currently serves as a member of the board of directors of several publicly traded companies including Box, Inc., Casper Sleep Inc., Resideo Technologies Inc., Silicon Labs, Inc. and thredUP Inc. He holds a Bachelor of Science in Commerce degree with an emphasis in Accounting from Santa Clara University and is a certified public accountant (inactive).

Elissa E. Murphy was elected to the board of directors in September 2021. Ms. Murphy has served as a Vice President of Engineering at Google, Inc. since 2016. Prior to Google, she was the Chief Technology Officer and Executive Vice President of Cloud Platforms at GoDaddy from 2013 to 2016. Ms. Murphy previously served as Vice President of Engineering at Yahoo! from late 2010 to 2013, where she oversaw the world's largest private Hadoop cluster, a technology essential to massive-scale computing that is the basis of big data today. Prior to her time at Yahoo!, Ms. Murphy spent 13 years at Microsoft in various engineering positions including part of the original team responsible for Microsoft's shift to the cloud, which led to the creation of Azure, and as a member of the High Performance Computing team. Ms. Murphy began her technology career designing and

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building many of the best-selling computer security and system utilities with 5th Generation Systems, Quarterdeck and the Norton Group, a division at Symantec responsible for Norton Antivirus and other Norton products. Ms. Murphy brings expertise in global-scale platforms, big data and predictive analytics to our Board. She currently has over 30 patents issued with several more pending in the areas of distributed systems, cloud, machine learning and security.

Carlos Obeid was elected to the board of directors in January 2012. Mr. Obeid is currently the Chief Financial Officer of Mubadala Investment Company (Mubadala), with oversight of its commercial functions including treasury, investor relations, financial planning, business performance, financial governance and reporting. Before joining Mubadala, Carlos worked with the United Arab Emirates Offset Program Bureau where he led a wide range of initiatives including privatization, utilities and financial services. He serves as the chairman of the board of directors of Mubadala Infrastructure Partners Ltd. and is a member of the board of directors of Cleveland Clinic Abu Dhabi LLC, Bank Audi SAL and Abu Dhabi Commercial Bank PJSC. Carlos holds a Bachelor of Science in Electrical Engineering degree from American University of Beirut, Lebanon, and a Master of Business Administration degree from INSEAD in Fontainebleau, France.

Key Employees

Gregory Bartlett is Senior Vice President of Technology, Engineering and Quality at GF since September 2019. Prior to his current role, he served in various senior executive roles at GF including Head of Technology Development, Chief Technology Officer and Head of the CMOS (complementary metal-oxide-semiconductor) business from 2009 to 2019. Before joining GF, Mr. Bartlett spent 25 years in technical and management positions at Freescale Semiconductor and its predecessor, Semiconductor Products Sector at Motorola. Mr. Bartlett holds a bachelor's degree in Chemical Engineering from Kansas State University.

Dr. Bami Bastani is Senior Vice President and General Manager of Mobile and Wireless Infrastructure business unit since September 2019. Prior to this, Dr. Bastani held several business unit senior executive positions from 2015 to 2019. He has more than 35 years of industry experience in the semiconductor industry, including in component-to- system-level radio frequency (RF) technologies. Prior to joining GF, Dr. Bastani was President, CEO and board member of Meru Networks from 2012 to 2015, where he transformed the company from a hardware seller to solution provider. He has also served as President, CEO and member of the board of directors of both Trident Microsystems, Inc. from 2011 to 2012, and ANADIGICS, Inc. from 1998 to 2008, as well as served in executive positions at Fujitsu Microelectronics, National Semiconductor and Intel Corporation. Dr. Bastani holds a Ph.D. and Master of Science degree in Electrical Engineering in Microelectronics from The Ohio State University.

Michael J. Cadigan is Senior Vice President for Customer Design Enablement at GF since August 2019. Mr. Cadigan joined the company in 2015 when it acquired IBM's Microelectronics division where he was General Manager, overseeing all aspects of the microelectronics business unit, including the technology development alliance activity from 2008 through the acquisition. Prior to that, Mr. Cadigan held several executive positions at IBM across a variety of areas, including supply chain operations, global outsourced manufacturing, systems manufacturing, hard disc drive manufacturing, and ASIC business unit manager from 1997 thru 2008. Prior to 1997, Mr. Cadigan worked across several different IBM divisions and locations as a senior executive. He holds a bachelor's degree in Mechanical Engineering from the University of Buffalo.

Amir Faintuch is Senior Vice President and General Manager of the Computing, Wired Infrastructure and Silicon Photonics business unit since October 2019. Mr. Faintuch has more than 25 years of experience in the semiconductor industry. Prior to joining GF in 2019, he was Senior Vice President and General Manager at Intel responsible for its worldwide horizontal Research and Development, where he played a key role in leading a major engineering transformation that increased product competitiveness and predictability across silicon products for computing, data centers, Internet of Things (IoT), wireless and connectivity from 2014 to 2019. Mr. Faintuch is also a former Qualcomm executive, where he served as President of Qualcomm Atheros, a large

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subsidiary of Qualcomm Inc. that develops wireless connectivity, LTE small cell, networking, infrastructure and IoT components from 2012 to 2014. His previous positions also include senior executive positions at Atheros communications and Texas Instruments. Mr. Faintuch holds a joint Master of Business Administration degree from Northwestern University, Kellogg School of Management and the Tel Aviv University, Recanati School of Management, as part of the Kellogg-Recanati International Executive MBA Program, and a bachelor's degree from the University of Haifa.

Michael Hogan is Senior Vice President and General Manager of Automotive, Industrial and Multi-Market business unit since September 2019. He has more than 35 years of experience in the semiconductor industry. Prior to joining GF in 2019, Mr. Hogan was Senior Vice President and General Manager of IoT (Internet of Things) Compute and Wireless at Cypress Semiconductor from 2016 to 2019. From 2011 to 2016, he held a variety of business line management and strategy roles at Broadcom/Avago across an array of wireless technologies, from Wi-Fi to cellular, prior to co-founding the IoT business that was subsequently divested to Cypress Semiconductor in 2016. Prior to that, he was CEO of PulseCore Semiconductor and Sirific Wireless from 2002 to 2008. Mr. Hogan was the founding General Manager of the WLAN (wireless local area network) business at Texas Instruments, where he held a variety of sales and business unit general manager roles during his 16-year tenure. He holds a bachelor's degree from Syracuse University.

Americo Lemos is Senior Vice President of Asia Business Development and China Country President for GF since February 2019. He is responsible for growing the company's business in these critical markets. Prior to joining GF, Mr. Lemos was Senior Vice President at Qualcomm, responsible for its data center business while also serving as Chairman of the Supervisory Board of Huaxintong, a joint venture between Qualcomm and the Guizhou Government in China from 2016 to 2018. Prior to joining Qualcomm, Mr. Lemos was Vice President of Platform Engineering at Intel, responsible for strategic ventures with China semiconductor companies from 2009 to 2015. Before Intel, Mr. Lemos held leadership roles with Texas Instruments, Quanta Computer in Taiwan and Skyworks. He holds a Master of Sciences, Electronics and Computers degree from École Nationale Supérieure de Sciences Appliquées et de Technologie (ENSSAT) in Lannion, France.

Thomas Weber is Senior Vice President of Global Operations Support and Supply Chain for GF since October 2018. Previously, he was a Senior Vice President in McKinsey's transformation practice where he led business transformations in the United States, Europe and Australia across the technology and resources industries from 2011 to 2018. Prior to McKinsey, he worked in the mobile devices industry developing strategy for Motorola and selling consumer research for Nielsen from 2004 to 2011. Mr. Weber began his career in the U.S. Navy where he flew helicopters and led a division through two deployments. Mr. Weber graduated from the U.S. Naval Academy and has a Master of Science in Engineering degree from the University of Pennsylvania.

Corporate Governance

Composition of our Board of Directors

Our board of directors currently consists of eleven members, all of whom were elected pursuant to our current Memorandum and Articles of Association. While we do not have a formal policy regarding board diversity, our nominating & governance committee and board of directors will consider a broad range of factors relating to the qualifications and background of nominees, which may include diversity and is not limited to race, gender or national origin. Our nominating and governance committee's and board of directors' priority in selecting board members is identification of persons who will further the interests of our shareholders through their established record of professional accomplishment, the ability to contribute positively to the collaborative culture among board members, knowledge of our business, understanding of the competitive landscape and professional and personal experiences and expertise relevant to our growth strategy. Under an agreement with Mubadala, we have agreed to nominate for election to our board of directors a certain number of designees selected by Mubadala. See "Certain Relationships and Related Party Transactions—Shareholder's Agreement."

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There is no Cayman Islands law requirement that a director must hold office for a certain term and stand for re-election unless the resolutions appointing the director impose a term on the appointment. We do not have any age limit requirements relating to our director's term of office.

Prior to the consummation of this offering, we intend to enter into a shareholder's agreement with Mubadala through two of its subsidiaries holding our ordinary shares, MTIC and MTHIC (the "Shareholder's Agreement").

The Shareholder's Agreement will provide that, for so long as MTIC, MTHIC and certain of their affiliates (the "Mubadala Entities"), in the aggregate, beneficially own 50% or more of the ordinary shares held by the Mubadala Entities upon consummation of this offering, MTIC will be entitled to nominate a number of designees (the "Mubadala Designees") to our board of directors representing a majority of our directors.

Our Memorandum and Articles of Association also provide that our directors may only be removed for cause by an affirmative vote of 75% of our shareholders, provided that (1) a Mubadala Designee may only be removed with or without cause by MTIC, and (2) as long as the Mubadala Entities beneficially own in the aggregate at least 50% of our outstanding ordinary shares, directors other than Mubadala Designees may be removed with or without cause by a majority of shareholders. Any vacancy resulting from an enlargement of our board of directors (which shall not exceed any maximum number stated therein), may be filled by ordinary resolution or by vote of a majority of our directors then in office; provided that any vacancy with respect to a Mubadala Designee may only be filled by a decision of majority of the Mubadala Designees then in office, or if there are none, by MTIC.

Board's Role in Risk Oversight

Our board of directors oversees the management of risks inherent in the operation of our business and the implementation of our business strategies. Our board of directors performs this oversight role by using several different levels of review. In connection with its reviews of our operations and corporate functions, our board of directors addresses the primary risks associated with those operations and corporate functions. In addition, our board of directors reviews the risks associated with our business strategies periodically throughout the year as part of its consideration of undertaking any such business strategies.

Each of our board committees also oversees the management of our risk that falls within the committee's areas of responsibility. In performing this function, each committee has full access to management, as well as the ability to engage advisors. Our Chief Financial Officer provides reports to the audit, risk and compliance committee and is responsible for identifying, evaluating and implementing risk management controls and methodologies to address any identified risks. In connection with its risk management role, our audit, risk and compliance committee meets privately with representatives from our independent registered public accounting firm and our Chief Financial Officer. The audit, risk and compliance committee oversees the operation of our risk management program, including the identification of the primary risks associated with our business and periodic updates to such risks, and reports to our board of directors regarding these activities.

Board Committees

Our board of directors has established an audit, risk and compliance committee, a people and compensation committee, a strategy and technology committee and a nominating & governance committee, each of which operates pursuant to a separate charter adopted by our board of directors.

Audit, Risk and Compliance Committee

Glenda Dorchak, Jack Lazar and Carlos Obeid currently serve on the audit, risk and compliance committee, which is chaired by Jack Lazar. Our board of directors has determined that Glenda Dorchak and Jack Lazar are

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“independent” for audit, risk and compliance committee purposes as that term is defined in the rules of the SEC and the applicable rules of the Nasdaq. The audit, risk and compliance committee’s responsibilities include:

- appointing our independent registered public accounting firm, and approving the audit and permitted non-audit services to be provided by our independent registered public accounting firm;
- evaluating the performance and independence of our independent registered public accounting firm;
- monitoring the integrity of our financial statements and our compliance with legal and regulatory requirements as they relate to our financial statements or accounting matters;
- reviewing the adequacy and effectiveness of our accounting and internal control policies and procedures;
- establishing and overseeing procedures for the receipt, retention and treatment of accounting-related complaints and concerns;
- reviewing and discussing with the independent registered public accounting firm the results of our year-end audit, and recommending to our board of directors, based upon such review and discussions, whether our financial statements shall be included in our Annual Report on Form 20-F; and
- reviewing all related party transactions for potential conflict of interest situations and approving all such transactions.

We have one financial expert as of the date hereof. Our board of directors has determined that Jack Lazar qualifies as an “audit committee financial expert” as defined in the SEC rules and satisfies the financial sophistication requirements of the Nasdaq.

People and Compensation Committee

Tim Breen, Ahmed Calily, David Kerko and Elissa E. Murphy currently serve on the people and compensation committee, which is chaired by David Kerko. The people and compensation committee’s responsibilities include:

- establishing and reviewing the goals and objectives of our executive compensation plans;
- establishing the goals and objectives relevant to Chief Executive Officer compensation, and making recommendations to our board of directors in evaluating our Chief Executive Officer’s performance in light of these goals and objectives;
- evaluating the performance of our executive officers in light of the goals and objectives of our executive compensation plans and making recommendations to our board of directors with respect to the compensation of our executive officers, including our Chief Executive Officer;
- making recommendations to our board of directors with respect to improvement of existing, or adoption of new, employee compensation plans and programs; and
- retaining and approving the compensation of executive compensation advisors and other advisors advising the people and compensation committee.

Strategy and Technology Committee

Tim Breen, Tom Caufield, Glenda Dorchak, David Kerko and Ahmed Yahia currently serve on the strategy and technology committee, which is chaired by Ahmed Yahia. The strategy and technology committee’s responsibilities include:

- assisting our board of directors in reviewing significant investments, divestments, joint ventures, partnerships, and other strategic agreements;

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- providing guidance to our board of directors on long range strategy and business plans;
- assisting our board of directors in reviewing our technology road map; and
- assisting our board of directors in reviewing strategic long-term customer and supplier agreements.

Nominating & Governance Committee

Glenda Dorchak, Martin L. Edelman, David Kerko and Ahmed Yahia currently serve on the nominating & governance committee, which is chaired by Martin L. Edelman. The nominating & governance committee's responsibilities include:

- assisting our board of directors in identifying prospective director nominees and recommending nominees for election by the shareholders or appointment by our board of directors;
- reviewing and assessing the adequacy of our corporate governance guidelines and recommending proposed changes to our board of directors; and
- overseeing the evaluation of our board of directors.

Foreign Private Issuer Status

Nasdaq listing rules include certain accommodations in the corporate governance requirements that allow foreign private issuers, such as us, to follow "home country" corporate governance practices in lieu of the otherwise applicable corporate governance standards of the Nasdaq. The application of such exceptions requires that we disclose each Nasdaq corporate governance standard that we do not follow and describe the Cayman Islands corporate governance practices we do follow in lieu of the relevant Nasdaq corporate governance standard. We currently follow Cayman Islands corporate governance practices in lieu of the corporate governance requirements of the Nasdaq in respect of the following:

- the majority independent director requirement under Section 5605(b)(1) of Nasdaq listing rules;
- the requirement under Section 5605(d) of Nasdaq listing rules that a compensation committee comprised solely of independent directors governed by a compensation committee charter oversee executive compensation;
- the requirement under Section 5605(e) of Nasdaq listing rules that director nominees be selected or recommended for selection by either a majority of the independent directors or a nominations committee comprised solely of independent directors;
- the Shareholder Approval Requirements under Section 5635 of the Nasdaq listing rules; and
- the requirement under Section 5605(b)(2) of Nasdaq listing rules that the independent directors have regularly scheduled meetings with only the independent directors present.

Cayman Islands law does not impose a requirement that the board consist of a majority of independent directors or that such independent directors meet regularly without other members present. Nor does Cayman Islands law impose specific requirements on the establishment of a compensation committee or nominating committee or nominating process.

Lead Independent Director

Our board of directors has appointed Mr. David Kerko to serve as our lead independent director. As lead independent director, Mr. Kerko presides over periodic meetings of our independent directors, serves as a liaison between the chairman of our board of directors and the independent directors and performs such additional duties as our board of directors may otherwise determine and delegate.

Code of Conduct

Our board has adopted a code of conduct that applies to our directors, officers and employees. A copy of this code is available on our website: www.gf.com. We intend to disclose on our website or in a current report on Form 6-K, any amendments to the Code of Conduct and any waivers of the Code of Conduct that apply to our chief executive officer, chief financial officer, controller, or persons performing similar functions.

Duties of Directors

Under Cayman Islands law, our directors have a duty to act honestly, in good faith and with a view to our best interests. Our directors also have a duty to exercise the care, diligence and skills that a reasonably prudent person would exercise in comparable circumstances (see “Description of Share Capital—Differences in Corporate Law”). In fulfilling their duty of care to us, our directors must ensure compliance with our Memorandum and Articles of Association. We have the right to seek damages if a duty owed by our directors is breached.

The functions and powers of our board of directors include, among others:

- appointing officers and determining the term of office of the officers;
- exercising the borrowing powers of the company and mortgaging the property of the company; and
- executing checks, promissory notes and other negotiable instruments on behalf of the company.

Interested Transactions

So long as it does not adversely affect such person’s performance of duties or responsibilities to the company and so long as it is not in direct competition with the company and the company’s business, no director or officer shall be disqualified by his office from contracting and/or dealing with the company as vendor, purchaser or otherwise; nor shall any such contract or any contract or arrangement entered into by or on behalf of the company in which any director or officer shall be in any way interested be or be liable to be avoided; nor shall any director or officer so contracting or being so interested be liable to account to the company for any profit realized by any such contract or arrangement by reason of such director or officer holding that office or the fiduciary relationship thereby established. However, any such transaction that would constitute a “related party transaction” pursuant to the laws or rules promulgated by the SEC or the stock exchange on which our shares are then listed, shall require the review and approval of the audit, risk and compliance committee. The nature of the director’s interest must be disclosed by such director at the meeting of the directors at which the contract or arrangement is considered if the director’s interest then exists, or in any other case, at the first meeting of the directors after the acquisition of his interest.

A director must promptly disclose the interest to all other directors after becoming aware of the fact that the director is interested in a transaction we have entered into or are to enter into. A general notice or disclosure to the board or otherwise contained in the minutes of a meeting or a written resolution of the board or any committee of the board that a director is a shareholder, director, officer or trustee of any specified firm or company and is to be regarded as interested in any transaction with such firm or company will be sufficient disclosure, and, after such general notice, it will not be necessary to give special notice relating to any particular transaction.

EXECUTIVE COMPENSATION

Under Cayman Islands law, we are not required to disclose compensation paid to our directors and executive officers on an individual basis and we have not otherwise publicly disclosed this information elsewhere.

For the year ended December 31, 2020, the aggregate compensation expense for our directors and executive officers for services in all capacities to us and our subsidiaries was \$ _____, which includes both benefits paid in kind and compensation, as well as share option awards to purchase, in the aggregate, _____ ordinary shares with an exercise price equal to \$ _____ per ordinary share pursuant to the terms and conditions of our 2018 Equity Plan. Option awards granted pursuant to our 2018 Equity Plan expire on the tenth anniversary of their grant date.

For the year ended December 31, 2020, \$ _____ was set aside or accrued by us or our subsidiaries to provide defined contribution retirement benefits or similar benefits to our directors and executive officers.

Our executive compensation philosophy includes the following objectives:

- To pay for performance;
- To attract, develop, reward, and retain great talent; and
- To motivate our talent to achieve short-term and long-term goals that lead to sustainable long term shareholder value creation.

Our executive officers receive fixed and variable compensation. They also receive benefits in line with market practice and with the benefits extended to our broad-based employee population.

The fixed component of compensation consists of the base salary. This provides a fixed source of income and acts as foundation for other pay components. The base salary is reflective of executive role, responsibility, and individual performance, and it is designed to be market-competitive and attract and retain critical talent. We review base salaries annually, and make adjustments as appropriate based on market, performance and any change in responsibility.

The variable pay elements of our executive officers' compensation consist of an annual incentive program ("AIP") and a long-term share option program.

While none of our directors have service contracts with us or our subsidiaries that provide for benefits upon termination of their services, consistent with market practice, certain of our executive officers are entitled to certain benefits upon termination, including a cash severance payment if we terminate their employment without cause.

Annual Incentive Program

The AIP is a short-term annual cash incentive that incentivizes and rewards our executive officers for achieving critical company financial and operational goals as well as individual goals. Each of our executives has an AIP target opportunity, set as a percentage of their base salary, which is reviewed annually to assure that both our performance and pay opportunities are aligned with competitive practices and that our rewards are reflective of company and individual performance.

In 2020, our executive officers' awards under the AIP were determined as follows:

- 50% based on our financial and operational performance;
- 30% based on individual performance on key objectives; and

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- 20% based on our CEO's discretion including but not limited to: leadership, employee engagement, diversity & inclusion, collaboration, business process improvement, strategic contributions and business context.

For our CEO and CFO, their 2020 AIP award payout was 75% based on our financial and operational performance and 25% as a discretionary component determined by our board of directors.

2017 LTIP

We maintain a long-term incentive plan (the "2017 LTIP") pursuant to which a small number of current employees hold vested share options that were granted in 2017. Vested options granted under the 2017 LTIP become exercisable upon the first anniversary of an IPO or change in control occurring following the vesting date but during the term of the option. In connection with the establishment and adoption of the 2018 Equity Plan, we ceased making awards under the 2017 LTIP.

2018 Equity Plan

We maintain a long-term equity incentive program (the "2018 Equity Plan") designed to enable the Company's executives and select other high-performing and high-potential participants to share in the value creation of the company as we execute our business plan and deliver returns to Mubadala. Officers, employees and members of our board of directors participate in the 2018 Equity Plan. The 2018 Equity Plan is administered by our people and compensation committee, which was delegated authority to administer the 2018 Equity Plan by our board of directors.

Awards under the 2018 Equity Plan may be granted in the form of nonqualified share options, share awards, or share unit awards. The vesting conditions and all other terms of these awards will be determined by the administrator of the 2018 Equity Plan and set out in the applicable award agreements.

Participants in the 2018 Equity Plan typically receive a one-time grant upon hire or promotion into an eligible role. As of , there are nonqualified share options to buy ordinary shares outstanding. We have not issued share awards or share unit awards under the 2018 Equity Plan but we may issue share awards or share unit awards prior to the consummation of this offering. Generally, awards of options granted in 2020 or later vest over four years, with 25% of the options vesting on the later of December 31 of the first four years following the grant date and the six-month anniversary of the consummation of an initial public offering, subject to continued employment through the applicable vesting date (with limited exceptions for certain qualifying terminations). The majority of options granted in 2019 vest over five years, with 20% of the options vesting on the later of December 31 of the first five years following the grant date and the six-month anniversary of the consummation of an initial public offering, subject to continued employment through the applicable vesting date (with limited exceptions for certain qualifying terminations). Options held by U.S. taxpayers that vest on the six-month anniversary of the consummation of this offering will be exercisable for a period commencing on the vesting date and ending on a fixed date in 2022. Any outstanding exercisable options not exercised as of the end of such period will be automatically exercised on the last day of such period. All other options held by U.S. taxpayers will become exercisable for a period commencing on January 1 of the year following the year in which such options vest and ending on a fixed date in such year, with any outstanding exercisable options not exercised as of the end of such period being automatically exercised as of the last day of such period. U.S. taxpayers will be permitted to "net exercise" their options in order to satisfy the exercise price and applicable taxes due in respect of their options. Options held by non-U.S. taxpayers will become exercisable on the date such options vest and will remain exercisable, pursuant to normal option exercise procedures under the terms and conditions of the 2018 Equity Plan for the duration of the term of the option.

No awards may be granted under the 2018 Equity Plan after our board of directors terminates the 2018 Equity Plan or ten years from its effective date, whichever is earlier.

Shareholder Proceeds Bonus Program

We maintain a bonus program (the “Shareholder Proceeds Bonus Program”) pursuant to which eligible optionholders under our 2018 Equity Plan may receive cash awards depending on financial results linked to annual operating cash flow and other financial metrics.

If our board of directors determines that any amounts are to be paid under the Shareholder Proceeds Bonus Program, the aggregate amount of the cash payment to be received by any participant is based on the per share bonus payment amount, a multiple determined by the board and the number of outstanding share options to which the award under the Shareholder Proceeds Bonus Program relates, with the aggregate cash payment pro-rated based on the number of vested options as of each payment date over the vesting schedule of the option. Payment of any amounts under the Shareholder Proceeds Bonus Program is independent of and not contingent upon the exercise of any share options.

While awards under the Shareholder Proceeds Bonus Program may be granted in 2021, and payable in the ordinary course in January 2022, no new awards are expected to be granted under the Shareholder Proceeds Bonus Program in respect of calendar year 2022 or beyond and existing awards will continue to be paid out on their current payment schedule. If we issue share awards or share unit awards prior to the consummation of this offering, eligible holders of such awards may also participate in the Shareholder Proceeds Bonus Program, with the amount of any payment to be received based on the number of outstanding share awards or share unit awards to which the award under the Shareholder Proceeds Bonus Program relates.

2021 Equity Compensation Plan

In connection with, and prior to the consummation of, this offering, our board of directors plans to adopt, and Mubadala is expected to approve, the GLOBALFOUNDRIES Inc. 2021 Equity Compensation Plan (the “Equity Plan”). Our Equity Plan will be administered by our board of directors or, as applicable, its delegate (the “Equity Plan Administrator”).

The purpose of the Equity Plan is to attract and retain certain employees, non-employee directors, consultants, and advisors. All of our (and our subsidiaries’) employees, non-employee directors and key advisors and consultants who perform services for us are eligible to receive awards under the Equity Plan. The Equity Plan provides for the issuance of incentive stock options, non-qualified stock options, stock awards, stock units, stock appreciation rights, and other stock-based awards.

The Equity Plan Administrator will determine the allocation of awards and all of the terms and conditions applicable to awards under the Equity Plan, except that awards to members of our board of directors must be authorized by a majority of our board of directors.

Subject to adjustment as described below, the maximum aggregate number of our ordinary shares that may be issued or transferred under the Equity Plan with respect to awards will be _____ ordinary shares; provided that the share reserve under the Equity Plan will, unless otherwise determined by our board of directors, automatically increase on January 1 of each year for 10 years commencing on January 1, 2022 and ending on (and including) January 1, 2031 in an amount equal to _____ % of the total number of ordinary shares outstanding on December 31 of the preceding year.

In general, if any options or stock appreciation rights terminate, expire or are canceled, forfeited, exchanged, or surrendered without having been exercised, or if any stock awards, stock units or other stock-based awards are forfeited, terminated, or otherwise not paid in full in our ordinary shares, the shares subject to such awards will again be available for purposes of the Equity Plan. In addition, the maximum aggregate value of our ordinary shares subject to new awards made to any non-employee director pursuant to the Equity Plan, together with any cash fees earned by such non-employee director, for services rendered as a non-employee director during any calendar year will not exceed \$1,500,000, which value will be calculated based on the grant date fair value of such awards for financial reporting purposes.

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In connection with certain events affecting the outstanding ordinary shares reserved for issuance as awards, the Equity Plan Administrator will equitably adjust the maximum number and kind of our ordinary shares available for issuance under the Equity Plan, the maximum number and kind of ordinary shares for which any individual may receive awards in any year, the kind and number of shares covered by outstanding awards, the kind and number of shares that may be issued under the Equity Plan, and the price per share or market value of any outstanding awards, and other conditions as the Equity Plan Administrator deems appropriate to prevent the enlargement or dilution of rights under the Equity Plan.

If there is a change in control and awards are not assumed by, or replaced with grants that have comparable terms by, the surviving corporation, all outstanding options and stock appreciation rights will immediately vest and become exercisable, any restrictions on stock awards will lapse, and all other awards will become payable as of the date of the change in control. If there is a change in control and we (or our successor) terminate a participant's employment without cause upon or within one year after the change in control, the participant's outstanding options and stock appreciation rights will vest and become exercisable, any restrictions on stock awards will lapse, and all other awards will become payable. In each of the foregoing events, awards based on performance objectives will vest and be payable in accordance with the terms set forth in the applicable award agreement. Notwithstanding the foregoing, the committee may establish any other terms and conditions relating to the effect of a change in control on awards as the Equity Plan Administrator deems appropriate and take any of the actions enumerated under the terms and conditions of the Equity Plan, without the consent of any participant.

Except as permitted by the committee with respect to non-qualified stock options, only a participant may exercise rights under an award during the participant's lifetime. Upon death, the personal representative or other person entitled to succeed to the rights of the participant may exercise such rights. A participant cannot transfer those rights except by will or by the laws of descent and distribution or pursuant to a domestic relations order. The committee may provide in an award agreement that a participant may transfer non-qualified stock options to family members, or one or more trusts or other entities for the benefit of or owned by family members, consistent with applicable securities laws.

Our board of directors may amend or terminate the Equity Plan at any time, except that our shareholders must approve an amendment if such approval is required in order to comply with the Code, applicable laws, or applicable stock exchange requirements. Unless terminated sooner by our board of directors or extended with shareholder approval, the Equity Plan will terminate on the day immediately preceding the tenth anniversary of its effective date.

2021 Employee Stock Purchase Plan

In connection with, and prior to the consummation of, this offering, our board of directors plans to adopt, and Mubadala is expected to approve, the GLOBALFOUNDRIES Inc. 2021 Employee Stock Purchase Plan (the "ESPP"). Our ESPP will be administered by our Board or, as applicable, its delegate (the "ESPP Administrator").

Any of our employees, or any employees of a subsidiary or affiliate that the Administrator has designated as eligible to participate in an offering, will be eligible to participate in an offering under the ESPP, other than an employee who owns shares possessing 5% or more of our voting shares, or the voting shares of a parent or subsidiary, or certain other employees as determined by the ESPP Administrator.

Our ESPP will permit eligible employees to purchase our ordinary shares through contributions in the form of payroll deductions (by timely delivering a subscription agreement to us) or otherwise, as permitted by the ESPP Administrator. The ESPP permits two types of offerings: (1) an offering intended to qualify for favorable U.S. federal tax treatment under Section 423 of the Code; and (2) an offering not intended to be tax qualified under Section 423 of the Code to facilitate participation for employees who are not eligible to benefit from favorable U.S. federal tax treatment and, to the extent applicable, to provide flexibility to comply with non-U.S. law and other considerations. The timing of the offering periods will be determined by the ESPP Administrator.

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The terms and conditions applicable to each offering period will be set forth in an offering document adopted by the ESPP Administrator for the particular offering period. We also may choose to issue matching shares with respect to shares purchased under the ESPP for an offering period. In that event, on the relevant ESPP purchase date, we will grant to each eligible employees in the ESPP a number of shares with a fair market value equal to a percentage of the aggregate purchase price paid to exercise the employee's right to purchase shares on such purchase date. Such matching percentage for each purchase period shall be _____, or such higher or lower percentage established by the ESPP Administrator in an offering document.

Subject to certain equitable adjustments in connection with certain events affecting the outstanding ordinary shares reserved for issuance as awards, the maximum aggregate number of our ordinary shares that may be issued or transferred under the ESPP with respect to awards will be _____ ordinary shares; provided that the share reserve under the ESPP will, unless otherwise determined by our board of directors, automatically increase on January 1 of each year for 10 years commencing on January 1, 2022 and ending on (and including) January 1, 2031 in an amount equal to % of the total number of ordinary shares outstanding on December 31 of the preceding year. In no event will the number of ordinary shares that may be issued or transferred pursuant to rights granted under the ESPP exceed _____, in the aggregate, subject to the adjustments described above.

The ESPP Administrator will have the authority to amend, suspend or terminate the ESPP. However, shareholder approval shall be required to amend the ESPP to increase the aggregate number or change the class of shares that may be sold pursuant to rights under the ESPP (other than an adjustment as provided above) or as may otherwise be required under Section 423 of the Code or as may otherwise be required by applicable stock exchange requirements.

Share Ownership

The shares and any outstanding beneficially owned by our directors and officers and/or entities affiliated with these individuals are disclosed in the section titled "Principal and Selling Shareholder."

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Loan and Credit Agreements with MTHC

On March 20, 2017, we entered into a loan agreement with Mubadala Treasury Holding Company LLC (“MTHC”) under which we could borrow up to \$580 million. Subsequently, on November 27, 2017 we entered into an amended agreement that reduced the maximum loan amount under the facility to \$380 million. The loan matured on December 31, 2020 and had an interest rate of LIBOR plus 2.3%. During the years ended December 31, 2020 and 2019, we made principal repayments of \$112 million and \$64 million, respectively.

On June 13, 2017, we entered into a loan agreement with MTHC that provided us a USD facility under which we could borrow up to \$860 million for the purpose of acquiring equipment for a 300mm fab in Chengdu High Technology Zone, Chengdu China. We drew down \$0 and \$26 million during the years ended December 31, 2019 and 2018, respectively. As of December 31, 2018, we entered into an amendment to the loan agreement to reduce the maximum loan amount under the facility from \$860 million to \$31 million and revise the maturity date to December 31, 2019. The loan had an interest rate of LIBOR plus 2.3%.

On June 19, 2018, we entered into a bridge loan agreement with MTHC that provided a USD facility under which we could borrow up to \$250 million. The loan matured on August 31, 2018 and had an interest rate of three-month LIBOR plus 2.25% per annum. As of August 14, 2018, we entered into an amendment to the loan agreement to extend the termination date to December 31, 2018. We repaid the loan during the year ended December 31, 2018.

On June 5, 2019, we entered into a credit agreement with Morgan Stanley and several lenders, including MTHC. MTHC provided us facilities under which we could borrow up to \$36 million and EUR17 million. We repaid the facilities during the year ended December 31, 2020.

MTHC Revolving Credit Facility

On December 15, 2013, we entered into a revolving credit agreement with MTHC that provided for an aggregate commitment of \$600 million. Subsequently, on November 28, 2017, we entered into an amended agreement to reduce the aggregate commitment to \$400 million. As further amended on July 27, 2020, the revolving credit agreement terminates on December 31, 2023, unless MTHC elects to terminate the facility upon the company ceasing to be a direct or indirect wholly owned subsidiary of Mubadala. Amounts outstanding under the loan bear interest at LIBOR plus 1.5%. No amounts were drawn down on this facility as of December 31, 2020.

SMP

Silicon Manufacturing Partners Pte Ltd. (“SMP”) is a joint venture with LSI Technology (Singapore) Pte. Ltd. We hold a 49% interest in SMP and manage all aspects of its manufacturing operations. In the years ended December 31, 2020 and 2019, respectively, we purchased products, primarily wafers, from SMP for an aggregate of \$57 million and \$62 million. We also reimbursed expenses of and contributed tools to SMP in those periods, with an aggregate expense of \$47 million and \$51 million, respectively.

AMTC and BAC

On January 1, 2020, we obtained control of the Advanced Mask Technology Centre GmbH & Co. KG (“AMTC”) and Maskhouse Building Administration GmbH & Co. KG (“BAC”) joint venture with Toppan Photomasks, Inc. through an amendment of the joint venture agreement (the “AMTC JV Agreement”), which granted us the determining vote over changes in the business plans of AMTC and BAC. We consolidated the joint venture effective January 1, 2020. We continue to hold 50% of the voting securities in AMTC and BAC. No

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consideration was paid to the non-controlling shareholder as a result of the amendment to the joint venture agreement. In accordance with the AMTC JV Agreement, AMTC is responsible for performing development and production of advanced masks, and BAC is responsible for the acquisition, administration and leasing of real estate, and is the holder of the land and building that is used by AMTC for its operations.

Transactions with AMTC and BAC prior to January 1, 2020

Under the AMTC JV Agreement, as amended, we are entitled to 70% of AMTC's manufacturing capacity. We provided AMTC with capital equipment and made unsecured loans to AMTC in order to fund such equipment, which amounted to \$166 million and \$162 million in the years ended December 31, 2019 and 2018, respectively. The loans carried a fixed interest rate of 4.0% and repayments were to be made quarterly over eight years. Additionally, we made unsecured loans to BAC, which amounted to \$9 million and \$3 million in the years ended December 31, 2019 and 2018, respectively. The loans carried a fixed interest rate of 5.081% and repayments were to be made quarterly over five years.

On January 20, 2011, we entered into a tool usage agreement with AMTC (the "Tool Usage Agreement"). Under this agreement, we are providing AMTC with permission to use a certain inspection tool owned by us for the purpose of production and development of masks for us and our affiliates (the "Tool"). The costs and expenses relating to the operation, maintenance or use of the Tool are being charged by AMTC pursuant to the AMTC JV Agreement. We are not charging AMTC for use of the Tool. The Tool Usage Agreement will expire upon the termination of the AMTC JV Agreement.

Mubadala

Shareholder Loan Facilities

We have entered into several loan facilities with a subsidiary of Mubadala that remain outstanding. Under those loan agreements, we have received the following funds during those years, and repaid the following amounts through August 31, 2021:

2012 Shareholder Loan	\$ 1,915,000,000
2013 Shareholder Loan	1,780,000,000
2014 Shareholder Loan	3,885,000,000
2015 Shareholder Loan	3,395,000,000
2016 Shareholder Loan	592,687,000
	<u>11,567,687,000</u>
2019 Repayment	(400,000,000)
2020 Repayment	(487,000,000)
2021 Repayment	(568,000,000)
Total	<u>\$ 10,112,687,000</u>

Each of the 2012, 2013, 2014, 2015 and 2016 loans from Mubadala (collectively the "Shareholder Loans") are non-interest bearing and principal repayment, in whole or in part, is entirely at our discretion as explicitly stated in the loan agreements. The Shareholder Loans are subordinated to any claims of other unsubordinated and subordinated creditors, including beneficiaries under guarantees issued, of the company. The Shareholder Loans have no maturity date and remain outstanding until the loans are paid in full. We anticipate that Mubadala will convert the loans provided under the loan facilities with Mubadala in 2012 to 2016 to additional paid-in capital immediately prior to the consummation of this offering, which will not impact shares outstanding or have any dilutive effects, as additional shares will not be issued to Mubadala.

Further Assurances Agreement

On July 1, 2015, in connection with our acquisition of IBM's Microelectronics division, Mubadala Development Company PJSC ("MDC"), an affiliate of Mubadala, entered into a further assurances agreement (the "Further Assurances Agreement") with IBM, under which MDC provided a guarantee of our obligations to IBM, which would have been triggered upon certain insolvency events, in an amount not to exceed \$375 million. The Further Assurances Agreement expired on July 1, 2019.

Soitec

Douglas Dunn, a member of our board of directors from 2013 to 2019, was also a director of Soitec until July 2018. For information about our transactions with Soitec, see "Business—Raw Materials."

Secondments

Between January 1, 2018 and the date of this prospectus, Mubadala has seconded seven persons to us. Two secondees, including Tim Breen, who is a member of our board of directors and previously served as an executive officer of the company, continue to be seconded to us as of the date of this prospectus. From January 1, 2018 through December 31, 2020, we paid Mubadala an average annual amount of \$1.78 million in consideration of the services provided by the secondees.

Shareholder's Agreement

Prior to the consummation of this offering, we intend to enter into a shareholder's agreement with Mubadala through two of its subsidiaries holding our ordinary shares, MTIC and MTIIC (the "Shareholder's Agreement").

The Shareholder's Agreement will provide that, for so long as MTIC, MTIIC and certain of their affiliates (the "Mubadala Entities"), in the aggregate, beneficially own 50% or more of the ordinary shares held by the Mubadala Entities upon consummation of this offering, MTIC will be entitled to nominate a number of designees (the "Mubadala Designees") to our board of directors representing a majority of our directors. The Shareholder's Agreement will also specify how such nomination rights will decrease as the Mubadala Entities' beneficial ownership of our ordinary shares decreases. Specifically, for so long as the Mubadala Entities, in the aggregate, beneficially own (i) 40% or more, but less than 50%, (ii) 30% or more, but less than 40%, (iii) 20% or more, but less than 30%, and (iv) 5% or more, but less than 20%, of the ordinary shares held by the Mubadala Entities upon consummation of this offering, MTIC shall be entitled to Mubadala Designees on our board of directors representing at least 50%, 40%, 30% and 20%, respectively, of our directors. The Shareholder's Agreement will provide that for so long as MTIC is entitled to nominate at least 30% of our directors, the chairman of our board of directors shall be appointed by a majority vote of the Mubadala Designees directors.

The Shareholder's Agreement will specify that, where there is a vacant board position in respect of a Mubadala Designee director, such vacancy shall be filled only by a decision of a majority of the Mubadala Designee directors then in office or, if there are no such directors then in office, by MTIC. Additionally, we will include the Mubadala Designees on the slate that is included in our proxy statement relating to the appointment of directors of the class to which such persons belong and provide the highest level of support for the appointment of each such person as we provide to any other individual standing for appointment as a director.

The Shareholder's Agreement also specifies that so long as the Mubadala Entities own at least 30% of our outstanding ordinary shares, we will not, nor will we permit our subsidiaries, to take certain significant actions specified therein without the prior consent of MTIC. These actions include:

- amendments or modifications to, or repealing of, to our organizational documents in a manner that would adversely affect the Mubadala Entities beneficially owning outstanding ordinary shares;
- issuances of equity securities, subject to customary exceptions;

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- acquisitions or dispositions in an amount exceeding \$300 million in any single transaction or \$500 million in any calendar year, other than pursuant to ordinary course transactions;
- mergers, consolidations, or other transactions that would involve a change of control of our company;
- incurring financial indebtedness in an amount exceeding \$200 million subject to certain exceptions;
- hiring or terminating our Chief Executive Officer, Chief Financial Officer or Chief Legal Officer;
- liquidation, dissolution or winding up of our company;
- any material change in the nature of the business of our company and our subsidiaries, taken as a whole; or
- changes to the size of our board of directors.

The Shareholder's Agreement will entitle the Mubadala Entities to certain information rights. The Mubadala Entities will be permitted to share such disclosed information with other Mubadala Entities and their directors, officers, employees, consultants, advisers, and financing providers, provided that the recipient maintain the confidentiality of such disclosed information.

The Shareholder's Agreement will be governed by Cayman law and will terminate when the Mubadala Entities, in aggregate, cease to beneficially own 1% or more of our outstanding ordinary shares.

We will agree to use our reasonable best efforts, if permitted by applicable law and regulation (including, in particular, our audit, risk and compliance committee's responsibilities under U.S. securities laws and regulations) and if in the best interests of the company, to select the same independent certified public accounting firm, or auditor, used by Mubadala (or an affiliate of such auditor) and to provide to Mubadala as much prior notice as reasonably practical of any change in our auditor until the first fiscal year end occurring after the date on which Mubadala and any entities owned by the Government of Abu Dhabi, together with their subsidiaries, no longer own in aggregate at least 25% of the voting power of our then outstanding securities. When selecting our auditor, we have agreed that we will give due consideration to the benefits arising to our company from the use of the same auditor as Mubadala (or an affiliate of such auditor).

Registration Rights Agreement

Prior to the consummation of this offering, we intend to enter into a registration rights agreement with MTIC and MTIIC, pursuant to which those holders of ordinary shares will be entitled to demand the registration of the sale of certain or all of our ordinary shares that they beneficially own (the "Registration Rights Agreement"). Among other things, under the terms of the Registration Rights Agreement:

- Each holder will have an unlimited right, subject to certain conditions and exceptions, to request that we file registration statements with the SEC for one or more underwritten offerings of all or part of our ordinary shares that the holder beneficially owns, and we will be required to cause any such registration statements (a) to be filed with the SEC promptly and (b) to become effective as promptly as reasonably practicable;
- If we propose to file certain types of registration statements under the Securities Act with respect to an offering of equity securities, we will be required to use commercially reasonable efforts to offer the other parties to the Registration Rights Agreement, if any, the opportunity to register the sale of all or part of their shares on the terms and conditions set forth in the Registration Rights Agreement (customarily known as "piggyback rights"); and
- All expenses of registration under the Registration Rights Agreement, including the legal fees of one counsel retained by or on behalf of the holders, will be paid by us.

The registration rights granted in the Registration Rights Agreement will be subject to customary restrictions such as minimums, blackout periods and, if a registration is underwritten, any limitations on the

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number of shares to be included in the underwritten offering as reasonably advised by the managing underwriter. The rights of the holders under the Registration Rights Agreement will be assignable to certain transferees of the holders' ordinary shares. The Registration Rights Agreement will also contain customary indemnification and contribution provisions. The Registration Rights Agreement will be governed by New York law.

Directed Share Program

At our request, the underwriters have reserved up to _____ ordinary shares, or _____ % of the shares offered by us in this offering, for sale at the initial public offering price through a directed share program to certain employees and other related persons identified by us. The number of ordinary shares available for sale to the general public will be reduced to the extent that such persons purchase such reserved shares. Any reserved shares not so purchased will be offered by the underwriters to the general public on the same basis as the other shares offered by this prospectus. Morgan Stanley & Co. LLC will administer our directed share program as described in the section titled "Underwriters—Directed Share Program."

PRINCIPAL AND SELLING SHAREHOLDER

The following table sets forth certain information with respect to the beneficial ownership of our ordinary shares as of _____, 2021, as adjusted to reflect the sale of ordinary shares offered by us and the selling shareholder in this offering, assuming no exercise of the underwriters' option to purchase additional _____ ordinary shares to cover over-allotments, for:

- each of our named executive officers;
- each of our directors;
- all of our directors and executive officers as a group;
- each person known by us to be the beneficial owner of more than 5% of our outstanding shares of ordinary shares; and
- the selling shareholder.

We have determined beneficial ownership in accordance with the rules of the SEC. Unless otherwise indicated below, to our knowledge, based on information furnished to us, the persons and entities named in the table have sole voting and investment power with respect to all shares that they beneficially own, subject to applicable community property laws. In addition, the following table does not reflect any ordinary shares that may be purchased in this offering or pursuant to our directed share program described under "Underwriters—Directed Share Program."

Name of Beneficial Owner	Shares Beneficially Owned Prior to the Offering		Shares Being Offered	Shares Beneficially Owned After the Offering	
	Shares	Percentage		Shares	Percentage
Mubadala Investment Company PJSC	500,000,000 ⁽¹⁾⁽²⁾	100%	—	—	—
Directors and named executive officers:					
Dr. Thomas Caulfield	0	*	—	—	—
David Reeder	0	*	—	—	—
Kay Chai (KC) Ang	0	*	—	—	—
Saam Azar	0	*	—	—	—
Juan Cordovez	0	*	—	—	—
Emily Reilly	0	*	—	—	—
Ahmed Yahia Al Idrissi	0	*	—	—	—
Ahmed Saeed Al Calily	0	*	—	—	—
Khaled Abdulla Al Qubaisi	0	*	—	—	—
Tim Breen	0	*	—	—	—
Dr. Jin-Yong Cai	0	*	—	—	—
Glenda Dorchak	0	*	—	—	—
Martin L. Edelman	0	*	—	—	—
David Kerko	0	*	—	—	—
Jack Lazar	0	*	—	—	—
Carlos Obeid	0	*	—	—	—

(1) 378,273,074 ordinary shares held by MTIC, and 121,726,926 ordinary shares held by MTIIC, both wholly owned subsidiaries of Mubadala Technology Investments LLC. The address of Mubadala is Mamoura A Building Abu Dhabi, 45005 United Arab Emirates.

(2) Reflects the effect of the 1-for-2 reverse share split approved by our board of directors on September 9, 2021 and effected on September 12, 2021.

* Certain of our directors and executive officers hold vested options that will become exercisable for a period of time after the expiration of the applicable lock-up period.

As of the date of this prospectus, Mubadala through its subsidiaries, MTIC and MTIIC, is the sole shareholder of the entirety of our share capital, which consists of 500,000,000 ordinary shares. Mubadala is our ultimate parent company.

DESCRIPTION OF SHARE CAPITAL

We are an exempted company incorporated in the Cayman Islands with limited liability on October 7, 2008.

Our corporate purposes are unrestricted and we have the authority to carry out any object not prohibited by any law as provided by Section 7(4) of the Cayman Companies Act.

Our affairs are governed principally by: (1) our Amended and Restated Memorandum and Articles of Association (the “Memorandum and Articles of Association”); (2) the Cayman Companies Act; and (3) the common law of the Cayman Islands. As provided in our Memorandum and Articles of Association, subject to Cayman Islands law, we have full capacity to carry on or undertake any business or activity, do any act or enter into any transaction, and, for such purposes, full rights, powers and privileges. Our registered office is c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The following are summaries of material provisions of our Memorandum and Articles of Association and the Cayman Companies Act insofar as they relate to the material terms of our ordinary shares.

These summaries do not purport to be complete and are subject to the Memorandum and Articles of Association.

Throughout the following description of our share capital, we summarized the material terms of our ordinary shares as set forth in the Memorandum and Articles of Association. We have filed a copy of our complete Memorandum and Articles of Association as an exhibit to this registration statement on Form F-1.

Ordinary Shares

General

As of the date of this prospectus, our Memorandum and Articles of Association authorizes us to issue up to 1,500,000,000 ordinary shares with a par value of US\$0.02 per share.

As of , 2021, there were 500,000,000 ordinary shares issued, fully paid and outstanding held by two shareholders of record, which are wholly owned subsidiaries of Mubadala.

Upon the completion of this offering, our authorized share capital will consist of ordinary shares of US\$0.02 per share and shares with a par value of US\$0.02 per share of such class or classes (however designated) as the board of directors may determine in accordance with our Memorandum and Articles of Association.

Voting Rights

Each ordinary share is entitled to one vote on all matters upon which the ordinary shares are entitled to vote. Voting at any meeting of shareholders is by show of hands unless a poll is demanded. A poll may be demanded by the chairman of the meeting, or by shareholders present in person or by proxy holding at least 10% of the shares giving the right to attend and vote at the meeting before or on the declaration of the result of the show of hands.

A quorum required for any general meeting of shareholders consists of, at the time when the meeting proceeds to business, one or more of our shareholders holding shares which carry in aggregate (or representing by proxy) not less than one-third of all votes attaching to all of our shares in issue and entitled to vote at such general meeting. As a Cayman Islands exempted company, we are not obliged by the Cayman Companies Act to call annual general meetings. Only the board of directors may call an annual general meeting or any

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extraordinary general meeting. The Cayman Companies Act does not provide shareholders with rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company's articles of association. Our Memorandum and Articles of Association provide that upon the requisition of any one or more of our shareholders holding shares which carry in aggregate not less than one-third of all votes attaching to all issued and outstanding shares of our company entitled to vote at general meetings, our board of directors will convene an extraordinary general meeting and put the resolutions so requisitioned to a vote at such meeting. However, our Memorandum and Articles of Association do not provide our shareholders with any right to put any proposals before annual general meetings or extraordinary general meetings not called by such shareholders.

Subject to regulatory requirements, the annual general meeting and any extraordinary general meetings must be called by not less than ten clear days' notice prior to the relevant shareholders meeting and convened by a notice discussed below. Alternatively, upon the prior consent of all holders entitled to receive notice, with regards to the annual general meeting, or the holders of 95% in par value of the shares entitled to attend and vote at an extraordinary general meeting, that meeting may be convened by a shorter notice and in a manner deemed appropriate by those holders.

Generally speaking, an ordinary resolution to be passed by the shareholders at a general meeting requires the affirmative vote of a simple majority of the votes cast by, or on behalf of, the shareholders entitled to vote, present in person or by proxy and voting at the meeting and a special resolution requires the affirmative vote on a poll of no less than two-thirds of the votes cast by the shareholders entitled to vote who are present in person or by proxy at a general meeting. Both ordinary resolutions and special resolutions may also be passed by a unanimous written resolution signed by all of our shareholders, as permitted by the Cayman Companies Act and our Memorandum and Articles of Association.

A special resolution will be required for certain matters such as a change of name, amendments to our Memorandum and Articles of Association, and a reduction in our share capital or any capital redemption reserve fund. Our shareholders may effect certain changes by ordinary resolution, including increasing the amount of our authorized share capital, consolidating and dividing all or any of our share capital into shares of larger amounts than our existing shares, convert all or any of our paid-up shares into stocks and reconvert that stock into paid-up shares of any denomination, subdivide existing shares or divide the whole or any part of our share capital into shares of smaller amounts or into shares without par value, and cancelling any authorized but unissued shares.

Dividends

The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors. Under the Cayman Companies Act, a Cayman Islands company may pay a dividend out of either profit or share premium account, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business.

Liquidation

On a winding up of our company, if the assets available for distribution among the holders of our ordinary shares shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus will be distributed among the holders of our ordinary shares in proportion to the par value of the ordinary shares held by them at the commencement of the winding up subject to a deduction from those ordinary shares in respect of which there are monies due, of all monies payable to the us for unpaid calls or otherwise.

If our assets available for distribution are insufficient to repay the whole of the issued share capital, such assets will be distributed so that the losses are borne by the holders of our ordinary shares in proportion to the par value of the ordinary shares held by them.

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The liquidator may, with the sanction of a special resolution of our shareholders and any other sanction required by the Cayman Companies Act, divide among the shareholders in kind the whole or any part of the assets of our company, and may for that purpose value any assets and determine how the division shall be carried out as among our shareholders or different classes of shareholders. The liquidator may, with the same sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the shareholder as the liquidator, with the same sanction, shall think fit, but so that no shareholder shall be compelled to accept any asset upon which there is a liability.

Share Repurchase

The Cayman Companies Act and our Memorandum and Articles of Association permit us to purchase our own shares, subject to certain restrictions. The board of directors may only exercise this power on behalf of us, subject to the Cayman Companies Act, our Memorandum and Articles of Association and to any applicable requirements imposed from time to time by the SEC or the applicable stock exchange on which our securities are listed.

Share Options

As of December 31, 2020, options to purchase an aggregate of 22,209,411 ordinary shares were outstanding under the 2018 Equity Plan (and an additional 76,867 ordinary shares were outstanding under the 2017 LTIP), and 2,790,590 additional shares of ordinary shares were available for future grant under the 2018 Equity Plan.

Directors

The management of our company is vested in a board of directors. Our Memorandum and Articles of Association, which will become effective upon completion of this offering, provide that the number of directors will be determined by our board of directors. However, for so long as MTIC is entitled to nominate at least one director to the board of directors, the board of directors will not, without MTIC's prior written consent, include more than twelve directors.

In accordance with our Memorandum and Articles of Association, our board of directors will be divided into three classes of directors, with the classes to be as nearly equal in number as possible, and with the directors in each class serving staggered three-year terms. The quorum necessary for any meeting of our board of directors shall consist of a simple majority of the members provided that, for so long as the Mubadala Entities are entitled to nominate one Mubadala Designee to our board of directors, the presence of at least one Mubadala Designee shall be required on first call to a meeting of the board of directors.

Corporate Opportunity

Our Memorandum and Articles of Association provides that we renounce our interest in any corporate opportunity offered to any of our directors or officers. Additionally, any such director or officer shall be permitted to pursue competing opportunities without any liability to us.

Redemption of Shares

We may issue shares on terms that are subject to redemption, at our option or at the option of the holders, on such terms and in such manner as may be determined by our board of directors.

Register of Shareholders

The ordinary shares will be held through DTC, and DTC or Cede & Co., as nominee for DTC, will be recorded in the shareholders' register as the holder of the ordinary shares.

Under Cayman Islands law, we must keep a register of shareholders that includes:

- the names and addresses of the shareholders, a statement of the shares held by each member, and of the amount paid or agreed to be considered as paid, on the shares of each member;
- whether voting rights attach to the shares in issue;
- the date on which the name of any person was entered on the register as a member; and
- the date on which any person ceased to be a member.

Under Cayman Islands law, our register of shareholders is prima facie evidence of the matters set out therein (*i.e.*, the register of shareholders will raise a rebuttable presumption) and a shareholder registered in the register of shareholders is deemed as a matter of Cayman Islands law to have prima facie legal title to the shares as set against that person's name in the register of shareholders. Upon the completion of the proposed transaction, the register of shareholders will be immediately updated to record and give effect to the issuance of new ordinary shares in the proposed transaction. Once the register of shareholders has been updated, the shareholders recorded in the register of shareholders should be deemed to have legal title to the shares set against their name.

However, there are certain limited circumstances where an application may be made to a Cayman Islands court for a determination on whether the register of members reflects the correct legal position. Further, the Cayman Islands court has the power to order that the register of members maintained by a company should be rectified where it considers that the register of members does not reflect the correct legal position. If an application for an order for rectification of the register of members were made in respect of our ordinary shares, then the validity of such shares may be subject to re-examination by a Cayman Islands court.

Exempted Company

We are an exempted company with limited liability under the Cayman Companies Act. The Cayman Companies Act distinguishes between ordinary resident companies and exempted companies. Where the proposed activities of a company are to be carried out mainly outside of the Cayman Islands, the registrant can apply for registration as an exempted company. The requirements for an exempted company are essentially the same as for an ordinary company except for the exemptions and privileges listed below:

- an exempted company does not have to file an annual return of its shareholders with the Registrar of Companies;
- an exempted company's register of shareholders is not open to inspection;
- an exempted company does not have to hold an annual general meeting;
- an exempted company may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 20 years in the first instance);
- an exempted company may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- an exempted company may register as a limited duration company; and
- an exempted company may register as a segregated portfolio company.

"Limited liability" means that the liability of each shareholder is limited to the amount unpaid by the shareholder on the shares of the company (except in exceptional circumstances, such as involving fraud, the establishment of an agency relationship or an illegal or improper purpose or other circumstances in which a court may be prepared to pierce or lift the corporate veil).

Differences in Corporate Law

The Cayman Companies Act was modelled originally after similar laws in England and Wales but does not follow subsequent statutory enactments in England and Wales. In addition, the Cayman Companies Act differs from laws applicable to U.S. corporations and their shareholders. Set forth below is a summary of the significant differences between the provisions of the Cayman Companies Act applicable to us and the laws applicable to companies incorporated in the United States and their shareholders.

Mergers and Similar Arrangements

The Cayman Companies Act permits mergers or consolidations between two Cayman Islands companies, or between a Cayman Islands company and a company incorporated in another jurisdiction (provided that is facilitated by the laws of that other jurisdiction).

Where the merger or consolidation is between two Cayman Islands companies, the directors of each company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of the shareholders of each company; and (b) such other authorization, if any, as may be specified in such constituent company's articles of association. No shareholder resolution is required for a merger between a parent company (*i.e.*, a company that owns at least 90% of the issued shares of each class in a subsidiary company) and its subsidiary company. The consent of each holder of a fixed or floating security interest of a constituent company must be obtained, unless the court waives such requirement. If the Cayman Islands Registrar of Companies is satisfied that the requirements of the Cayman Companies Act (which includes certain other formalities) have been complied with, the Registrar of Companies will register the plan of merger or consolidation. Where the merger or consolidation involves a foreign company, the procedure is similar, save that with respect to the foreign company, the director of the Cayman Islands company is required to make a declaration to the effect that, having made due enquiry, the director is of the opinion that the requirements set out below have been met: (i) that the merger or consolidation is permitted or not prohibited by the constitutional documents of the foreign company and by the laws of the jurisdiction in which the foreign company is incorporated, and that those laws and any requirements of those constitutional documents have been or will be complied with; (ii) that no petition or other similar proceeding has been filed and remains outstanding or order made or resolution adopted to wind up or liquidate the company in any foreign jurisdictions; (iii) that no receiver, trustee, administrator or other similar person has been appointed in any jurisdiction and is acting in respect of the foreign company, its affairs or property or any part thereof; and (iv) that no scheme, order, compromise or similar arrangement has been entered into or made in any jurisdiction whereby the rights of creditors of the foreign company are and continue to be suspended or restricted.

Where the surviving company is the Cayman Islands company, the director of the Cayman Islands company is further required to make a declaration to the effect that, having made due enquiry, the director is of the opinion that the requirements set out below have been met: (i) that the foreign company is able to pay its debts as they fall due and that the merger or consolidated is bona fide and not intended to defraud unsecured creditors of the foreign company; (ii) that in respect of the transfer of any security interest granted by the foreign company to the surviving or consolidated company (a) consent or approval to the transfer has been obtained, released or waived; (b) the transfer is permitted by and has been approved in accordance with the constitutional documents of the foreign company; and (c) the laws of the jurisdiction of the foreign company with respect to the transfer have been or will be complied with; (iii) that the foreign company will, upon the merger or consolidation becoming effective, cease to be incorporated, registered or exist under the laws of the relevant foreign jurisdiction; and (iv) that there is no other reason why it would be against the public interest to permit the merger or consolidation.

Where the above procedures are adopted, the Cayman Companies Act provides for a right of dissenting shareholders to be paid a payment of the fair value of his shares upon their dissenting to the merger or consolidation if they follow a prescribed procedure. In essence, that procedure is as follows:

- (a) the shareholder must give the shareholder's written objection to the merger or consolidation to the constituent company before the vote on the merger or consolidation, including a statement that the shareholder proposes to demand payment for the shareholder's shares if the merger or consolidation is authorized by the vote;

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- (b) within 20 days following the date on which the merger or consolidation is approved by the shareholders, the constituent company must give written notice to each shareholder who made a written objection;
- (c) a shareholder must within 20 days following receipt of such notice from the constituent company, give the constituent company a written notice of the shareholder's intention to dissent including, among other details, a demand for payment of the fair value of his shares;
- (d) within seven days following the date of the expiration of the period set out in paragraph (c) above or seven days following the date on which the plan of merger or consolidation is filed, whichever is later, the constituent company, the surviving company or the consolidated company must make a written offer to each dissenting shareholder to purchase the shareholder's shares at a price that the company determines is the fair value and if the company and the shareholder agree the price within 30 days following the date on which the offer was made, the company must pay the shareholder such amount;
- (e) if the company and the shareholder fail to agree a price within such 30-day period, within 20 days following the date on which such 30-day period expires, the company (and any dissenting shareholder) must file a petition with the Grand Court of the Cayman Islands to determine the fair value and such petition must be accompanied by a list of the names and addresses of the dissenting shareholders with whom agreements as to the fair value of their shares have not been reached by the company. At the hearing of that petition, the court has the power to determine the fair value of the shares together with a fair rate of interest, if any, to be paid by the company upon the amount determined to be the fair value.

Any dissenting shareholder whose name appears on the list filed by the company may participate fully in all proceedings until the determination of fair value is reached. These rights of a dissenting shareholder are not be available in certain circumstances, for example, to dissenters holding shares of any class in respect of which an open market exists on a recognized stock exchange or recognized interdealer quotation system at the relevant date or where the consideration for such shares to be contributed are shares of any company listed on a national securities exchange or shares of the surviving or consolidated company.

Moreover, Cayman Islands law also has separate statutory provisions that facilitate the reconstruction or amalgamation of companies. In certain circumstances, schemes of arrangement will generally be more suited for complex mergers or other transactions involving widely held companies, commonly referred to in the Cayman Islands as a "scheme of arrangement," which may be tantamount to a merger. In the event that a merger is sought pursuant to a scheme of arrangement (the procedures of which are more rigorous and take longer to complete than the procedures typically required to consummate a merger in the United States), the arrangement in question must be approved by a majority in number of each class of shareholders and creditors with whom the arrangement is to be made, and who must in addition represent three-fourths in value of each such class of shareholders or creditors, as the case may be, that are present and voting either in person or by proxy at a meeting, or meetings summoned for that purpose. The convening of the meetings and subsequently the terms of the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder would have the right to express to the court the view that the transaction should not be approved, the court can be expected to approve the arrangement if it satisfies itself that:

- we are not proposing to act illegally or beyond the scope of our corporate authority and the statutory provisions as to majority vote have been complied with;
- the shareholders have been fairly represented at the meeting in question;
- the arrangement is such as a businessman would reasonably approve; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Cayman Companies Act or that would amount to a "fraud on the minority."

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If a scheme of arrangement or takeover offer (as described below) is approved, any dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of U.S. corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

Squeeze-out Provisions

When a takeover offer is made and accepted by holders of 90% of the shares to whom the offer is made within four months, the offer or may, within a two-month period, require the holders of the remaining shares to transfer such shares on the terms of the offer. An objection may be made to the Grand Court of the Cayman Islands but is unlikely to succeed unless there is evidence of fraud, bad faith, collusion or inequitable treatment of the shareholders.

If the arrangement and reconstruction is thus approved, the dissenting shareholder would have no rights comparable to appraisal rights, which might otherwise ordinarily be available to dissenting shareholders of United States corporations and allow such dissenting shareholders to receive payment in cash for the judicially determined value of the shares. However, appraisal rights would also not be available to shareholders of a Delaware target in a business combination transaction if the shares of the target were listed on a national securities exchange and target shareholders receive only shares of a corporation which shares are also listed on a national securities exchange.

Further, transactions similar to a merger, reconstruction and/or an amalgamation may in some circumstances be achieved through other means to these statutory provisions, such as a share capital exchange, asset acquisition or control, through contractual arrangements, of an operating business.

Shareholders' Suits

A shareholder of a Delaware corporation has the right to bring a derivative action on behalf of the corporation if the shareholder was a shareholder of the corporation at the time of the transaction in question. Derivative actions have been brought in the Cayman Islands courts, and the Cayman Islands courts have confirmed the availability for such actions. In most cases, we will be the proper plaintiff in any claim based on a breach of duty owed to us, and a claim against (for example) our officers or directors usually may not be brought by a shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority and be applied by a court in the Cayman Islands, exceptions to the foregoing principle apply in circumstances in which:

- a company is acting or proposing to act illegally or beyond the scope of its authority;
- the act complained of, although not beyond the scope of the authority, could be effected if duly authorized by more than the number of votes which have actually been obtained; and
- those who control the company are perpetrating a "fraud on the minority."

A shareholder may have a direct right of action against us where the individual rights of that shareholder have been infringed or are about to be infringed.

Maples and Calder (Cayman) LLP, our Cayman Islands counsel, is not aware of any reported class action suits having been brought in a Cayman Islands court. However, a class action suit could nonetheless be brought in the United States courts pursuant to an alleged violation of the securities laws of the United States.

Directors' Fiduciary Duties

As a matter of Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company. Accordingly, directors and officers owe the following fiduciary duties:

- duty to act in good faith in what the director or officer believes to be in the best interests of the company as a whole;
- duty to exercise powers for the purposes for which those powers were conferred and not for a collateral purpose;
- directors should not properly fetter the exercise of future discretion;
- duty to exercise powers fairly as between different sections of shareholders;
- duty to exercise independent judgment; and
- duty not to put themselves in a position in which there is a conflict between their duty to the company and their personal interests.

However, this obligation may be varied by the company's articles of association, which may permit a director to vote on a matter in which the director has a personal interest provided that the director has disclosed that nature of his interest to the board of directors. With respect to the duty of directors to avoid conflicts of interest, our Memorandum and Articles of Association vary from the applicable provisions of Cayman Islands law mentioned above by providing that a director must disclose the nature and extent of the director's interest in any contract or proposed contract or arrangement, and following such disclosure and subject to any separate requirement under applicable law or applicable listing rules, and unless disqualified by the chairman of the relevant meeting, such director may vote in respect of any transaction or arrangement in which the director is interested and may be counted in the quorum at the meeting.

In addition to the above, under Cayman Islands law, directors also owe a duty of care which is not fiduciary in nature. This duty has been defined as a requirement to act as a reasonably diligent person having both the general knowledge, skill and experience that may reasonably be expected of a person carrying out the same functions as are carried out by that director in relation to the company and the general knowledge skill and experience which that director has.

As set out above, directors have a duty not to put themselves in a position of conflict and this includes a duty not to engage in self-dealing, or to otherwise benefit as a result of their position. However, in some instances what would otherwise be a breach of this duty can be forgiven and/or authorized in advance by the shareholders provided that there is full disclosure by the directors. This can be done by way of permission granted in the Memorandum and Articles of Association or alternatively by shareholder approval at general meetings. The Memorandum and Articles of Association provide that, to the fullest extent permitted by applicable law: (i) no individual serving as a director or an officer shall have any duty, except and to the extent expressly assumed by contract, to refrain from engaging directly or indirectly in the same or similar business activities or lines of business as us; and (ii) we renounce any interest or expectancy in, or in being offered an opportunity to participate in, any potential transaction or matter which may be a corporate opportunity for any director or officer, on the one hand, and us, on the other. Accordingly, as a result of multiple business affiliations, our officers and directors may have similar legal obligations relating to presenting business opportunities meeting the above-listed criteria to multiple entities. In addition, conflicts of interest may arise when our board evaluates a particular business opportunity with respect to the above-listed criteria. However, under our Memorandum and Articles of Association, we renounced our interest in any corporate opportunity offered to any director or officer. Additionally, any such director or officer shall be permitted to pursue competing opportunities without any liability to us. Furthermore, each of our officers and directors may have pre-existing fiduciary obligations to other businesses of which they are officers or directors.

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A director of a Cayman Islands company also owes to the company duties to exercise independent judgment in carrying out his functions and to exercise reasonable skill, care and diligence, which has both objective and subjective elements. Recent Cayman Islands case law confirmed that directors must exercise the care, skill and diligence that would be exercised by a reasonably diligent person having the general knowledge, skill and experience reasonably to be expected of a person acting as a director. Additionally, a director must exercise the knowledge, skill and experience which the director actually possesses.

A general notice may be given to the board of directors to the effect that:

- the director is a member or officer of a specified company or firm and is to be regarded as interested in any contract or arrangement which may after the date of the notice be made with that company or firm; or
- the director is to be regarded as interested in any contract or arrangement which may after the date of the notice to the board of directors be made with a specified person who is connected with the director, will be deemed sufficient declaration of interest.

This notice shall specify the nature of the interest in question. Following the disclosure being made pursuant to our Memorandum and Articles of Association and subject to any separate requirement under applicable law or applicable listing rules, a director may vote in respect of any transaction or arrangement in which the director is interested and may be counted in the quorum at the meeting.

In comparison, under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, directors must inform themselves of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that directors act in a manner they reasonably believe to be in the best interests of the corporation. They must not use their corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, a director must prove the procedural fairness of the transaction, and that the transaction was of fair value to the corporation.

Shareholder Action by Written Consent

Under the Delaware General Corporation Law, a corporation may eliminate the right of shareholders to act by written consent by amendment to its certificate of incorporation. Cayman Islands law and our Memorandum and Articles of Association provide that shareholders may approve corporate matters by way of a unanimous written resolution signed by or on behalf of each shareholder who would have been entitled to vote on such matter at a general meeting without a meeting being held.

Shareholder Proposals

Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders, provided it complies with the notice provisions in the governing documents. The Delaware General Corporation Law does not provide shareholders an express right to put any proposal before the annual meeting of shareholders, but Delaware corporations generally afford shareholders an opportunity to make proposals and nominations provided that they comply with the notice provisions in the certificate of incorporation or bylaws. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.

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The Cayman Companies Act does not provide shareholders with rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company's articles of association. Our Memorandum and Articles of Association provide that upon the requisition of one or more shareholders representing not less than one-third of the voting rights entitled to vote at general meetings, the board will convene an extraordinary general meeting and put the resolutions so requisitioned to a vote at such meeting. Our Memorandum and Articles of Association provide no other right to put any proposals before annual general meetings or extraordinary general meetings.

Cumulative Voting

Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director. As permitted under Cayman Islands law, our Memorandum and Articles of Association do not provide for cumulative voting. As a result, our shareholders are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.

Removal of Directors

Under the Delaware General Corporation Law, a director of a corporation may be removed with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under our Memorandum and Articles of Association, directors can be removed for cause by an affirmative vote of at least 75% of shareholders, provided that (1) Mubadala Designees may only be removed with or without cause by MTIC and (2) as long as the Mubadala Entities beneficially own in the aggregate at least 50% of the outstanding shares, directors other than the Mubadala Designees may be removed with or without cause by a majority of shareholders.

The notice of general meeting must contain a statement of the intention to remove the director and must be served on the director not less than ten calendar days before the meeting. The director is entitled to attend the meeting and be heard on the motion for his removal.

The office of a director will be vacated automatically if the director:

- becomes prohibited by law from being a director;
- becomes bankrupt or makes an arrangement or composition with the director's creditors;
- dies or is in the opinion of all the director's co-directors, incapable by reason of mental disorder of discharging his duties as director;
- resigns the director's office by notice to us; or
- has for more than six months been absent without permission of the directors from meetings of the board of directors held during that period, and the remaining directors resolve that the director's office be vacated.

Proceedings of the Board of Directors

Our business is to be managed and conducted by the board of directors. The quorum necessary for any meeting of our board of directors shall consist of a simple majority of the members provided that, for so long as the Mubadala Entities are entitled to nominate one Mubadala Designee to our board of directors, the presence of at least one Mubadala Designee shall be required on first call to a meeting of the board of directors.

Subject to the provisions of our Memorandum and Articles of Association, the board of directors may regulate its proceedings as they determine is appropriate.

Subject to the provisions of our Memorandum and Articles of Association, to any directions given by ordinary resolution of the shareholders and applicable listing rules, the board of directors may from time to time at its discretion exercise all of our powers, including, subject to the Cayman Companies Act, the power to issue debentures, bonds and other securities of the company, whether outright or as collateral security for any debt, liability or obligation of our company or of any third party.

Transactions with Interested Shareholders

The Delaware General Corporation Law contains a business combination statute applicable to Delaware corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation, it is prohibited from engaging in certain business combinations with an “interested shareholder” for three years following the date that such person becomes an interested shareholder. An interested shareholder generally is a person or group who owns or owned 15% or more of the target’s outstanding voting shares within the past three years. This has the effect of limiting the ability of a potential acquiror to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquiror of a Delaware corporation to negotiate the terms of any acquisition transaction with the target’s board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, it does provide that the board of directors owes duties to ensure that these transactions are entered into *bona fide* in the best interests of the company and for a proper corporate purpose and, as noted above, a transaction may be subject to challenge if it has the effect of constituting a fraud on the minority shareholders.

Dissolution; Winding Up

Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. If the dissolution is initiated by the board of directors it may be approved by a simple majority of the corporation’s outstanding shares. Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board. Under Cayman Islands law, a company may be wound up by either an order of the courts of the Cayman Islands or by a special resolution of its members or, if the company resolves by ordinary resolution that it be wound up because it is unable to pay its debts as they fall due. The court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so.

Under the Cayman Companies Act, we may be dissolved, liquidated or wound up by a special resolution of shareholders (requiring a two-thirds majority vote of those shareholders attending and voting at a quorate meeting). Our Memorandum and Articles of Association also give our board of directors the authority to petition the Cayman Islands Court for our wind up.

Variation of Rights of Shares

Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise. Under Cayman Islands law and our Memorandum and Articles of Association, if our share capital is

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divided into more than one class of shares, we may vary the rights attached to any class without the consent of the holders of the issued shares of that class where such variation is considered by the directors not to have a material adverse effect upon such rights. Otherwise, all or any of the special rights attached to any class of shares may be varied with either the written consent of the beneficial holders of two-thirds of the issued shares of that class, or with the approval of a special resolution passed at a general meeting of the holders of the shares of that class.

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, subject to any rights or restrictions for the time being attached to the shares of that class, be deemed to be materially adversely affected by the creation, allotment or issuance of further shares (whether ranking in priority to, *pari passu* or subordinated to them) pursuant to the board of director's ability to issue preference shares. The rights of the beneficial holders of the issued shares shall not be deemed to be materially adversely varied by the creation, allotment or issuance of shares with preferred or other rights including, without limitation, the creation of shares with enhanced or weighted voting rights.

Amendment of Governing Documents

Under the Delaware General Corporation Law, a corporation's governing documents may be amended with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under Cayman Islands law, our Memorandum and Articles of Association generally (and save for certain amendments to share capital described in this section) may only be amended by special resolution of shareholders (requiring a two-thirds majority vote of those shareholders attending and voting at a quorate meeting).

Indemnification of Directors and Executive Officers and Limitation of Liability

The Cayman Companies Act does not limit the extent to which a company's articles of association may provide for indemnification of directors and officers, except to the extent that it may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. Our Memorandum and Articles of Association provide that we shall indemnify and hold harmless our directors and officers against all actions, proceedings, costs, charges, expenses, losses, damages, liabilities, judgments, fines, settlements and other amounts incurred or sustained by such directors or officers, other than by reason of such person's actual fraud, dishonesty, wilful neglect or wilful default, in or about the conduct of our company's business or affairs (including as a result of any mistake of judgment) or in the execution or discharge of his duties, powers, authorities or discretions, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by such director or officer in defending (whether successfully or otherwise) any civil, criminal or other proceedings concerning ourselves or our affairs in any court whether in the Cayman Islands or elsewhere. This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that, in the opinion of the SEC, this indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Enforcement of Civil Liabilities

We have been advised by Maples and Calder (Cayman) LLP, our Cayman Islands legal counsel, that the courts of the Cayman Islands are unlikely (i) to recognize or enforce against us judgments of courts of the United States predicated upon the civil liability provisions of the federal securities laws of the United States or any state in the United States; and (ii) in original actions brought in the Cayman Islands, to impose liabilities against us predicated upon the civil liability provisions of the federal securities laws of the United States or any state in the United States, so far as the liabilities imposed by those provisions are penal in nature. In those

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circumstances, although there is no statutory enforcement in the Cayman Islands of judgments obtained in the United States, the courts of the Cayman Islands will recognize and enforce a foreign money judgment of a foreign court of competent jurisdiction without retrial on the merits based on the principle that a judgment of a competent foreign court imposes upon the judgment debtor an obligation to pay the sum for which judgment has been given provided certain conditions are met. For a foreign judgment to be enforced in the Cayman Islands, such judgment must be final and conclusive and for a liquidated sum, and must not be in respect of taxes or a fine or penalty, inconsistent with a Cayman Islands judgment in respect of the same matter, impeachable on the grounds of fraud or obtained in a manner, or be of a kind the enforcement of which is, contrary to natural justice or the public policy of the Cayman Islands (awards of punitive or multiple damages may well be held to be contrary to public policy). A Cayman Islands court may stay enforcement proceedings if concurrent proceedings are being brought elsewhere.

Anti-Takeover Provisions

Some provisions of our Memorandum and Articles of Association may discourage, delay or prevent a change in control of our company or management that shareholders may consider favorable, including provisions that:

- our board of directors will be divided into three separate classes, with each class serving for staggered terms, with successors to the class of directors whose term expires at subsequent annual meetings of shareholders following the date of such introduction, being elected for a further fixed term;
- provide that our Memorandum and Articles of Association may be amended only by the affirmative vote of two-thirds of the votes permitted to be cast by persons present and voting in a general meeting at which a quorum is present;
- provide that directors nominated by Mubadala may only be removed with or without cause by MTIC;
- provide that any merger to which we are a party will require the approval of a special resolution;
- authorize our board of directors to issue preferred shares and to designate the rights, preferences, privileges and restrictions of such preferred shares without any further vote or action by our shareholders, and
- limit the ability of shareholders to requisition and convene general meetings of shareholders and prevent our shareholders from putting any proposals before annual general meetings or extraordinary general meetings not called by such shareholders.

These provisions are expected to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of the company to first negotiate with the board of directors. It is possible that these provisions could make it more difficult to accomplish transactions that shareholders may otherwise deem to be in their best interests.

Exclusive Forum

Our Memorandum and Articles of Association provide that unless we consent in writing to the selection of an alternative forum, the courts of the Cayman Islands will, to the fullest extent permitted by the law, have exclusive jurisdiction over any claim or dispute arising out of or in connection with our Memorandum and Articles of Association or otherwise related in any way to each shareholder's shareholding in us, including but not limited to (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of any fiduciary or other duty owed by any of our current or former directors, officers or other employees to us or our shareholders, (iii) any action asserting a claim arising pursuant to any provision of the Cayman Companies Act or our Memorandum and Articles of Association, and (iv) any action asserting a claim against us governed by the "Internal Affairs Doctrine" (as such concept is recognized under the laws of the United States) and that each shareholder irrevocably submits to the exclusive jurisdiction of the courts of the Cayman Islands over all such claims or disputes. Our Memorandum and Articles of Association will provide that, unless we consent in writing to

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the selection of an alternative forum, to the fullest extent permitted by law, the federal district courts of the United States will be the exclusive forum for the resolution of any complaint asserting a cause or causes of action arising under the Securities Act or Exchange Act, including all causes of action asserted against any defendant named in such complaint. Our Memorandum and Articles of Association also provide that, without prejudice to any other rights or remedies that we may have, each of our shareholders acknowledges that damages alone would not be an adequate remedy for any breach of the selection of the courts of the Cayman Islands as exclusive forum and that accordingly we shall be entitled, without proof of special damages, to the remedies of injunction, specific performance or other equitable relief for any threatened or actual breach of the selection of the courts of the Cayman Islands as exclusive forum.

Rights of Non-Resident or Foreign Shareholders

There are no limitations imposed by our Memorandum and Articles of Association on the rights of non-resident or foreign shareholders to hold or exercise voting rights of our shares. In addition, there are no provisions in our Memorandum and Articles of Association governing the ownership threshold above which shareholder ownership must be disclosed.

Inspection of Books and Records

Holders of our shares have no general right under Cayman Islands law to inspect or obtain copies of the list of shareholders or our corporate records. However, our board of directors may determine from time to time whether and to what extent our accounting records and books shall be open to inspection by shareholders.

Handling of Mail

Mail addressed to us and received at our registered office will be forwarded unopened to the forwarding address, which will be supplied by us. None of us, our directors, officers, advisors or service providers (including the organization which provides registered office services in the Cayman Islands) will bear any responsibility for any delay howsoever caused in mail reaching the forwarding address.

Cayman Islands Data Protection

We have certain duties under the Data Protection Act (as amended) of the Cayman Islands (“DPA”), based on internationally accepted principles of data privacy.

Privacy Notice

This privacy notice puts our shareholders on notice that through your investment in us you will provide us with certain personal information which constitutes personal data within the meaning of the DPA, or personal data.

Investor Data

We will collect, use, disclose, retain and secure personal data to the extent reasonably required only and within the parameters that could be reasonably expected during the normal course of business. We will only process, disclose, transfer or retain personal data to the extent legitimately required to conduct our activities on an ongoing basis or to comply with legal and regulatory obligations to which we are subject. We will only transfer personal data in accordance with the requirements of the DPA, and will apply appropriate technical and organizational information security measures designed to protect against unauthorized or unlawful processing of the personal data and against the accidental loss, destruction or damage to the personal data.

In our use of this personal data, we will be characterized as a “data controller” for the purposes of the DPA, while our affiliates and service providers who may receive this personal data from us in the conduct of our

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activities may either act as our “data processors” for the purposes of the DPA or may process personal information for their own lawful purposes in connection with services provided to us.

We may also obtain personal data from other public sources. Personal data includes, without limitation, the following information relating to a shareholder and/or any individuals connected with a shareholder as an investor: name, residential address, email address, contact details, corporate contact information, signature, nationality, place of birth, date of birth, tax identification, credit history, correspondence records, passport number, bank account details, source of funds details and details relating to the shareholder’s investment activity.

Who this Affects

If you are a natural person, this will affect you directly. If you are a corporate investor (including, for these purposes, legal arrangements such as trusts or exempted limited partnerships) that provides us with personal data on individuals connected to you for any reason in relation your investment in us, this will be relevant for those individuals and you should transmit the content of this Privacy Notice to such individuals or otherwise advise them of its content.

How We May Use a Shareholder’s Personal Data

We may, as the data controller, collect, store and use personal data for lawful purposes, including, in particular: (i) where this is necessary for the performance of our rights and obligations under any agreements; (ii) where this is necessary for compliance with a legal and regulatory obligation to which we are or may be subject (such as compliance with anti-money laundering and FATCA/CRS requirements); and/or (iii) where this is necessary for the purposes of our legitimate interests and such interests are not overridden by your interests, fundamental rights or freedoms.

Should we wish to use personal data for other specific purposes (including, if applicable, any purpose that requires your consent), we will contact you.

Why We May Transfer Your Personal Data

In certain circumstances we may be legally obliged to share personal data and other information with respect to your shareholding with the relevant regulatory authorities such as the Cayman Islands Monetary Authority or the Tax Information Authority. They, in turn, may exchange this information with foreign authorities, including tax authorities.

We anticipate disclosing personal data to persons who provide services to us and their respective affiliates (which may include certain entities located outside the US, the Cayman Islands or the European Economic Area), who will process your personal data on our behalf.

The Data Protection Measures We Take

Any transfer of personal data by us or our duly authorized affiliates and/or delegates outside of the Cayman Islands shall be in accordance with the requirements of the DPA.

We and our duly authorized affiliates and/or delegates shall apply appropriate technical and organizational information security measures designed to protect against unauthorized or unlawful processing of personal data, and against accidental loss or destruction of, or damage to, personal data.

We shall notify you of any personal data breach that is reasonably likely to result in a risk to your interests, fundamental rights or freedoms or those data subjects to whom the relevant personal data relates.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our ordinary shares. Future sales of substantial amounts of our ordinary shares, including shares issued upon exercise of outstanding share options, in the public market following this offering could adversely affect market prices prevailing from time to time and could impair our ability to raise equity capital in the future.

Upon the completion of this offering, based on the number of our ordinary shares outstanding as of _____, we will have a total of _____ ordinary shares outstanding. Of these outstanding shares, all of the shares sold in this offering will be freely tradable, except any shares purchased in this offering by our affiliates, as that term is defined in Rule 144 under the Securities Act, or by certain individuals identified by us in the directed share program. Such shares would only be able to be sold in compliance with the Rule 144 limitations described below.

The remaining outstanding ordinary shares will be deemed “restricted securities” as defined in Rule 144 under the Securities Act. Restricted securities may be sold in the public market only if they are registered under the Securities Act and may be resold only after registration under the Securities Act or pursuant to an exemption from such registration, including, among others, the exemptions provided by Rules 144 and 701 under the Securities Act, which rules are summarized below.

Rule 144

In general, under Rule 144, persons who became the beneficial owners of our ordinary shares prior to the completion of this offering may not sell their shares until the earlier of (i) the expiration of a six-month holding period, if we have been subject to the reporting requirements of the Exchange Act and have filed all required reports for at least 90 days prior to the date of the sale, or (ii) a one-year holding period.

At the expiration of the six-month holding period, a person who was not one of our affiliates at any time during the three months preceding a sale is entitled to sell an unlimited number of our ordinary shares provided current public information about us is available, and a person who was one of our affiliates at any time during the three months preceding a sale is entitled to sell within any three-month period only a number of ordinary shares that does not exceed the greater of either of the following:

- one percent of the number of shares of our ordinary shares then outstanding; and
- the average weekly trading volume of our ordinary shares during the four calendar weeks preceding the filing of a notice on Form 144 with the SEC with respect to that sale.

At the expiration of the one-year holding period, a person who was not one of our affiliates at any time during the three months preceding a sale would be entitled to sell an unlimited number of our ordinary shares without restriction. A person who was one of our affiliates at any time during the three months preceding a sale would remain subject to the volume restrictions described above.

Sales under Rule 144 by our affiliates or persons selling shares on behalf of our affiliates are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about us.

Upon completion of the 180-day lock-up period, approximately _____ shares of our outstanding restricted securities will be eligible for sale under Rule 144 subject to limitations on sales by affiliates and other contractual transfer restrictions.

Rule 701

In general, under Rule 701, any of our employees, directors, officers, consultants or advisors who purchased shares from us in connection with a compensatory stock or option plan or other written agreement before the effective date of our initial public offering, or who purchased shares from us after that date upon the exercise of options granted before that date, are eligible to resell such shares in reliance upon Rule 144 beginning 90 days after the date of this prospectus. If such person is not an affiliate, the sale may be made without compliance with its holding period or current public information requirement. If such a person is an affiliate, the sale may be made under Rule 144 without compliance with its holding period, but subject to the other Rule 144 restrictions.

Lock-Up Agreements

All of our directors, officers, and Mubadala are subject to lock-up agreements or market stand-off provisions that, subject to exceptions described under “Underwriters” below, prohibit them from offering for sale, selling, contracting to sell, pledging, granting any option for the sale of, making any short sale of, transferring or otherwise disposing of any ordinary shares, share options, or any security or instrument related to our ordinary shares or share options for a period of at least 180 days following the date of this prospectus, without the prior written consent of the underwriters. These agreements are subject to certain customary exceptions. See “Underwriters” for additional information.

Equity Incentive Plans

In connection with this offering, we intend to file with the SEC a registration statement under the Securities Act registering the issuance and sale of all of the shares of our ordinary shares reserved for issuance under our equity incentive plans. We expect to file this registration statement as soon as permitted under the Securities Act. However, resales of such shares may be subject to the volume limitations and the manner of sale, notice, and public information requirements of Rule 144 and will not be eligible for resale until expiration of any contractual restrictions to which they are subject.

TAXATION

Cayman Islands Tax Considerations

The following summary contains a description of certain Cayman Islands tax consequences of the acquisition, ownership and disposition of our ordinary shares, but it does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase our ordinary shares. The summary is based upon the tax laws of Cayman Islands and regulations thereunder as of the date hereof, which are subject to change. If you are considering the purchase of our ordinary shares, you should consult your own tax advisors concerning the particular tax consequences to you of the purchase, ownership and disposition of our ordinary shares, as well as the consequences to you arising under the laws of your country of citizenship, residence or domicile.

The following is a discussion of certain Cayman Islands income tax consequences of an investment in our ordinary shares. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended to be tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

Under Existing Cayman Islands Laws

Payments of dividends and capital in respect of our ordinary shares will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of interest and principal or a dividend or capital to any holder of our ordinary shares, as the case may be, nor will gains derived from the disposal of our ordinary shares be subject to Cayman Islands income or corporation tax. The Cayman Islands currently has no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax.

No stamp duty is payable in respect of the issue of ordinary shares or on an instrument of transfer in respect of an ordinary share.

We were incorporated under the laws of the Cayman Islands as an exempted company with limited liability and, as such, has received an undertaking from the Governor in Cabinet of the Cayman Islands in substantially the following form:

The Tax Concessions Law
(1999 Revision)
Undertaking as to Tax Concessions

In accordance with Section 6 of the Tax Concessions Law (1999 Revision) the Governor in Cabinet undertakes with GLOBALFOUNDRIES Inc.:

- (a) that no Law which is hereafter enacted in the Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to us the company or our operations; and
- (b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:
 - a. on or in respect of the shares, debentures or other obligations of the company; or
 - b. by way of the withholding in whole or part, of any relevant payment as defined in Section 6(3) of the Tax Concessions Law (20181 Revision).

These concessions shall be for a period of TWENTY years from 21st day of October 2008.

U.S. Federal Income Tax Considerations

The following is a summary of material U.S. federal income tax considerations that are likely to be relevant to the purchase, ownership and disposition of our ordinary shares by a U.S. Holder (as defined below).

This summary is based on provisions of the Code, and regulations, rulings and judicial interpretations thereof, in force as of the date hereof. Those authorities may be changed at any time, perhaps retroactively, so as to result in U.S. federal income tax consequences different from those summarized below.

This summary is not a comprehensive discussion of all of the tax considerations that may be relevant to a particular investor's decision to purchase, hold, or dispose of ordinary shares. In particular, this summary is directed only to U.S. Holders that hold ordinary shares as capital assets and does not address particular tax consequences that may be applicable to U.S. Holders who may be subject to special tax rules, such as banks, brokers or dealers in securities or currencies, traders in securities electing to mark to market, financial institutions, life insurance companies, tax-exempt entities, regulated investment companies, real estate investment trusts, entities or arrangements that are treated as partnerships for U.S. federal income tax purposes (or partners therein), holders that own or are treated as owning 10% or more of our stock by vote or value, persons holding ordinary shares as part of a hedging or conversion transaction or a straddle, persons whose functional currency is not the U.S. dollar, or persons holding our ordinary shares in connection with a trade or business outside the United States. Moreover, this summary does not address state, local or foreign taxes, the U.S. federal estate and gift taxes, the Medicare contribution tax applicable to net investment income of certain non-corporate U.S. Holders, or alternative minimum tax consequences of acquiring, holding or disposing of ordinary shares.

For purposes of this summary, a "U.S. Holder" is a beneficial owner of ordinary shares that is a citizen or resident of the United States or a U.S. domestic corporation or that otherwise is subject to U.S. federal income taxation on a net income basis in respect of such ordinary shares.

You should consult your own tax advisors about the consequences of the acquisition, ownership, and disposition of the ordinary shares, including the relevance to your particular situation of the considerations discussed below and any consequences arising under foreign, state, local or other tax laws.

Taxation of Distributions

Subject to the discussion below under "—Passive Foreign Investment Company Status," the gross amount of any distribution of cash or property with respect to our shares that is paid out of our current or accumulated earnings and profits (as determined for U.S. federal income tax purposes) will generally be includible in your taxable income as ordinary dividend income on the day on which you receive the dividend and will not be eligible for the dividends-received deduction allowed to corporations under the Code.

We do not expect to maintain calculations of our earnings and profits in accordance with U.S. federal income tax principles. U.S. Holders therefore should expect that distributions generally will be treated as dividends for U.S. federal income tax purposes.

Subject to certain exceptions for short-term positions, dividends received by an individual with respect to the shares will be subject to taxation at a preferential rate if the dividends are "qualified dividends." Dividends paid on the shares will be treated as qualified dividends if:

- the shares are readily tradable on an established securities market in the United States or we are eligible for the benefits of a comprehensive tax treaty with the United States that the U.S. Treasury determines is satisfactory for purposes of this provision and that includes an exchange of information program; and

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- we were not, in the year prior to the year in which the dividend was paid, and are not, in the year in which the dividend is paid, a passive foreign investment company (a “PFIC”).

The ordinary shares are expected to be listed on the Nasdaq, and will qualify as readily tradable on an established securities market in the United States so long as they are so listed. Based on our audited financial statements and relevant market and shareholder data, we believe that we were not treated as a PFIC for U.S. federal income tax purposes with respect to our prior taxable year. In addition, based on our audited financial statements and our current expectations regarding the value and nature of our assets, the sources and nature of our income, and relevant market and shareholder data, we do not anticipate becoming a PFIC for our current taxable year or in the foreseeable future. Holders should consult their own tax advisors regarding the availability of the reduced dividend tax rate in light of their own particular circumstances.

Dividend distributions with respect to our shares generally will be treated as “passive category” income from sources outside the United States for purposes of determining a U.S. Holder’s U.S. foreign tax credit limitation.

U.S. Holders that receive distributions of additional shares or rights to subscribe for shares as part of a pro rata distribution to all our shareholders generally will not be subject to U.S. federal income tax in respect of the distributions, unless the U.S. Holder has the right to receive cash or property, in which case the U.S. Holder will be treated as if it received cash equal to the fair market value of the distribution.

Taxation of Dispositions of Shares

Subject to the discussion below under “—Passive Foreign Investment Company Status,” upon a sale, exchange or other taxable disposition of the shares, U.S. Holders will realize gain or loss for U.S. federal income tax purposes in an amount equal to the difference between the amount realized on the disposition and the U.S. Holder’s adjusted tax basis in the shares, as determined in U.S. dollars as discussed below. Such gain or loss will be capital gain or loss, and will generally be long-term capital gain or loss if the shares have been held for more than one year. Long-term capital gain realized by a U.S. Holder that is an individual generally is subject to taxation at a preferential rate. The deductibility of capital losses is subject to limitations.

Gain, if any, realized by a U.S. Holder on the sale or other disposition of the shares generally will be treated as U.S. source income.

Passive Foreign Investment Company Status

Special U.S. tax rules apply to companies that are considered to be PFICs. We will be classified as a PFIC in a particular taxable year if either:

- 75% or more of our gross income for the taxable year is passive income; or
- the average percentage of the value of our assets that produce or are held for the production of passive income is at least 50%.

For this purpose, passive income generally includes dividends, interest, gains from certain commodities transactions, rents, royalties and the excess of gains over losses from the disposition of assets that produce passive income.

We believe, and the following discussion assumes, that we were not a PFIC for our taxable year ending December 31, 2020 and that, based on the present composition of our income and assets and the manner in which we conduct our business, we will not be a PFIC in our current taxable year or in the foreseeable future. Whether we are a PFIC is a factual determination made annually, and our status could change depending, among other things, upon changes in the composition of our gross income and the relative quarterly average value of our

assets. If we were a PFIC for any taxable year in which you hold ordinary shares, you generally would be subject to additional taxes on certain distributions and any gain realized from the sale or other taxable disposition of the ordinary shares regardless of whether we continued to be a PFIC in any subsequent year. You are encouraged to consult your own tax advisor as to our status as a PFIC, the tax consequences to you of such status, and the availability and desirability of making a mark-to-market election to mitigate the unfavorable rules mentioned in the preceding sentence.

Foreign Financial Asset Reporting

Individual U.S. Holders that own “specified foreign financial assets” with an aggregate value in excess of US\$50,000 on the last day of the taxable year or US\$75,000 at any time during the taxable year are generally required to file an information statement along with their tax returns, currently on Form 8938, with respect to such assets. “Specified foreign financial assets” include any financial accounts held at a non-U.S. financial institution, as well as securities issued by a non-U.S. issuer that are not held in accounts maintained by financial institutions. Higher reporting thresholds apply to certain individuals living abroad and to certain married individuals. Regulations extend this reporting requirement to certain entities that are treated as formed or availed of to hold direct or indirect interests in specified foreign financial assets based on objective criteria. U.S. Holders who fail to report the required information could be subject to substantial penalties. In addition, the statute of limitations for assessment of tax would be suspended, in whole or part. Prospective investors are encouraged to consult with their own tax advisors regarding the possible application of these rules, including the application of the rules to their particular circumstances.

Backup Withholding and Information Reporting

Dividends paid on, and proceeds from the sale or other disposition of, the shares to a U.S. taxpayer generally may be subject to the information reporting requirements of the Code and may be subject to backup withholding unless the U.S. taxpayer provides an accurate taxpayer identification number and makes any other required certification or otherwise establishes an exemption. Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. taxpayer will be allowed as a refund or credit against the U.S. taxpayer’s U.S. federal income tax liability, provided the required information is furnished to the U.S. Internal Revenue Service in a timely manner.

A holder that is not a U.S. taxpayer may be required to comply with certification and identification procedures in order to establish its exemption from information reporting and backup withholding.

UNDERWRITERS

Under the terms and subject to the conditions in an underwriting agreement dated the date of this prospectus, the underwriters named below, for whom Morgan Stanley & Co. LLC, BofA Securities, Inc. and J.P. Morgan Securities LLC are acting as representatives, have severally agreed to purchase, and we and Mubadala have agreed to sell to them, severally, the number of shares indicated below:

<u>Name</u>	<u>Number of Shares</u>
Morgan Stanley & Co. LLC	
BofA Securities, Inc.	
J.P. Morgan Securities LLC	
Citigroup Global Markets Inc.	
Credit Suisse Securities (USA) LLC	
Deutsche Bank Securities Inc.	
Jefferies LLC	
HSBC Securities (USA) Inc.	
Robert W. Baird & Co. Incorporated	
Cowen and Company, LLC	
Drexel Hamilton, LLC	
Needham & Company, LLC	
Raymond James & Associates, Inc.	
Siebert Williams Shank & Co., LLC	
Wedbush Securities Inc.	
Total:	

The underwriters and the representatives are collectively referred to as the “underwriters” and the “representatives,” respectively. The underwriters are offering the ordinary shares subject to their acceptance of the shares from us and Mubadala and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the ordinary shares offered by this prospectus are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are obligated to take and pay for all of the ordinary shares offered by this prospectus if any such shares are taken. However, the underwriters are not required to take or pay for the shares covered by the underwriters’ over-allotment option described below.

The underwriters initially propose to offer part of the ordinary shares directly to the public at the offering price listed on the cover page of this prospectus and part to certain dealers. After the initial offering of the ordinary shares, the offering price and other selling terms may from time to time be varied by the representatives.

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to additional ordinary shares at the public offering price listed on the cover page of this prospectus, less underwriting discounts and commissions. The underwriters may exercise this option solely for the purpose of covering over-allotments, if any, made in connection with the offering of the ordinary shares offered by this prospectus. To the extent the option is exercised, each underwriter will become obligated, subject to certain conditions, to purchase about the same percentage of the additional ordinary shares as the number listed next to the underwriter’s name in the preceding table bears to the total number of ordinary shares listed next to the names of all underwriters in the preceding table.

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The following table shows the per share and total public offering price, underwriting discounts and commissions, and proceeds before expenses to us and Mubadala. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase up to an additional ordinary shares.

	Per Share	Total	
		No Exercise	Full Exercise
Public offering price	\$	\$	\$
Underwriting discounts and commissions to be paid by:			
Us	\$	\$	\$
The Shareholder	\$	\$	\$
Proceeds, before expenses, to us	\$	\$	\$
Proceeds, before expenses, to Mubadala	\$	\$	\$

The estimated offering expenses payable by us, exclusive of the underwriting discounts and commissions, are approximately \$. We have agreed to reimburse the underwriters for expense relating to clearance of this offering with the Financial Industry Regulatory Authority up to \$.

The underwriters have informed us that they do not intend sales to discretionary accounts to exceed 5% of the total number of ordinary shares offered by them.

We intend to apply to list our ordinary shares on the Nasdaq under the symbol "GFS."

We and all directors and officers and the holders of all of our outstanding stock and share options have agreed that, without the prior written consent of on behalf of the underwriters, we and they will not, and will not publicly disclose an intention to, during the period ending 180 days after the date of this prospectus (the "restricted period"):

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any ordinary shares or any securities convertible into or exercisable or exchangeable for ordinary shares;
- file any registration statement with the Securities and Exchange Commission relating to the offering of any ordinary shares or any securities convertible into or exercisable or exchangeable for ordinary shares; or
- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the ordinary shares.

Whether any such transaction described above is to be settled by delivery of ordinary shares or such other securities, in cash or otherwise.

In addition, we and each such person agrees that, without the prior written consent of on behalf of the underwriters, we or such other person will not, during the restricted period, make any demand for, or exercise any right with respect to, the registration of any ordinary shares or any security convertible into or exercisable or exchangeable for ordinary shares.

The restrictions described in the immediately preceding paragraph do not apply to:

- the sale of ordinary shares to the underwriters; or
- the issuance by us of ordinary shares upon the exercise of an option or a warrant or the conversion of a security outstanding on the date of this prospectus of which the underwriters have been advised in writing;

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- transactions by any person other than us relating to ordinary shares or other securities acquired in open market transactions after the completion of this offering; provided that no filing under Section 16(a) of the Exchange Act is required or voluntarily made in connection with subsequent sales of the ordinary shares or other securities acquired in such open market transactions; or
- facilitating the establishment of a trading plan on behalf of our shareholders, officer or director pursuant to Rule 10b5-1 under the Exchange Act for the transfer of ordinary shares, provided that (i) such plan does not provide for the transfer of ordinary shares during the restricted period and (ii) to the extent a public announcement or filing under the Exchange Act, if any, is required of or voluntarily made by us regarding the establishment of such plan, such announcement or filing shall include a statement to the effect that no transfer of ordinary shares may be made under such plan during the restricted period.

, in their sole discretion, may release the ordinary shares and other securities subject to the lock-up agreements described above in whole or in part at any time.

In order to facilitate the offering of the ordinary shares, the underwriters, pursuant to Regulation M of the Securities Act, may engage in transactions that stabilize, maintain or otherwise affect the price of the ordinary shares. Specifically, the underwriters may sell more shares than they are obligated to purchase under the underwriting agreement, creating a short position. A short sale is covered if the short position is no greater than the number of shares available for purchase by the underwriters under the over-allotment option. The underwriters can close out a covered short sale by exercising the over-allotment option or purchasing shares in the open market. In determining the source of shares to close out a covered short sale, the underwriters will consider, among other things, the open market price of shares compared to the price available under the over-allotment option. The underwriters may also sell shares in excess of the over-allotment option, creating a naked short position. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the ordinary shares in the open market after pricing that could adversely affect investors who purchase in this offering. As an additional means of facilitating this offering, the underwriters may bid for, and purchase, ordinary shares in the open market to stabilize the price of the ordinary shares. These activities may raise or maintain the market price of the ordinary shares above independent market levels or prevent or retard a decline in the market price of the ordinary shares. The underwriters are not required to engage in these activities and may end any of these activities at any time.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased ordinary shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

We, Mubadala and the underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

A prospectus in electronic format may be made available on websites maintained by one or more underwriters, or selling group members, if any, participating in this offering. The representatives may agree to allocate a number of ordinary shares to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters that may make Internet distributions on the same basis as other allocations.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for us, for which they received or will receive customary fees and expenses.

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In addition, in the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve our securities and instruments. The underwriters and their respective affiliates may also make investment recommendations or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long or short positions in such securities and instruments.

Pricing of the Offering

Prior to this offering, there has been no public market for our ordinary shares. The initial public offering price was determined by negotiations between us, Mubadala and the representatives. Among the factors considered in determining the initial public offering price were our future prospects and those of our industry in general, our sales, earnings and certain other financial and operating information in recent periods, and the price-earnings ratios, price-sales ratios, market prices of securities, and certain financial and operating information of companies engaged in activities similar to ours.

Directed Share Program

At our request, the underwriters have reserved up to _____ ordinary shares, or _____ % of the shares offered by us in this offering, for sale at the initial public offering price through a directed share program to certain employees and other related persons identified by us. The number of ordinary shares available for sale to the general public will be reduced to the extent that such persons purchase such reserved shares. Except for shares purchased through the directed share program by certain of our officers and directors who have entered into lock-up agreements, shares purchased through the directed share program will not be subject to lock-up restrictions with the underwriters. Any reserved shares not so purchased will be offered by the underwriters to the general public on the same basis as the other shares offered by this prospectus. Other than the underwriting discount described on the front cover of this prospectus, the underwriters will not be entitled to any commission with respect to ordinary shares sold pursuant to the directed share program. We will agree to indemnify the underwriters and their affiliates against certain liabilities and expenses, including liabilities under the Securities Act, in connection with the sale of the shares reserved for the directed share program. Morgan Stanley & Co. LLC will administer our directed share program.

Selling Restrictions

European Economic Area

In relation to each Member State of the European Economic Area (each, a “Relevant State”), no shares have been offered or will be offered pursuant to the offering to the public in that Relevant State prior to the publication of a prospectus in relation to the shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that offers of securities may be made to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation:

- (a) to any legal entity which is a qualified investor as defined under Article 2 of the Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the Prospectus Regulation), subject to obtaining the prior consent of the representatives for any such offer; or
- (c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation;

provided that no such offer of shares shall require us or any of our representatives to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation

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and each person who initially acquires any shares or to whom any offer is made will be deemed to have represented, acknowledged, and agreed to and with each of the underwriters and the company that it is a “qualified investor” within the meaning of Article 2(e) of the Prospectus Regulation. In the case of any shares being offered to a financial intermediary as that term is used in Article 5(1) of the Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged, and agreed that the shares acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any shares to the public other than their offer or resale in a Relevant State to qualified investors as so defined or in circumstances in which the prior consent of the underwriters have been obtained to each such proposed offer or resale.

For the purposes of this provision, the expression an “offer to the public” in relation to any shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares to be offered so as to enable an investor to decide to purchase or subscribe for any shares, and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129 (as amended).

The above selling restriction is in addition to any other selling restrictions set out below.

In connection with the offering, Morgan Stanley & Co. LLC, BofA Securities, Inc., J.P. Morgan Securities LLC, Credit Suisse Securities (USA) LLC and Citigroup Global Markets Inc. are not acting for anyone other than the issuer and will not be responsible to anyone other than the issuer for providing the protections afforded to their clients nor for providing advice in relation to the offering.

United Kingdom

No shares have been offered or will be offered pursuant to this offering to the public in the United Kingdom, prior to the publication of a prospectus in relation to the shares which has been approved by the Financial Conduct Authority in the United Kingdom in accordance with the UK Prospectus Regulation and the FSMA, except that the shares may be offered to the public in the United Kingdom at any time:

- (a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the representatives for any such offer; or
- (c) in any other circumstances falling within Section 86 of the FSMA;

provided that no such offer of shares shall require the company or any Manager to publish a prospectus pursuant to Section 85 of the FSMA or Article 3 of the UK Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

Each person in the United Kingdom who initially acquires any ordinary shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with the company and the Underwriters that it is a qualified investor within the meaning of the UK Prospectus Regulation.

In the case of any ordinary shares being offered to a financial intermediary as that term is used in Article 5(1) of the UK Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the Shares acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer to the public other than their offer or resale in the United Kingdom to qualified investors, in circumstances in which the prior consent of the Underwriters has been obtained to each such proposed offer or resale.

The Company, the Underwriters and their affiliates will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

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For the purposes of this provision, the expression an “offer to the public” in relation to the shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any shares to be offered so as to enable an investor to decide to purchase or subscribe for any shares. The expression “UK Prospectus Regulation” means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018, and the expression “FSMA” means the Financial Services and Markets Act 2000.

In connection with the offering, Morgan Stanley & Co. LLC, BofA Securities, Inc., J.P. Morgan Securities LLC, Credit Suisse Securities (USA) LLC and Citigroup Global Markets Inc. are not acting for anyone other than the issuer and will not be responsible to anyone other than the issuer for providing the protections afforded to their clients nor for providing advice in relation to the offering.

This document is for distribution only to persons who (i) have professional experience in matters relating to investments and who qualify as investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “Financial Promotion Order”), (ii) are persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations etc.”) of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons”). This document is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

Japan

No registration pursuant to Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) (the “FIEL”) has been made or will be made with respect to the solicitation of the application for the acquisition of the ordinary shares.

Accordingly, the ordinary shares have not been, directly or indirectly, offered or sold and will not be, directly or indirectly, offered or sold in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements, and otherwise in compliance with, the FIEL and the other applicable laws and regulations of Japan.

For Qualified Institutional Investors (“QII”)

Please note that the solicitation for newly-issued or secondary securities (each as described in Paragraph 2, Article 4 of the FIEL) in relation to the ordinary shares constitutes either a “QII only private placement” or a “QII only secondary distribution” (each as described in Paragraph 1, Article 23-13 of the FIEL). Disclosure regarding any such solicitation, as is otherwise prescribed in Paragraph 1, Article 4 of the FIEL, has not been made in relation to the ordinary shares. The ordinary shares may only be transferred to QIIs.

For Non-QII Investors

Please note that the solicitation for newly-issued or secondary securities (each as described in Paragraph 2, Article 4 of the FIEL) in relation to the ordinary shares constitutes either a “small number private placement” or a “small number private secondary distribution” (each as is described in Paragraph 4, Article 23-13 of the FIEL). Disclosure regarding any such solicitation, as is otherwise prescribed in Paragraph 1, Article 4 of the FIEL, has not been made in relation to the ordinary shares. The ordinary shares may only be transferred en bloc without subdivision to a single investor.

EXPENSES OF THE OFFERING

We estimate that our expenses in connection with this offering, other than underwriting discounts and commissions, will be as follows:

<u>Expenses</u>	<u>Amount</u>
SEC registration fee	US\$
Nasdaq listing fee	
FINRA filing fee	
Printing and engraving expenses	
Legal fees and expenses	
Accounting fees and expenses	
Miscellaneous costs	
Total	<u>US\$</u>

All amounts in the table are estimates except the SEC registration fee, the Nasdaq listing fee and the FINRA filing fee. We will pay all of the expenses of this offering.

LEGAL MATTERS

Certain matters of U.S. federal and New York State law will be passed upon for us by Cleary Gottlieb Steen & Hamilton LLP and for the underwriters by Latham & Watkins LLP. The validity of the ordinary shares offered in this offering and other legal matters as to Cayman Islands law will be passed upon for us by Maples and Calder (Cayman) LLP.

EXPERTS

The consolidated financial statements of the company as of December 31, 2020 and 2019, the related consolidated statements of operations and comprehensive loss, changes in equity and cash flows for each of the three years in the period ended December 31, 2020, and the related notes appearing in this prospectus and the registration statement of which this prospectus is a part, have been audited by Ernst & Young LLP (“EY”), independent registered public accounting firm, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing. The offices of EY are located at 275 Shoreline Drive, Redwood City, California 94065.

Prior to the engagement of EY as our independent registered public accounting firm under the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), certain member firms of Ernst & Young Global Limited (“EYG”) provided non-audit services to certain consolidated subsidiaries and commonly controlled (“sister”) affiliates of the company, described below, which are permissible under the American Institute of Certified Public Accountants (“AICPA”) independence rules, but are inconsistent with the SEC and PCAOB independence rules.

- From November 2020 to May 2021, the EYG member firm in Germany provided tax litigation support services (expert services) to two subsidiaries of the company.
- From March 2019 to December 2020, the EYG member firm in the United Arab Emirates (“UAE”) provided internal audit services under a loan staff arrangement to a sister affiliate.
- During certain periods from July 2019 to May 2021, EYG member firms in the UAE, Spain and Austria provided legal services to two sister affiliates.

These non-audit services, which have been completed or terminated, do not impact the consolidated financial statements and internal controls over financial reporting of the company, nor EY’s related audit procedures or judgments. The fees for these non-audit services are not material to the respective parties.

After careful consideration of the facts and circumstances and the applicable independence rules, EY has concluded that (i) the aforementioned matters do not impair its ability to exercise objective and impartial judgment in connection with its audits of our consolidated financial statements, and (ii) a reasonable investor with knowledge of all relevant facts and circumstances would reach the same conclusion. After considering these matters, the company’s management and the audit, risk and compliance committee concur with EY’s conclusions.

The company, which is a controlled portfolio company of Mubadala, was regulated by the Abu Dhabi Accountability Authority, which requires companies to rotate their audit firms every four years under its Statutory Auditor Appointment Rules (“SAAR”). Due to the SAAR rotation requirement, EY was prohibited from serving as auditor for the company for the year ending December 31, 2021. KPMG LLP (“KPMG LLP (Singapore)”) was appointed in March 2021 as auditor of the company for the year ending December 31, 2021, under the independence rules of the Singapore Accounting & Corporate Regulatory Authority and the International Ethics Standards Board for Accountants Code of Ethics (“IESBA Code”). In addition, for the year ending December 31, 2021 and for any subsequent audit periods, KPMG LLP (Singapore) is now required to be independent under SEC and PCAOB independence rules and regulations. The consolidated financial statements

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of the company for the year ending December 31, 2021 will be audited by KPMG LLP (Singapore), independent registered public accounting firm, and is expected to be stated in its report appearing therein. Such financial statements will be included in that future filing in reliance upon the report of KPMG LLP (Singapore) and upon the authority of said firm as experts in accounting and auditing.

During the year ending December 31, 2021 and prior to its appointment as auditor of the company under PCAOB standards, one of KPMG LLP (Singapore)'s affiliates, referred to as a KPMG member firm, provided non-audit services to a consolidated subsidiary of the company. These services consisted of payroll processing and human resource administration, which included a management function, and immigration services, which included a legal service and cash handling, that was impermissible when evaluated under SEC and PCAOB independence rules and regulations. The KPMG member firm that delivered these services did not include KPMG LLP (Singapore) or any of its staff and did not provide any audit services to the company. Under local rules and the IESBA Code, these services were permissible.

These impermissible non-audit services were provided to an immaterial consolidated subsidiary that is a non-significant component for the purposes of the group audit and will have an immaterial impact on the consolidated financial statements. None of the deliverables under the service will be subject to audit procedures performed by KPMG LLP (Singapore) as part of its audit of the company, and the services had no impact on the internal control over financial reporting of the company. In aggregate, the KPMG member firm earned fees of approximately \$29,100 in 2021 in connection with these non-audit services. These fees were insignificant to the business of the KPMG member firm and the company. The management of the consolidated subsidiary of the company retained all decision making and ultimate responsibility for the services provided, and the services were terminated in April 2021 (with respect to payroll processing and immigration services) and in June 2021 (with respect to human resource administration).

The company's audit, risk and compliance committee and KPMG LLP (Singapore) have separately considered the impact that these impermissible non-audit services may have had on KPMG LLP (Singapore)'s objectivity and impartiality with respect to its audit of the company. Both the company's audit, risk and compliance committee and KPMG LLP (Singapore) have concluded that these non-audit services will not affect KPMG LLP (Singapore)'s ability to exercise objective and impartial judgment on all issues encompassed within the audit engagement to be performed by KPMG LLP (Singapore) for the consolidated financial statements of the company for the year ending December 31, 2021, and that a reasonable investor with knowledge of all relevant facts and circumstances would reach the same conclusion.

CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Prior to this offering, we were a wholly owned company of Mubadala, and subject to the Abu Dhabi Accountability Authority requirement that companies rotate their audit firms every four years under its SAAR. Due to the SAAR rotation requirement, EY is prohibited from serving as our auditor for the year ending December 31, 2021.

We notified EY on March 4, 2021 that it would be dismissed as our auditor, effective upon the completion of the December 31, 2020 audit. On March 3, 2021, our audit, risk and compliance committee approved the appointment of KPMG LLP (Singapore) as our auditor for the year ending December 31, 2021.

The audit report of EY on our consolidated financial statements as of December 31, 2020, and 2019, and for each of the three years in the period ended December 31, 2020 did not contain any adverse opinion or disclaimer of opinion and was not qualified or modified as to uncertainty, audit scope or accounting principles. During the years ended December 31, 2020 and 2019, and the subsequent interim period through March 4, 2021, there was no disagreement with EY on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreement, if not resolved to their satisfaction, would have caused them to make reference to the subject matter of the disagreement in connection with their report, or any "reportable event" as that term is described in Item 16F(a)(1)(v) of Form 20-F.

We have provided a copy of the above statements to EY and requested that EY furnish us with a letter addressed to the SEC stating whether or not EY agrees with the above disclosure. A copy of that letter, dated September 13, 2021, is filed as Exhibit 16.1 to the registration statement of which this prospectus is a part.

Further, during the years ended December 31, 2020, and 2019, and the subsequent interim period through March 3, 2021, we have not consulted with KPMG LLP (Singapore) regarding either (i) the application of accounting principles to a specified transaction, either completed or proposed; or the type of audit opinion that might be rendered with respect to our consolidated financial statements; or (ii) any matter that was either the subject of a disagreement as that term is defined in Item 16F(a)(1)(iv) of Form 20-F or a "reportable event" as described in Item 16F(a)(1)(v) of Form 20-F.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form F-1 under the Securities Act with respect to the sale of ordinary shares under this prospectus. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement, some of which is contained in exhibits to the registration statement as permitted by the rules and regulations of the SEC. For further information with respect to us and our ordinary shares, we refer you to the registration statement, including the exhibits filed as a part of the registration statement. Statements contained in this prospectus concerning the contents of any contract or any other document are not necessarily complete descriptions of all terms of such documents. If a contract or document has been filed as an exhibit to the registration statement, please see the copy of the contract or document that has been filed. Each statement in this prospectus relating to a contract or document filed as an exhibit is qualified in all respects by the filed exhibit. The SEC maintains an Internet website that contains reports and other information about issuers, like us, that file electronically with the SEC. The address of that website is www.sec.gov.

We currently do not file periodic reports with the SEC. As a result of this offering, we will become subject to the information and reporting requirements of the Exchange Act that are applicable to foreign private issuers, and, in accordance with this law, will file periodic reports and other information with the SEC. These periodic reports and other information will be available for inspection and copying at the SEC's public reference facilities and the website of the SEC referred to above. We also maintain a website at www.gf.com. Upon completion of this offering, you may access these materials free of charge as soon as reasonably practicable after they are electronically filed with or furnished to the SEC. Information contained on our website is not a part of this prospectus and the inclusion of our website address in this prospectus is an inactive textual reference only. As a foreign private issuer, we are exempt under the Exchange Act from, among other things, the rules prescribing the furnishing and content of proxy statements, and our executive officers, directors and shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we will not be required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act.

GLOBALFOUNDRIES INC.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholder and the Board of Directors of GLOBALFOUNDRIES Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of GLOBALFOUNDRIES Inc. (the “Company”) as of December 31, 2020 and 2019, the related consolidated statements of operations and comprehensive loss, changes in equity and cash flows for each of the three years in the period ended December 31, 2020, and the related notes (collectively referred to as the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with International Financial Reporting Standards issued by the International Accounting Standards Board.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

IMPAIRMENT ASSESSMENT OF PROPERTY, PLANT AND EQUIPMENT

*Description of the
Matter*

As of December 31, 2020, the net book value of the Company's property, plant and equipment was \$8.2 billion. As discussed in Notes 3 and 14 to the consolidated financial statements, the Company reviews, at each reporting date, the carrying amount of the Company's property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss.

The facilities and equipment utilized in the semiconductor manufacturing processes are highly integrated and inter-dependent in the production process. The recoverable amounts of the individual long-lived assets cannot be determined as the cash inflows are not largely independent of those from other assets. Where it is not possible to estimate the recoverable amount of an individual assets, the Company estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs. Therefore, the Company has concluded that each of its fabrication facilities constitute a separate CGU. When the carrying amount of a CGU exceeds its recoverable amount, the CGU is considered impaired and is written down to its recoverable amount.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which include an approved formal five-year management plan for each of the CGUs to which the individual assets are allocated. The estimated future post-tax cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

The Company has assessed indicators of impairment for its CGUs and performed impairment assessment during the fourth quarter of the year ended December 31, 2020. Based on this assessment the Company concluded there was no impairment of long-lived assets.

Auditing the Company's impairment assessment was complex due to the high degree of estimation uncertainty in forecasting the future cash flows for each CGU. Specifically, the forecasted cash flows were sensitive to changes in significant assumptions, such as forecast sales volume and prices, and discount rates.

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*How We Addressed the
Matter in Our Audit*

Our testing of the Company's CGU impairment assessment included, among others, testing the Company's processes of identifying and assessing indicators that a CGU may be impaired and that an impairment assessment is required. Additionally, we evaluated the appropriateness of the methodology used to estimate the recoverable amount and the completeness, accuracy, and relevance of the underlying data used in the valuation model. We also compared projected cash flows used in the valuation model against the Company's approved formal five-year management plan for each of the CGUs. We also evaluated the significant assumptions used by management, including the forecasted sales volumes and prices, and discount rates. We evaluated the reasonableness of management's assumptions by comparing projected revenue by customers to customer contracts or customer demand forecasting, comparing key market related assumptions (including revenue growth rate) used in the model to external data, performing a retrospective comparison of forecasted cash flows to actual past performance and previous forecasts, and performing sensitivity analyses. We also involved our internal valuation specialists to assist in the evaluation of the Company's discount rate assumptions. Our procedures also included evaluating the Company's disclosures within Notes 3 and 14 to the consolidated financial statements.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2016.

San Jose, California

August 6, 2021,

except for the fourth and fifth paragraphs of Note 37, as to which the date is

September 13, 2021

GLOBALFOUNDRIES INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Dollars in thousands)

	Notes	For the Years Ended December 31,		
		2018	2019	2020
Net revenues	4	\$ 6,196,039	\$ 5,812,788	\$ 4,850,505
Cost of revenues	5	6,646,090	6,345,032	5,563,225
Gross loss		(450,051)	(532,244)	(712,720)
Research and development expenses	6	926,220	582,974	475,769
Selling, general and administrative expenses	7	452,747	445,628	444,860
Operating expenses		1,378,967	1,028,602	920,629
Restructuring charges	8	112,026	—	—
Impairment charges	9	582,246	63,950	22,672
Other operating charges		694,272	63,950	22,672
Loss from operations		(2,523,290)	(1,624,796)	(1,656,021)
Finance income		10,283	11,379	3,098
Finance expenses	10	(164,804)	(230,176)	(154,387)
Share of profit of joint ventures and associates	16	6,900	7,859	3,876
Gain on sale of a fabrication facility and application specific integrated circuit business	11	—	614,554	—
Other income, net	12	61,331	74,055	440,307
Loss before income taxes from continuing operations		(2,609,580)	(1,147,125)	(1,363,127)
Income tax (expense) benefit	17	(16,446)	(224,061)	12,267
Net loss from continuing operations		(2,626,026)	(1,371,186)	(1,350,860)
Discontinued operations				
Loss from discontinued operations, net tax of \$1	13	(148,020)	—	—
Net loss for the year		\$ (2,774,046)	\$ (1,371,186)	\$ (1,350,860)

GLOBALFOUNDRIES INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Dollars in thousands, except share amounts)

	Notes	For the Years Ended December 31,		
		2018	2019	2020
Attributable to:				
Shareholder of GLOBALFOUNDRIES INC.		\$ (2,701,603)	\$ (1,371,186)	\$ (1,347,571)
Non-controlling interest		(72,443)	—	(3,289)
Net loss for the year		\$ (2,774,046)	\$ (1,371,186)	\$ (1,350,860)
Net loss per share attributable to the equity holders of the Company:				
Basic and diluted loss per share:				
From continuing operations	31	\$ (4.56)	\$ (2.72)	\$ (2.70)
From discontinued operations	31	(0.14)	—	—
Net loss per share		\$ (4.70)	\$ (2.72)	\$ (2.70)
Other comprehensive (loss) income, net of tax:				
Items that may be reclassified subsequently to profit or loss:				
Effective portion of changes in the fair value of cash flow hedges	20	\$ (21,811)	\$ 12,351	\$ (22,802)
Income tax effect	17	7,629	(1,081)	(2,106)
		(14,182)	11,270	(24,908)
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of existing equity interests	16	—	—	6,553
Share of foreign exchange fluctuation reserve of joint ventures and associates		(2,038)	(566)	13,890
Total other comprehensive (loss) income		\$ (16,220)	\$ 10,704	\$ (4,465)
Attributable to:				
Shareholder of GLOBALFOUNDRIES INC.		\$ (16,220)	\$ 10,704	\$ (9,165)
Non-controlling interest		—	—	4,700
Total comprehensive (loss) income for the year		\$ (16,220)	\$ 10,704	\$ (4,655)
Attributable to:				
Shareholder of GLOBALFOUNDRIES INC.		\$ (2,717,823)	\$ (1,360,482)	\$ (1,356,736)
Non-controlling interest		(72,443)	—	1,411
Total comprehensive loss for the year		\$ (2,790,266)	\$ (1,360,482)	\$ (1,355,325)

Share amounts and per share data give retroactive effect to the reverse share split as described in the Subsequent Events footnote effective September 12, 2021.

The accompanying notes are an integral part of these consolidated financial statements.

GLOBALFOUNDRIES INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Dollars in thousands)

	Notes	As of December 31,	
		2019	2020
ASSETS			
Noncurrent assets:			
Property, plant and equipment, net	14	\$ 9,611,269	\$ 8,226,202
Goodwill and intangible assets, net	15	634,781	547,942
Investments in joint ventures and associates	16	77,331	36,702
Other noncurrent financial assets	20	12,558	34,054
Deferred tax assets	17	408,050	443,566
Restricted cash	21	1,774	1,583
Receivables, prepayments and other assets*	18, 32	237,593	44,860
Total noncurrent assets		<u>10,983,356</u>	<u>9,334,909</u>
Current assets:			
Inventories, net	19	351,923	919,519
Other current financial assets	20	6,798	50,534
Receivables from government grants	21	234,140	51,660
Receivables, prepayments and other assets*	18, 32	1,887,197	1,022,863
Restricted cash	21	32,625	34,071
Cash and cash equivalents	21	997,315	908,077
		<u>3,509,998</u>	<u>2,986,724</u>
Assets held for sale		4,152	—
Total current assets		<u>3,514,150</u>	<u>2,986,724</u>
Total assets		<u>\$ 14,497,506</u>	<u>\$ 12,321,633</u>
EQUITY AND LIABILITIES			
Equity:			
Share capital			
Ordinary shares, \$0.02 par value, 1,500,000 thousand shares authorized, 500,000 thousand shares issued and outstanding as of December 31, 2019 and 2020	22	\$ 10,000	\$ 10,000
Additional paid-in capital	22	11,706,535	11,707,515
Loan from shareholder	32	11,167,687	10,680,687
Accumulated deficit		(13,870,938)	(15,218,509)
Accumulated other comprehensive income (loss)		5,846	(3,319)
Equity attributable to the shareholder of GLOBALFOUNDRIES INC.		<u>9,019,130</u>	<u>7,176,374</u>
Non-controlling interest		—	65,128
Total equity		<u>9,019,130</u>	<u>7,241,502</u>
Noncurrent liabilities:			
Noncurrent portion of long-term debt*	23, 32	2,042,254	1,956,148
Noncurrent portion of finance lease obligations	24	388,257	333,242
Deferred tax liabilities	17	591	8,422
Noncurrent deferred revenue	27	45,818	12,112
Other noncurrent financial liabilities	20	—	33,345
Other noncurrent liabilities	28	177,319	358,787
Provisions	25	337,765	353,308
Noncurrent portion of deferred income from government grants	26	150,305	128,697
Total noncurrent liabilities		<u>3,142,309</u>	<u>3,184,061</u>
Current liabilities:			
Current portion of long-term debt	23	686,913	381,807
Current portion of finance lease obligations	24	130,912	131,270
Current portion of deferred income from government grants	26	43,904	40,505
Current deferred revenue	27	98,744	94,081
Other current financial liabilities	20	5,275	1,318
Trade and other payables*	28, 32	1,333,262	1,216,480
Income tax payable	17	37,057	30,609
Total current liabilities		<u>2,336,067</u>	<u>1,896,070</u>
Total liabilities		<u>5,478,376</u>	<u>5,080,131</u>
Total liabilities and equity		<u>\$ 14,497,506</u>	<u>\$ 12,321,633</u>

* Includes amounts of related party transactions. See Note 32 for details.

Share amounts and per share data give retroactive effect to the reverse share split as described in the Subsequent Events footnote effective September 12, 2021.

The accompanying notes are an integral part of these consolidated financial statements.

GLOBALFOUNDRIES INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Dollars in thousands)

	Equity Attributable to Shareholder of GLOBALFOUNDRIES INC.										
	Common Shares		Additional Paid-In Capital	Loan from Shareholder	Accumulated Deficit	Hedging Reserve	Foreign Currency Translation Reserve	Available- For-Sale Investment Reserve	Total	Non- controlling Interest	Total Equity
	Shares	Amount									
As of December 31, 2017	576,902,150	\$ 11,538	\$ 11,699,467	\$ 11,567,687	\$ (9,894,380)	\$ (10,372)	\$ (1,517)	\$ 5,887	\$ 13,378,310	\$ 48,501	\$ 13,426,811
Adoption of IFRS 9 and IFRS 15*	—	—	—	—	96,231	23,251	—	(5,887)	113,595	—	113,595
Non-controlling interest	—	—	—	—	—	—	—	—	—	23,942	23,942
Share-based payments	—	—	5,530	—	—	—	—	—	5,530	—	5,530
Net loss for the year	—	—	—	—	(2,701,603)	—	—	—	(2,701,603)	(72,443)	(2,774,046)
Other comprehensive loss	—	—	—	—	—	(14,182)	(2,038)	—	(16,220)	—	(16,220)
As of December 31, 2018	576,902,150	11,538	11,704,997	11,567,687	(12,499,752)	(1,303)	(3,555)	—	10,779,612	—	10,779,612
Surrender of issued shares	(76,902,150)	(1,538)	1,538	—	—	—	—	—	—	—	—
Repayment of loan from shareholder	—	—	—	(400,000)	—	—	—	—	(400,000)	—	(400,000)
Net loss for the year	—	—	—	—	(1,371,186)	—	—	—	(1,371,186)	—	(1,371,186)
Other comprehensive (loss) income	—	—	—	—	—	11,270	(566)	—	10,704	—	10,704
As of December 31, 2019	500,000,000	10,000	11,706,535	11,167,687	(13,870,938)	9,967	(4,121)	—	9,019,130	—	9,019,130
Share-based payments	—	—	980	—	—	—	—	—	980	—	980
Acquisition of subsidiaries	—	—	—	—	—	—	—	—	—	63,717	63,717
Repayment of loan from shareholder	—	—	—	(487,000)	—	—	—	—	(487,000)	—	(487,000)
Net loss for the year	—	—	—	—	(1,347,571)	—	—	—	(1,347,571)	(3,289)	(1,350,860)
Other comprehensive (loss) income	—	—	—	—	—	(24,908)	15,743	—	(9,165)	4,700	(4,465)
As of December 31, 2020	500,000,000	\$ 10,000	\$ 11,707,515	\$ 10,680,687	\$ (15,218,509)	\$ (14,941)	\$ 11,622	\$ —	\$ 7,176,374	\$ 65,128	\$ 7,241,502

* IFRS 9 and IFRS 15 are adopted for all years presented. The cumulative effect of adopting IFRS 9 and IFRS is reflected in the opening balance of Accumulated deficit as of January 1, 2018.

Share amounts and per share data give retroactive effect to the reverse share split as described in the Subsequent Events footnote effective September 12, 2021.

The accompanying notes are an integral part of these consolidated financial statements.

GLOBALFOUNDRIES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)

	Notes	Years Ended December 31,		
		2018	2019	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss		\$ (2,774,046)	\$ (1,371,186)	\$ (1,350,860)
Adjustments to reconcile net loss to net cash provided by operating activities:				
Depreciation	14	2,683,170	2,435,899	2,238,405
Amortization of intangible assets	15	264,754	242,325	284,109
Impairment charges	9	582,246	63,950	22,672
Impairment charge related to discontinued operations	13	127,403	—	—
Finance income		(10,427)	(11,379)	(3,098)
Finance expenses	10	166,930	230,176	154,387
Amortization of deferred income from government grants	26	(179,626)	(156,793)	(51,043)
Share of profit of joint ventures and affiliates	16	(6,900)	(7,859)	(3,876)
Change in fair value of investments in equity instruments		694	—	(3,800)
Write-off of investment in equity accounted investees		8,697	—	—
Deferred income taxes	17	3,693	214,272	(37,749)
Foreign currency exchange net loss		842	12,860	28,999
Gain on disposal of property, plant and equipment	14	(18,963)	(88,319)	(79,266)
Gain on remeasurement of existing equity interests	12, 16	—	—	(38,470)
Gain on sale of fabrication facilities	11	—	(614,554)	—
(Gain) loss on derivatives	20	(359)	486	(327)
Share-based payments	33	5,530	—	980
Other operating activities		2,204	14,745	(44,672)
Change in assets and liabilities:				
Receivables, prepayments and other assets	18	(187,952)	(143,710)	752,862
Inventories	19	(28,524)	(42,325)	(559,876)
Trade and other payables	28	(69,406)	(96,868)	(154,514)
Deferred revenue relating to technology cooperation agreement		(168,245)	—	—
Income tax payable	17	5,211	(1,942)	20,920
		406,926	679,778	1,175,783
Interest received		9,914	15,196	3,886
Interest paid	10	(128,892)	(196,351)	(145,528)
Income tax paid	17	(8,639)	(1,804)	(28,244)
Net cash provided by operating activities		279,309	496,819	1,005,897
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of property, plant and equipment	14	(1,150,255)	(587,934)	(449,288)
Payments from settlement of hedges	20	(720)	(1,382)	(261)
Purchases of intangible assets	15	(178,381)	(184,884)	(143,200)
Cash dividends received from equity accounted investees	16	1,544	1,962	2,548
Loans issued to related parties	28, 32	(29,715)	(22,386)	—
Advances and proceeds from sale of property, plant and equipment and intangible assets	14, 15, 16	85,312	252,158	109,052

GLOBALFOUNDRIES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)

	Notes	Years Ended December 31,		
		2018	2019	2020
Advances and proceeds from sale of fabrication facilities and ASIC business	11	—	832,627	110,851
Proceeds from sale of interest in equity investee	16	36,300	—	—
Purchase and sale of investment in equity securities	16	29,977	4,020	—
Proceeds from settlement of loans issued to joint ventures and associates	32	38,759	49,568	—
Acquisition of subsidiaries	14	—	—	4,133
Net cash (used in) provided by investing activities		<u>(1,167,179)</u>	<u>343,749</u>	<u>(366,165)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayments of shareholder loan	32	—	(400,000)	(487,000)
Proceeds from borrowings from shareholder	23, 32	358,000	—	—
Repayments of borrowings from shareholder	23, 32	(250,000)	(246,984)	(111,516)
Proceeds from borrowings	23	2,542,916	2,860,196	2,816,871
Payment of debt issuance costs	23	(15,652)	(45,369)	(16,082)
Repayments of debt and finance lease obligations	23, 24	(1,814,379)	(3,158,861)	(3,245,594)
Proceeds from government grants	21	231,467	335,222	311,833
Contribution from non-controlling interest	16	25,000	—	—
Decrease (increase) in restricted cash	21	54,732	(28,036)	(1,255)
Net cash provided by (used in) financing activities		<u>1,132,084</u>	<u>(683,832)</u>	<u>(732,743)</u>
Effect of exchange rate changes on cash and cash equivalents	34	(1,301)	(3,399)	3,773
Net increase (decrease) in cash and cash equivalents	21	242,913	153,337	(89,238)
Cash and cash equivalents at the beginning of the year	21	601,065	843,978	997,315
Cash and cash equivalents at the end of the year		<u>\$ 843,978</u>	<u>\$ 997,315</u>	<u>\$ 908,077</u>
Noncash investing and financing activities:				
Amounts payable for property, plant and equipment		\$ 272,708	\$ 19,644	\$ 201,745
Property, plant and equipment acquired through lease		\$ 137,192	\$ 74,592	\$ 8,933
Amounts payable for intangible assets		\$ 74,680	\$ 81,024	\$ 159,295

The accompanying notes are an integral part of these consolidated financial statements.

GLOBALFOUNDRIES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 AND 2020
(Dollars in thousands)

1. Organization

GLOBALFOUNDRIES Inc. (“GLOBALFOUNDRIES”) is an exempted company with limited liability incorporated under the laws of the Cayman Islands. The address of GLOBALFOUNDRIES’ registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104 Cayman Islands.

GLOBALFOUNDRIES and its subsidiaries (together referred to as the “Company”) is one of the world’s largest pure-play semiconductor foundries and offer a full range of mainstream wafer fabrication services and technologies. The Company manufactures a broad range of semiconductor devices, including microprocessors, mobile application processors, baseband processors, network processors, radio frequency modems, microcontrollers, power management units and microelectromechanical systems.

The consolidated financial statements include the following subsidiaries which are all wholly owned, except for GLOBALFOUNDRIES (Chengdu) Integrated Circuit Manufacturing Co., Limited, Advanced Mask Technology Centre GmbH & Co. KG, Maskhouse Building Administration GmbH & Co. KH, Advanced Mask Technology Center Verwaltungs GmbH, and Maskhouse Building Administration Verwaltungs GmbH:

<u>Subsidiary</u>	<u>Jurisdiction of Incorporation or Organization</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2020</u>
GLOBALFOUNDRIES Dresden Module One LLC	United States	X	X	X
GLOBALFOUNDRIES Dresden Module Two LLC	United States	X	X	X
GLOBALFOUNDRIES Innovation Investments LLC	United States	X	X	X
GLOBALFOUNDRIES Investments LLC	United States	X	X	X
GLOBALFOUNDRIES U.S. Inc.	United States	X	X	X
GLOBALFOUNDRIES U.S. 2 LLC	United States	X	X	X
GLOBALFOUNDRIES Borrower LLC	United States	X	X	X
Hudson Valley Research Park Sewage Works Corporation	United States	X	X	X
GLOBALFOUNDRIES Dresden Module One Holding GmbH	Germany	X	X	X
GLOBALFOUNDRIES Dresden Module One LLC & Co. KG	Germany	X	X	X
GLOBALFOUNDRIES Dresden Module Two LLC & Co. KG	Germany	X	X	X
GLOBALFOUNDRIES Dresden Module Two Holding GmbH	Germany	X	X	X
GLOBALFOUNDRIES Management Services LLC & Co. KG	Germany	X	X	X
Advanced Mask Technology Centre GmbH & Co. KG (50%)	Germany	N/A	N/A	X
Maskhouse Building Administration GmbH & Co. KH (50%)	Germany	N/A	N/A	X
Advanced Mask Technology Center Verwaltungs GmbH (50%)	Germany	N/A	N/A	X
Maskhouse Building Administration Verwaltungs GmbH (50%)	Germany	N/A	N/A	X
GLOBALFOUNDRIES Europe Sales & Support GmbH	Germany	N/A	N/A	X

GLOBALFOUNDRIES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 AND 2020
(Dollars in thousands)

<u>Subsidiary</u>	<u>Jurisdiction of Incorporation or Organization</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2020</u>
GLOBALFOUNDRIES Engineering Private Limited	India	X	X	X
GLOBALFOUNDRIES Japan Ltd.	Japan	X	X	X
GLOBALFOUNDRIES Netherlands Cooperatief U.A.	The Netherlands	X	X	X
GLOBALFOUNDRIES Netherlands Holding B.V.	The Netherlands	X	X	X
GLOBALFOUNDRIES Netherlands B.V.	The Netherlands	X	X	X
GLOBALFOUNDRIES Bulgaria EAD	Bulgaria	N/A	X	X
GF Asia Investments Pte. Ltd.	Singapore	X	X	X
GLOBALFOUNDRIES Singapore Pte. Ltd.	Singapore	X	X	X
GLOBALFOUNDRIES Taiwan Ltd.	Taiwan	X	X	X
GLOBALFOUNDRIES Europe Ltd.	United Kingdom	X	X	X
GLOBALFOUNDRIES (Chengdu) Integrated Circuit Manufacturing Co., Limited (51%)	China	X	X	X
GLOBALFOUNDRIES China (Beijing) Co., Limited	China	X	X	X
GLOBALFOUNDRIES China (Shanghai) Co., Limited	China	X	X	X
Nanjing APD Technologies Co. Ltd.	China	X	X	X
GLOBALFOUNDRIES Technologies LLC	Abu Dhabi	X	N/A	N/A
Avera Semiconductor LLC	United States	X	N/A	N/A

GLOBALFOUNDRIES is a wholly owned subsidiary of Mubadala Technology Investments LLC (“Shareholder”) through its subsidiaries, Mubadala Technology Investment Company and MTI International Investment Company LLC. Mubadala Technology Investments LLC is a subsidiary of Mamoura Diversified Global Holding PJSC (“MDGH”). Mubadala Investment Company PJSC (“MIC”) is the ultimate parent company. See Note 32 for further discussion of the Company’s related party disclosures including loans with its Shareholder.

On April 15, 2019, the Company entered into an agreement with Semiconductor Components Industries, LLC (“ON Semiconductor”) to sell the Company’s facility in East Fishkill, New York for \$400,000, including buildings, facilities, certain equipment, inventories, certain contracts, furniture, employees and \$30,000 for a technology license. Under the agreement the Company will manufacture 300mm wafers for ON Semiconductor until the end of 2022 for additional fees, allowing ON Semiconductor to increase its 300mm production at the East Fishkill fab over several years. Under the agreement, ON Semiconductor committed to minimum fixed cost payments in each year from 2020 through 2022. The agreement also includes a technology transfer and development agreement and a technology license agreement. The Company received \$100,000 and recognized license revenue of \$30,000 for the technology license in 2019. The sale is scheduled to close by the end of 2022 and the Company expects to recognize a gain upon the completion of the sale. The Company also expects to recognize revenue for the manufacture of 300mm wafers for ON Semiconductor. On October 1, 2020, the Company entered into an amendment to the agreement with ON Semiconductor Corporation. ON Semiconductor Corporation agreed to pay the Company an additional \$100,000 non-refundable deposit on the purchase price in exchange for a reduction in the minimum fixed cost commitment for 2021. On October 5, 2020, the Company received \$100,000 and recorded it as a deposit received. The Company continues to operate the facility until the sale is closed.

GLOBALFOUNDRIES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 AND 2020
(Dollars in thousands)

The consolidated financial statements were authorized by the GLOBALFOUNDRIES' Board of Directors on August 5, 2021 to be issued and subsequent events have been evaluated for their potential effect on the consolidated financial statements through August 6, 2021. The Company evaluated the subsequent events for disclosures through September 13, 2021 for the reissuance of these financial statements.

2. Basis of Preparation

Statement of Compliance—The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. The consolidated financial statements comprise the financial statements of GLOBALFOUNDRIES and its subsidiaries.

Basis of Measurement—The consolidated financial statements have been prepared on a historical cost basis, except for derivative instruments and investments in equity instruments, which have been measured at fair value and assets held for sale, which have been measured at the lower of carrying value and fair value less costs to sell.

Functional and Presentation Currency—The consolidated financial statements are presented in United States (U.S.) dollars (\$), which is the Company's functional and presentation currency.

Foreign Currency Translation—Assets and liabilities of foreign operations having a functional currency other than the U.S. dollar are translated at the rate of exchange prevailing at the reporting date and revenues and expenses at the rate of exchange prevailing at the dates of the transactions during the period. Gains or losses on translation of foreign subsidiaries are included in other comprehensive income (loss). Gains or losses on foreign currency denominated balances are reported in the same manner.

In preparing the consolidated financial statements of the company, foreign currency-denominated monetary assets and liabilities are translated into the functional currency using the closing rate at the applicable consolidated statement of financial position dates. Non-monetary assets and liabilities, denominated in a foreign currency and measured at fair value, are translated at the rate of exchange prevailing at the date when the fair value was determined and non-monetary assets measured at historical cost are translated at the historical rate. Revenues and expenses are measured in the functional currency at the rates of exchange prevailing at the dates of the transactions with gains or losses included in income.

Basis of Consolidation—The consolidated financial statements comprise the financial statements of GLOBALFOUNDRIES and its subsidiaries. Subsidiaries are fully consolidated from the date of acquisition, being the date on which GLOBALFOUNDRIES obtains control, and continue to be consolidated until the date when such control ceases. All intercompany transactions, balances, income and expenses are eliminated in full on consolidation. Wholly owned subsidiaries and controlled entities included in these consolidated financial statements are disclosed in Note 16.

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Specifically, the Company controls a subsidiary if, and only if, the Company (a) has a power over the subsidiary, (b) is exposed, or has rights, to variable returns from its involvement with subsidiary, and (c) has the ability to use the power to affect its returns.

Generally, there is a presumption that a majority of the voting rights results in control. To support this presumption and when the Company has less than a majority of the voting or similar rights of a subsidiary, the

GLOBALFOUNDRIES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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(Dollars in thousands)

Company considers all relevant facts and circumstances in assessing whether it has power over a subsidiary, including (a) the contractual arrangements with the other vote holders of the subsidiary, (b) rights arising from other contractual arrangements, and (c) the Company's voting rights and potential voting rights.

The Company re-assesses whether or not it controls a subsidiary if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive loss ("OCI") are attributed to the equity holder of the Company and to the non-controlling interests.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Company loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resulting gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

3. Summary of Significant Accounting Policies, Judgements, Estimates and Assumptions

Business Combinations—Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Company elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in selling, general and administrative expenses.

When the Company acquires a business, assets acquired and liabilities assumed are measured at their respective fair values on the acquisition date. The Company assesses the assets acquired and liabilities assumed for appropriate classification in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Investments in Joint Ventures—Joint ventures are those entities over whose activities the Company has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investments in jointly controlled entities are accounted for using the equity method of accounting (herein after referred to as "equity accounted investees") and are recognized initially at cost. The consolidated financial statements include the Company's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Company, from the date that joint control commences until the date that joint control ceases. The most recent available financial statements of the equity accounted investees are used in applying the equity method. When the end of the reporting period of the equity accounted investees is different from the Company, and it is impracticable for the equity accounted

GLOBALFOUNDRIES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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investees to prepare financial statements as of the same date as the Company, the Company's share of the income and expenses and equity movements of equity accounted investees may be recorded with up to a one-month lag. After application of the equity method, the Company determines whether it is necessary to recognize an impairment loss on its investment in its joint venture. At each reporting date, the Company determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognizes the loss as share of profit (loss) of joint ventures and associates in the consolidated statements of operations and comprehensive loss.

When the Company's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Company has an obligation on behalf of the investee.

Cash and Cash Equivalents—Cash and cash equivalents includes cash on hand and balances at banks, deposits held on call with banks, and financial instruments that are not subject to significant risk of changes in value, are readily convertible into cash and have original maturities of three months or less at the time of purchase.

Trade Accounts Receivable—Trade accounts receivable are recognized initially at fair value. A provision for impairment of trade accounts receivable is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Financial Instruments:

Category of financial instruments and measurement

Classification and Measurement—All recognized financial assets are measured based on amortized cost or fair value. The classification is based on two criteria: the Company's business model for managing the assets and whether the instrument's contractual cash flows represent "solely payments of principal and interest" ("SPPI") criterion.

The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest is made based on the facts and circumstances as at the initial recognition of assets.

Financial assets are recorded at amortized cost when such financial assets are held with the objective to collect contract cash flows that meet the SPPI criterion. This category includes debt, trade and other receivables and loans to related parties included under receivables, prepayments and other assets.

Financial assets recorded at fair value recognized in profit and loss ("FVPL") comprise unquoted equity instruments which the Company had not irrevocably elected, at initial recognition, to classify at fair value through other comprehensive income ("FVOCI"). This category would also include debt instruments (including loans to related parties) whose cash flow characteristics fail the SPPI criterion or are not held to either to collect contractual cash flows or to both collect contractual cash flows and sell financial assets.

Financial assets recorded at FVOCI comprise unquoted equity investments which the Company irrevocably elects, at initial recognition, to classify at fair value through other comprehensive income when they meet the definition of equity and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as

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other income in the consolidated statements of operations and comprehensive income when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

Impairment of financial assets

The Company will record an allowance for expected credit losses (“ECL”) for all loans and other debt financial assets not recorded at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset’s original effective interest rate.

The Company estimated its expected credit losses for its contract assets, loans to related parties, trade receivables and other receivables and other receivables at an amount equal to lifetime credit losses.

Offsetting of Financial Instruments—Financial assets and financial liabilities are offset and the net amount reported in the consolidated statements of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Fair Value of Financial Instruments—The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm’s-length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

Derivative Financial Instruments and Hedge Accounting—The Company uses derivative financial instruments, such as foreign currency forward contracts, interest rate swaps, cross currency swaps and commodity forward contracts to mitigate the risks associated with changes in foreign currency exchange, interest rates and commodity price. The Company does not use derivative financial instruments for trading or speculative purposes. Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value at each reporting date. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

In applying its strategy, from time to time, the Company uses foreign currency forward contracts to hedge certain forecasted expenses denominated in foreign currencies, primarily the Euro and Singapore Dollar. The Company hedges future cash flow for capital expenditures denominated in foreign currencies, primarily Euro and Yen. In addition, the Company uses pay-fixed/receive-float interest rate swaps and cross-currency swaps to protect the Company against adverse fluctuations in interest rates and foreign currency rates and to reduce its exposure to variability in cash flows on the Company’s forecasted floating-rate debts and foreign currency-denominated debts. The Company also uses commodity forward contracts to hedge forecasted electricity consumption to minimize the impact of commodity price movements on the reported earnings of the Company and on future cash flows related to fluctuations of the contractually specified, separately identifiable and reliably measurable commodity risk component.

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At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge, and on an ongoing basis, the Company documents whether a hedging relationship meets the hedge effectiveness requirements under *IFRS 9* and whether there continues to be an economic relationship between the hedged item and the hedging instrument. The Company designates these contracts and swaps as cash flow hedges of forecasted expenses, capital expenditures or floating-rate and foreign currency denominated debts, as applicable, and evaluates hedge effectiveness prospectively.

As such, the effective portion of the gain or loss on these contracts and swaps is reported as a component of OCI and reclassified to the consolidated statements of operations and comprehensive loss in the same line item as the associated forecasted transaction for expenses and in the same period during which the hedged item affects earnings. For hedges of capital expenditures, the amount in OCI is incorporated into the initial carrying amounts of the non-financial assets and depreciated over the average useful life of the underlying assets. Any ineffective portion of hedges for expenses or capital expenditures is immediately recorded in the consolidated statements of operations and comprehensive loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer meets the criteria for hedge accounting. Any gain or loss recognized in the cash flow hedge reserve remains in equity and is recognized in profit or loss when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset to another entity. On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

On derecognition of an investment in a debt instrument at FVOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVOCI, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

Current Versus Noncurrent Classification of Derivative Instruments—Derivative instruments are classified as current or noncurrent or separated into a current and noncurrent portion based on an assessment of the facts and circumstances. Derivative financial instruments are classified as current assets or current liabilities where they have maturity period within 12 months. Where derivative financial instruments have a maturity period greater than 12 months, they are classified within either noncurrent assets or noncurrent liabilities.

Where the Company will hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the reporting date, the derivative is classified as noncurrent (or separated into current and noncurrent portions) consistent with the classification of the underlying item.

- Embedded derivatives that are closely related to the host contract are classified consistent with the expected timing of the cash flows of the host contract.

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- Derivative instruments that are designated as, and are effective hedging instruments, are classified based on the settlement date.

Inventories—Inventories are stated at standard cost adjusted to the lower of cost or net realizable value. The cost of raw materials is determined using applicable raw material purchase prices. The cost of supplies is determined based on a weighted-average cost formula. Work in process and finished goods are valued at the cost of direct materials and a proportion of manufacturing labor and overhead costs based on normal operating capacity.

Inventory allowances are made on an item-by-item basis, except where it may be appropriate to group similar or related items. An allowance is made for the estimated losses due to obsolescence based on expected future demand and market conditions. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Property, Plant and Equipment—Construction in progress, property, plant and equipment are stated at historical cost, net of accumulated depreciation and accumulated impairment losses. The assets' residual values and useful life are reviewed, and adjusted if appropriate, at each balance sheet date. Major additions and improvements are capitalized as appropriate, only when it is probable that future economic benefits associated with the item and the cost of the item can be measured reliably; minor replacements and repairs are charged to the consolidated statement of operations and comprehensive loss. The Company also capitalizes interest on borrowings related to eligible capital expenditures. Capitalized interest is added to the cost of qualified assets and depreciated together with that asset cost. The Company also records capital-related government grants, not subject to forfeiture, as a reduction to property, plant and equipment.

Depreciation begins when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management (available for use). Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Building and leasehold/land improvements	Up to 26 years (or the remaining lease term of related land on which the buildings are erected, if shorter)
Equipment	2 to 8 years
Computers	5 years

An item of property, plant and equipment or any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statements of operations and comprehensive loss when the asset is derecognized.

Intangible Assets—Technology, patent, software licenses and similar rights acquired separately are stated at cost or are adjusted to fair value when impaired. Intangible assets acquired through business combinations which include customer relationships and manufacturing and process technology, are recorded at estimated fair values at the date of acquisition. Intangible assets are amortized based on the pattern in which the economic benefits of the respective intangible asset are consumed, which is in general on a straight-line basis over their estimated useful lives of between three and nine years. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset

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are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statements of operations and comprehensive loss in the expense category that is consistent with the function of the intangible assets.

Impairment of Non-Financial Assets—The Company reviews, at each reporting date, the carrying amount of the Company’s property, plant and equipment and finite lived intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. Factors that the Company considers important in deciding when to perform an impairment review include, but are not limited to:

- Significant underperformance relative to historical or projected future operating results;
- Significant changes in the manner of the Company’s use of the acquired assets or the Company’s overall business strategy; and
- Significant unfavorable industry or economic trends.

If any indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual assets, The Company estimates the recoverable amount of the cash generating unit (“CGU”) to which the asset belongs. The recoverable amount of an asset or CGU is estimated to be the higher of an asset’s or CGU’s fair value less costs to dispose and its value in use. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount. The Company also evaluates, and adjusts if appropriate, the asset’s useful lives, at each reporting date or when impairment indicators exist.

In assessing value in use, the estimated future post-tax cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. The Company bases its impairment calculation on detailed budgets and forecast calculations, which include an approved formal five-year management plan for each of the CGUs to which the individual assets are allocated. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses are recognized in the consolidated statements of operations and comprehensive loss to the extent of the recoverable amount, measured at the present value of discounted cash flows attributable to the assets, is less than their carrying value.

The Company also performs periodic reviews to identify assets that are no longer used and are not expected to be used in future periods and record an impairment charge to the extent that the carrying amount of the tangible and intangible assets exceeds the recoverable amount.

If the recoverable amount subsequently increases, the impairment loss previously recognized will be reversed to the extent of the increase in the recoverable amount, provided that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. The impairment loss reversal is recognized immediately in the consolidated statements of operations and comprehensive loss.

Non-Financial Assets or Disposal Groups Held for Sale—Asset groups are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through

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continuing use. The asset groups are classified as assets held for sale when the following conditions have been met: management has approved the plan to sell; assets are available for immediate sale; assets are actively being marketed; sale is probable of occurring within one year; price is reasonable in the market and it is unlikely that there will be significant changes in the assets to be sold or a withdrawal of the plan to sell. Asset groups classified as held for sale are reported in current assets in the consolidated statements of financial position at the lower of their carrying amount and fair value less costs to sell. Long-lived assets classified as held for sale are no longer depreciated. When the held for sale accounting treatment requires an impairment charge for the difference between the carrying amount and fair value, such impairment is reflected in the consolidated statements of operations and comprehensive loss in the line item "Impairment charges".

An impairment loss is recognized for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognized for any subsequent increases in fair value less costs to sell off an asset, but not in excess of any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale of the noncurrent asset is recognized at the date of derecognition.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

Provisions—Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are mainly made up of site restoration obligations.

The Company records site restoration obligations in the period in which they are incurred at their estimated fair value. Site restoration obligations consist of the present value of the estimated costs of dismantlement, removal, site reclamation and similar activities associated with facilities built on land held under long-term operating leases. The site restoration obligations are recorded as a liability at the estimated present value as of the related long-lived asset's inception discounted using a pre-tax rate that reflects the current market assessment of the time value of money and risks specific to the site restoration obligations. After initial recognition, the liability is increased for the passage of time, with the increase being reflected as accretion expense in the line item "finance expenses" in the consolidated statements of operations and comprehensive loss. The associated site restoration costs are capitalized as part of the carrying amount of the underlying asset and depreciated over the estimated useful life of the related long-lived asset. Subsequent adjustments in the discount rates, estimated amounts, timing and probability of the estimated future costs and changes resulting from the passage of time are recognized as an increase or decrease in the carrying amount of the liability and the related site restoration cost capitalized as part of the carrying amount of the related long-lived asset on a prospective basis. If the decrease in the liability exceeds the remaining carrying amount of the related site restoration costs, the excess is recognized as a credit in the line item selling, general and administrative expenses in the consolidated statements of operations and comprehensive loss.

Leasing—

2018

A lease is an agreement whereby a lessor assigns to a lessee the right to use an asset for an agreed period of time in return for a payment or series of payments. Leases were classified as either finance or operating leases.

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Leasing transactions that transfer substantially all the risks and rewards associated with ownership of a leased asset to the lessee were classified as finance leases. All other leasing agreements were classified as operating leases.

Leasing arrangements may include arrangements which are not in the legal form of a lease but convey the right to use a tangible asset in return for a payment or a series of payments. Determining whether an arrangement was, or contained a lease, was based on the substance of the arrangement and an assessment of whether the arrangement was dependent on the use of a specific asset or conveyed the right to use the asset. The Company entered into certain arrangements with suppliers with characteristics of leasing arrangements. These arrangements were accounted for as finance leases.

Where the Company was the lessee in a finance lease, the leased asset was capitalized at the lower of the fair value or present value of the minimum lease payments at the beginning of the lease term, and this amount was simultaneously recognized as a financial liability. The minimum lease payments essentially comprised financing costs and the principal portion of the remaining obligation. The leased asset was depreciated by the straight-line method. If subsequent transfer of title to the leased asset was uncertain, it was depreciated over the shorter of its estimated useful life or the lease term. Lease payments were apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges were recognized in finance expenses in the consolidated statements of operations and comprehensive loss.

Where the Company was the lessee in an operating lease, lease payments were generally recognized as an operating expense in the consolidated statements of operations and comprehensive loss on a straight-line basis over the lease term. Contingent rentals were charged to expense when they were incurred.

2019 and 2020

On January 1, 2019, the Company adopted IFRS 16, *Leases*, using the modified retrospective approach by applying the new standard to all leases existing at the adoption date and not restating comparative periods. The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right-of-use assets—The Company recognizes right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are reported within property, plant and equipment, and are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities—At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of the lease payments to be made over the lease term. Only lease payments that are fixed and determinable are considered at the time of commencement. The lease payment includes fixed payments (including in-substance fixed payments) less any lease incentives, variable lease payments that depend on an

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index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying assets.

The Company's lease liabilities are separately reported in the consolidated statements of financial position under noncurrent portion of lease obligations and current portion of lease obligations.

Short-term leases and leases of low-value assets—The Company applies the short-term lease recognition exemption to leases that have a lease term not exceeding 12 months, or for leases of low-value assets. The payment for such leases is recognized in the Company's consolidated statement of operations and comprehensive loss on a straight-line basis over the lease term.

Share-based payments—Share-based payment expense related to share awards is recognized based on the fair value of the awards granted. The fair value of each option award is estimated on the grant date using the Black-Scholes option pricing model. The option pricing model requires the input of highly subjective assumptions, including the estimated fair value of the Company's stock, expected term of the option, expected volatility of the price of the Company's shares, risk free interest rate and the expected dividend yield of ordinary shares. The assumptions used to determine the fair value of the option awards represent management's best estimates. These estimates involve inherent uncertainties and the application of management's judgment. The Company estimates the expected forfeiture for options utilizing historical data, and only recognizes expense when a defined liquidity event (change in control or IPO) is deemed probable on the number of awards that are expected to vest. After applying a forfeiture estimate during each reporting period for when the options are probable of vesting, the Company recognizes expense on a graded attribution basis for each tranche of the award over the period from the grant date to the later of the one-year anniversary of estimated time following a liquidity event or the legal vesting dates (see Note 33).

Earnings Per Share—Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares. The weighted average number of ordinary shares outstanding is increased by the number of additional ordinary shares that would have been issued by the Company assuming exercise of all options with exercise prices below the average market price for the year.

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Revenue Recognition—The Company derives revenue primarily from fabricating semiconductor wafers using the Company’s manufacturing processes for the Company’s customers based on their own or third parties’ proprietary integrated circuit designs and, to a lesser extent, from design, mask making, bumping, probing, assembly and testing services.

The Company recognizes revenue from contracts with customers by applying the following steps: (i) identify the contracts with the customers; (ii) identify performance obligations in the contracts; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations per the contracts; and (v) recognize revenue when (or as) the entity satisfies a performance obligation.

The majority of the Company’s revenue is derived from contracts with customers for wafer fabrication and engineering and other pre-fabrication services such as rendering of non-recurring engineering (“NRE”) services and mask production. The Company accounts for a contract with a customer when it has approval and commitment from parties, the rights and obligations of the parties are identified, payments terms are identified, the contract has commercial substance, and collectability of consideration is probable.

The Company generally requires a purchase order from all of its customers, to which the Company responds with an order acknowledgement and a copy of the Company’s standard terms and conditions. The Company also enters into master supply agreements (“MSA”) with certain of its customers that may specify additional terms and conditions, such as pricing formulas based on volume, volume discounts, calculation of yield adjustments, indemnifications, transfer of title and risk of loss, and payment terms. Under these agreements, volumes are usually not guaranteed. The Company also requires a purchase order from its customers with which it has MSAs for specific products and quantities. As a result, the Company has concluded that the combination of a purchase order and order acknowledgement, including the Company’s standard terms and conditions, and the MSA, if applicable, create enforceable rights and obligations between the Company and its customers.

Typically, goods and services provided under the Company’s contracts are accounted for as a single performance obligation. However, in some contracts, the Company provides multiple distinct goods or services to a customer. In those cases, the Company accounts for the distinct contract deliverables as separate performance obligations at the stated contract value, which appropriately represents the individual performance obligation’s estimated standalone selling price.

The Company fabricates wafers for its customers to the customers’ specifications. Since the wafers in process have no alternative use, and the Company has an enforceable right to payment including a reasonable profit (due to the existence of cancellation clauses for each arrangement), the Company concluded that it met the criteria to recognize revenue over time as a percentage of costs incurred over total expected costs.

As discussed in Note 4, a change in cancellation terms in certain wafer orders during the year ended December 31, 2020 resulted in the Company no longer meeting the criteria to account for revenue recognition from contracts with customers over time. As such, the Company recognizes revenue for such modified wafer orders at the point at which control of the wafers is transferred to the customer, which is determined to be at the point of wafer shipment from the Company’s facilities or delivery to the customer location. This modification did not have an impact to its contracts to provide NRE services. For its contracts to provide NRE services to the customers’ specifications, the Company recognizes revenue as it delivers the service as a percentage of costs incurred over total expected costs.

Certain of the Company’s contracts with its customers include potential price adjustments such as volume rebates and yield adjustments that may be refundable to customers. The Company estimates the variable

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consideration related to these price adjustments as part of the total transaction price and recognizes revenue in accordance with the pattern applicable to the performance obligation, subject to a constraint. The Company constrains the amount of revenues recognized for these contractual provisions based on its best estimate of the amount which will not result in a significant reversal of revenue in a future period. The Company determines the amounts to be recognized based on the amount of potential refund required by the contract, historical experience and other surrounding facts and circumstances. These obligations are typically settled with the customer after shipment through the issuance of a credit note applied against the customer's accounts receivable balance. Any difference between the amount accrued upon shipment for potential refunds and the actual amount agreed to with the customer is recorded as an increase or decrease in revenue. These potential price adjustments are accrued and netted against accounts receivable on the consolidated statements of financial position.

The Company's contracts with its customers also warrant that products and services will meet the specified functionality. Defective products returned by customers are compensated through replacements, repairs or credit notes.

A contract asset ("unbilled accounts receivables") is recognized when the Company has recognized revenue, but not issued an invoice for payment. The Company has determined that unbilled receivables are not considered a significant financing component of the Company's contracts. Contract assets are included in receivables, prepayments and other assets and transferred to receivables when invoiced (See Note 18).

A contract liability is recognized when the Company receives payments in advance of the satisfaction of performance obligations and are included in deferred revenue on the consolidated statements of financial position (See Note 27).

Costs to obtain a contract are incremental direct costs incurred to obtain a contract with a customer, including sales commissions, and are capitalized if material. Costs to fulfill a contract include costs directly related to a contract or specific anticipated contract (e.g., certain design costs) that generate or enhance the Company's ability to satisfy the Company's performance obligations under these contracts. These costs are capitalized to the extent they are expected to be recovered from the associated contract and are material.

Product Warranties—The Company warrants that products will meet the stated functionality as agreed to in each sales arrangement. The Company provides for the estimated warranty costs under these arrangements based upon historical experience and management's estimate of the level of future claims, and accrues for specific items at the time their existence is known and the amounts are estimable. Expenses for warranty costs were not significant in any of the periods presented.

Government Grants—The Company has received investment grants from the Federal Republic of Germany, the State of Saxony, various agencies of the Government of Singapore and the Empire State Development Corporation in New York (collectively referred to as "Government Grants"). These grants are primarily provided in connection with construction and operation of the Company's wafer manufacturing facilities, employment and research and development.

In 2020, the Company has received non-refundable cash grants from the Government of Singapore as part of the Government's relief measures to help businesses deal with the impact from the COVID-19 pandemic under the Job Support Scheme totaling \$29,113, which was recorded as a reduction of staff costs. The Company has received \$26,313 in 2020 and the remaining \$2,800 will be received in 2021.

Government grants are recognized when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as deferred

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income and released to the consolidated statements of operations and comprehensive loss over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate, and is presented as a reduction of those costs. Where the grant relates to an asset, it is recognized as a reduction in the basis of the asset and released as a reduction to depreciation expense in equal amounts over the expected useful life of the related asset.

Research and Development Costs—Research costs are expensed as incurred. Development costs are recognized as intangible assets only when it is probable that expected future economic benefits, attributable to the development activities, will accrue to the Company.

Borrowing Costs—Borrowing costs directly attributable to the construction phase of property, plant and equipment are capitalized as part of the cost of assets which are constructed by the Company and for which a considerable period of time (at least six months) is planned for construction. Borrowing costs are capitalized from the start of construction until the date the asset is ready for its intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

Current and Deferred Income Tax—Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset acquired or liability assumed in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized except in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

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Deferred income tax relating to items recognized directly in equity is recognized in equity and not in profit or loss, except in the United States where operating losses offset tax otherwise incurred on items booked in equity.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Consumption Taxes—Revenues, expenses and assets are recognized net of the amount of consumption taxes except where the consumption taxes incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the consumption tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables are stated with the amount of consumption taxes included. The net amount of consumption tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statements of financial position.

Current versus noncurrent classification—The Company presents assets and liabilities in the statement of financial position based on current and noncurrent classification. An asset is current when it is:

- Expected to be realized on intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as noncurrent. Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

Recent Accounting Pronouncements, Adopted:

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform (“IBOR”)—The Company considered the impact of IBOR reform on its hedge accounting. The Company adopted the “Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform” issued in September 2019. In accordance with the transition provisions, the amendments have been adopted retrospectively to hedging relationships that existed at the start of the reporting period or were designated thereafter. The amendments provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by IBOR reform. The

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reliefs have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness will continue to be recorded in the consolidated statements of operations and comprehensive loss.

Furthermore, the amendments set out triggers for when the reliefs will end, which include the uncertainty arising from interest rate benchmark reform no longer being present.

In summary, the reliefs provided by the amendments that apply to the Company are:

- In assessing whether the hedge is expected to be highly effective on a forward-looking basis, the Company has assumed that the LIBOR interest rate on which the cash flows of the interest rate swaps and cross currency swaps that hedges the EUR Equipment Financing, EUR Term Loan B, EUR Term Loan A, USD Equipment Financing, USD Term Loan B and USD Term Loan A is not altered by IBOR reform.
- The Company has assessed whether the hedged LIBOR risk component is a separately identifiable risk only when it first designates the hedge and not on an ongoing basis.

The Company has evaluated the extent to which its cash flow hedging relationships are subject to uncertainty driven by IBOR reform as at December 31, 2020. The Company's hedged items and hedging instruments continue to be indexed to EURIBOR and LIBOR. These benchmark rates are quoted each day and the IBOR cash flows are exchanged with counterparties as usual.

The Company has also evaluated the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of IBOR reform and there has been communication about IBOR reform with counterparties. As of December 31, 2020, there is uncertainty about when and how replacement may occur with respect to the relevant hedged items and hedging instruments. The Company will continue to apply the amendments to IFRS 9 until the uncertainty arising from the IBOR reform with respect to the timing and the amount of the underlying cash flows that the Company is exposed to is no longer present. This uncertainty will not end until the Company's contracts that reference IBOR are amended to specify the date on which the interest rate benchmark will be replaced, the cash flows of the alternative benchmark rate and the relevant adjustment. This will, in part, be dependent on the introduction of fall back clauses which have yet to be added to the Company's contracts and the negotiation with the counterparties. No amendment has been made on existing derivative and loan contracts as at December 31, 2020.

The Company has a limited exposure to changes in the IBOR benchmark. The Company has \$1,190,752 of interest rate swaps which are in a cash flow hedge relationship of USD Equipment Financing and USD Term Loan A. Also, the Company has EUR503,278 thousand of cross currency swaps which are in cash flow hedge relationships of EUR Equipment Financing and EUR Term Loan A.

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The table below indicates the nominal amount and weighted average maturity of derivatives in hedging relationships that will be affected by IBOR reform as financial instruments transition to risk-free rates, analyzed by interest rate basis. The derivative hedging instruments provide a close approximation to the extent of the risk exposure the Company manages through hedging relationships.

<u>As of December 31, 2020 Interest rate swaps</u>	<u>Currency</u>	<u>Nominal amount</u>	<u>Maturity</u>
Three-month LIBOR	USD	168,750	2023
Three-month LIBOR	USD	794,688	2024
Six-month LIBOR	USD	227,314	2026
Total		<u>1,190,752</u>	

<u>Cross currency swaps (in thousand Euro)</u>			
Three-month LIBOR	EUR	83,000	2024
Six-month LIBOR	EUR	334,564	2024
Six-month LIBOR	EUR	85,714	2026
Total		<u>503,278</u>	

Recent Accounting Pronouncements, Not Yet Adopted:

Interest Rate Benchmark Reform—Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, and IFRS 16)—The amendments address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IAS 39, IFRS 7, and IFRS 16 relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities and hedge accounting. Application of the relief is effective for annual periods beginning on or after January 1, 2021, with early application permitted. The requirements must be applied retrospectively. The Company does not expect that the adoption of these amendments will have a material impact to its consolidated financial statements.

Significant Accounting Judgments, Estimates and Assumptions—The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses as well as the disclosure of commitments and contingencies. Actual results may differ from these estimates and such differences may be material to the consolidated financial statements.

Enterprise Value. Given the absence of a public trading market of the Company's ordinary shares, and in accordance with the American Institute of Certified Public Accountants Practice Aid, Valuation of Privately-Held Company Equity Securities Issued as Compensation, the Company's board of directors exercised reasonable judgment and considered numerous objective and subjective factors to determine the best estimate of the fair value of the Company's ordinary shares at each grant date. These factors include:

- valuations of the Company's ordinary shares performed by independent third-party specialists;
- lack of marketability of the Company's ordinary shares;
- the Company's actual operating and financial performance;
- current business conditions and projections;

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- hiring of key personnel and the experience of the Company's management;
- the history of the Company and the introduction of new products;
- the Company's stage of development;
- the market performance of comparable publicly traded companies; and
- the U.S. and global capital market conditions.

In valuing the Company's ordinary shares, the Company's board of directors determined the equity value of the Company's business using various valuation methods including combinations of income and market approaches with input from management. The income approach estimates value based on the expectation of future cash flows that a company will generate. These future cash flows are discounted to their present values using a discount rate derived from an analysis of the cost of capital of comparable publicly traded companies in the Company's industry or similar business operations as of each valuation date and is adjusted to reflect the risks inherent in the Company's cash flows. For the market approach, the Company reviews the performance of a set of guideline comparable public companies, and considers the guideline companies' various financial characteristics, including size, profitability, balance sheet strength, and diversification as compared to the Company.

Application of these approaches involves the use of estimates, judgment, and assumptions that are highly complex and subjective, such as those regarding the Company's expected future revenue, expenses, and future cash flows, discount rates, market multiples, and the selection of comparable companies. Changes in any or all of these estimates and assumptions or the relationships between those assumptions impact the Company's valuations as of each valuation date and may have a material impact on the valuation of the Company's ordinary shares.

Impairment Assessment of Non-Financial Assets—Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs to sell calculation is based on a discounted cash flow analysis that a potential buyer would perform in determining a transaction value of the CGU less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. When preparing the discounted cash flow analysis, the Company makes subjective judgments in determining the independent cash flows that can be related to a specific CGU based on its asset usage model and manufacturing capabilities in addition to the discount rate used in the analysis. In addition, because subjective judgments are made regarding the remaining useful lives of assets and expected future revenue and expenses associated with the assets, changes in these estimates based on changes in economic conditions or business strategies could result in material impairment charges in future periods. The key assumptions used to determine the recoverable amount for the different CGUs, including sensitivity analysis, are disclosed and further explained in Note 14.

Income Taxes—In determining taxable income for financial statement reporting purposes, management makes certain estimates and judgments specific to taxation issues. These estimates and judgments are applied in the calculation of certain tax liabilities and in the determination of the recoverability of deferred tax assets, which arise from temporary differences between the recognition of assets and liabilities for income tax and financial statement reporting purposes.

Deferred taxes are recognized for unused losses, among other events, to the extent that it is probable that taxable profit will be available against which the losses can be utilized.

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This evaluation requires the exercise of judgment with respect to, among other things, benefits that could be realized from available tax strategies and future taxable income, as well as other positive and negative factors. The ultimate realization of deferred tax assets is dependent upon, among other things, the Company's ability to generate future taxable income that is sufficient to utilize loss carry-forwards or tax credits before their expiration or the Company's ability to implement prudent and feasible tax planning strategies.

If estimates of projected future taxable income and benefits from available tax strategies are reduced as a result of a change in the assessment or due to other factors, or if changes in current tax regulations are enacted that impose restrictions on the timing or extent of the Company's ability to utilize net operating losses and tax credit carry-forwards in the future, the Company may be required to reduce the amount of total deferred tax assets resulting in a decrease of total assets. Likewise, a change in the tax rates applicable in the various jurisdictions or unfavorable outcomes of any ongoing tax audits could have a material impact on the future tax provisions in the periods in which these changes could occur.

In addition, the calculation of tax liabilities involves dealing with uncertainties in the application of complex tax rules and the potential for future adjustment of uncertain tax positions by the tax authorities in the countries in which the Company operates. If estimates of these taxes are greater or less than actual results, an additional tax benefit or charge may result.

Risk and uncertainty—All of the Company's manufacturing facilities continue to remain open and are operating at normal production levels. The Company has been classified as an essential business in the United States, Germany and Singapore and facilities are expected to remain open throughout the COVID-19 crisis. The Company's manufacturing sites are limited to essential personnel only and the Company is able to maintain appropriate staffing levels to support production.

The Company's customers have not signaled material demand shifts at this point and non-cancellable revenue coverage is within the normal historical range. The Company continues to closely monitor the business environment for changes and is prepared to adjust capital and operational spending as appropriate.

4. Net Revenues

The following table presents the Company's revenue disaggregated based on revenue source and timing of revenue recognition. The Company believes these categories best depict how the nature, timing, and uncertainty of revenue cash flows are affected by economic factors.

	2018	2019	2020
<u>Type of goods and services:</u>			
Wafer fabrication	\$ 5,712,583	\$ 5,442,550	\$ 4,440,291
Engineering and other pre-fabrication services	483,456	370,238	410,214
	<u>\$ 6,196,039</u>	<u>\$ 5,812,788</u>	<u>\$ 4,850,505</u>
<u>Timing of revenue recognition:</u>			
Revenue recognized over time	\$ 6,122,478	\$ 5,736,926	\$ 4,227,448
Revenue recognized at a point in time	73,561	75,862	623,057
	<u>\$ 6,196,039</u>	<u>\$ 5,812,788</u>	<u>\$ 4,850,505</u>

During the year ended December 31, 2020, due to operational and commercial reasons, the Company modified the cancellation terms of its contracts with customers that are applicable to wafer fabrication products.

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As a result, the Company no longer has an enforceable right to payment covering cost incurred plus a reasonable profit margin for work completed to date when a customer cancels its wafers purchase order at any stage of production. The change was effective to all wafer outstanding purchase orders as at the date of contract modification and future purchase orders thereafter. The contract modification had no impact on the originally agreed wafer volume, the related wafer price, and other terms and conditions of its existing contracts with customers. Likewise, the modification did not have an impact to its contracts to provide NRE services to the customers' specifications; therefore, the Company continuously recognizes revenue as it delivers the NRE service as a percentage of costs incurred over total expected costs.

Prior to the contract modification, the Company satisfied its performance obligations over time because of the customer's contractual obligation to pay for work completed to date with a reasonable profit. The change in cancellation terms substantively modified the contracts with customers. As a result, the Company no longer meets the criteria to account for revenue recognition from contracts with customers over time on the outstanding purchase orders at the contract modification date and future orders thereafter. Consequently, the Company recognizes revenue on the impacted outstanding wafers orders and future orders at the point at which control of the wafers is transferred to the customer, which is determined to be at the point of wafer shipment from the Company's facilities or delivery to the customer location, as determined by the agreed shipping terms.

In 2020, the Company recognized a cumulative decrease in revenue of \$315,308 and a corresponding decrease in unbilled accounts receivable, and a cumulative decrease in cost of revenues of \$255,557 and a corresponding increase in inventories, with a net decrease in gross margin of \$59,751 on the impacted outstanding purchase orders on the date of contract modification.

5. Cost of Revenues

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Depreciation of property, plant and equipment ⁽¹⁾	\$ 2,411,565	\$ 2,290,531	\$ 2,087,376
Staff costs	859,105	984,515	1,096,915
Maintenance costs and utilities	1,175,898	1,136,492	1,092,566
Material costs	881,296	843,807	740,948
Amortization of intangible assets	101,904	91,668	99,581
Subcontractor costs	68,427	44,920	88,469
Costs relating to TCA ⁽²⁾	91,871	—	—
Inventory changes, facilities costs, and other	1,056,024	953,099	357,370
	<u>\$ 6,646,090</u>	<u>\$ 6,345,032</u>	<u>\$ 5,563,225</u>

(1) Amounts are net of amortization of government grants relating to assets. See Note 14 for the detailed movements of property, plant and equipment.

(2) Relates to the Company's Technology Cooperation Agreement ("TCA"), which ended in 2018.

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6. Research and Development Expenses

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Staff costs	\$ 425,658	\$ 273,432	\$ 202,774
Depreciation of property, plant and equipment	149,465	105,113	121,078
Amortization of intangible assets	114,114	104,226	99,397
Material costs	136,319	67,275	66,124
Maintenance costs and utilities	59,870	26,692	27,222
Other(1)	40,794	6,236	(40,826)
	<u>\$ 926,220</u>	<u>\$ 582,974</u>	<u>\$ 475,769</u>

- (1) Other primarily includes net (income) expenses related to research funding agreements and wafer, labor, software license costs allocated (to) and from cost of revenues. During the year ended December 31, 2018, the Company recognized nonrefundable Albany Cooperation Agreement fees of \$60,000 in expenses. Following the Company's announcement of the suspension of its 7nm development program, the Company terminated this arrangement.

7. Selling, General and Administrative Expenses

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Staff costs(1)	\$ 294,019	\$ 292,152	\$ 297,591
Amortization of intangible assets	48,736	46,431	85,131
Maintenance costs and utilities	49,453	50,853	42,137
Depreciation of property, plant and equipment	29,289	40,255	29,951
Other(2)	31,250	15,937	(9,950)
	<u>\$ 452,747</u>	<u>\$ 445,628</u>	<u>\$ 444,860</u>

- (1) Staff costs include share-based payments of \$5,530, \$0 and \$980 for share options for the year ended December 31, 2018, 2019, and 2020, respectively. See Note 3 for further discussion on the timing of expense recognition.
- (2) Other primarily includes net professional charges, marketing expenses and facility costs allocated to and from selling, general and administrative expenses. Real estate transfer taxes are also included in Other.

8. Restructuring Charges

During the year ended December 31, 2018, the Company committed to a company-wide transformation program to help bring its operating margin in line with industry peers that resulted in the reorganization of the Company's global business infrastructure with all sites impacted. Part of the company-wide transformation was to "Pivot" away from a strategy based primarily on investment in leading-edge technology and to focus on investments in technologies demonstrating GLOBALFOUNDRIES' differentiation. The Company then decided to put its 7nm development program on hold indefinitely and to restructure certain aspects of the organization. As a result of putting the 7nm development program on an indefinite hold an impairment charge was taken for \$494,060 (see Note 9 for further details). The impairment charge comprised primarily of charges to plant, property and equipment.

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The company-wide transformation program resulted in restructuring charges amounting to \$112,026 for the year ended December 31, 2018. These charges related to employee separation costs which include one-time termination benefits that were recognized as a liability at estimated fair value at the time of communication to employees. These restructuring charges were fully paid at December 31, 2018.

9. Impairment Charges

During the year ended December 31, 2018, the Company announced the realignment of its leading-edge FinFET roadmap to shift development resources to the 14/12nm FinFET platform, and away from its 7nm FinFET development program which has been placed on indefinite hold. At December 31, 2018, the fabrication and other equipment related to the 7nm development program that could not be repurposed to other product lines was offered for sale. Immediately before the classification of the 7nm development program fabrication and other equipment as assets held for sale, the recoverable amount was estimated and a write-down of \$431,914 was recognized during the year to reduce the carrying amount of the assets in the disposal group to their fair value less costs to sell. The Company also recorded impairment charges for 7nm specific intellectual property that had no future use.

In addition, the Company identified certain underutilized fabrication tools and also offered them for sale. These assets were no longer being depreciated while awaiting sale. The carrying values of these assets exceeded the recoverable values based on agreements to sell or a valuation report obtained from a third-party valuation firm.

The recoverable amount was determined on the basis of fair value less cost to sell and totaled \$218,944 which was reclassified to assets held for sale as at December 31, 2018.

The Company recorded the following impairment charges:

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Equipment	\$ 431,914	\$ 17,886	\$ 22,672
Equipment held for sale	88,186	43,880	—
Intellectual property and other	62,146	2,184	—
Total impairment charges	<u>\$ 582,246</u>	<u>\$ 63,950</u>	<u>\$ 22,672</u>

10. Finance Expenses

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Interest on long-term debt	\$ 102,973	\$ 159,114	\$ 97,855
Interest on lease obligations	38,705	43,666	34,807
Commitment fees and amortization of debt issuance costs	19,611	23,457	18,366
Capitalized interest	(4,170)	(332)	—
Accretion costs and other	7,685	4,271	3,359
Total Finance Expenses	<u>\$ 164,804</u>	<u>\$ 230,176</u>	<u>\$ 154,387</u>

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11. Gain on Sale of a Fabrication Facility and Application Specific Integrated Circuit Business

For the year ended December 31, 2019, the Company recognized the following gain from sale of a fabrication facility and Application Specific Integrated Circuit (“ASIC”) business-related assets:

	<u>2019</u>
Facility in Tampines, Singapore	\$ 196,554
ASIC Business	418,000
Total gain on sale of a fabrication facility and ASIC business	\$ 614,554

Facility in Tampines, Singapore

On January 31, 2019, the Company entered into an agreement with Vanguard International Semiconductor Corporation (“VIS”) to sell the Company’s facility in Tampines, Singapore for \$236,000, including buildings, facilities, equipment and intellectual properties associated with the Company’s Micro Electro Mechanical Systems, or MEMS, business. Under the terms of the agreement, the Company continued to operate the facility through the end of 2019, providing a transition period to facilitate technology transfers for VIS and the Company’s remaining customers. The sale closed on December 31, 2019 and the Company recognized a gain upon the completion of the sale amounting to \$196,554 after derecognition of net assets of \$39,446. The following is the breakdown of the net assets that were derecognized:

	<u>December 31,</u> <u>2019</u>
Property, plant and equipment	\$ 54,061
Inventories	1,908
Receivables	800
Total Assets	56,769
Lease liabilities	(9,681)
Other current and noncurrent liabilities	(6,739)
Other	(903)
Total Liabilities	(17,323)
Net Assets	\$ 39,446

ASIC Business

On May 20, 2019, the Company entered into an agreement with Marvell Technology Group Ltd. to sell certain ASIC assets, contracts, intellectual properties, inventories and employees. On November 5, 2019, the sale closed for a consideration of \$555,977. The Company recognized a gain of \$418,000 after derecognition of net assets of \$124,067, and commission and termination costs of \$13,900. Under the agreement, the Company will manufacture wafers for Marvell Technology Group Ltd for additional fees and the Company received advanced fees of \$40,000 in 2019. As of December 31, 2020, \$28,766 of advanced fees continue to be recorded in trade and other payables and other noncurrent liabilities.

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The following is the breakdown of the net assets that were derecognized:

	December 31, 2019
Property, plant and equipment	\$ 18,894
Intangible assets	10,239
Unbilled accounts receivable	95,857
Inventories	30,285
Other current and noncurrent assets	8,039
Total Assets	163,314
Lease liabilities	(619)
Deferred revenue	(36,417)
Other current and noncurrent liabilities	(2,211)
Total Liabilities	(39,247)
Net Assets	\$ 124,067

12. Other Income, Net

	2018	2019	2020
Gain on legal settlement	\$ —	\$ —	\$ 294,217
Gain on remeasurement of existing equity interests (Note 16)	—	—	38,470
Other ⁽¹⁾	61,331	74,055	107,620
Total other income, net	\$ 61,331	\$ 74,055	\$ 440,307

(1) Relate to gains on the sales of property, plant and equipment and certain intangible assets.

Gain on legal settlement

On October 28, 2019, the Company and a competitor (the “Competitor”) agreed to dismiss all pending patent litigation based on their respective patents and products. The Company and the Competitor also agreed to a broad life-of-patent cross-license to each other’s worldwide existing semiconductor manufacturing process patents as well as patents that will be filed during the next ten years. On April 10, 2020, under the terms of a settlement agreement, the Company received a settlement from the Competitor and recorded total gains of \$294,217 related to this settlement for the year ended December 31, 2020.

13. Discontinued Operations

In 2018, the Company and the Chengdu Gaoxin Industry Investment Co., Ltd. agreed to cease operations of GLOBALFOUNDRIES (Chengdu) Integrated Circuit Manufacturing Co., Limited (“GFCD”) due to changes in market conditions that made it no longer financially feasible to continue to develop the project in Chengdu, China. The Company impaired the net assets of GFCD as the carrying value of the assets may not be recovered through use. The Company recorded an impairment charge totaling \$127,403.

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The results of GFCD are presented below:

	<u>December 31, 2018</u>
Net revenues	\$ —
Cost of revenues	—
Gross loss	—
Research and development expenses	15,375
General and administrative expenses	3,205
Impairment charges	127,403
Loss of discontinued operations	(145,983)
Finance income	144
Finance expenses	(2,126)
Other expenses, net	(54)
Loss before income taxes from discontinued operations	(148,019)
Income tax expense	(1)
Total loss from discontinued operations	\$ (148,020)

The major classes of assets of GFCD that were impaired as of December 31, 2018 are as follows:

	<u>December 31, 2018</u>
Inventories	\$ 751
Receivables, prepayments and other assets	1,967
Property, plant and equipment	119,841
Intangible assets	4,844
Impairment charges related to discontinued operations	\$ 127,403

GFCD has outstanding non-cancellable purchase commitments of \$213,000 and \$146,400 as of December 31, 2019 and 2020, respectively, which the Company does not anticipate will be fully remunerated. In 2019 and 2020, the Company continues to negotiate with vendors to settle these outstanding purchase commitments. As of December 31, 2019 and 2020, the Company has cash and restricted cash of \$34,399 and \$35,654, respectively, for future settlement with vendors. Payments to vendors are subject to approval of the minority shareholder. The Company has assessed and concluded that potential payments beyond the available cash and restricted cash amount in GFCD to be remote.

Below are the cash flows associated with discontinued operations:

	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2020</u>
Operating	\$ 1,396	\$ (24,615)	\$ (5,192)
Investing	(13,660)	—	—
Financing	22,621	—	—
Net cash (outflow) inflow	\$ 10,357	\$ (24,615)	\$ (5,192)

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14. Property, Plant and Equipment

The Company has lease contracts for various facilities, plant, machinery, vehicles and other equipment. Before the adoption of IFRS 16 on January 1, 2019, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risk and profit incidentals of the leased asset to the Company; otherwise it was classified as an operating lease.

Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases that it is the lessee, except for leases with terms of 12 months or less, and leases of low value items. The Company recognized lease liabilities for lease payments and right of use (“ROU”) assets representing the right to use the underlying assets.

On January 1, 2019, the Company recognized total ROU assets of \$358,518 with corresponding liabilities of \$525,543 on the consolidated financial position, which includes \$280,415 of pre-existing ROU assets and \$417,850 of pre-existing lease liabilities.

The gross amount of assets recorded under ROU leases, which are included in property, plant and equipment amounted to \$791,875 and \$858,138 as of December 31, 2019 and 2020, respectively. The net carrying value of ROU leases amounted to \$348,163 and \$292,193 as of December 31, 2019 and 2020, respectively. Amortization of ROU assets is included in depreciation expense. Depreciation expense for the years ended December 31, 2018, 2019 and 2020 for all ROU assets was \$39,822, \$55,798 and \$56,964, respectively.

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	<u>Land and Land Improvements</u>	<u>Building and Leasehold Improvements</u>	<u>Equipment</u>	<u>Computer</u>	<u>Construction in Progress</u>	<u>Total</u>
As of December 31, 2018	\$ 76,427	\$ 7,004,526	\$21,848,513	\$424,257	\$ 711,733	\$30,065,456
Adoption of IFRS 16	47,320	29,769	1,014	—	—	78,103
Additions ⁽¹⁾	16	138,738	28,217	1,278	206,381	374,630
Transfers from construction in progress	—	287,965	379,135	17,235	(684,335)	—
Transfers from assets held for sale	—	18,095	317,084	—	6,242	341,421
Disposals	(16,752)	(148,204)	(823,596)	(38,996)	(7,643)	(1,035,191)
As of December 31, 2019	107,011	7,330,889	\$21,750,367	403,774	232,378	29,824,419
Additions ⁽¹⁾	—	15,016	31,494	276	570,576	617,362
Transfers from construction in progress	—	43,833	373,359	7,928	(425,120)	—
Transfers from assets held for sale	—	—	75,158	—	—	75,158
Acquisition of subsidiaries	9,362	57,426	167,509	—	76,491	310,788
Disposals	(11,926)	(6,781)	(358,502)	(1,266)	(3,538)	(382,013)
As of December 31, 2020	\$ 104,447	\$ 7,440,383	\$22,039,385	\$410,712	\$ 450,787	\$30,445,714
Accumulated Depreciation and Impairment						
As of December 31, 2018	\$ 20,153	\$ 3,129,286	\$14,865,184	\$331,225	\$ 6,635	\$18,352,483
Additions ⁽¹⁾	10,161	428,298	1,965,568	31,872	—	2,435,899
Transfers from assets held for sale	—	17,890	275,316	—	—	293,206
Impairments	—	—	17,886	—	—	17,886
Disposals	(2,405)	(136,785)	(722,738)	(24,396)	—	(886,324)
As of December 31, 2019	27,909	3,438,689	16,401,216	338,701	6,635	20,213,150
Additions ⁽¹⁾	3,960	424,304	1,783,572	26,569	—	2,238,405
Impairments	—	5,331	18,786	—	—	24,117
Transfers from assets held for sale	—	—	71,681	—	—	71,681
Disposals	(582)	(2,172)	(323,916)	(1,171)	—	(327,841)
As of December 31, 2020	\$ 31,287	\$ 3,866,152	\$17,951,339	\$364,099	\$ 6,635	\$22,219,512
Net book value as of December 31, 2019	\$ 79,102	\$ 3,892,200	\$ 5,349,151	\$ 65,073	\$ 225,743	\$ 9,611,269
Net book value as of December 31, 2020	\$ 73,160	\$ 3,574,231	\$ 4,088,046	\$ 46,613	\$ 444,152	\$ 8,226,202

- (1) The Company earned investment tax credits related to the Company's construction of a wafer fabrication facility in Saratoga County, New York (which were netted against additions relating to Building and Leasehold Improvements and Equipment). These credits were generally earned based on when the related assets were placed in service. The Company recorded the investment tax credits as a reduction of property and equipment costs. As of December 31, 2019, and 2020, the investment tax credits included in property and equipment amounted to \$326,262 and \$259,969, respectively.

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Depreciation expenses on property, plant and equipment are as follows:

	2018	2019	2020
Cost of revenues	\$ 2,498,835	\$ 2,290,531	\$ 2,087,376
Research and development expenses	154,838	105,113	121,078
Selling, general and administrative expenses	29,497	40,255	29,951
	<u>\$ 2,683,170</u>	<u>\$ 2,435,899</u>	<u>\$ 2,238,405</u>

Identification of cash-generating units—The facilities and equipment utilized in the semiconductor manufacturing processes are highly integrated and inter-dependent in the production process. The recoverable amounts of the individual long-lived assets cannot be determined as the cash inflows are not largely independent of those from other assets. Therefore, the Company has concluded that each of its fabrication facilities constitute a separate CGU.

The Company has assessed indicators of impairment for its CGUs and performed impairment assessment during the fourth quarter of the years ended December 31, 2018, 2019, and 2020. Based on this assessment the Company concluded there was no impairment of long-lived assets.

Assets pledged as security—Various assets have been pledged to secure borrowings under mortgages for the Company. Property, plant and equipment, inventories, and financial assets with carrying values of \$4,984,595, \$397,915, and \$1,688, respectively, have been pledged to secure borrowings under mortgages for the Company. The Company is not allowed to pledge these assets as security for other borrowings or to sell them to other entities.

Impairment of Long-lived Assets

Substantially all of the long-lived assets are comprised of the Malta CGU, Dresden CGU and Singapore CGU. The recoverable amount of each CGU was estimated based on the fair value less cost to sell calculation using a discounted cash flow model. The free cash flows used in the discounted cash flow model are consistent with the financial budgets approved by senior management covering the initial five-year period. If necessary, free cash flow beyond the initial five-year period is extrapolated for future periods. The Dresden and Malta CGUs continue to invest in development expansion opportunities and thus, the Company has projected cash flows for the Dresden CGU through 2036 and for the Malta CGU through 2045 based on a 30-year life from the commencement of production at those locations. Cash flows beyond the initial five-year period for the Dresden and Malta CGUs are estimated assuming a 1-2% growth rate over forecast periods. Free cash flow for the Singapore CGU did not extend beyond the initial four-year period. The post-tax discount rate applied to the cash flow projections for identified CGUs is 8.0%. Terminal values were estimated based on guideline companies' benchmark using a 9.0 - 11.0 times terminal year EBITDA included in the discounted cash flows for the Dresden, Malta and Singapore CGUs. The recoverable amounts exceeded the carrying amounts for the Dresden, Malta and Singapore CGUs, resulting in no impairment.

Key assumptions used in the fair value less cost to sell and sensitivity to changes in assumptions

The calculation of fair value less cost to sell for the CGUs is most sensitive to the following assumptions:

- Revenues (pricing)
- Cost

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- Volume
- Discount rate

Sensitivity analysis

The hypothetical changes in the following table to assumptions used in the impairment review would, in isolation, have led to the recoverable value equaling the carrying value for Q4 2020.

	<u>Dresden CGU</u>	<u>Malta CGU</u>	<u>Singapore CGU</u>
Revenues (pricing)	(20.8)%	(15.7)%	(25.3)%
Costs	34.8%	32.4%	44.2%
Volume	(51.9)%	(30.5)%	(59.3)%
Discount rate	13.8%	4.6%	57.4%

The semiconductor industry is subject to significant and rapid changes. However, the inputs used in the Company's projections represent the Company's best estimates based on the information available to us as of the issuance of the financial statements. Further information about the basis for the Company's estimates follows:

Revenues (pricing)—Management estimates selling prices by customer based on industry trends, historical and expected trends in cost reductions, customer experience and competitive pressures. The estimated selling prices are used, along with volume estimates, to forecast revenues. For example, a decrease in estimated average selling prices by 15.7%, in isolation, would result in the elimination of the passing margin for the Malta CGU.

Cost—Estimates are obtained from published indices for the countries from which materials are sourced, as well as data relating to specific commodities. Forecast figures are used if data is publicly available, otherwise past actual raw material price movements are used as an indicator of future price movements. Management has considered the possibility of greater than forecasted increases in raw material price inflation. This may occur if demand for material rises faster than supply. For example, an increase in the prices of raw materials and other inputs forecasted above by 32.4%, in isolation, would result in the elimination of the passing margin for the Malta CGU.

Volume—Estimates of customer volumes are made by management of each Fab based upon customer committed and forecasted orders. Senior management may adjust customer forecasted orders to reflect the uncertainty associated with these orders. The volume forecasts used to develop forecasted revenues are based on assumed volumes from the customers' committed and forecasted orders combined with the anticipated production timing. For example, a decrease in volumes by 30.5%, in isolation, would result in the elimination of the passing margin for the Malta CGU.

Discount rate—The discount rate represents the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company and its operating units and is derived from its weighted average cost of capital ("WACC"). The WACC considers both debt and equity. The cost of equity is derived from the expected return on investment by the Company's investors. The cost of debt is based on the interest-bearing borrowings the Company is obligated to service. The specific risk is incorporated by applying the Company's beta factors. The beta factors are evaluated annually based on publicly available market data. For example, the discount rate used to calculate the recoverable amount of the Malta CGU was 8.0%. An increase of 4.6% to the 8.0% discount rate, in isolation, would result in the elimination of the passing margin for the Malta CGU.

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15. Goodwill and Intangible Assets

Cost	Technology, Licenses and Similar Rights	Software	Patents	Goodwill	Others	Total
As of December 31, 2018	\$ 1,172,530	\$258,463	\$ 276,667	\$ —	\$ 131,200	\$ 1,838,860
Additions	129,728	12,381	—	5,477	—	147,586
Disposals	(27,711)	—	(11,841)	—	—	(39,552)
As of December 31, 2019	1,274,547	270,844	264,826	5,477	131,200	1,946,894
Additions	192,507	12,323	—	—	610	205,440
Acquisitions of subsidiaries	—	326	—	12,547	—	12,873
Disposals	(217,825)	(4,192)	(30,349)	—	—	(252,366)
As of December 31, 2020	<u>\$ 1,249,229</u>	<u>\$279,301</u>	<u>\$ 234,477</u>	<u>\$18,024</u>	<u>\$ 131,810</u>	<u>\$ 1,912,841</u>
Accumulated Amortization						
As of December 31, 2018	\$ 681,416	\$216,590	\$ 141,964	\$ —	\$ 57,290	\$ 1,097,260
Additions	159,195	27,148	39,252	—	16,730	242,325
Impairments	2,184	—	—	—	—	2,184
Disposals	(21,497)	—	(8,159)	—	—	(29,656)
As of December 31, 2019	821,298	243,738	173,057	—	74,020	1,312,113
Additions	166,707	20,748	39,474	—	57,180	284,109
Impairments	(1,445)	—	—	—	—	(1,445)
Disposals	(201,674)	(1,891)	(26,313)	—	—	(229,878)
As of December 31, 2020	<u>\$ 784,886</u>	<u>\$262,595</u>	<u>\$ 186,218</u>	<u>\$ —</u>	<u>\$ 131,200</u>	<u>\$ 1,364,899</u>
Net book value as of December 31, 2019	<u>\$ 453,249</u>	<u>\$ 27,106</u>	<u>\$ 91,769</u>	<u>\$ 5,477</u>	<u>\$ 57,180</u>	<u>\$ 634,781</u>
Net book value as of December 31, 2020	<u>\$ 464,343</u>	<u>\$ 16,706</u>	<u>\$ 48,259</u>	<u>\$18,024</u>	<u>\$ 610</u>	<u>\$ 547,942</u>

Amortization expenses on intangible assets are as follows:

	2018	2019	2020
Cost of revenues	\$ 101,904	\$ 91,668	\$ 99,581
Research and development expenses	114,114	104,226	99,397
Selling, general and administrative expenses	48,736	46,431	85,131
	<u>\$ 264,754</u>	<u>\$ 242,325</u>	<u>\$ 284,109</u>

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16. Business Combinations and Acquisition of Non-Controlling Interest and Investments in Joint Ventures

The Company has the following investments and voting rights in joint ventures:

	Country of Incorporation	December 31, 2019	December 31 2020
Silicon Manufacturing Partners Pte Ltd. ("SMP")	Singapore	49%	49%
Sensry GmbH ("Sensry")	Germany	46%	25%
Advanced Mask Technology Centre GmbH & Co. KG ("AMTC")	Germany	50%	N/A
Maskhouse Building Administration GmbH & Co. KG ("BAC")	Germany	50%	N/A

- SMP is an independent foundry that fabricates semiconductor integrated circuits on silicon wafers using advanced production facilities and the propriety integrated circuit designs of its customers in the semiconductor industry.
- Sensry manufactures customized industrial sensor modules.
- AMTC operates a photomask facility in Dresden, Germany and provides photomasks for use in manufacturing microprocessors and other integrated circuits.
- BAC owns the premises in which AMTC operates, and leases these to AMTC.

On January 1, 2020, the Company executed amendments to its joint venture agreement and limited partnership agreements related AMTC and BAC under which the terms of the agreements were extended to March 31, 2022 and the Company obtained the determining vote over changes in the business plans of AMTC and BAC. The Company has concluded that it has obtained control over the AMTC and BAC joint venture and has consolidated the joint venture effective January 1, 2020.

The Company evaluated whether the legal form of joint ventures gave the owning parties rights to the underlying assets and liabilities of the joint ventures and concluded that the Company only had access to its net investment (and not a specific share of the assets and liabilities). Further, the Company evaluated the associated joint ventures agreements to support the acquisition of output noting that the agreements allowed external third parties to acquire the output. Considering these factors, the Company has concluded that these entities would be classified as joint ventures. According to the provisions of IAS 28 (revised 2011) and IFRS 11, the joint ventures have been recognized through the equity method of accounting.

The following table presents the movement in investment in joint ventures:

	2019	2020
Beginning balance	\$ 79,193	\$ 77,331
Share of profits for the period	7,859	3,876
Capital reduction	(15,333)	(50)
Dividends declared during the period	(2,564)	(2,586)
Reduction in investments due to the consolidation of AMTC and BAC	—	(41,869)
Additions during the period	8,742	—
Share of foreign exchange fluctuation reserves for the period	(566)	—
Ending balance	<u>\$ 77,331</u>	<u>\$ 36,702</u>

As part of a cost reduction strategy, the Company decided in 2019 to wind down its mask production operations at its Burlington, Vermont location and transfer those operations to its joint venture mask house,

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AMTC in Dresden, Germany and increase its share of the joint venture mask house's productive capacity. On January 1, 2020, the Company obtained control of the AMTC and BAC joint ventures through an amendment of the joint venture agreement granting the Company the determining vote over changes in the business plans of AMTC and BAC. The Company consolidated the joint venture effective January 1, 2020. No consideration was paid to the non-controlling shareholder as a result of the amendment to the joint venture agreement. The Company recognized a non-operating gain on remeasurement of existing equity interest of \$38,470 upon the remeasurement of its previously held ownership interest to fair value, which was \$86,896 and release of the foreign currency translation reserve related to its ownership interest of \$6,553.

The Company has elected to measure the non-controlling interests in the acquiree at fair value.

The Company has made an assessment of the fair value of assets and liabilities of AMTC and BAC at the date control was obtained as follows:

	Fair value recognized on deemed acquisition		
	AMTC	BAC	Total
Assets:			
Property, plant and equipment	\$ 243,974	\$ 66,815	\$ 310,789
Intangible assets	310	16	326
Inventories	7,720	—	7,720
Receivables from government grants	161	—	161
Receivables, prepayments and other assets	31,022	1,335	32,357
Cash and cash equivalents	1,812	2,321	4,133
	<u>284,999</u>	<u>70,487</u>	<u>355,486</u>
Liabilities:			
Debt	\$ 179,217	\$ 9,071	\$ 188,288
Deferred tax liabilities	3,370	7,009	10,379
Deferred income from government grants	3,143	3,039	6,182
Trade and other payables	9,866	1,800	11,666
Income taxes payable	865	—	865
	<u>196,461</u>	<u>20,919</u>	<u>217,380</u>
Total identifiable net assets acquired at fair value	88,538	49,568	138,106
Goodwill arising on acquisition	5,498	7,009	12,507
Less: Non-controlling interest measured at fair value	(35,411)	(28,306)	(63,717)
Fair value of equity interest held	<u>\$ 58,625</u>	<u>\$ 28,271</u>	<u>\$ 86,896</u>

Receivables, prepayments and other assets include the fair value of trade receivables amounting to \$31,079. The gross amount of trade receivables is \$31,079 and it is expected that the full contractual amounts will be collected.

The goodwill is attributed to the synergies expected to arise after the acquisition and is allocated to the Company's mask house cash generating unit, AMTC. None of the goodwill recognized is expected to be deductible for income tax purposes.

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The fair value of the non-controlling interest has been estimated based on a proportional allocation of the fair value of the net tangible assets based on a valuation obtained by the Company from a third party valuation firm. The fair value measurements are based on significant inputs that are not observable in the market. The fair value estimate is based on:

- An assumed discount rate of 8.5% to 9.0%.
- A terminal value, calculated based on the Gordon Growth Model with a perpetual growth rate of 3.0%.

During the year ended December 31, 2020, AMTC contributed \$35,956 of net revenues after intercompany eliminations and \$2,028 to loss before income taxes from operations of the Company, while BAC contributed \$0 of revenue and \$4,505 to loss before income taxes from operations of the Company.

The Company has allocated \$3,289 in the statements of operations and comprehensive loss for the year ended December 31, 2020 to the non-controlling interest.

Analysis of cash flows on acquisition:

	<u>AMTC</u>	<u>BAC</u>	<u>Total</u>
Net cash acquired with the subsidiary (included in cash flows from investing activities)	\$1,812	\$2,321	\$4,133
Net cash flow on acquisition	\$1,812	\$2,321	\$4,133

17. Income Taxes

For tax reporting purposes, the Company consolidates its entities under GLOBALFOUNDRIES Inc., a Cayman Islands entity as described in Note 1. Accordingly, the Company has presented the domestic portion of the disclosures below based on its country of domicile in the Cayman Islands.

As a Cayman Islands corporation, the Company's domestic statutory income tax rate is 0.0%. The difference between the Company's domestic statutory income tax rate and its (provision) benefit for income taxes is due to the effect of the tax rates in the other jurisdictions in which the Company operates. Principally, for the years ended December 31, 2019 and 2020, the Company is subject to United States' federal and state taxes with a combined statutory tax rate of 22.24% and 22.05%, respectively; German corporation and trade taxes with a combined statutory tax rate of 31.58%; and Singapore's statutory tax rate of 17%.

Income tax benefit (expense) consisted of the following:

	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2020</u>
Current income tax expense:			
Current income tax expense	\$ (4,534)	\$ (6,205)	\$ (28,713)
Adjustments in respect of current income tax of previous year	540	103	98
Deferred tax			
Net operating and investment allowance carryforwards	(33,876)	(216,582)	34,561
Currency effect on non-monetary assets of subsidiary	(7,608)	8,961	43,155
Other change in temporary differences	29,032	(10,338)	(36,834)
Income tax benefit (expense) reported in the consolidated statements of operations and comprehensive loss	\$ (16,446)	\$ (224,061)	\$ 12,267

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A reconciliation between tax benefit and accounting profit multiplied by the Company's statutory rate of 0% is as follows:

	December 31, 2018	December 31, 2019	December 31, 2020
Loss before income taxes	\$(2,609,110)	\$(1,147,125)	\$(1,363,127)
Tax at Enacted Statutory Rate	\$ —	\$ —	\$ —
Foreign tax rate differential	15,222	10,567	58,505
Adjustments in respect to current income tax of previous years	540	103	98
Government grants exempt from tax	23,555	20,094	12,950
Deductible expense for tax purpose	3,552	1,944	(8,033)
Impact of unrecognized deferred tax assets	(24,650)	(246,465)	(62,734)
Non-deductible expenses for tax purposes	(9,781)	569	—
Effects of foreign exchange gains (loss)	(24,861)	(10,347)	40,256
Impact of change in liability for uncertain tax positions	(95)	(77)	8,922
Withholding Tax	—	—	(33,504)
Other effects	72	(449)	(4,193)
Income tax benefit (expense)	\$ (16,446)	\$ (224,061)	\$ 12,267
Effective income tax rate	0.63%	19.53%	(0.90)%

In 2019 and 2020, the Company assessed that it is probable that 100% of deferred tax assets can be realized in Singapore. The Company has determined that realization of deferred taxes associated with loss carryforwards is limited to reserves for uncertain tax positions in the United States that would generate future taxable income, and deferred tax assets resulting from consolidation of AMTC and BAC.

In 2019, a decrease in net deferred tax assets of \$189,614 was recorded for the Company's German subsidiary mainly due to a write-down of deferred tax assets on loss carryforwards because the Company has changed how the German operations are compensated from a cost-plus-reimbursement approach to a resale, or buy-sell compensation arrangement. The ability to forecast future profit under the new intercompany pricing approach is less certain compared to prior cost plus concept, which requires an incremental tax expense write-down of German deferred tax assets.

In 2020, Singapore recorded a tax benefit of \$63,655 (included under "Foreign tax rate differential" of \$(58,505) relating to a revaluation of deferred tax liabilities after satisfying investment conditions necessary for an extension of a lower tax rate incentive during the year. The conditions that were required for the reduced tax rate related to fixed asset investment, increased wafer production, targeted research projects, and increased employment.

In 2020, the Company recorded withholding tax amounting to \$33,504, triggered primarily from a legal settlement.

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Components of the Company's deferred tax assets and liabilities are attributable as follows:

	December 31, 2019	December 31, 2020
Accelerated depreciation on property, plant and equipment	\$ (746,817)	\$ (589,699)
Losses, credits and investment allowances available for offsetting against future taxable income	759,275	648,141
Accrued expenses	314,528	313,404
Inventory	62,863	67,692
Other comprehensive income	(571)	(2,677)
Currency effect	(469)	(718)
Deferred income	20,905	13,363
Other	(2,255)	(14,362)
Net deferred tax assets	<u>\$ 407,459</u>	<u>\$ 435,144</u>

The classification of the net deferred tax assets (liabilities) in the statements of financial position is as follows:

	December 31, 2019	December 31, 2020
Deferred tax assets	\$ 408,050	\$ 443,566
Deferred tax liabilities	(591)	(8,422)
Net deferred tax assets	<u>\$ 407,459</u>	<u>\$ 435,144</u>

Total unrecognized deferred tax assets as of December 31, 2019 and 2020 was \$2,959,136 and \$3,231,522, respectively. The Company does not anticipate any significant changes to the total amounts of unrecognized deferred tax assets within the next 12 months of the reporting date.

As of December 31, 2019 and 2020, the Company has accumulated corporate losses in Germany of \$972,795 and \$1,305,372, respectively, and trade tax losses in Germany of \$694,346 and \$998,114, respectively. Except for a fully deductible base amount, utilization of German net operating loss carryforwards is limited to 60% of taxable income in any one year. German net operating losses do not expire with the passage of time, but may forfeit partially or completely as a result of legal entity restructurings.

As of December 31, 2019 and 2020, the Company has unutilized capital allowances on the property and equipment held in Singapore of \$1,802,601 and \$1,609,695, respectively, and unutilized tax losses available for carryforward of \$58,484 and \$58,484, respectively. Under Singapore tax law, unutilized capital allowances and unutilized tax losses are deductible to the extent of income available. Unutilized capital allowances and unutilized tax losses can be carried forward indefinitely subject to compliance with the conditions that there is no substantial change in shareholders and no change in the Company's principal activities, where applicable. As of December 31, 2019 and 2020, the Company has investment allowances of \$843,336 and \$843,336, respectively in Singapore which can be carried forward indefinitely.

As of December 31, 2019 and 2020, the Company has gross operating loss carryforwards in the United States of \$7,593,319 and \$8,042,617, respectively; \$6,535,163 will expire in years 2029 through 2037. As of December 31, 2019 and 2020, the Company has \$847,636 and \$908,287, respectively of California gross

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operating loss carryforwards and, in the other states in which it operates, it has gross operating loss carryforwards of \$830,555 and \$912,259, respectively. The state carryforwards expire beginning in 2023. In addition, the Company has U.S. research and development tax credit carryforwards of \$158,692 and \$150,927 for the years December 31, 2019 and 2020, respectively, that will expire in years 2030 through 2033. The Company has California research and development tax credits of \$16,687 and \$15,046 as of December 31, 2019 and 2020, respectively, that do not expire. In addition, the Company has nonrefundable New York Empire Zone credit carryforwards of \$1,115,806 and \$1,122,132 as of December 31, 2019 and 2020, respectively, that do not expire. Six other states have research and development tax credits, Texas, Minnesota, Vermont, North Carolina, Massachusetts and New Jersey for which the Company has calculated a total credit carryforward of \$9,262 and \$9,218 for the years December 31, 2019 and 2020, respectively. These credits have a carryforward that expire between 2030 through 2039.

At December 31, 2019 and 2020, no deferred tax liabilities were recorded for taxes that would be payable on the undistributed earnings of certain of the Company's subsidiaries as the Company is able to control the timing of the distributions and does not anticipate requiring any distributions for the foreseeable future.

A reconciliation of deferred taxes, net is as follows:

	December 31, 2019	December 31, 2020
Beginning balance	\$ 626,969	\$ 407,459
Tax expense recognized to consolidated statements of operations	(217,959)	40,882
Tax benefit (expense) recognized to other comprehensive loss	(1,081)	(2,106)
Tax benefit (expense) recognized from acquisition of subsidiaries	—	(10,379)
Uncertain tax positions and others	(470)	(712)
Ending balance	<u>\$ 407,459</u>	<u>\$ 435,144</u>

As of December 31, 2019 and 2020, the Company's current tax receivables were \$6,986 and \$113, respectively, related to its subsidiaries in Europe.

As of December 31, 2019 and 2020, the Company's current income tax payable of \$37,057 and \$30,609, respectively, is composed of \$263 and \$2,491, \$9,206 and \$11,836 and \$27,632 and \$16,282 for entities incorporated in Europe, the United States and Singapore, respectively. The current income tax payable amounts include the following uncertain tax provisions: \$9,276 in the United States for both December 31, 2019 and 2020, and \$25,118 and \$16,175 in Singapore for December 31 2019 and 2020, respectively, for exposure arising from unutilized capital allowances and domestic related party transactions. Europe had no current income taxable amounts included in uncertain tax provisions for either December 31, 2019 or 2020.

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18. Receivables, Prepayments and Other Assets

	December 31, 2019	December 31, 2020
Noncurrent:		
Non-trade receivables	\$ 18,857	\$ 11,993
PILOT Bonds (Note 23)	28,559	20,037
Investments in equity instruments	8,169	12,737
Loans to related parties (Note 32)	125,557	—
Employee incentive credits (Note 21)	22,057	—
Investment tax credits (Note 21)	19,178	—
Other	15,216	93
	<u>\$ 237,593</u>	<u>\$ 44,860</u>
Current:		
Trade receivables, other than related parties ⁽²⁾	\$ 639,074	\$ 767,257
Non-trade receivables	105,212	70,482
Recoverable sales tax	45,788	49,104
Unbilled accounts receivable ⁽¹⁾	956,663	62,226
Prepaid expenses	26,834	22,283
Advances and deposits paid	17,161	21,722
Investment tax credits (Note 21)	26,063	19,178
Trade receivables from related parties (Note 32)	7,921	7,455
Loans to related parties (Note 32)	49,213	—
Amounts due from Related Parties	1,309	1,279
Other	11,959	1,877
	<u>\$ 1,887,197</u>	<u>\$ 1,022,863</u>

- (1) Unbilled accounts receivable represents amounts recognized on revenue contracts less associated advances and progress billings. These amounts will be billed in accordance with the agreed-upon contractual terms or upon shipment of products or rendering services.
- (2) The Company's trade receivables, other than related parties, are all classified as current and are expected to be collected within one year. The Company's provision for sales returns was not material for either for the years ended December 31, 2019 or 2020. See the table below for the aging of the Company's trade receivables, other than related parties.

The following table presents the activities in unbilled accounts receivable as of December 31, 2019 and 2020:

	December 31, 2019	December 31, 2020
Beginning balance	\$ 944,634	\$ 956,663
Revenue recognized during the year	5,740,326	4,548,456
Cumulative catch-up adjustment to revenue	—	(315,308)
Amounts invoiced	(5,625,523)	(5,127,585)
Transferred as part of the sale of ASIC business	(102,774)	—
Ending balance	<u>\$ 956,663</u>	<u>\$ 62,226</u>

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	<u>December 31,</u> <u>2019</u>	<u>December 31,</u> <u>2020</u>
Receivables neither past due nor impaired	\$ 603,182	\$ 754,308
Receivables past due—not impaired individually:		
Less than 30 days	26,032	12,706
31 to 60 days	1,752	198
61 to 90 days	5,033	—
90 to 120 days	3,075	45
	<u>\$ 639,074</u>	<u>\$ 767,257</u>

19. Inventories

	<u>December 31,</u> <u>2019</u>	<u>December 31,</u> <u>2020</u>
Work in progress	\$ 209,530	\$ 930,107
Raw materials and supplies	285,586	232,407
Inventory reserve	(143,193)	(242,995)
	<u>\$ 351,923</u>	<u>\$ 919,519</u>

The following table presents the movement in the inventory reserve:

	<u>December 31,</u> <u>2019</u>	<u>December 31,</u> <u>2020</u>
Beginning balance	\$ 189,041	\$ 143,193
Additions(1)	95,259	228,559
Previously fully reserved inventory		
Written-off and scrapped	(80,676)	(96,972)
Elimination of reserve upon sale of inventory	(60,431)	(31,785)
Ending balance	<u>\$ 143,193</u>	<u>\$ 242,995</u>

- (1) This includes additional inventory reserve of \$26,149 arising from the adjustment to cost of revenues recorded by the Company in 2020 in conjunction with the modification of its customer contracts as discussed in Note 4.

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20. Other Financial Assets and Liabilities

The following foreign currency forward contracts are outstanding at December 31, 2019 and 2020 (in thousands, except average foreign currency/US\$):

Derivative Instruments	Fair Value of Derivative Instruments				Notional Amount	Average Foreign Currency/US\$	Average Strike Price	Maturity
	Other Current Financial Assets	Other Noncurrent Financial Assets	Other Current Financial Liabilities	Other Noncurrent Financial Liabilities				
Outstanding as of December 31, 2019:								
Forward contracts:								
Euro forward contracts (receive euros/pay US\$)	\$ 2,447	\$ —	\$ (4,454)	\$ —	\$ 666,733	\$ 0.88	—	2020
Singapore dollar forward contracts (receive Singapore\$/pay US\$)	75	—	(534)	—	396,516	1.36	—	2020
Japanese yen forward contracts (receive Japanese yen/pay US\$)	4,276	—	(287)	—	32,266	107.03	—	2020
Interest rate swaps	—	7,045	—	—	749,425	—	1.4810% - 1.731%	2024 - 2026
Cross currency swaps	—	5,513	—	—	743,058	0.90	4.098% - 6.725%	2024 - 2026
	<u>\$ 6,798</u>	<u>\$ 12,558</u>	<u>\$ (5,275)</u>	<u>\$ —</u>	<u>\$ 2,587,998</u>			
Outstanding as of December 31, 2020:								
Forward contracts:								
Euro forward contracts (receive Euros/Pay US\$)	\$ 28,489	\$ —	\$ (818)	\$ —	\$ 594,169	\$ 0.85	—	2021
Singapore dollar forward contracts (receive Singapore\$/Pay US\$)	13,266	—	(439)	—	360,328	1.37	—	2021
Japanese yen forward contracts (receive Japanese yen/Pay US\$)	444	—	(61)	—	23,939	104.77	—	2021
Interest rate swaps	—	—	—	(33,287)	1,190,752	—	0.382% - 1.731%	2023 - 2026
Cross currency swaps	—	33,169	—	—	566,497	0.89	3.8343% - 4.182%	2024 - 2026
Commodity hedge	8,335	885	—	(58)	56,262	235.20	—	2021 - 2022
	<u>\$ 50,534</u>	<u>\$ 34,054</u>	<u>\$ (1,318)</u>	<u>\$ (33,345)</u>	<u>\$ 2,791,947</u>			

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The following table presents the fair values and locations of these derivative instruments recorded in the consolidated statements of financial position:

	Fair Value of Derivative Instruments			
	Assets Derivatives		Liabilities Derivatives	
	Statement of Financial Position Location	Fair Value	Statement of Financial Position Location	Fair Value
As of December 31, 2019:				
Derivatives designated as hedging instruments				
- foreign currency forward contracts	Other current financial assets	\$ 5,181	Other current financial liabilities	\$ (4,968)
- interest rate swaps	Other noncurrent financial assets	7,045	Other noncurrent financial liabilities	—
- cross currency swaps	Other noncurrent financial assets	5,513	Other noncurrent financial liabilities	—
Derivatives not designated as hedging instruments				
- foreign currency forward contracts	Other current financial assets	1,617	Other current financial liabilities	(307)
Total derivatives		\$ 19,356		\$ (5,275)
As of December 31, 2020:				
Derivatives designated as hedging instruments				
- foreign currency forward contracts	Other current financial assets	\$ 37,602	Other current financial liabilities	\$ (375)
- interest rate swaps	Other noncurrent financial assets	—	Other noncurrent financial liabilities	(33,287)
- cross currency swaps	Other noncurrent financial assets	33,169	Other noncurrent financial liabilities	—
- commodity hedge	Other current financial assets	8,335	Other current financial liabilities	—
	Other noncurrent financial assets	885	Other noncurrent financial liabilities	(58)
Derivatives not designated as hedging instruments				
- foreign currency forward contracts	Other current financial assets	4,597	Other current financial liabilities	(943)
Total derivatives		\$ 84,588		\$ (34,663)

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The following table presents the effect of derivatives designated as hedging instruments on the consolidated statements of operations and comprehensive loss (net of tax):

As of December 31, 2020, the estimated amount of loss from cash flow hedges currently retained in consolidated statements of comprehensive loss expected to be reclassified into consolidated statements of operations within the next 12 months is approximately \$37,227.

	Amount of Gains (Losses) Recognized in Accumulated OCI on Derivatives (effective Portion)	Amount of Gains (Losses) Reclassified from Accumulated OCI to cost of Property, Plant and Equipment	Location of Gains (Losses) Reclassified from Accumulated OCI into Income (Effective Portion)	Amounts of Gains (Losses) Reclassified from Accumulated OCI into Income (Effective Portion)	Location of Gains (Losses) Recognized into Income (Ineffective Portion)	Amount of Gain (Losses) Recognized into income (Ineffective Portion)
Year ended December 31, 2018						
Derivatives designated as hedging instruments			Cost of revenues and		Selling, general and	
— Forward currency	\$ 8,897	\$ 7,102	operating expenses	\$ 15,978	administrative expenses	\$ 359
Year ended December 31, 2019						
Derivatives designated as hedging instruments			Cost of revenues and		Selling, general and	
— Forward currency	\$ 3,357	\$ (310)	operating expenses	\$ (7,997)	administrative expenses	\$ (495)
Derivatives designated as hedging instruments			Cost of revenues and		Selling, general and	
— Interest rate swaps	\$ 7,036	\$ —	operating expenses	\$ —	administrative expenses	\$ 9
Derivatives designated as hedging instruments			Cost of revenues and		Selling, general and	
— Cross currency swaps	\$ (716)	\$ —	operating expenses	\$ —	administrative expenses	\$ —
Year ended December 31, 2020						
Derivatives designated as hedging instruments			Cost of revenues and		Selling, general and	
— Forward currency forward contracts	\$ 37,481	\$ (470)	operating expenses	\$ 12,294	administrative expenses	\$ 40
Derivatives designated as hedging instruments			Finance expense		Selling, general and	
— Interest rate swaps	\$ (36,726)	\$ —		\$ —	administrative expenses	\$ (277)
Derivatives designated as hedging instruments			Cost of revenues and		Selling, general and	
— Cross currency swaps	\$ (23,001)	\$ —	operating expenses	\$ —	administrative expenses	\$ 564
Derivatives designated as hedging instruments –			Cost of revenues and		Selling, general and	
Commodity hedge	\$ 9,162	\$ —	operating expenses	\$ —	administrative expenses	\$ —

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The following table presents the effect of derivatives not designated as hedging instruments on the consolidated statements of operations and comprehensive loss:

	Location of Gains (Losses) Recognized in Income on Derivative	Amount of Gains (Losses) Recognized in Income on Derivative
Year ended December 31, 2018		
Derivatives not designated as hedging instruments—foreign currency forwards contracts	Selling, general and administrative expenses	\$(26,916)
Year ended December 31, 2019		
Derivatives not designated as hedging instruments—foreign currency forwards contracts	Selling, general and administrative expenses	\$(14,240)
Year ended December 31, 2020		
Derivatives not designated as hedging instruments—foreign currency forwards contracts	Selling, general and administrative expenses	\$ 6,342

21. Cash and Cash Equivalents

	December 31, 2019	December 31, 2020
Cash balances on hand and at banks	\$ 396,718	\$ 347,879
Investments in money market funds	370,197	560,198
Time deposits	230,400	—
Total	\$ 997,315	\$ 908,077

Movements in cash and cash equivalents are presented in the Company's consolidated statements of cash flows.

The following are the reconciliation of assets and liabilities arising from financing activities:

	As of December 31, 2018 Assets (Liabilities)	Cash Flows (Inflows)/ Outflows	Non-cash changes			As of December 31, 2019 Assets (Liabilities)
			Addition	Foreign exchange movement	Others	
Restricted cash	\$ 6,363	\$ 28,036	\$ —	\$ —	\$ —	\$ 34,399
Government grants receivable(1)	84,774	(161,353)	204,043	(1,324)	—	126,140
Employee Incentive Credits(1)	254,404	(146,501)	22,154	—	—	130,057
Investment tax credits	55,977	(27,368)	16,632	—	—	45,241
Debt	(3,204,142)	525,160	—	(2,817)	(47,368)	(2,729,167)
Lease obligations	(417,850)	65,858	(180,376)	2,919	10,280	(519,169)
Advance receipt from sale of equipment	(36,300)	—	—	—	—	(36,300)
Loan from shareholder	(11,567,687)	400,000	—	—	—	(11,167,687)
Non-controlling interest	(79,000)	—	—	—	—	(79,000)
Total	\$ (14,903,461)	\$ 683,832	\$ 62,453	\$ (1,222)	\$ (37,088)	\$ (14,195,486)

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	As of December 31, 2019 Assets (Liabilities)	Cash Flows (Inflows)/ Outflows	Non-cash changes			As of December 31, 2020 Assets (Liabilities)
			Addition	Foreign exchange movement	Others	
Restricted cash	\$ 34,399	\$ 1,255	\$ —	\$ —	\$ —	\$ 35,654
Government grants receivable ⁽²⁾	126,140	(177,322)	80,065	720	—	29,603
Employee Incentive Credits ⁽²⁾	130,057	(109,006)	1,006	—	—	22,057
Investment tax credits	45,241	(25,505)	(558)	—	—	19,178
Debt	(2,729,167)	483,072	(13,529)	(64,473)	(13,858)	(2,337,955)
Lease obligations	(519,169)	73,249	(623)	(19,236)	1,267	(464,512)
Loan from shareholder	(11,167,687)	487,000	—	—	—	(10,680,687)
Total	\$ (14,080,186)	\$ 732,743	\$ 66,361	\$ (82,989)	\$ (12,591)	\$ (13,376,662)

- (1) Government grant receivable and the current portion of the employee incentive credits amounting to \$126,140 and \$108,000 (See Note 18), respectively, are reflected in the Receivables from government grants in the consolidated statements of financial position amounting to \$234,140, as of December 31, 2019.
- (2) Government grant receivable and the current portion of the employee incentive credits amounting to \$29,603 and \$22,057 (See Note 18), respectively, are reflected in the Receivables from government grants in the consolidated statements of financial position amounting to \$51,660, as of December 31, 2020.

Geographical concentration of cash and cash equivalents is as follows:

	December 31, 2019	December 31, 2020
United States of America	\$ 521,148	\$ 632,707
Republic of Singapore	400,902	207,031
Federal Republic of Germany	56,015	52,499
Netherlands	7,554	10,172
United Kingdom	1,962	2,238
People's Republic of China	7,272	608
United Arab Emirates	283	—
Others	2,179	2,822
Total	\$ 997,315	\$ 908,077

22. Issued Capital and Reserves

Share Capital—On January 20, 2019, the Company accepted the surrender of 76,902,150 shares for no consideration from MIC. The Company cancelled the shares and transferred \$1,538 from common shares to additional paid-in capital.

Additional Paid-In Capital—Additional paid-in capital represents the excess of assets less liabilities contributed to GLOBALFOUNDRIES by shareholders over the share capital issued in exchange for those contributions and share-based compensation charges for share-based payments.

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Reserves

All other reserves as stated in the consolidated statements of changes in equity:

Hedging Reserve—The cash flow hedge reserve contains the effective portion of the cash flow hedge relationships incurred as at the reporting date.

Foreign Currency Translation Reserve—The foreign currency translation reserve is used to record exchange differences arising from the translation of AMTC and BAC’s financial statements for consolidation purpose.

23. Long-Term Debt

	December 31, 2019	December 31, 2020
Noncurrent:		
Term loans	\$ 2,042,254	\$ 1,956,148
Current:		
Term loans	686,913	381,807
Total	\$ 2,729,167	\$ 2,337,955

The above balances are net of \$27,638 and \$19,106 of unamortized debt issuance costs for the years ended December 31, 2019 and 2020, respectively.

Movements in interest bearing borrowings during the reporting period were as follows:

	December 31, 2019	December 31, 2020
Opening balance	\$ 3,204,142	\$ 2,729,167
New loans and borrowings	2,860,196	2,816,871
Repayments	(3,339,987)	(3,283,861)
Other	4,816	75,778
Ending balance	\$ 2,729,167	\$ 2,337,955

Terms and Debt Repayment Schedule

The following table summarizes term loan facilities. The below arrangements are all considered to be secured with the exception of the Mubadala Treasury Holding Company Loan Facility, which is unsecured.

Description	Currency	Nominal Interest Rate	Interest Payment Terms	Principal Payment Terms	Year of Maturity	2019 Carrying Amount	2020 Carrying Amount
2016 Tied Commercial Facility	USD	LIBOR + 2.00%	Semi-annual	At Maturity	2020	\$ 54,927	\$ —
2016 Commerzbank Term Loan	USD	LIBOR + 2.00%	Semi-annual	At Maturity	2020	20,970	—
2017 Barclays Term Loan	USD	LIBOR + 2.00%	Semi-annual	At Maturity	2020	11,974	—
PILOT Bonds	USD	Variable Rate Note(1)	Monthly	Annually	2021	9,425	10,457
2016 Atradius Credit Facilities	USD	LIBOR + 0.80%	Semi-annual	Semi-annual	2021	78,716	—

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Description	Currency	Nominal Interest Rate	Interest Payment Terms	Principal Payment Terms	Year of Maturity	2019 Carrying Amount	2020 Carrying Amount
2016 Atradius Credit Facilities	EUR	EURIBOR + 0.85%	Semi-annual	Semi-annual	2021	22,398	—
Accounts Receivable Factoring	USD	LIBOR +0.60%-0.90%	Monthly	Monthly	2022	143,814	86,944
2018 Tool Equipment Purchase and Lease Financing ⁽²⁾	USD	LIBOR + 1.60%	Quarterly	Quarterly	2023	73,831	74,250
2019 Tool Equipment Purchase and Lease Financing ⁽³⁾	USD	LIBOR + 1.75%	Quarterly	Quarterly	2024	83,374	83,812
2019 USD Dresden Equipment Financing ⁽⁴⁾	USD	LIBOR + 1.75%	Semi-Annual	Semi-Annual	2024	37,157	35,473
2018 IKB Term Loan	EUR	EURIBOR + 2.50%	Semi-annual	Semi-annual	2024	11,199	12,240
2020 USD Equipment Financing ⁽⁵⁾	USD	LIBOR + 1.90%	Quarterly	Quarterly	2025	—	58,539
2019 EUR Dresden Equipment Financing ⁽⁴⁾	EUR	EURIBOR + 1.75%	Semi-Annual	Semi-Annual	2026	14,604	15,366
TPI Loan	EUR	2.60%	Quarterly	Monthly	2026	—	2,687
USD Term Loan B	USD	LIBOR + 4.75%	Quarterly	Quarterly	2026	6,509	—
EUR Term Loan B	EUR	EURIBOR + 5.00%	Quarterly	Quarterly	2026	3,186	—
i. Park East Fishkill ⁽⁶⁾	USD	0.30%	Monthly	Monthly	2027	2,832	2,039
Mubadala Treasury Holding Company Loan Facility	USD	LIBOR + 2.25%	Annual	Annual	2020	111,997	—
Current total						<u>686,913</u>	<u>381,807</u>
Noncurrent:							
2016 Atradius Credit Facilities	USD	LIBOR + 0.80%	Semi-annual	Semi-annual	2021	80,318	—
2016 Atradius Credit Facilities	EUR	EURIBOR + 0.85%	Semi-annual	Semi-annual	2021	22,398	—
PILOT Bonds	USD	Variable Rate Note	Annually	Annually	2021	10,292	—
2018 Tool Equipment Purchase and Lease Financing ⁽²⁾	USD	LIBOR + 1.60%	Quarterly	Quarterly	2023	167,651	93,401
2019 Tool Equipment Purchase and Lease Financing ⁽³⁾	USD	LIBOR + 1.75%	Quarterly	Quarterly	2024	273,999	190,186
2019 USD Dresden Equipment Financing ⁽⁴⁾	USD	LIBOR + 1.75%	Semi-Annual	Semi-Annual	2024	225,321	179,779
2018 IKB Term Loan	EUR	EURIBOR + 2.50%	Semi-annual	Semi-annual	2024	44,586	36,815
2020 USD Equipment Financing ⁽⁵⁾	USD	LIBOR + 1.90%	Quarterly	Quarterly	2025	—	211,382
USD Term Loan A	USD	LIBOR + 2.90%	Quarterly	Semi-Annual	2025	—	646,005
EUR Term Loan A	EUR	EURIBOR + 2.60%	Quarterly	Semi-Annual	2025	—	101,380

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Description	Currency	Nominal Interest Rate	Interest Payment Terms	Principal Payment Terms	Year of Maturity	2019 Carrying Amount	2020 Carrying Amount
2019 EUR Dresden Equipment Financing ⁽⁴⁾	EUR	EURIBOR + 1.75%	Semi-Annual	Semi-Annual	2026	464,722	474,522
TPI Loan	EUR	2.60%	At Maturity	At Maturity	2026	—	11,053
USD Term Loan B	USD	LIBOR + 4.75%	Quarterly	Quarterly	2026	515,595	—
EUR Term Loan B	EUR	EURIBOR + 5.00%	Quarterly	Quarterly	2026	223,381	—
i. Park East Fishkill ⁽⁶⁾	USD	0.30%	Monthly	Monthly	2027	13,991	11,625
Noncurrent total						2,042,254	1,956,148
Total						\$2,729,167	\$2,337,955

- (1) The interest rate for the 2013 PILOT bonds is reset on a weekly basis by the bank based on prevailing market conditions, not to exceed 12% per annum. The weighted average interest rates were 2.29% and 0.91% for 2019 and 2020, respectively.
- (2) On March 2, 2018, GLOBALFOUNDRIES SINGAPORE PTE, LTD. (“GFS”) entered into several Equipment Purchase and Lease Agreements with four banks to sell and leaseback certain semiconductor manufacturing equipment located in GFS’ Fabs in Singapore for a total of \$375,000. The total minimum lease payments amount to \$375,000, to be paid in equal quarterly installments through March 1, 2023.
- (3) On January 21, 2019, GFS entered into several Equipment Purchase Agreements and Lease Agreements with five banks to sell and leaseback certain semiconductor manufacturing equipment located in GFS’ Fabs in Singapore for a total of \$425,000.
- (4) On October 31, 2019, the Company, GLOBALFOUNDRIES Dresden Module One Limited Liability Company & Co., KG. and GLOBALFOUNDRIES Dresden Module Two Limited Liability Company & Co. KG. entered into a term facilities agreement with Bank of America Merrill Lynch International Designated Activity Company and ING Bank, a branch of ING-DIBA AG, as coordinating mandated lead arrangers, and Bank of America Merrill Lynch International Designated Activity Company as facility and security agent, which provides a maximum incremental facility commitment totaling \$750,000 secured by certain qualifying equipment assets.
- (5) On April 23, 2020, GLOBALFOUNDRIES SINGAPORE PTE, LTD. (“GFS”) entered into several Equipment Purchase Agreements and Lease Agreements with four banks to sell and leaseback certain semiconductor manufacturing equipment located in GFS’ fabrication facilities in Singapore for a total of \$300,000.
- (6) On September 1, 2017, the Company completed a sale and partial leaseback transaction of a portion of its facilities in East Fishkill, New York to i. Park East Fishkill LLC and ii. Park East Fishkill I LLC. Due to the Company’s ongoing involvement with the properties sold and leased back, the transaction has been accounted for as financing. The total transaction amounted to \$22,950, which consists of \$17,150 cash and buyer’s assumption of certain liabilities of \$5,800.

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The following table summarizes unutilized credit facilities available to the Company to maintain liquidity to fund operations:

		<u>December 31,</u> <u>2019</u>	<u>December 31,</u> <u>2020</u>
Citibank Revolving Credit Facility	Committed	\$ 239,153	\$ 403,271
Societe Generale Singapore Revolving Credit Facility	Uncommitted	23,434	23,958
JPMorgan Chase PILOT Letter of Credit	Committed	23,042	12,211
Societe Generale Singapore Factoring	Committed	59,200	34,756
Deutsche Bank	Uncommitted	2,416	3,122
Citibank—USD	Uncommitted	570	780
Mubadala Development Corporation Revolving Credit Facility	Committed	400,000	400,000
Mubadala Development Corporation Shareholder Loan	Committed	52,500	—
Total		<u>\$ 800,315</u>	<u>\$ 878,098</u>

The Company's interest-bearing loans and borrowings have certain financial covenants. Restrictive covenants in the Company's credit facilities may prevent the Company from pursuing certain transactions or business strategies, including by limiting the Company's ability to, in certain circumstances:

- incur additional indebtedness;
- pay dividends or make distributions;
- acquire assets or make investments outside of the ordinary course of business;
- sell, lease, license, transfer or otherwise dispose of assets;
- enter into transactions with the Company's affiliates;
- create or permit liens;
- guarantee indebtedness; and
- engage in certain extraordinary transactions.

In addition, the Company's interest-bearing loans and borrowings have certain change of control provisions that could be triggered if the Shareholder owns less than 51% of our voting securities and does not otherwise control the Company.

As of December 31, 2020, the Company is in compliance with the financial covenants.

24. Leases

The Company has various lease agreements for certain of its offices, facilities, and equipment. Leases may include one or more options to renew. Renewals are not in the determination of the lease term unless the renewals are deemed to be reasonably certain at lease commencement. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants. All leases were measured under a single criterion with the exception of those with terms not exceeding 12 months and low-value leases.

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The components of lease costs, lease term and discount rate are as follows:

	December 31, 2019	December 31, 2020
Amortization of right-of-use assets	\$ 55,798	\$ 56,964
Interest expense on lease liabilities	43,666	34,807
Short-term and low-value leases expense	490	1,409
Total net lease cost	<u>\$ 99,954</u>	<u>\$ 93,180</u>
Weighted average remaining lease term	7.48 years	7.35 years
Weighted average discount rate	7.99%	7.99%

The following is a schedule, by years, of maturities of lease liabilities as of December 31, 2019 and 2020:

	December 31, 2019		December 31, 2020	
	Minimum Lease Payments	Present Value of Payments	Minimum Lease Payments	Present Value of Payments
Within 1 year	\$ 169,803	\$ 130,912	\$ 165,621	\$ 131,270
2-5 years	293,172	200,274	256,997	185,261
After 5 years	224,130	187,983	175,778	147,981
	<u>687,105</u>	<u>519,169</u>	<u>598,396</u>	<u>464,512</u>
Less: amounts representing finance charges	(167,936)	—	(133,484)	—
Present value of minimum lease payments	<u>\$ 519,169</u>	<u>\$ 519,169</u>	<u>\$ 464,912</u>	<u>\$ 464,512</u>
Noncurrent		\$ 388,257		\$ 333,242
Current		<u>130,912</u>		<u>131,270</u>
		<u>\$ 519,169</u>		<u>\$ 464,512</u>

Supplemental cash flow information related to leases is as follows:

	December 31, 2019	December 31, 2020
Cash flows used in operating activities:		
Payments of short-term and low-value leases	\$ (490)	\$ (1,409)
Interest paid	(43,666)	(34,807)
Cash flows used in financing activities:		
Payment of lease obligations	(65,858)	(73,249)

Note the Company adopted IFRS 16 in 2019.

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The following table summarizes the movement of right-of-use assets during the years ended December 31, 2019 and 2020 is as follows:

	December 31, 2019	December 31, 2020
Beginning balance	\$ 358,518	\$ 348,163
(Reductions) Additions	45,443	994
Amortization	(55,798)	(56,964)
Ending balance	<u>\$ 348,163</u>	<u>\$ 292,193</u>

25. Provisions

The movement in provision for asset retirement obligations during the years ended December 31, 2019 and 2020 is as follows:

	December 31, 2019	December 31, 2020
Beginning balance	\$ 347,370	\$ 337,765
Arising during the period	889	14,888
Accretion cost	6,372	655
Utilized	(16,866)	—
Ending balance	<u>\$ 337,765</u>	<u>\$ 353,308</u>

26. Deferred Income From Government Grants

The following table presents the movement in deferred income from government grants for the years ended December 31, 2019 and 2020:

	December 31, 2019	December 31, 2020
Beginning balance	\$ 253,715	\$ 194,209
Received/receivable during the period	97,287	19,854
Acquisition of subsidiaries	—	6,182
Released to the consolidated statements of operations and comprehensive loss	(156,793)	(51,043)
Ending balance	<u>\$ 194,209</u>	<u>\$ 169,202</u>
Noncurrent	\$ 150,305	\$ 128,697
Current	<u>43,904</u>	<u>40,505</u>
	<u>\$ 194,209</u>	<u>\$ 169,202</u>

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Government grants were recognized in the consolidated statements of operations and comprehensive loss as follows:

	<u>December 31,</u> <u>2018</u>	<u>December 31,</u> <u>2019</u>	<u>December 31,</u> <u>2020</u>
Cost of revenues	\$ 174,618	\$ 155,451	\$ 49,025
Research and development expenses	4,971	1,342	2,018
Selling, general and administrative	37	—	—
Total balance	<u>\$ 179,626</u>	<u>\$ 156,793</u>	<u>\$ 51,043</u>

The Company has received government support in the form of investment grants. Certain investment grants are subject to forfeiture in declining amounts over the life of the agreement if the Company does not maintain agreed upon conditions specified in the relevant subsidy agreements. The Company continues to comply with the government grant conditions mainly relating to qualifying property, plant and equipment and employment levels.

27. Deferred Revenue

Deferred revenue comprises contract liabilities for payments received in advance of the satisfaction of performance obligations, as well as non-recurring engineering services.

	<u>December 31,</u> <u>2019</u>	<u>December 31,</u> <u>2020</u>
Beginning deferred revenue balance	\$ 224,521	\$ 144,562
Cash receipts in advance of satisfaction of performance obligations	204,885	122,168
Released to the consolidated statements of operations and comprehensive loss ⁽¹⁾	(284,844)	(160,537)
Ending deferred revenue balance	<u>\$ 144,562</u>	<u>\$ 106,193</u>
Noncurrent	\$ 45,818	\$ 12,112
Current	98,744	94,081
	<u>\$ 144,562</u>	<u>\$ 106,193</u>

(1) Of revenue released to the consolidated statements of operations and comprehensive loss for the years ended December 31, 2019 and 2020, \$127,821 and \$73,435, respectively were included in the beginning balance of the deferred revenue.

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28. Trade and Other Payables

	December 31, 2019	December 31, 2020
Noncurrent:		
Advances and deposits	\$ 133,425	\$ 224,912
Amounts payable for intangible assets	41,990	109,451
Other	1,904	24,424
	<u>\$ 177,319</u>	<u>\$ 358,787</u>
Current:		
Payable to non-related parties	\$ 539,329	\$ 414,547
Accrued expenses	325,682	215,405
Accrued employee related expenses, bonuses and long-term incentive plan	225,013	255,395
Amounts payable for property, plant and equipment	19,643	185,945
Advances and deposits	183,880	78,411
Amounts payable for intangible assets	—	49,844
Payable to related parties	27,562	10,793
Interest payable	8,115	3,272
Other	4,038	2,868
	<u>\$ 1,333,262</u>	<u>\$ 1,216,480</u>

29. Employee Benefit Plans

Retirement Savings Plans—The Company has a retirement savings plan, commonly known as a 401(k) plan, that allows participating employees in the United States to contribute a portion of their pre-tax salary up to Internal Revenue Service limits. The Company matches employee contributions dollar for dollar for the first 3% of participants’ contributions and 50 cents on each dollar of additional 3% of participants’ contributions, to a maximum of 4.5% of eligible compensation. The Company’s contributions to the 401(k) plan were \$35,386, \$33,809 and \$31,986 for the years ended December 31, 2018, 2019 and 2020, respectively.

The Company also has an employee benefits plan that requires the Company to make monthly contributions based on the statutory funding requirement into a Central Provident Fund (“CPF”) for substantially all Singapore citizens and permanent residents. The Company’s contributions under this plan was \$24,986, \$34,434 and \$22,023 for the years ended December 31, 2018, 2019 and 2020, respectively.

30. Commitments and Contingencies

Commitments—The Company’s unconditional purchase commitments are as follows:

	December 31, 2019	December 31, 2020
Contracts for capital expenditures	\$ 484,085	\$ 952,604
Contracts for operating expenditures	677,037	1,044,560
	<u>\$ 1,161,122</u>	<u>\$ 1,997,164</u>
Due within the next 12 months	<u>\$ 826,460</u>	<u>\$ 1,316,090</u>

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In addition to the above, the Company obtained letters of credit to primarily guarantee the PILOT bonds' interest payments, payments for utility supplies and foreign statutory payroll related charges. The Company has obtained letters of credit of \$56,571 and \$36,211 at December 31, 2019 and 2020, respectively, and bank guarantees of \$4,014 and \$3,098 at December 31, 2019 and 2020, respectively.

Leases of low-value items and short-term leases that do not meet the capitalization criteria under the Company's lease policy are treated as operating expenses. The following summarizes the Company's non-cancellable operating lease arrangements which were not capitalized and the minimum future rental payments under these arrangements:

	December 31, 2019	December 31, 2020
Within one year	\$ 490	\$ 1,409
After one year but not more than five years	672	1,557
	<u>\$ 1,162</u>	<u>\$ 2,966</u>

The Company has a patent license agreement with LSI Technology Corporation ("LSI") under which the parties grant to one another a license to use certain of each other's patents. Under the terms of the patent license agreement, the Company may provide wafer capacity in lieu of payment for royalties. Such royalties under the patent license agreement are waived until such time the interest of LSI in SMP falls below 49%. In exchange, the Company has waived capacity shortfall obligations from LSI. Should the interest of LSI in SMP fall below 49%, the Company may be required to make royalty payments to LSI under this patent license agreement. The Company has not made any royalty payments to LSI. The patent license agreement continues for as long as the joint venture agreement between the parties remains.

Contingencies—From time to time, the Company is a party to claims that arise in the normal course of business. These claims include allegations of infringement of intellectual property rights of others as well as other claims of liability. In addition, the Company, on a case-by-case basis, includes intellectual property indemnification provisions in the terms of sale and technology licenses with third parties. The Company is also subject to various taxes in the different jurisdictions in which it operates. These include property, goods and services, and other non-income taxes. The Company accrues costs associated with these matters when they become probable and reasonably estimable. The Company does not believe it is probable that losses associated with these matters beyond those already recognized will be incurred in amounts that would be material to the consolidated statements of financial position or consolidated statements of operations and comprehensive loss.

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31. Earnings Per Share

Basic and diluted loss per share have been calculated for the years ended December 31, 2018, 2019, and 2020 as follows:

	2018	2019	2020
	(in thousands, except for share amounts)		
Net loss available to equity shareholder of the Company			
From continuing operations	\$ (2,626,026)	\$ (1,371,186)	\$ (1,350,860)
From discontinued operations	\$ (75,490)	\$ —	\$ —
Weighted average common shares outstanding	576,902,150	504,003,126	500,000,000
Basic and diluted earnings per share:			
From continuing operations	\$ (4.56)	\$ (2.72)	\$ (2.70)
From discontinued operations	\$ (0.14)	\$ (0.00)	\$ (0.00)
Total basic and diluted earnings per share attributable to equity shareholders	<u>\$ (4.70)</u>	<u>\$ (2.72)</u>	<u>\$ (2.70)</u>

For the years ended December 31, 2018, 2019, and 2020, there were 34,305,235, 32,560,289, and 22,286,278 share options outstanding, respectively, which were not included in the calculation of diluted earnings per share as their inclusion would have been anti-dilutive.

32. Related Party Disclosures

Related parties represent associated companies, the shareholder, directors and key management personnel of the Company and entities controlled, or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the audit, risk and compliance committee or the Company's management, as applicable.

Below are the related parties which the Company has entered into transactions with:

Related Party Name	December 31, 2019	December 31, 2020
SMP	Joint venture	Joint venture
Mubadala Treasury Holding Company ("MTHC")	Shareholder entity	Shareholder entity
AMTC(1)	Joint venture	N/A
BAC(1)	Joint venture	N/A
Mubadala Technology	Shareholder entity	Shareholder entity

(1) Fully consolidated as of January 1, 2020.

Related parties represent associated companies, the shareholder, directors and key management personnel of the Company and entities controlled, or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

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Balances with related parties included in the consolidated statements of financial positions are as follows:

	December 31, 2019		December 31, 2020	
	Due from Related Parties	Due to Related Parties	Due from Related Parties	Due to Related Parties
SMP	\$ 9,045	\$ 8,716	\$ 8,734	\$ 10,480
Mubadala Treasury Holding Company ("MTHC")	—	111,997	—	—
AMTC(1)	165,698	18,496	—	—
BAC(1)	9,072	—	—	—
Mubadala Technology	185	350	—	313
Total(2)	\$ 184,000	\$ 139,559	\$ 8,734	\$ 10,793

- (1) Loans made to a joint venture, AMTC, amounted to \$165,698 in 2019. The current portion and noncurrent portion amounted to \$47,952 and \$117,746 in 2019, respectively. The loan carries a fixed interest rate of 4.0% and repayments are paid quarterly over eight years. Loans made to a joint venture, BAC, amounted to \$9,072 in 2019. The current portion and noncurrent portion amounted to \$1,261 and \$7,811 in 2019, respectively. This loan carries a fixed interest rate of 5.081% and repayments are paid quarterly over five years. These loans were fully eliminated as a result of the consolidation of AMTC and BAC starting on January 1, 2020.
- (2) The total amounts of \$184,000 and \$8,734 due from related parties as of the years ended December 31, 2019 and 2020, respectively, has been included in receivables, prepayments and other assets (see Note 18). The amounts of \$111,997 and \$0 of the due to related parties balance as of the years ended December 31, 2019 and 2020, respectively, has been included in current portion of long-term debt (see Note 23). The remaining due to related parties' balance of \$27,562 and \$10,793 for the years ended December 2019 and 2020, respectively, has been included in trade and other payables (see Note 28).

The following table presents the related party transactions included in the consolidated statements of operations and comprehensive loss:

	December 31, 2018	December 31, 2019	December 31, 2020
Purchases from:			
SMP(1)	\$ 54,712	\$ 61,950	\$ 57,579
AMTC	131,990	124,196	—
	<u>\$ 186,702</u>	<u>\$ 186,146</u>	<u>\$ 57,579</u>
Other transactions with:			
SMP (reimbursement of expenses and contribution of tools)	\$ 55,829	\$ 51,251	\$ 47,065
AMTC	7,517	27,527	—
Mubadala Technology (reimbursement of expenses)	3,851	496	618
BAC	152	263	—
	<u>\$ 67,349</u>	<u>\$ 79,537</u>	<u>\$ 47,683</u>

- (1) Purchases from SMP were primarily comprised of wafers.

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Terms and Conditions of Transactions with Related Parties

Outstanding balances at the year-end are unsecured and settlement occurs in cash. The Company has not recorded any allowance of receivables relating to amounts owed by related parties for the years ended December 31, 2018, 2019 and 2020. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Transactions with Shareholder:

Shareholder Loan Agreement—The Company, as a borrower, entered into loan facilities with its shareholder in 2012 to 2016 (collectively the “Shareholder Loans”). The Shareholder Loans are non-interest bearing and principal repayment, in whole or in part, is entirely at the Company’s discretion as explicitly stated in the loan agreement. The Shareholder Loans are subordinated to any claims of other unsubordinated and subordinated creditors, including beneficiaries under guarantees issued, of the Company. The loans have no maturity date and remain outstanding until the loans are paid in full. Further, there are no contingent settlements in the agreements. Since the Shareholder Loans do not contain any contractual obligations to deliver cash, but rather allows the Company to make repayment at its absolute discretion and further prohibits the shareholder from demanding repayment, the Company treated the Shareholder Loans as equity.

The Company repaid \$400,000 and \$487,000 during the years ended December 31, 2019 and 2020, respectively.

Transactions with MTHC:

On June 5, 2019, the Company entered into a credit agreement with Morgan Stanley and several lenders, including MTHC. MTHC provided the Company facilities of \$36,438 and EUR17,160. MTHC’s share of the debt issuance costs were \$364 and EUR343. As of December 31, 2020, the Company has repaid the facilities.

Compensation of Key Management Personnel

The compensation of key management personnel during the following years were as follows:

	<u>2019</u>	<u>2020</u>
Chief Executive Officer and Chief Financial Officer		
Short-term benefits	\$ 3,329	\$ 6,065
Employees’ end of service benefits (on accrual basis)	1,432	5,195
Board of Directors	784	800
	<u>\$ 5,545</u>	<u>\$12,060</u>

33. Share-Based Payments

In 2017, the Company approved the Share Incentive Plan, which is intended to attract and retain talented employees and align shareholder and employee interests. Share options under the Share Incentive Plan will be deemed vested shares over a five-year period.

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In 2019, the Company offered to exchange the share options under the Share Incentive Plan with new share options under the “2018 Share Incentive Plan,” under which the Company may grant up to 25 million options to purchase shares in the Company with an exercise price of \$10.00 per share. The options vest based on service over four or five years, depending on the timing of the grant and contingent upon a liquidity event (change in control or IPO) with the earliest vesting date on the one-year anniversary of a liquidity event. On April 19, 2019, the Company issued the share options subject to the tender offer.

The share options are effective for a term of ten years from the grant date. Because the vesting and exercisability of these share options are dependent on a qualified liquidity event, the Company had to assess the probability of such an event in order to determine the expenses related to the share-based payments for the period. Based on the Company’s assessment, the Company believes that a qualified liquidity event is not probable as of December 31, 2020 and therefore did not record any expense related to the share-based payments for the share options granted to the employees for the year ended December 31, 2020. The incremental expense from the awards exchanged under the tender offer was added to the amounts to be recognized in the future.

Upon the tender offer, the Company measured the pre-modification value of the old share options and compared that to the fair value of the new share options using the Black-Scholes option pricing model. The equity volatility was determined based on the historical volatilities of comparable publicly traded companies over a period equal to the expected average share-based payments life. The risk-free rate of interest was interpolated from the U.S. Constant Maturity Treasury rate curve to reflect the remaining expected life of share options.

The assumptions used to value the Company’s options granted during the period presented and their expected lives were as follows:

	December 31,		
	2018	2019	2020
Expected dividend yield	0.0%	0.0%	0.0%
Expected volatility	33.77%—35.08%	40.9%	43.5%
Expected term	6.5 years	6.0 years	5.5 years
Risk-free interest rate	2.43%—2.59%	1.59%—2.41%	0.32%—1.46%
Estimated ordinary shares valuation	\$ 18.60—\$18.84	\$ 18.52—\$20.48	\$ 20.48—\$24.62

As of December 31, 2019 and 2020, the additional paid-in capital related to the share options amounted to \$33,592, and \$34,572, respectively. The share-based payment expenses amounted to \$5,530, \$0, and \$980 for the years ended December 31, 2018, 2019 and 2020, respectively.

The Company did not capitalize share-based compensation cost as part of the cost of an asset because the cost was insignificant.

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	<u>Number of Share options</u>	<u>Weighted average exercise price per Share</u>
Outstanding as of December 31, 2017	37,099,995	\$ 21.54
Granted	5,843,623	\$ 21.54
Forfeited	(8,638,383)	\$ 21.54
Balance as of December 31, 2018	34,305,235	\$ 21.54
Exchanged	(18,837,010)	\$ 21.54
Granted	19,954,794	\$ 10.00
Forfeited	(2,862,730)	\$ 17.69
Outstanding as of December 31, 2019	32,560,289	\$ 14.80
Granted	5,078,456	\$ 10.00
Forfeited	(15,352,467)	\$ 20.14
Outstanding as of December 31, 2020	<u>22,286,278</u>	<u>\$ 10.04</u>

The following table summarizes information about employees' share options outstanding as of December 31, 2020:

	<u>Outstanding</u>		
<u>Range of exercise prices</u>	<u>Number Outstanding</u>	<u>Weighted average remaining contractual life (in years)</u>	<u>Weighted average Exercise price</u>
\$10.00—\$26.00	22,286,278	8.7	\$ 10.04

The weighted average remaining contractual life is calculated based on the 10-year contract terms of the options. And the weighted average exercise price is calculated using the exercise price of the outstanding options, which pertain to the 2018 Share Incentive Plan.

As of December 31, 2018, 2019 and 2020, there was \$93,675, \$200,591, and \$251,483, respectively, of total unrecognized compensation cost related to outstanding stock options.

As of December 31, 2019 and 2020, the Company has 6,000,455 and 2,790,590 share options available for future grant.

34. Financial Risk Management Objectives and Policies

Capital Management—GLOBALFOUNDRIES has implemented a cash investment policy which determines the overall objectives of the Company's investment strategy. This policy is aimed to ensure the preservation of capital and the maintenance of sufficient liquidity necessary to fund operations while balancing the needs for appropriate returns. The cash investment policy limits permissible investments and credit quality.

The primary objective of the Company's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. There are no regulatory imposed requirements on the level of share capital which the Company has to maintain.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio within a range to meet the business needs of the Company.

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The Company includes within net debt, interest bearing loans and borrowings and obligations under lease less bank balances and cash. Capital includes total equity including non-controlling interests less cumulative changes in fair value.

The Company's interest-bearing loans and borrowings have certain financial covenants. Restrictive covenants in the Company's credit facilities may prevent the Company from pursuing certain transactions or business strategies, including by limiting the Company's ability to, in certain circumstances:

- incur additional indebtedness;
- pay dividends or make distributions;
- acquire assets or make investments outside of the ordinary course of business;
- sell, lease, license, transfer or otherwise dispose of assets;
- enter into transactions with the Company's affiliates;
- create or permit liens;
- guarantee indebtedness; and
- engage in certain extraordinary transactions.

As of December 31, 2020, the Company is in compliance with the financial covenants.

Risks Arising from Financial Instruments—The main risks arising from the Company's financial instruments are market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Board of Directors reviews and approves policies for managing each of these risks which are summarized below.

Market Risk—Market price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise the following types of risk: interest rate risk, foreign currency risk and equity price risk.

Financial instruments affected by market risk include receivables, prepayments and other assets, cash and cash equivalents, restricted cash, interest bearing loans and borrowings, trade and other payables and derivative financial instruments.

The sensitivity analyses are prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of the hedge designations in place at December 31, 2020.

The following assumptions are made in calculating the sensitivity analyses:

- The consolidated statement of financial position sensitivity relates to derivatives.
- The sensitivity of profit or loss in the consolidated statement of comprehensive income is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at December 31, 2020 including the effect of hedge accounting.

Interest Rate Risk—The Company's exposure to market risk for changes in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. The Company's interest-earning

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financial assets are mostly highly liquid investments and consist of primarily money market funds and time deposits. As these financial assets are mainly short-term in nature, the Company's exposure to mark-to-market risk is limited. The Company's interest-bearing financial liabilities include fixed and floating rate loans and lease obligations. Floating rate loans bear interest at Base Rate or LIBOR or EURIBOR plus a premium, which is fixed. The Company uses pay-fixed / receive-float interest rate swaps to protect the Company against adverse fluctuations in interest rates and to reduce its exposure to variability in cash flows on the Company's forecasted floating-rate debt facility to the extent that it is practicable and cost effective to do so.

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was:

	December 31, 2019	December 31, 2020
Fixed rate instruments:		
Financial assets	\$ 230,400	\$ —
Financial liabilities	535,992	491,916
	<u>\$ 766,392</u>	<u>\$ 491,916</u>
Variable rate instruments:		
Financial liabilities	\$ 2,712,344	\$ 2,310,551

Fair Value Sensitivity Analysis for Fixed Rate Instruments—The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Company does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in market interest rates would not affect profit or loss.

Cash Flow Sensitivity Analysis for Variable Rate Instruments—The sensitivity of profit or loss in the consolidated statement of comprehensive income is the effect of the assumed changes in interest rates on the Company's profit or loss for one year, based on the floating rate financial assets and financial liabilities held on December 31, 2020.

The following table demonstrates the sensitivity of profit or loss in the consolidated statement of operations to reasonably possible changes in interest rates, with all other variables held constant.

	Increase/ (Decrease) in Percentages	Effects on Loss before Tax
December 31, 2018	10%	\$ 6,388
	(10%)	(6,388)
December 31, 2019	10%	\$ 2,164
	(10%)	(2,164)
December 31, 2020	10%	\$ 19,194
	(10%)	(19,194)

Foreign Currency Risk—As a result of foreign operations, the Company has costs, assets and liabilities that are denominated in foreign currencies, primarily the Euro, the Japanese Yen and the Singapore Dollar. Therefore, movements in exchange rates could cause foreign currency denominated expenses to increase as a percentage of net revenue, affecting profitability and cash flows. The Company uses foreign currency forward contracts to reduce exposure to foreign currency fluctuations. The Company also incurs certain portion of its interest expense

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in Euro, exposing the Company to exchange rate fluctuations between USD and EUR. The Company uses cross-currency swaps to reduce its exposure to variability from foreign exchange impacting cash flows arising from Company's foreign currency denominated debt cash flows to the extent that it is practicable and cost effective to do so.

Exposure to Currency Risk—The Company's exposure to foreign currency risk against financial assets and financial liabilities was as follows, based on notional amounts:

	<u>EUR</u>	<u>JPY</u>	<u>SGD</u>
December 31, 2019			
Receivables and prepayments	\$ 295,767	\$ 426	\$ 36,673
Cash and cash equivalents	46,388	3,930	33,664
Loans and borrowings	(94,589)	—	17
Trade and other payables	(150,611)	(15,942)	(81,170)
	<u>\$ 96,955</u>	<u>\$ (11,586)</u>	<u>\$ (10,816)</u>
December 31, 2020			
Receivables and prepayments	\$ 141,603	\$ 353	\$ 12,020
Cash and cash equivalents	54,043	2,150	8,531
Loans and borrowings	(26,992)	—	42
Trade and other payables	(150,127)	(13,820)	(65,966)
	<u>\$ 18,527</u>	<u>\$ (11,317)</u>	<u>\$ (45,373)</u>

The following significant exchange rates applied during the year:

	<u>\$-EUR</u>	<u>\$-JPY</u>	<u>\$-SGD</u>
December 31, 2018			
Closing rate	1.1446	110.2800	1.3659
Average	1.1369	112.5300	1.3717
December 31, 2019			
Closing rate	0.8929	108.8800	1.3487
Average	0.9017	109.1000	1.3587
December 31, 2020			
Closing rate	0.8131	103.1900	1.3234
Average	0.8256	103.8800	1.3345

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The objective of foreign currency forward contracts is to minimize the impact of foreign currency exchange rate movements on the Company's operating results and on the cost of capital asset acquisitions. With all other variables held constant, and ignoring the offsetting impact on the underlying exposures being hedged, a 10% strengthening/weakening of the US dollar against the following currencies would result in gains/(losses) on the foreign exchange contracts in place at year end December 31, 2020, and would increase/(decrease) loss before taxes by the amounts shown below.

	Foreign Currency	Increase/ (Decrease) in Percentages	Effects on Loss before Tax
2018	EUR	10%	\$ 90,435
	EUR	(10%)	(90,435)
	JPY	10%	5,146
	JPY	(10%)	(5,146)
	SGD	10%	36,556
	SGD	(10%)	(36,556)
2019	EUR	10%	\$ 65,830
	EUR	(10%)	(65,830)
	JPY	10%	3,172
	JPY	(10%)	(3,172)
	SGD	10%	39,995
	SGD	(10%)	(39,995)
2020	EUR	10%	\$ 62,000
	EUR	(10%)	(62,000)
	JPY	10%	2,431
	JPY	(10%)	(2,431)
	SGD	10%	37,308
	SGD	(10%)	(37,308)

Credit Risk—Credit risk can be defined as the risk of suffering financial loss from financial instruments due to the failure by a counterparty to fulfill an obligation. Financial instruments that subject the Company to concentrations of credit risk include investments and cash equivalents and foreign exchange transactions. With respect to credit risk arising from the Company's cash and cash equivalents, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

GLOBALFOUNDRIES has implemented a surplus cash policy. The objective of the policy is to ensure the preservation of capital and maintain sufficient liquidity necessary to fund operations while balancing the needs for appropriate returns, in that order. The surplus cash policy limits permissible investments, the concentration of investments and credit quality. The portfolio currently includes mainly investments in money market funds and time deposits. The Company invests in time deposits and certificates of deposit with banks having combined capital of not less than \$500,000. All investments have a short-term rating of A1+, P1 or better and a long-term rating of AA-, Aa3 or better. The Company invests in money market funds that have a rating of A-1/P-1 or better.

With regards to foreign exchange transactions, the credit exposure is limited to the market value of the instruments. The Company requires netting agreements with its foreign exchange counterparties to minimize

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credit risk. The Company transacts foreign currency with highly rated banks and financial institutions. The Company constantly positions its investment and foreign currency portfolio to respond appropriately to a significant reduction in a credit rating of any counterparty or investment issuer.

The Company generally does not require collateral to secure accounts receivable. The risk with respect to trade receivables is mitigated by credit evaluations the Company performs on the Company's customers, the short duration of the Company's payments terms for the significant majority of the Company's customer contracts and by the diversification of the Company's customer base. Accounts receivable from the Company's largest customer totaled 22% and 17% of the accounts receivable balance as of December 31, 2019 and 2020, respectively. The Company also has one other customer that represented 15% and 16% of the total accounts receivable amount as of December 31, 2019 and 2020, respectively.

The Company's five largest customers account for approximately 60% and 63% of the outstanding trade receivables balance as of December 31, 2019 and 2020, respectively. These five customers account for approximately 55% and 51% of the Company's revenue for the years ended December 31, 2019 and 2020, respectively. The Company's largest customer accounts for 27% and 21% of Company's revenue for the years ended December 31, 2019 and 2020, respectively.

Exposure to Credit Risk—The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	December 31, 2019	December 31, 2020
Receivables and prepayments		
Trade receivables	\$ 646,995	\$ 774,712
Prepayments and other assets	1,152,612	209,317
Short-term deposits and money market funds	600,597	560,198
Cash in hand and at bank	396,718	347,879
Derivative financial assets	19,356	84,588
Receivables from government grants	234,140	51,660
Restricted cash	34,399	35,654
	<u>\$ 3,084,817</u>	<u>\$ 2,064,008</u>

The aging of financial assets including trade receivables is as follows:

	Total	Neither Past Due Nor Impaired	Past Due but Not Impaired			
			< 30 Days	31-90 Days	91-120 Days	Great than 120 Days
December 31, 2019	\$ 2,030,347	\$ 1,994,555	\$ 26,032	\$ 6,785	\$ 2,975	\$ —
December 31, 2020	\$ 1,041,389	\$ 1,026,367	\$ 14,795	\$ 197	\$ 30	\$ —

Liquidity Risk—The Company monitors its risk to a shortage of funds by monitoring its cash flow situation. Ongoing cash forecasting and review processes have been set up to determine the amount of external funding needed. The Company has set up a process of mid- and long-term financial planning. The Company's financing structure, including maturities of debt, is determined in response to the financing requirements identified with the long-term business planning process.

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The table below summarizes the maturity profile of the Company's financial liabilities:

	Carrying Value	Contractual Cash Flows	1 Year or Less	1 to 5 Years	Greater than 5 Years	Total
December 31, 2019						
Loans and borrowings	\$ 2,729,167	\$ 3,265,853	\$ 664,067	\$ 1,700,974	\$ 900,812	\$ 3,265,853
Lease obligations	519,169	687,105	169,803	293,172	224,130	687,105
Derivative financial liability	5,275	5,275	5,275	—	—	5,275
Trade payables and other payables	1,193,276	1,193,276	1,149,425	43,851	—	1,193,276
	<u>\$ 4,446,887</u>	<u>\$ 5,151,509</u>	<u>\$ 1,988,570</u>	<u>\$ 2,037,997</u>	<u>\$ 1,124,942</u>	<u>\$ 5,151,509</u>
December 31, 2020						
Loans and borrowings	\$ 2,337,955	\$ 2,507,456	\$ 447,490	\$ 2,000,928	\$ 59,038	\$ 2,507,456
Lease obligations	464,512	597,996	165,621	256,997	175,778	598,396
Derivative financial liability	34,663	34,663	1,318	33,345	—	34,663
Trade payables and other payables	1,271,944	1,271,944	1,138,069	133,875	—	1,271,944
	<u>\$ 4,109,074</u>	<u>\$ 4,412,059</u>	<u>\$ 1,752,498</u>	<u>\$ 2,425,145</u>	<u>\$ 234,816</u>	<u>\$ 4,412,459</u>

In preparing the maturity profile, undiscounted payments are calculated based on contractually agreed interest rates where these are fixed, or, in the case of discounted liabilities for leases, where the interest rate is implicit in the financing arrangement. For variable interest arrangements undiscounted payments are determined based on the interest rate prevailing at the reporting date.

Assets and Liabilities Measured at Fair Value—The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1—Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2—Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3—Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Time deposits and money market funds are primarily classified within Level 1 or Level 2 because time deposits and money market funds are valued primarily using quoted market prices of similar instruments or alternative pricing sources and models utilizing market observable inputs.

For assets and liabilities that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. Foreign currency forward contracts are classified within Level 2. The fair values of foreign currency forward contracts are determined using quantitative models that require the use of multiple market inputs, including interest rates, prices and maturity dates to generate pricing curves, which are used to value the positions. The market inputs are generally actively quoted and can be validated through external sources. For foreign currency forward contract asset and liability positions with maturity dates which fall between the dates of quoted prices, interpolation of rate or maturity scenarios are used in determining fair values.

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During the years ended December 31, 2019 and 2020, there were no transfers between Level 1 and Level 2 fair value measurements.

Financial Instruments Measured at Fair Value on a Recurring Basis

The following table presents the Company's assets and liabilities measured at fair value on a recurring basis:

	Fair Value Measurement at Reporting Date Using			
	Total	Quoted Prices Identical Assets/ Liabilities (Level 1)	Significant Other Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2019				
Assets:				
Cash equivalents:				
Time deposits ⁽¹⁾	\$230,400	\$ —	\$230,400	\$ —
Money market funds ⁽¹⁾	370,197	370,197	—	—
Total cash equivalents	<u>\$600,597</u>	<u>\$370,197</u>	<u>\$230,400</u>	<u>\$ —</u>
Investments in equity instruments ⁽²⁾	\$ 8,169	\$ —	\$ —	\$ 8,169
Total investments in equity instruments	<u>\$ 8,169</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 8,169</u>
Derivatives:				
Foreign currency forward contracts	\$ 6,798	\$ —	\$ 6,798	\$ —
Interest rate swaps	7,045	—	7,045	—
Cross currency swaps	5,513	—	5,513	—
Total derivatives ⁽³⁾	<u>\$ 19,356</u>	<u>\$ —</u>	<u>\$ 19,356</u>	<u>\$ —</u>
Liabilities:				
Derivatives—foreign currency forward contracts ⁽⁴⁾	\$ 5,275	\$ —	\$ 5,275	\$ —
Total derivatives	<u>\$ 5,275</u>	<u>\$ —</u>	<u>\$ 5,275</u>	<u>\$ —</u>

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	Fair Value Measurement at Reporting Date Using			
	Total	Quoted Prices Identical Assets/ Liabilities (Level 1)	Significant Other Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2020				
Assets:				
Cash equivalents:				
Money market funds(1)	\$560,198	\$560,198	\$ —	\$ —
Total cash equivalents	\$560,198	\$560,198	\$ —	\$ —
Investments in equity instruments(2)				
Total investments in equity instruments	\$ 12,737	\$ —	\$ —	\$ 12,737
Derivatives:				
Foreign currency forward contracts	\$ 42,199	\$ —	\$ 42,199	\$ —
Cross currency swaps	33,169	—	33,169	—
Commodity hedge	9,220	—	9,220	—
Total derivatives(3)	\$ 84,588	\$ —	\$ 84,588	\$ —
Liabilities:				
Derivatives:				
Foreign currency forward contracts	\$ 1,318	\$ —	\$ 1,318	\$ —
Interest rate swaps	33,287	—	33,287	—
Commodity hedge	58	—	58	—
Total derivatives(4)	\$ 34,663	\$ —	\$ 34,663	\$ —

- (1) Included in cash and cash equivalents on the Company's consolidated statements of financial position.
(2) Included in current and noncurrent receivables, prepayments and other assets on the Company's consolidated statements of financial position.
(3) Included in other current and noncurrent financial assets on the Company's consolidated statements of financial position.
(4) Included in other current and noncurrent financial liabilities on the Company's consolidated statements of financial position.

Assets Measured and Recorded at Fair Value on a Non-Recurring Basis

Certain assets and liabilities, such as non-marketable equity securities, equity method investments, intangible assets and property, plant and equipment, and other non-financial assets, are recorded at fair value only if an impairment or observable price adjustment is recognized in the current period. If an observable price adjustment or impairment is recognized on the Company's non-marketable equity securities during the period, the Company will classify these assets as Level 3 within the fair value hierarchy based on the nature of the fair value inputs.

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For the Company’s assets held for sale, the carrying amounts were \$4,152 and \$0 at December 31, 2019 and 2020, respectively, and fair values amounted to \$30,075 and \$0 at December 31, 2019 and 2020, respectively. The Company determined the asset’s carrying value to be within a reasonable fair value range of estimates.

Financial Instruments Not Recorded at Fair Value on a Recurring Basis

Financial instruments not recorded at fair value on a recurring basis include non-marketable equity securities (that have not been re-measured or impaired in the current period), grants receivable, loans receivable, lease obligations and the Company’s short-term and long-term debt.

The carrying and fair values of the Company’s financial instruments not recorded at fair value on a recurring basis are presented in the following table, classified according to the categories of loans and receivables (“LaR”) and financial liabilities at amortized cost (“FLAC”):

Financial Liabilities	Category	December 31, 2019		December 31, 2020	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Trade and other payables		\$ 1,193,276	\$ 1,193,276	\$ 1,271,944	\$ 1,271,944
Other long-term debt	FLAC	2,729,167	2,724,502	2,337,955	2,336,114
Lease obligations	FLAC	519,169	593,704	464,512	464,422
Total		\$ 4,441,612	\$ 4,511,482	\$ 4,074,411	\$ 4,072,480

Estimated fair values of loans and borrowings is based on quoted prices for similar liabilities for which significant inputs are observable and represents a Level 2 valuation. The fair values are estimated based on the type of loan and maturity. The Company estimates the fair value using market interest rates for the Company’s debts with similar maturities.

35. Operating Segment Information

- (a) Operating segments, segment revenue, operating results

The Company’s chief operating decision-maker is the Company’s Chief Executive Officer who makes resource allocation decisions and assesses performance based on financial information presented on a consolidated basis. There are no segment managers who are held accountable by the chief operating decision-maker, or anyone else, for operations, operating results, and planning for levels or components below the consolidated unit level. Accordingly, the Company has determined that the Company has a single reportable segment and operating segment structure.

- (b) Revenue and non-current assets by geography and major customers’ representing at least 10% of revenue based on customer’s headquarters were as follows:

Revenue by Geography	For the years ended December 31,		
	2018	2019	2020
United States	\$ 4,408,710	\$ 4,140,201	\$ 3,368,262
Europe, the Middle East, and Africa	608,371	695,193	451,283
Taiwan	469,628	401,543	456,465
China	421,799	411,231	381,606
Others	287,531	164,620	192,889
	\$ 6,196,039	\$ 5,812,788	\$ 4,850,505

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<u>Noncurrent Assets by Geography</u>	<u>2019</u>	<u>2020</u>
United States	\$ 7,470,185	\$ 5,843,023
Germany	1,406,962	1,404,202
Singapore	1,270,538	1,114,603
Other	415,063	495,461
Total	<u>\$ 10,562,748</u>	<u>\$ 8,857,289</u>

Non-current assets include property, plant, equipment, right-of-use assets, intangible assets, investments in joint venture and associates, restricted cash (non-current) and receivables, prepayments and other assets (non-current).

<u>Major Customer</u>	<u>For the years ended December 31,</u>					
	<u>2018</u>		<u>2019</u>		<u>2020</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Customer A	\$ 1,675,039	27	\$ 1,600,131	28	\$ 1,000,750	21
Customer B	578,097	9	442,537	8	536,915	11

36. Customer and Supplier Concentration

Significant customers and suppliers are those that account for greater than 10% of the Company’s revenues and purchases.

The Company earned a substantial portion of revenue from two customers in 2018, 2019 and 2020: Customer A amounted to 27%, 28% and 21% of total revenues, respectively, and Customer B amounted to 9%, 8%, and 11% of total revenues, respectively. As of December 31, 2019 and 2020, the amounts due from Customer A included in accounts receivable were \$143,585 and \$129,895, respectively, and the amounts due from Customer B included in accounts receivable were \$124,289 and \$100,410, respectively. The loss of the significant customers or the failure to attract new customers could have a material adverse effect on our business, results of operations and financial condition for the Company.

The Company purchased 33%, 42% and 52% of its SOI wafers, a key input into its products, from a single supplier in 2018, 2019 and 2020, respectively. As of December 31, 2019 and 2020, the net amount due to the supplier was \$50,777 and \$32,450 respectively. Any failure in the supplier’s ability to provide SOI wafers could materially and adversely affect the Company’s results of operations, financial condition, business and prospects.

37. Subsequent Events

The Company periodically assesses the estimated useful lives of our property, plant, and equipment. Based on the assessment of the longer product life cycles, the versatility of production equipment to provide better flexibility to meet changes in customer demands, and the ability to re-use production equipment over several technology cycles, the Company revised the estimated useful lives of its 200mm and 300mm production equipment from 5 and 8 years, respectively, to 10 years, beginning the first quarter of 2021. The impacts of the change in estimate are prospective and do not impact the periods presented.

In 2017, the Company and the local government of Chengdu, China (“CD”) entered into a set of agreements related to the establishment of a joint venture in Chengdu, China to establish and operate a greenfield wafer

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production site in Chengdu. The parties contemplated that the manufacturing operations would be implemented in two phases. Due to a variety of factors, including unanticipated market conditions, the manufacturing operations did not proceed as planned and the parties have been working to wind-down operations of the joint venture. On April 26, 2021, the Company received a claim from CD requesting that the Company share in CD's alleged losses and related costs incurred to support the joint venture. The Company and CD are engaged in negotiations to settle the claim and the Company recorded an estimated provision of \$34,000 in June 2021.

On April 28, 2021, International Business Machines ("IBM") sent the Company a letter alleging for the first time that the Company did not fulfill the Company's obligations under the contracts the Company entered into with IBM in 2014 associated with the Company's acquisition of IBM's Microelectronics business. IBM asserted that the Company engaged in fraudulent misrepresentations during the underlying negotiations, and claimed the Company owed them \$2,500,000 in damages and restitution. The Company believes, based on discussions with legal counsel, that it has meritorious defenses against IBM's claims and on June 7, 2021, the Company filed a complaint with the New York State Supreme Court seeking a declaratory judgment that the Company did not breach the relevant contracts. IBM subsequently filed its complaint with the New York State Supreme Court on June 8, 2021. The Company does not currently anticipate this proceeding to have a material impact on the Company's results of operations, financial condition, business and prospects.

On September 3, 2021, the Company entered into a loan agreement with a lender, which provided for loan facilities with maximum drawdown of SGD1,541,000 thousand (US\$1,148,500) at fixed interest rates. The loan matures on June 1, 2041, with interest-only payments for the first five years and principal repayments commence thereafter, payable on a semi-annual basis. No amounts have been drawn down on the facility.

On September 12, 2021, the Company amended the authorized share capital from \$30,000 divided into 3,000,000,000 ordinary shares of a par value of \$0.01 each; to \$30,000 divided into 1,500,000,000 ordinary shares of a par value of \$0.02 each, and effected a 1-for-2 reverse share split to reclassify all 1,153,804,300, 1,000,000,000 and 1,000,000,000 of our ordinary shares outstanding as of December 31, 2018, 2019, and 2020 respectively, to 576,902,150, 500,000,000 and 500,000,000 ordinary shares, respectively, which was approved by the Company's board of directors and sole shareholder on September 9, 2021. As a result, the accompanying consolidated financial statements and related notes to the consolidated financial statements give retroactive effect to the reverse share split for all periods presented.

These consolidated financial statements were issued on behalf of the Company on September 13, 2021 by:

Thomas Caulfield, Chief Executive Officer

David Reeder, Senior Vice President—Finance and Chief Financial Officer

GLOBALFOUNDRIES INC.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND 2021
(dollars in thousands, except share amounts)

	Note	Six Months Ended June 30	
		2020	2021
Net revenues	3	\$ 2,697,483	\$ 3,038,186
Cost of revenues		3,058,108	2,708,171
Gross profit (loss)		(360,625)	330,015
Research and development expenses		243,245	234,658
Selling, general and administrative expenses		209,559	293,289
Operating expenses		452,804	527,947
Impairment charges		1,672	—
Other operating expenses		1,672	—
Loss from operations		(815,101)	(197,932)
Finance income		2,274	2,863
Finance expenses		(82,334)	(57,911)
Share of profit of joint ventures	4	1,984	1,933
Other income (expense), net		395,169	(19,690)
Loss before income taxes from operations		(498,008)	(270,737)
Income tax expense	5	(35,605)	(30,481)
Net loss for the period		\$ (533,613)	\$ (301,218)
Attributable to:			
Shareholder of GLOBALFOUNDRIES INC.		\$ (532,296)	\$ (299,454)
Non-controlling interest		(1,317)	(1,764)
Net loss for the period		\$ (533,613)	\$ (301,218)
Net loss per share attributable to the equity holders of the Company:			
Basic and diluted loss per share	6	\$ (1.06)	\$ (0.60)
Other comprehensive loss, net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Share of foreign exchange fluctuation reserve of Subsidiaries		—	(4,994)
Effective portion of changes in the fair value of cash flow hedges		(74,499)	(18,548)
Income tax effect	5	461	832
		(74,038)	(22,710)
Items that will not be reclassified subsequently to profit and loss:			
Remeasurement of existing equity interests		6,553	—
Share of foreign exchange fluctuation reserve of Subsidiaries		516	—
Total other comprehensive income (loss)		(66,969)	(22,710)
Total comprehensive loss for the period		\$ (600,582)	\$ (323,928)
Attributable to:			
Shareholder of GLOBALFOUNDRIES INC.		\$ (599,265)	\$ (320,725)
Non-controlling interest		(1,317)	(3,203)
Total comprehensive loss for the period		\$ (600,582)	\$ (323,928)

Share amounts and per share data give retroactive effect to the reverse share split as described in the Subsequent Events footnote effective September 12, 2021.

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

GLOBALFOUNDRIES INC.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020 AND JUNE 30, 2021
(dollars in thousands)

	Note	December 31, 2020	June 30, 2021
ASSETS			
Noncurrent assets:			
Property, plant and equipment, net	7	\$ 8,226,202	\$ 8,290,481
Goodwill and intangible assets, net	8	547,942	471,103
Investments in joint ventures	4	36,702	37,942
Other noncurrent financial assets		34,054	20,094
Deferred tax assets		443,566	418,753
Restricted cash		1,583	1,203
Receivables, prepayments and other assets	9	44,860	148,767
Total noncurrent assets		<u>9,334,909</u>	<u>9,388,343</u>
Current assets:			
Inventories, net	10	919,519	1,005,320
Other current financial assets		50,534	22,227
Receivables from government grants		51,660	46,625
Receivables, prepayments and other assets*	9,13	1,022,863	1,129,308
Restricted cash		34,071	—
Cash and cash equivalents		908,077	804,688
Total current assets		<u>2,986,724</u>	<u>3,008,168</u>
Total assets		<u>\$ 12,321,633</u>	<u>\$ 12,396,511</u>
LIABILITIES AND EQUITY			
Equity:			
Share capital			
Ordinary shares, \$0.02 par value, 1,500,000 thousand shares authorized, 500,000 thousand shares issued and outstanding as of December 31, 2020 and June 30, 2021		\$ 10,000	\$ 10,000
Additional paid-in capital		11,707,515	11,848,304
Loan from shareholder	13	10,680,687	10,554,687
Accumulated deficit		(15,218,509)	(15,517,963)
Accumulated other comprehensive loss		(3,319)	(24,590)
Equity attributable to the shareholder of GLOBALFOUNDRIES INC.		<u>7,176,374</u>	<u>6,870,438</u>
Non-controlling interest		65,128	61,925
Total equity		<u>7,241,502</u>	<u>6,932,363</u>
Noncurrent liabilities			
Noncurrent portion of long-term debt	11	1,956,148	1,794,155
Noncurrent portion of finance lease obligations		333,242	373,133
Deferred tax liabilities		8,422	10,182
Noncurrent deferred revenue		12,112	362,345
Other noncurrent financial liabilities		33,345	20,950
Other noncurrent liabilities	12	358,787	277,689
Provisions		353,308	350,895
Noncurrent portion of deferred income from government grants		128,697	128,583
Total noncurrent liabilities		<u>3,184,061</u>	<u>3,317,932</u>
Current liabilities:			
Current portion of long-term debt	11	381,807	381,690
Current portion of lease obligations		131,270	96,945
Current portion of deferred income from government grants		40,505	28,929
Current deferred revenue		94,081	169,808
Other current financial liabilities		1,318	18,180
Trade and other payables*	12,13	1,216,480	1,420,931
Income tax payable		30,609	29,733
Total current liabilities		<u>1,896,070</u>	<u>2,146,216</u>
Total liabilities		<u>5,080,131</u>	<u>5,464,148</u>
Total liabilities and equity		<u>\$ 12,321,633</u>	<u>\$ 12,396,511</u>

* Includes amounts of related party transactions. See Note 13 for details.

Share amounts and per share data give retroactive effect to the reverse share split as described in the Subsequent Events footnote effective September 12, 2021.

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

GLOBALFOUNDRIES INC.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND 2021
(dollars in thousands)

	Equity Attributable to Shareholder of GLOBALFOUNDRIES Inc.									
	Common Shares		Additional Paid-In Capital	Loan from Shareholder	Accumulated Deficit	Hedging Reserve	Foreign Currency Translation Reserve	Total	Non- controlling Interest	Total Equity
	Shares	Amount								
As of December 31, 2019	500,000,000	\$ 10,000	\$ 11,706,535	\$ 11,167,687	\$ (13,870,938)	\$ 9,967	\$ (4,121)	\$ 9,019,130	\$ —	\$ 9,019,130
Acquisition of subsidiaries	—	—	—	—	—	—	—	—	63,717	63,717
Repayment of loan from shareholder	—	—	—	(350,000)	—	—	—	(350,000)	—	(350,000)
Share-based payments	—	—	980	—	—	—	—	980	—	980
Net loss	—	—	—	—	(532,296)	—	—	(532,296)	(1,317)	(533,613)
Other comprehensive (loss) income	—	—	—	—	—	(74,038)	7,069	(66,969)	—	(66,969)
As of June 30, 2020	500,000,000	\$ 10,000	\$ 11,707,515	\$ 10,817,687	\$ (14,403,234)	\$ (64,071)	\$ 2,948	\$ 8,070,845	\$ 62,400	\$ 8,133,245
As of December 31, 2020	500,000,000	\$ 10,000	\$ 11,707,515	\$ 10,680,687	\$ (15,218,509)	\$ (14,941)	\$ 11,622	\$ 7,176,374	\$ 65,128	\$ 7,241,502
Repayment of loan from shareholder	—	—	—	(126,000)	—	—	—	(126,000)	—	(126,000)
Share-based payments	—	—	140,789	—	—	—	—	140,789	—	140,789
Net loss	—	—	—	—	(299,454)	—	—	(299,454)	(1,764)	(301,218)
Other comprehensive loss	—	—	—	—	—	(17,716)	(3,555)	(21,271)	(1,439)	(22,710)
As of June 30, 2021	500,000,000	\$ 10,000	\$ 11,848,304	\$ 10,554,687	\$ (15,517,963)	\$ (32,657)	\$ 8,067	\$ 6,870,438	\$ 61,925	\$ 6,932,363

Share amounts and per share data give retroactive effect to the reverse share split as described in the Subsequent Events footnote effective September 12, 2021.

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

GLOBALFOUNDRIES INC.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND 2021
(dollars in thousands)

	Note	Six Months Ended June 30	
		2020	2021
Cash flows from operating activities			
Net loss		\$ (533,613)	\$(301,218)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation	7	1,156,090	680,237
Amortization of intangible assets	8	128,473	104,430
Finance income		(2,274)	(2,863)
Finance expenses		82,334	57,911
Amortization of deferred income from government grants		(27,134)	(15,892)
Share of profit of joint ventures	4	(1,984)	(1,933)
Deferred income taxes		1,693	33,210
Foreign currency exchange net loss (gain)		1,132	(364)
Impairment charges		1,672	—
Gain on disposal of property, plant and equipment		(45,338)	(11,252)
Gain on remeasurement of existing equity interests		(38,470)	—
Gain on fair value of investment in equity instruments		—	(2,531)
Loss (gain) on derivatives		211	(641)
Share-based payments		980	143,775
Other operating activities		(51,507)	(7,110)
Change in assets and liabilities:			
Receivables, prepayments and other assets		137,340	(245,964)
Inventories		28,705	(85,801)
Trade and other payables		(224,314)	289,525
Income tax payable		(6,051)	3,012
		607,945	636,531
Interest received		3,062	363
Interest paid		(76,471)	(50,918)
Income tax received (paid)		4,602	(3,886)
Net cash provided by operating activities		539,138	582,090
Cash flows from investing activities			
Purchases of property, plant and equipment		(186,776)	(656,931)
Payments from settlement of hedges		(985)	(2,265)
Purchases of intangible assets		(79,934)	(68,499)
Cash dividends received from equity accounted investees		1,317	693
Advances and proceeds from sale of property, plant and equipment and intangible assets		81,020	264,713
Advances and proceeds from sale of a fabrication facility and application specific integrated circuit business		15,159	—
Acquisition of subsidiaries		4,133	—
Net cash used in investing activities		(166,066)	(462,289)

GLOBALFOUNDRIES INC.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND 2021
(dollars in thousands)

	Note	Six Months Ended June 30	
		2020	2021
Cash flows from financing activities			
Repayments of shareholder loan	13	(350,000)	(126,000)
Repayments of borrowings from shareholder		(111,516)	—
Proceeds from borrowings		1,724,342	265,275
Payment of debt issuance costs		(6,250)	(722)
Repayment of debt and finance lease obligations		(1,600,216)	(447,913)
Proceeds from government grants		244,139	50,652
Decrease in restricted cash		335	34,451
Net cash used in financing activities		(99,166)	(224,257)
Effect of exchange rate changes on cash and cash equivalents		(2,550)	1,067
Net increase (decrease) in cash and cash equivalents		271,356	(103,389)
Cash and cash equivalents at the beginning of the period		997,315	908,077
Cash and cash equivalents at the end of the period		\$ 1,268,671	\$ 804,688
Noncash investing and financing activities:			
Amounts payable for property, plant and equipment		\$ 71,395	\$ 269,638
Property, plant and equipment acquired through lease		\$ 1,731	\$ 91,952
Amounts payable for intangible assets		\$ 91,894	\$ 121,830

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

GLOBALFOUNDRIES INC.
NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND 2021
(dollars in thousands)

1. CORPORATE INFORMATION

GLOBALFOUNDRIES Inc. (“GLOBALFOUNDRIES”) is an exempted company with limited liability incorporated under the laws of the Cayman Islands. The address of GLOBALFOUNDRIES’ registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104 Cayman Islands.

GLOBALFOUNDRIES and its subsidiaries (together referred to as the “Company”) is one of the world’s largest pure-play semiconductor foundries and offer a full range of mainstream wafer fabrication services and technologies. The Company manufactures a broad range of semiconductor devices, including microprocessors, mobile application processors, baseband processors, network processors, radio frequency modems, microcontrollers, power management units and microelectromechanical systems.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance—The unaudited interim condensed consolidated financial statements of GLOBALFOUNDRIES as of December 31, 2020 and June 30, 2021 and for the six months ended June 30, 2020 and 2021, have been prepared in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board, and should be read in conjunction with the Company’s annual consolidated financial statements as of and for the year ended December 31, 2020.

The unaudited interim condensed consolidated financial statements were authorized by the Audit, Risk and Compliance Committee of GLOBALFOUNDRIES’ Board of Directors on September 8, 2021 to be issued and subsequent events have been evaluated for their potential effect on the unaudited interim condensed consolidated financial statements through September 13, 2021.

Significant Accounting Policies—The accounting policies (including accounting judgments, estimates and assumptions) adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company’s annual consolidated financial statements as of and for the year ended December 31, 2020, except for the following:

Recent Accounting Pronouncements, Adopted:

Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16 Interest Rate Benchmark Reform (“IBOR reform”)

Phase 1 Amendments—On January 1, 2020, the Company adopted the Phase 1 amendments arising from the IBOR reform amendments issued in September 2019, which provides temporary relief from applying specific hedge accounting requirements to hedge relationships directly affected by IBOR reform, such that the effect is that IBOR reform should not generally cause hedge accounting to terminate.

Phase 2 Amendments—On January 1, 2021, the Company adopted the Phase 2 amendments arising from the IBOR reform issued in August 2020. The Phase 2 amendments address issues that arise from the implementation

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NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND 2021
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of the IBOR reform, including the replacement of an interest rate benchmark with an alternative benchmark rate. The key reliefs provided to the Company are as follows:

- financial instruments measured at amortized cost are allowed to account for changes in the basis for determining contractual cash flows as a direct consequence of the IBOR reform by updating the effective interest rate, provided that the new basis is economically equivalent to the previous basis, such that there is no immediate gain or loss recognized; and
- most IFRS 9 hedge relationships that are directly affected by the IBOR reform are allowed to continue.

The Company has evaluated the extent to which its cash flow hedging relationships are subject to uncertainty driven by IBOR reform as of June 30, 2021. The Company's hedged items and hedging instruments continue to be indexed to EURIBOR and LIBOR. These benchmark rates are quoted each day and the IBOR cash flows are exchanged with counterparties as usual. The Company has also evaluated the extent to which its loan and derivative contracts reference IBOR, whether such contracts will need to be amended as a result of IBOR reform. There has been communication about the IBOR reform with the counterparties. However, no amendment has been made to the Company's existing IBOR-referenced loan and derivative contracts as of June 30, 2021.

As of June 30, 2021, there is still uncertainty about when and how replacement may occur with respect to the relevant hedged items and hedging instruments. Accordingly, the Company will continue to apply the Phase 1 amendments until the uncertainty arising from the IBOR reform with respect to the timing and the amount of the underlying cash flows that the Company is exposed to is no longer present. This uncertainty will not end until the Company's contracts that reference IBOR are amended to specify the alternative benchmark rate and the relevant adjustment, if any. This will, in part, be dependent on the negotiation with the counterparties and the introduction of fall back clauses which have yet to be added to the Company's contracts.

Earnings per share—Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted income per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares. The weighted average number of ordinary shares outstanding is increased by the number of additional ordinary shares that would have been issued by the Company assuming exercise of all options with exercise prices below the average market price for the year. The Company did not hold any dilutive instruments as of June 30, 2020 and 2021.

Significant accounting judgments, estimates and assumptions—The preparation of the unaudited interim condensed consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses as well as the disclosure of commitments and contingencies. Actual results may differ from these estimates and such differences may be material to the unaudited interim condensed consolidated financial statements.

Changes in estimates—We periodically assess the estimated useful lives of our property, plant, and equipment. Based on our assessment of the longer product life cycles, the versatility of production equipment to provide better flexibility to meet changes in customer demands, and the ability to re-use production equipment over several technology cycles, we revised the estimated useful lives of our 200mm and 300mm production equipment from 5 and 8 years, respectively, to 10 years, beginning the first quarter of 2021. As a

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NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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result, this benefited net loss for the period by approximately \$310,000 for the six months ended June 30, 2021. This change increased the Company's total basic and diluted earnings per share by approximately \$0.62 for the six months ended June 30, 2021.

Risk and uncertainty—The Company is subject to risks and uncertainties as a result of the COVID-19 pandemic. The extent of the impact of the COVID-19 pandemic on the Company's business is highly uncertain and difficult to predict, as the response to the pandemic is rapidly evolving. While the Company did not experience a significant financial disruption from COVID-19 during the six months ended June 30, 2021, its business, financial condition, liquidity, and cash flow may subsequently be adversely affected, but it is impossible to predict the extent of any such impact as the circumstances rapidly evolve.

3. NET REVENUES

The following table presents the Company's revenue disaggregated based on revenue source and timing of revenue recognition.

	Six Months Ended June 30	
	2020	2021
<u>Type of goods and services:</u>		
Wafer fabrication	\$ 2,542,251	\$ 2,854,920
Engineering and other pre-fabrication services	155,232	183,266
	<u>\$ 2,697,483</u>	<u>\$ 3,038,186</u>
<u>Timing of revenue recognition:</u>		
Revenue recognized over time	\$ 2,670,741	\$ 170,634
Revenue recognized at a point in time	26,742	2,867,552
	<u>\$ 2,697,483</u>	<u>\$ 3,038,186</u>

During the year ended December 31, 2020, due to operational and commercial reasons, the Company modified the cancellation terms of its contracts with customers that are applicable to wafer products. As a result, the Company no longer has an enforceable right to payment covering cost incurred plus a reasonable profit margin for work completed to date when a customer cancels its wafers purchase order at any stage of production. The change was effective to all wafer outstanding purchase orders as of the date of contract modification and future purchase orders thereafter. The contract modification had no impact to the originally agreed wafer volume, the related wafer price, and other terms and conditions of its existing contracts with customers. Likewise, the modification did not have an impact to its contracts to provide non-recurring engineering ("NRE") services to the customers' specifications. Therefore, the Company continuously recognizes revenue as it delivers the NRE service as a percentage of costs incurred over total expected costs.

Prior to the contract modification, the Company satisfied its performance obligations over time because of the customer's contractual obligation to pay for work completed to date with a reasonable profit. The change in cancellation terms substantively modified the contracts with customers. As a result, the Company no longer meets the criteria to account for revenue recognition from contracts with customers over time on the outstanding purchase orders at the contract modification date and future orders thereafter. Consequently, the Company recognizes revenue on the impacted outstanding wafers orders and future orders at the point at which control of the wafers is transferred to the customer, which is determined to be at the point of wafer shipment from our facilities or delivery to the customer location, as determined by the agreed shipping terms.

GLOBALFOUNDRIES INC.
NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND 2021
(dollars in thousands)

4. INVESTMENTS IN JOINT VENTURES

The Company has the following investments and voting rights in joint ventures:

	Country of Incorporation	Ownership	
		December 31, 2020	June 30, 2021
Silicon Manufacturing Partners Pte Ltd. ("SMP")	Singapore	49%	49%
Sensry GmbH ("Sensry")	Germany	25	25

The following table presents the movement in investment in joint ventures:

	December 31, 2020	June 30, 2021
Beginning balance	\$ 77,331	\$36,702
Share of profits for the period	3,876	1,933
Capital reduction	(50)	—
Dividends declared during the period	(2,586)	(693)
Disposal of investments in joint ventures	(41,869)	—
Ending balance	\$ 36,702	\$37,942

5. INCOME TAXES

The Company calculates its consolidated income tax benefit (expense) using the effective tax rate that would be applicable to each jurisdiction's expected total annual earnings (loss). The tax benefit (expense) for the six months ended June 30, 2020, a total tax benefit (expense) of (\$35,605), which was composed of \$1,984, (\$30,812) and (\$6,777) for entities comprising the Europe, United States and Singapore regions, respectively.

The tax benefit (expense) for the six months ended June 30, 2021, the total tax benefit (expense) totaled (\$30,481), which was composed of (\$2,186), \$0 and (\$28,295) for entities comprising the Europe, the United States and Singapore regions, respectively.

A further tax benefit (expense) for the six months ended June 30, 2020 and 2021 of \$461 and \$832, respectively, related to mark-to-market hedge gains (losses) is recorded in other comprehensive loss.

The United States tax provision for the six months ended June 30, 2020 and 2021 was (\$30,812) and \$0, respectively.

The Singapore tax provision was a tax benefit (expense) of (\$6,777) and (\$28,295) for the six months ended June 30, 2020 and 2021, respectively. The Singapore effective tax rate was 8.80% for the six months ended June 30, 2020 and 2021.

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NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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(dollars in thousands)

6. EARNINGS PER SHARE

Basic and diluted loss per share have been calculated for the six months ended June 30, 2020 and 2021 as follows:

	Six Months Ended June 30	
	2020	2021
	(in thousands, except for share amounts)	
Net (loss) available to equity shareholder of the Company	\$ (532,296)	\$ (299,454)
Weighted average common shares outstanding	500,000,000	500,000,000
Total basic and diluted EPS attributable to equity shareholders	<u>\$ (1.06)</u>	<u>\$ (0.60)</u>

7. PROPERTY, PLANT AND EQUIPMENT

During the six months ended June 30, 2020 and 2021, the Company acquired property, plant and equipment with costs of \$222,196 and \$748,471, respectively, excluding property, plant and equipment acquired through a business combination.

Property, plant and equipment with net book values of \$25,355 and \$3,955 were disposed by the Company during the six months ended June 30, 2020, and 2021, respectively. For the six months ended June 30, 2020 and 2021, the Company recorded net gains on disposal of \$45,338 and \$11,252, respectively, in other income, net in the unaudited interim condensed consolidated statement of operations and comprehensive loss.

8. GOODWILL AND INTANGIBLE ASSETS

During the six months ended June 30, 2020 and 2021, the Company acquired intangible assets with costs of \$68,936 and \$27,598, respectively, excluding goodwill and intangible assets acquired through a business combination.

Intangible assets with net book values of \$22,745 and \$7 were disposed by the Company during the six months ended June 30, 2020 and 2021, respectively, and with no net gain or loss on disposal.

GLOBALFOUNDRIES INC.
NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND 2021
(dollars in thousands)

9. RECEIVABLES, PREPAYMENTS AND OTHER ASSETS

	December 31, 2020	June 30, 2021
Noncurrent:		
Advances and deposits paid	\$ —	\$ 99,245
Non-trade receivables**	11,993	13,368
PILOT Bonds	20,037	20,037
Investments in equity instruments	12,737	16,097
Other	93	20
	<u>\$ 44,860</u>	<u>\$ 148,767</u>
Current:		
Trade receivables, other than related parties	\$ 767,257	\$ 895,223
Prepaid expenses	22,283	62,360
Non-trade receivables**	70,482	53,871
Recoverable sales tax	49,104	50,892
Unbilled accounts receivable*	62,226	43,891
Advances and deposits paid	21,722	14,867
Trade receivables from related parties (Note 13)	7,455	5,335
Amounts due from related parties (Note 13)	1,279	1,161
Investment tax credits	19,178	—
Other	1,877	1,708
	<u>\$ 1,022,863</u>	<u>\$ 1,129,308</u>

* Unbilled accounts receivable represent revenue recognized on revenue contracts less associated advances and progress billings. These amounts will be billed in accordance with the agreed-upon contractual terms or upon shipment of products or rendering services.

** Non-trade receivables include property tax credits receivable.

The following table summarized the activity in the Company's unbilled accounts receivable during the year ended December 31, 2020 and six months ended June 30, 2021, respectively:

	December 31, 2020	June 30, 2021
Beginning balance	\$ 956,663	\$ 62,226
Revenue recognized during the period	4,548,456	18,428
Cumulative catch-up adjustment to revenue	(315,308)	—
Amounts invoiced	(5,127,585)	(42,763)
Reclassification	—	6,000
Ending balance	<u>\$ 62,226</u>	<u>\$ 43,891</u>

GLOBALFOUNDRIES INC.
NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND 2021
(dollars in thousands)

10. INVENTORIES

The following table presents the activities in inventory reserve as of December 31, 2020 and June 30, 2021, respectively:

	<u>December 31,</u> <u>2020</u>	<u>June 30,</u> <u>2021</u>
Beginning balance	\$ 143,193	\$ 242,995
Additions	228,559	93,881
Previously fully reserved inventory		
Written-off and scrapped	(96,972)	(20,130)
Elimination of reserve upon sale of inventory	(31,785)	(181,905)
Ending balance	<u>\$ 242,995</u>	<u>\$ 134,841</u>

GLOBALFOUNDRIES INC.
NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND 2021
(dollars in thousands)

11. LONG TERM DEBT

The following table outlines the terms and amounts of the Company's debt:

Particulars	Description	Currency	Nominal Interest Rate	Year of Maturity	December 31, 2020 Carrying Amount	June 30, 2021 Carrying Amount
Secured term loan	PILOT Bonds	USD	Variable Rate Note	2021	\$ 10,457	\$ 10,457
Secured term loan	Accounts Receivable Factoring	USD	LIBOR + 0.90%	2022	86,944	87,101
Secured term loan	2018 Tool Equipment Purchase and Lease Financing	USD	LIBOR + 1.60%	2023	74,250	74,459
Secured term loan	2019 Tool Equipment Purchase and Lease Financing	USD	LIBOR + 1.75%	2024	83,812	84,032
Secured term loan	2019 USD Dresden Equipment Financing	USD	LIBOR + 1.75%	2024	35,473	35,550
Secured term loan	2018 IKB Term Loan	EUR	EURIBOR + 2.50%	2024	12,240	11,847
Secured term loan	2020 USD Equipment Financing	USD	LIBOR + 1.90%	2025	58,539	58,716
Secured term loan	2019 EUR Dresden Equipment Financing	EUR	EURIBOR + 1.75%	2026	15,366	14,848
Secured term loan	TPI Loan	EUR	2.60%	2026	2,687	2,621
Secured term loan	i. Park East Fishkill	USD	0.30%	2027	2,039	2,059
Current total					381,807	381,690
Noncurrent:						
Secured term loan	2018 Tool Equipment Purchase and Lease Financing	USD	LIBOR + 1.60%	2023	93,401	56,119
Secured term loan	2019 USD Dresden Equipment Financing	USD	LIBOR + 1.75%	2024	179,779	161,984
Secured term loan	2019 Tool Equipment Purchase and Lease Financing	USD	LIBOR + 1.75%	2024	190,186	148,115
Secured term loan	2018 IKB Term Loan	EUR	EURIBOR + 2.50%	2024	36,815	29,687
Secured term loan	USD Term Loan A	USD	LIBOR + 2.90%	2025	646,005	646,405
Secured term loan	2020 USD Equipment Financing	USD	LIBOR + 1.90%	2025	211,382	181,982
Secured term loan	EUR Term Loan A	EUR	EURIBOR + 2.60%	2025	101,380	98,162
Secured term loan	2019 EUR Dresden Equipment Financing	EUR	EURIBOR + 1.75%	2026	474,522	451,627
Secured term loan	TPI Loan	EUR	2.60%	2026	11,053	9,400
Secured term loan	i. Park East Fishkill	USD	0.30%	2027	11,625	10,674
Noncurrent total					1,956,148	1,794,155
Total					\$ 2,337,955	\$2,175,845

GLOBALFOUNDRIES INC.
NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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The following table summarizes available unutilized credit facilities available to the Company to maintain liquidity necessary to fund operations:

		December 31, 2020	June 30, 2021
Citibank Revolving Credit Facility	Committed	\$ 403,271	\$ 406,955
Societe Generale Singapore Revolving Credit Facility	Uncommitted	23,958	23,503
JPMorgan Chase PILOT Letter of Credit	Committed	12,211	12,211
Societe Generale Singapore Factoring	Committed	34,756	4,599
Deutsche Bank	Uncommitted	3,122	3,305
Citibank—USD	Uncommitted	780	799
Mubadala Treasury Holding Company LLC Revolving Credit Facility	Committed	400,000	400,000
		<u>\$ 878,098</u>	<u>\$ 851,372</u>

Accounts Receivable Factoring—On February 17, 2021, the Company entered into agreements to amend and restate the terms of the original Accounts Receivable Factoring arrangements to factor certain of its accounts receivable up to a maximum outstanding amount of \$91,700. The Company agreed to pay financing costs of LIBOR plus 0.90%.

12. TRADE AND OTHER PAYABLES

	December 31, 2020	June 30, 2021
Noncurrent:		
Advances and deposits	\$ 224,912	\$ 190,989
Payables for purchases of intangible assets	109,451	77,668
Other	24,424	9,032
	<u>\$ 358,787</u>	<u>\$ 277,689</u>
Current:		
Payable to non-related parties	\$ 414,547	\$ 529,142
Amounts payable for property, plant and equipment	185,945	269,638
Accrued employee related expenses, bonuses and long-term incentive plan	255,395	204,941
Accrued expenses	215,405	229,112
Advances and deposits	78,411	95,501
Amounts payable for intangible assets	49,844	44,162
Payable to related parties (Note 13)	10,793	9,081
Interest payable	3,272	2,491
Other	2,868	36,863
	<u>\$ 1,216,480</u>	<u>\$ 1,420,931</u>

GLOBALFOUNDRIES INC.
NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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(dollars in thousands)

13. RELATED PARTY DISCLOSURES

Balances with related parties disclosed in the unaudited interim condensed consolidated statements of financial positions are as follows:

	<u>December 31, 2020</u>		<u>June 30, 2021</u>	
	<u>Due from Related Parties</u>	<u>Due to Related Parties</u>	<u>Due from Related Parties</u>	<u>Due to Related Parties</u>
SMP	\$ 8,734	\$10,480	\$ 6,496	\$8,818
Mubadala Technology	—	313	—	263
Total*	\$ 8,734	\$10,793	\$ 6,496	\$9,081

* The total amounts of \$8,734 and \$6,496 due from related parties as of December 31, 2020 and June 30, 2021, respectively, have been included in receivables, prepayments and other assets (see Note 9). The \$10,793 and \$9,081 of the due to related parties balances as of December 31, 2020 and June 30, 2021, respectively, have been included in trade and other payables (see Note 12).

The following table presents the related party transactions included in the unaudited interim condensed consolidated statements of operations and comprehensive loss:

	<u>Six Months Ended June 30</u>	
	<u>2020</u>	<u>2021</u>
Purchases from:		
SMP*	\$ 31,029	\$29,435
Other transactions with:		
SMP (reimbursement of expenses and contribution of tools)	\$ 22,692	\$ 21,948
Mubadala Technology (reimbursement of expenses)	19	161
	<u>\$ 22,711</u>	<u>\$ 22,109</u>

* Purchases from SMP primarily comprised wafer purchases.

Transactions with Shareholder:

Shareholder Loan Agreement—The Company, as a borrower, entered into loan facilities with its shareholder in 2012 to 2016 (collectively the “Shareholder Loans”). The Shareholder Loans are non-interest bearing and principal repayment, in whole or in part, is entirely at the Company’s discretion as explicitly stated in the loan agreement. The Shareholder Loans are subordinated to any claims of other unsubordinated and subordinated creditors, including beneficiaries under guarantees issued, of the Company. The loans have no maturity date and remain outstanding until the loans are paid in full. Further, there are no contingent settlements in the agreements. Since the Shareholder Loans do not contain any contractual obligations to deliver cash, but rather allow the Company to make repayment at its absolute discretion and further prohibit the shareholder from demanding repayment, the Company treated the Shareholder Loans as equity.

The Company repaid \$487,000 and \$126,000 during the year ended December 31, 2020 and the six months ended June 30, 2021, respectively.

GLOBALFOUNDRIES INC.
NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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On July 7, 2021 and August 4, 2021, the Company has repaid an additional \$225,000 and \$217,000 respectively.

14. COMMITMENTS AND CONTINGENCIES

Commitments—The Company’s unconditional purchase commitments are as follows:

	December 31, 2020	June 30, 2021
Contracts for capital expenditures	\$ 952,604	\$ 1,655,175
Contracts for operating expenditures	1,044,560	3,048,408
	<u>\$ 1,997,164</u>	<u>\$ 4,703,583</u>
Due within the next 12 months	<u>\$ 1,316,090</u>	<u>\$ 2,031,727</u>

In addition to the above, the Company obtained letters of credit to primarily guarantee the PILOT bonds’ interest payments, payments for utility supplies and foreign statutory payroll related charges. The Company has available letters of credit facilities of \$36,211 and \$36,211 as of December 31, 2020 and June 30, 2021, respectively, and has drawn down bank guarantees of \$3,098 and \$2,895 as of December 31, 2020 and June 30, 2021, respectively.

Leases of low value items and short-term leases that do not meet the capitalization criteria under the Company’s lease policy are treated as operating expenses. The following summarizes the Company’s non-cancellable operating lease arrangements which were not capitalized and the minimum future rental payments under these arrangements:

	December 31, 2020	June 30, 2021
Within one year	\$ 1,409	\$ 1,209
After one year but not more than five years	1,557	1,074
	<u>\$ 2,966</u>	<u>\$ 2,283</u>

Contingencies—From time to time, the Company is a party to claims that arise in the normal course of business. These claims include allegations of infringement of intellectual property rights of others as well as other claims of liability. In addition, the Company, on a case by case basis, includes intellectual property indemnification provisions in the terms of sale and technology licenses with third parties. The Company is also subject to various taxes in the different jurisdictions in which it operates. These include property, goods and services, and other non-income taxes. The Company accrues costs associated with these matters when they become probable and reasonably estimable. The Company does not believe it is probable that losses associated with these matters beyond those already recognized will be incurred in amounts that would be material to the unaudited interim condensed consolidated statements of financial position or unaudited interim condensed consolidated statements of operations and comprehensive loss.

On April 26, 2021, the Company received a claim from the Chengdu, China local government (“CD”) requesting that the Company share in CD’s alleged losses and related costs incurred to support the joint venture. The Company and CD are engaged in negotiations to settle the claim and the Company recorded an estimated provision of \$34,000 in June 2021.

GLOBALFOUNDRIES INC.
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On April 28, 2021, International Business Machines (“IBM”) sent the Company a letter alleging for the first time that the Company did not fulfill the Company’s obligations under the contracts the Company entered into with IBM in 2014 associated with the Company’s acquisition of IBM’s Microelectronics business. IBM asserted that the Company engaged in fraudulent misrepresentations during the underlying negotiations, and claimed the Company owed them \$2,500,000 in damages and restitution. On June 7, 2021, the Company filed a complaint with the New York State Supreme Court seeking a declaratory judgment that the Company did not breach the relevant contracts. IBM subsequently filed its complaint with the New York State Supreme Court on June 8, 2021. The Company believes, based on discussions with legal counsel, that it has meritorious defenses against IBM’s claims. The Company does not currently anticipate this proceeding to have a material impact on the Company’s results of operations, financial condition, business and prospects.

15. FAIR VALUE MEASUREMENT OF ASSETS AND LIABILITIES

Financial Instruments Measured at Fair Value on a Recurring Basis

The following table presents the Company’s assets and liabilities measured at fair value on a recurring basis:

	Fair Value Measurement at Reporting Date Using			
	Total	Quoted Prices Identical Assets/ Liabilities (Level 1)	Significant Other Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2020				
Assets:				
Cash equivalents:				
Money market funds(1)	\$560,198	\$560,198	\$ —	\$ —
Total cash equivalents	\$560,198	\$560,198	\$ —	\$ —
Investments in equity instruments(2)	\$ 12,737	\$ —	\$ —	\$ 12,737
Total investments in equity instruments	\$ 12,737	\$ —	\$ —	\$ 12,737
Derivatives:				
Foreign currency forward contracts	\$ 42,199	\$ —	\$ 42,199	\$ —
Cross currency swaps	33,169	—	33,169	—
Commodity hedge	9,220	—	9,220	—
Total derivatives(3)	\$ 84,588	\$ —	\$ 84,588	\$ —
Liabilities:				
Derivatives:				
Foreign currency forward contracts	\$ 1,318	\$ —	\$ 1,318	\$ —
Interest rate swaps	33,287	—	33,287	—
Cross currency swaps	58	—	58	—
Total derivatives(4)	\$ 34,663	\$ —	\$ 34,663	\$ —

GLOBALFOUNDRIES INC.
NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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(dollars in thousands)

	Fair Value Measurement at Reporting Date Using			
	Total	Quoted Prices Identical Assets/ Liabilities (Level 1)	Significant Other Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2021				
Assets:				
Cash equivalents:				
Money market funds(1)	\$70,198	\$ 70,198	\$ —	\$ —
Total cash equivalents	\$70,198	\$ 70,198	\$ —	\$ —
Investments in equity instruments(2)	\$16,097	\$ 1,031	\$ —	\$ 15,066
Total investments in equity instruments	\$16,097	\$ 1,031	\$ —	\$ 15,066
Derivatives:				
Foreign currency forward contracts	\$ 3,937	\$ —	\$ 3,937	\$ —
Cross currency swaps	17,334	—	17,334	—
Commodity hedge	21,050	—	21,050	—
Total derivatives(3)	\$42,321	\$ —	\$ 42,321	\$ —
Liabilities:				
Derivatives:				
Foreign currency forward contracts	\$18,177	\$ —	\$ 18,177	\$ —
Interest rate swaps	20,885	—	20,885	—
Commodity hedge	68	—	68	—
Total derivatives(4)	\$39,130	\$ —	\$ 39,130	\$ —

(1) Included in cash and cash equivalents on the Company's unaudited interim condensed consolidated statement of financial position.

(2) Included in current and noncurrent receivables, prepayments and other assets on the Company's unaudited interim condensed consolidated statement of financial position.

(3) Included in other current and noncurrent financial assets on the Company's unaudited interim condensed consolidated statement of financial position.

(4) Included in other current and noncurrent financial liabilities on the Company's unaudited interim condensed consolidated statement of financial position.

During the year ended December 31, 2020 and the six months ended June 30, 2021, there were no transfers between Level 1 and Level 2 fair value measurements.

Assets Measured and Recorded at Fair Value on a Non-Recurring Basis

Certain assets and liabilities, such as equity method investments, intangible assets and property, plant and equipment, and other non-financial assets, are recorded at fair value only if an impairment or observable price adjustment is recognized in the current period.

GLOBALFOUNDRIES INC.
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Financial Instruments Not Recorded at Fair Value on a Recurring Basis

Financial instruments not recorded at fair value on a recurring basis include grants receivable, loans receivable, lease obligations and the Company's short-term and long-term debt.

The carrying and fair values of the Company's financial instruments not recorded at fair value on a recurring basis are presented in the following table, classified according to the categories of financial liabilities at amortized cost ("FLAC"):

Financial Liabilities	Category	December 31, 2020		June 30, 2021	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt	FLAC	\$ 2,337,955	\$ 2,336,114	\$ 2,175,845	\$ 2,173,801

Estimated fair values of long-term debt are based on quoted prices for similar liabilities for which significant inputs are observable and represents a Level 2 valuation. The fair values are estimated based on the type of loan and their maturities. The Company estimates the fair value using market interest rates of debts with similar maturities.

16. SHARE-BASED PAYMENTS

In 2017, the Company approved the Share Incentive Plan, which was intended to attract and retain talented employees and align shareholder and employee interests. Share options under the Share Incentive Plan will be deemed vested shares over a five-year period.

In 2019, the Company offered to exchange the share options under the Share Incentive Plan with new share options under the "2018 Share Incentive Plan," under which the Company granted up to 25 million options to purchase shares in the Company with an exercise price of \$10.00 per share. The options vest over four or five years, depending on the timing of the grant. Options are settled in ordinary shares upon exercise. The options are not exercisable and do not vest until twelve months after the occurrence of a liquidity event. On April 19, 2019, the Company issued the share options subject to the tender offer.

The share options are effective for a term of ten years from the grant date. Because the vesting and exercisability of these share options are dependent on a qualified liquidity event, the Company had to assess the probability of such an event in order to determine the expenses related to the share-based payments for the period. On June 30, 2021, the Company deemed an IPO to be probable under IFRS, and recognized equity-settled share-based compensation expense of \$140,789 based on the graded vesting of the awards outstanding as of the IPO probable date. The Company incurred \$2,986 of payroll taxes associated with the share-based compensation expense.

The share options were valued using the Black-Scholes option pricing model. Upon the tender offer, the Company accounts for the modifications only if they are beneficial to the share option holders. The incremental fair value at the date of modification was estimated using the Black-Scholes option pricing model and will be recognized in addition to the grant-date fair value. The equity volatility was determined based on the historical volatilities of comparable publicly traded companies over a period equal to the expected average share-based payments life. The risk-free rate of interest was interpolated from the U.S. Constant Maturity Treasury rate curve to reflect the remaining expected life of share options.

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The assumptions used to value the Company's options granted during the period presented and their expected lives were as follows:

	<u>December 31, 2020</u>	<u>June 30, 2021</u>
Expected dividend yield	0.0%	0.0%
Expected volatility	43.5%	45.0%
Expected term	5.5 years	4.5 years
Risk-free interest rate	0.32%—1.46%	0.56%
Estimated common stock valuation	\$20.48—\$24.62	\$24.64—\$26.04

As of June 30, 2021 there were 22,217,638 shares outstanding with exercise prices ranging from \$10.00 to \$26.00.

17. SUBSEQUENT EVENTS

On September 3, 2021, the Company entered into a loan agreement with a lender, which provided for loan facilities with maximum drawdown of SGD1,541,000 thousand (US\$1,148,500) at fixed interest rates. The loan matures on June 1, 2041, with interest-only payments for the first five years and principal repayments commence thereafter, payable on a semi-annual basis. No amounts have been drawn down on the facility.

On September 12, 2021, the Company amended the authorized share capital from \$30,000 divided into 3,000,000,000 ordinary shares of a par value of \$0.01 each; to \$30,000 divided into 1,500,000,000 ordinary shares of a par value of \$0.02 each, and effected a 1-for-2 reverse share split to reclassify all 1,000,000,000 of our ordinary shares outstanding as of December 31, 2020 and June 30, 2021, to 500,000,000 ordinary shares, which was approved by the Company's board of directors and sole shareholder on September 9, 2021. As a result, the accompanying unaudited interim condensed consolidated financial statements and related notes to the unaudited interim condensed consolidated financial statements give retroactive effect to the reverse share split for all periods presented.

These unaudited interim condensed consolidated financial statements were issued on behalf of the Company on September 13, 2021 by:

Thomas Caulfield, Chief Executive Officer

David Reeder, Senior Vice President—Finance and Chief Financial Officer

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Through and including _____, 2021 (the 25th day after the date of this prospectus), all dealers effecting transactions in the ordinary shares, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.



Ordinary Shares

Prospectus

, 2021

*Morgan Stanley
Citigroup*

BofA Securities

*J.P. Morgan
Credit Suisse*

Deutsche Bank Securities

Jefferies

HSBC

Baird Cowen Drexel Hamilton Needham & Company

Raymond James

Siebert Williams Shank

Wedbush Securities

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

Item 6. Indemnification of Directors, Officers and Employees.

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. Under our post-offering memorandum and articles of association, which will become effective immediately prior to the completion of this offering, to the fullest extent permissible under Cayman Islands law every director and officer of our company shall be indemnified against all actions, proceedings, costs, charges, losses, damages and expenses incurred or sustained by him by reason of any act done or omitted in or about the execution of their duty in their respective offices or trusts.

Pursuant to the form of indemnification agreements to be filed as Exhibit 10.2 to this registration statement, we will agree to indemnify our directors and executive officers against certain liabilities and expenses that they incur in connection with claims made by reason of their being a director or officer of our company.

The Underwriting Agreement, the form of which to be filed as Exhibit 1.1 to this registration statement, will also provide for indemnification of us and our officers and directors.

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended, may be permitted to directors, officers or persons controlling us pursuant to the foregoing provisions, we have been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Item 7. Recent Sales of Unregistered Securities.

We have, since our incorporation, issued and sold the securities described below without registering the securities under the Securities Act. None of these transactions involved any underwriters' underwriting discounts or commissions, or any public offering. We believe that each of the following issuances was exempt from registration under the Securities Act in reliance on Regulation S or Rule 701 under the Securities Act or pursuant to Section 4(2) of the Securities Act regarding transactions not involving a public offering.

<u>Securities/Purchaser</u>	<u>Date of Sale or Issuance</u>	<u>Number of Securities</u>	<u>Consideration in U.S. Dollars</u>
<i>Ordinary Shares</i>			

Item 8. Exhibits and Financial Statement Schedules.

(a) Exhibits

The exhibits of the registration statement are listed in the Exhibit Index to this registration statement and are incorporated herein by reference.

(b) Financial Statement Schedules

Schedules have been omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or consolidated financial statements or the notes thereto.

Item 9. Undertakings.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the

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registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes:

(1) That, for the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(2) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(a) To include any prospectus required by section 10(a)(3) of the Securities Act;

(b) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the SEC pursuant to Rule 424(b) (§230.424(b) of this chapter) if, in the aggregate, the changes in volume and price represent no more than 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(c) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) To file a post-effective amendment to the registration statement to include any financial statements required by "8.A. of Form 20-F (17 CFR 249.220f)" at the start of any delayed offering or throughout a continuous offering. Financial statements and information otherwise required by Section 10(a)(3) of the Securities Act need not be furnished, provided that the registrant includes in the prospectus, by means of a post-effective amendment, financial statements required pursuant to this paragraph (a)(4) and other information necessary to ensure that all other information in the prospectus is at least as current as the date of those financial statements.

(5) That for purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4), or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(6) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

EXHIBIT INDEX

(a) *Exhibits*. The following exhibits are included herein or incorporated herein by reference:

The following documents are filed as part of this registration statement:

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
1.1*	Form of Underwriting Agreement
3.1*	Form of Second Amended and Restated Memorandum and Articles of Association of the Registrant (effective immediately prior to the completion of this offering)
4.1	Form of Shareholder's Agreement among the Registrant and other parties thereto
4.2	Form of Registration Rights Agreement among the Registrant and other parties thereto
5.1*	Opinion of Maples and Calder (Cayman) LLP regarding the validity of the ordinary shares being registered
10.1*	2021 Share Incentive Plan
10.2	Form of Director and Officer Indemnification Agreement
10.3†	Materials Supply Agreement, dated April 25, 2017, between the Company and Soitec S.A.
10.4†	Addendum to Materials Supply Agreement, dated November 2, 2020, between the Company and Soitec S.A.
10.5†	Amended and Restated Exhibit 3 to the Long Term Addendum, dated July 1, 2021, between the Company and Soitec S.A.
10.6	Term Loan Facility Agreement, dated September 3, 2021, between GLOBALFOUNDRIES Singapore Pte. Ltd., the Company and Economic Development Board
10.7	2017 Share Incentive Plan
10.8	2018 Share Incentive Plan
16.1	Letter from Ernst & Young LLP Regarding Change in Registrant's Certifying Accountant
21.1	List of subsidiaries of the Registrant
23.1*	Consent of Ernst & Young LLP, independent registered public accounting firm
23.2*	Consent of Maples and Calder (Cayman) LLP (included in Exhibit 5.1)
24.1*	Powers of Attorney (included on signature page)

* To be filed by amendment.

† Certain portions of this exhibit have been redacted pursuant to Item 601(b)(10)(iv) of Regulation S-K. The Company agrees to furnish supplementally an unredacted copy of the exhibit to the Securities and Exchange Commission upon request.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-1 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in _____, on _____, 2021.

GLOBALFOUNDRIES Inc.

By: /s/ _____

Name: Dr. Thomas Caulfield

Title: Chief Executive Officer and Director

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Dr. Thomas Caulfield and Mr. David Reeder and each of them, individually, as his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead in any and all capacities, in connection with this registration statement, including to sign in the name and on behalf of the undersigned, this registration statement and any and all amendments thereto, including post-effective amendments and registrations filed pursuant to Rule 462 under the U.S. Securities Act of 1933, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the U.S. Securities and Exchange Commission, granting unto such attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or his substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities set forth below on _____, 2021.

/s/ _____
Name: Dr. Thomas Caulfield

Chief Executive Officer and Director
(principal executive officer)

/s/ _____
Name: David Reeder

Chief Financial Officer
(principal financial officer and principal accounting officer)

/s/ _____
Name: Ahmed Yahia Al Idrissi

Director

/s/ _____
Name: Ahmed Saeed Al Calily

Director

/s/ _____
Name: Tim Breen

Director

/s/ _____
Name: Glenda Dorchak

Director

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/s/
Name: Martin L. Edelman Director

/s/
Name: David Kerko Director

/s/
Name: Jack Lazar Director

/s/
Name: Elissa E. Murphy Director

/s/
Name: Carlos Obeid Director

SIGNATURE OF AUTHORIZED REPRESENTATIVE IN THE UNITED STATES

Pursuant to the requirements of the Securities Act of 1933, the Registrant's duly authorized representative has signed this registration statement on Form F-1 in _____, on _____, 2021.

By: /s/ _____
Name: Dr. Thomas Caulfield
Title: Authorized Representative in the United States

SHAREHOLDER'S AGREEMENT

by and among

GLOBALFOUNDRIES Inc.,

Mubadala Technology Investment Company

and

MTI International Investment Company LLC

Dated [•], 2021

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SHAREHOLDER'S AGREEMENT

This Shareholder's Agreement is entered into on [•], 2021 by and among GLOBALFOUNDRIES Inc. (the "Company"), Mubadala Technology Investment Company ("MTIC") and MTI International Investment Company LLC (together with MTIC, the "Holders").

RECITALS:

WHEREAS, the Company is currently contemplating an underwritten initial public offering ("IPO") of its Ordinary Shares (as defined below), \$[•] par value; and

WHEREAS, in connection with, and effective upon, the date of completion of the IPO (the "Closing Date"), the Company and the Holders wish to set forth certain understandings between such parties, including with respect to certain governance matters.

NOW, THEREFORE, the parties agree as follows:

ARTICLE I

INTRODUCTORY MATTERS.

1.1 Defined Terms. In addition to the terms defined elsewhere herein, the following terms have the following meanings when used herein with initial capital letters:

"Accounting Control" means "control" within the meaning of IFRS 10 (Consolidated Financial Statements).

"Affiliate" means, with respect to any Person, (a) any Person that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person, or (b) any Person who is a general partner, partner, managing director, manager, officer, director or principal of the specified Person.

"Agreement" means this Shareholder's Agreement, as the same may be amended, supplemented, restated or otherwise modified from time to time in accordance with the terms hereof.

"Affiliated Entity." means any Person that is directly or indirectly wholly owned by MIC.

"beneficially own" has the meaning set forth in Rule 13d-3 promulgated under the Exchange Act.

"Board" means the board of directors of the Company.

"Business Day" means a day other than a Saturday, Sunday, a federal or New York State holiday, or other day on which commercial banks in New York City are authorized or required by law to close.

“Closing Date” has the meaning set forth in the Preamble.

“Company” has the meaning set forth in the Preamble hereto.

“control” (including its correlative meanings, “controlled by”, “controlling” and “under common control with”) means possession, directly or indirectly, of the power to direct or cause the direction of the management or policies (whether through ownership of securities or any partnership or other ownership interest, by contract or otherwise) of a Person.

“Director” means any member of the Board.

“DMO” means the Debt Management Office of the Department of Finance of the Emirate of Abu Dhabi.

“Electronic Record” has the same meaning as in the Electronic Transactions Act.

“Electronic Transactions Act” means the Electronic Transactions Act (As Revised) of the Cayman Islands.

“EMIR” means European Market Infrastructure Regulation.

“Equity Method of Accounting” means, within the meaning of Internal Accounting Standard 28, a method of accounting by which an equity investment is initially recorded at cost and subsequently adjusted to reflect the investor’s share of the net assets of the investee.

“Exchange Act” means the Securities Exchange Act of 1934 of the United States of America, as amended, and the rules and regulations promulgated thereunder, as the same may be amended from time to time.

“Governmental Authority” means any nation or government, any state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

“GRP” means the Group Reporting Pack in the format developed and provided by MIC.

“Holder” has the meaning set forth in the Preamble.

“ICFR” means a report on internal controls over financial reporting as required by the Abu Dhabi Accountability Authority.

“IFRS” means the International Financial Reporting Standards as issued by the International Accounting Standards Board and applicable requirements of the United Arab Emirates Federal Law No. 2 of 2015.

“Information” shall have the meaning set forth in Section 3.2 below.

“IPO” has the meaning set forth in the Preamble.

“Law” means any statute, act, law, regulation, ordinance, rule, injunction, order, decree, governmental approval, directive, requirement, or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administration of any of the foregoing by, any Governmental Authority.

“Memorandum and Articles” means the Amended and Restated Memorandum and Articles of Association of the Company, as the same may be amended, supplemented, restated or otherwise modified from time to time.

“MDGH” means Mamoura Diversified Global Holding PJSC, a public joint stock company established under the laws of the Emirate of Abu Dhabi.

“MIC” means Mubadala Investment Company PJSC, a public joint stock company established under the laws of the Emirate of Abu Dhabi.

“Mubadala Designee” means a person nominated by MTIC pursuant to Section 2.1 and thereafter appointed to the Board to serve as a Director.

“Mubadala Entities” means MIC, any Affiliated Entities, or any entity, investment fund or account managed or advised by MIC or an Affiliated Entity.

“Mubadala Group” means MIC and its subsidiaries.

“Mubadala Group Accounting Policy” means the Mubadala Accounting Policy, based on IFRS, that is developed by MIC and provided to the Company and its subsidiaries on an annual basis.

“Ordinary Shares” means the ordinary shares in the share capital of the Company, par value \$[•] per share.

“Person” means an individual, a company, an exempted company, an exempted partnership, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, or other form of business organization, whether or not regarded as a legal entity under applicable Law, or any Governmental Authority or any department, agency or political subdivision thereof.

“Related Parties” has the meaning set forth in Section 5.14.

“Subsidiary” means, with respect to any Person, any corporation, limited liability company, exempted company, exempted partnership, partnership, association or other business entity of which: (i) if a corporation or company, a majority of the total voting power of shares of stock or shares entitled to vote in the election or appointment of directors, representatives or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof; or (ii) if a limited liability company, partnership, exempted partnership, association or other business entity, a majority of the total voting power of stock (or equivalent ownership interest) of the limited liability company, partnership, association or other business entity is at the time owned or controlled, directly or indirectly, by any Person or one or more Subsidiaries of that Person or a combination thereof. For purposes hereof, a Person or Persons shall be deemed to have a majority ownership interest in a limited liability company, partnership, association or other business entity if such Person or Persons shall be allocated a majority of limited liability company, partnership, association or other business entity gains or losses or shall be or control the managing member, managing director or other governing body or general partner of such limited liability company, partnership, association or other business entity.

“Total Number of Directors” means the total number of Directors constituting the Board.

1.2 Construction. Interpretation of this Agreement shall be governed by the following rules of construction. Unless the context otherwise requires: (a) references to the terms Article, Section and paragraph are references to the Articles, Sections and paragraphs to this Agreement unless otherwise specified; (b) the terms “hereof,” “herein,” “hereby,” “hereto,” and derivative or similar words refer to this entire Agreement hereto; (c) references to “\$” or “Dollars” shall mean United States dollars; (d) the words “include,” “includes,” “including” and words of similar import when used in this Agreement shall mean “including without limitation,” unless otherwise specified; (e) the word “or” shall not be exclusive; (f) references to “written” or “in writing” include in electronic form; (g) provisions shall apply, when appropriate, to successive events and transactions; (h) the headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement; (i) each of the Company and the Holders has participated in the negotiation and drafting of this Agreement and if an ambiguity or question of interpretation should arise, this Agreement shall be construed as if drafted jointly by the parties thereto and no presumption or burden of proof shall arise favoring or burdening either party by virtue of the authorship of any of the provisions in this Agreement; (j) a reference to any Person includes such Person’s permitted successors and assigns; (k) references to “days” mean calendar days unless Business Days are expressly specified; (l) the word “will” shall be construed to have the same meaning and effect as the word “shall”; (m) the terms “party”, “party hereto”, “parties” and “party hereto” shall mean a party to this Agreement and the parties to this Agreement, as applicable, unless otherwise specified; (n) with respect to the determination of any period of time, “from” means “from and including”; (o) any deadline or time period set forth in this Agreement that by its terms ends on a day that is not a Business Day shall be automatically extended to the next succeeding Business Day; (p) any requirements as to delivery under this Agreement include delivery in the form of an Electronic Record; (q) any requirements as to execution or signature under this Agreement including the execution of this Agreement themselves can be satisfied in the form of an electronic signature as defined in the Electronic Transactions Act, and (r) Sections 8 and 19(3) of the Electronic Transactions Act shall not apply. Any agreement, instrument or statute defined or referred to herein means such agreement, instrument or statute as from time to time may be amended, supplemented, restated or modified, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes.

BOARD OF DIRECTORS

2.1 Appointment of Directors.

(a) Following the Closing Date, MTIC shall have the right, but not the obligation, to nominate to the Board a number of designees equal to at least:

(i) a majority of the Total Number of Directors, so long as the Mubadala Entities beneficially own 50% or more of the Ordinary Shares beneficially owned by the Mubadala Entities at the Closing Date;

(ii) 50% of the Total Number of Directors, in the event that the Mubadala Entities beneficially own 40% or more, but less than 50%, of the Ordinary Shares beneficially owned by the Mubadala Entities at the Closing Date;

(iii) 40% of the Total Number of Directors, in the event that the Mubadala Entities beneficially own 30% or more, but less than 40%, of the Ordinary Shares beneficially owned by the Mubadala Entities at the Closing Date;

(iv) 30% of the Total Number of Directors, in the event that Mubadala Entities beneficially own 20% or more, but less than 30%, of the Ordinary Shares beneficially owned by the Mubadala Entities at the Closing Date; and

(v) 20% of the Total Number of Directors, in the event that the Mubadala Entities beneficially own 5% or more, but less than 20%, of the Ordinary Shares beneficially owned by the Mubadala Entities at the Closing Date.

For purposes of calculating the number of Directors that MTIC is entitled to designate pursuant to this Section 2.1, any fractional amounts shall automatically be rounded up to the nearest whole number (e.g., one and one quarter (1 1/4) Directors shall equate to two (2) Directors) and any such calculations shall be made after taking into account any increase in the Total Number of Directors.

(b) In the event that MTIC has nominated less than the total number of designees MTIC shall be entitled to nominate pursuant to Section 2.1(a) above, MTIC shall have the right, at any time, to nominate such additional designees to which it is entitled, in which case, the Company and the Board shall take all necessary corporate action, to the fullest extent permitted by applicable law, to (x) enable MTIC to nominate and effect the appointment of such additional individuals, whether by increasing the size of the Board, or otherwise, and (y) to effect the appointment of such additional individuals nominated by MTIC to fill such newly created directorships or to fill any other existing vacancies.

(c) In the event that a vacancy is created at any time by the death, retirement or resignation of any Mubadala Designee, the remaining Directors shall, to the fullest extent permitted by applicable Law and as soon as possible, take all actions necessary at any time and from time to time, to cause the vacancy created thereby to be filled by a person designated by majority vote of the Mubadala Designees then in office or, if there are no such Mubadala Designees, designated by MTIC.

(d) The Company agrees, to the fullest extent permitted by applicable Law, to include in the slate of nominees recommended by the Board for appointment at any meeting of shareholders called for the purpose of appointing directors (where directors are divided into classes, such meeting being that of the relevant class) the persons designated pursuant to this Section 2.1 and to nominate and recommend each such individual to be appointed as a Director as provided herein, to solicit proxies or consents in favor thereof, and otherwise to provide the highest level of support for the appointment of each such person as we provide to any other individual standing for appointment as a director. The Company is entitled, solely for the purposes set forth in this Section 2.1(d), to identify such individual as a Mubadala Designee pursuant to this Shareholder's Agreement.

(e) For so long as MTIC is entitled to nominate a number of Mubadala Designees to the Board equal to or greater than 30% of the Total Number of Directors, the chair of the Board shall be selected by vote of a majority of the Mubadala Designees.

ARTICLE III

INFORMATION

3.1 Books and Records. The Company shall, and shall cause its consolidated subsidiaries to, keep proper books, records and accounts, in which full and correct entries shall be made of all financial transactions and the assets and business of the Company and each of its consolidated subsidiaries in accordance with generally accepted accounting principles.

3.2 Certain Reports.

(a) For so long as MIC has Accounting Control over the Company, the Company shall, and shall cause its consolidated subsidiaries to, provide to each of the Mubadala Entities who so requests:

- (i) access to the Company's and its consolidated subsidiaries' books and records;
- (ii) the opportunity to discuss the affairs, finances and condition of the Company or its consolidated subsidiaries with their management and auditors;
- (iii) copies of all materials circulated to the Board (including to the Board committees);
- (iv) quarter-end and monthly reports which shall conform, in all material aspects, to the format provided by MIC;
- (v) within 45 days of the end of quarter or financial year, as the case may be, the quarterly and annual GRPs and analytics, to be reported in accordance with the Mubadala Group Accounting Policy and with IFRS, as well as updates on subsequent events until such time as the financial statements of MIC and MDGH are approved by their respective boards of directors;
- (vi) within 45 days of the end of the quarter or the financial year, as the case may be, the quarterly and annual GRPs audited by the Company's auditors and reported to Mubadala Group's auditors in accordance with group audit instructions received from the Mubadala Group auditors;

(vii) half-yearly and annual DMO debt issuance projections in the format provided by MIC, including any projected drawings under the revolving credit facilities;

(viii) annual ICFR reporting in the format provided by MIC (such reporting to be provided to the Mubadala Group auditors as well), and provide to each of the Mubadala Entities who so requests and to the Mubadala Group auditors access to management, information and data related to internal controls over financial reporting; and

(ix) any other additional information required to be disclosed by such Mubadala Entity by Law or otherwise needed for such Mubadala Entity's internal or external reporting requirements or legal, regulatory or tax compliance,

all such information so furnished pursuant to this Section 3.2, the "Information".

(b) For so long as MIC accounts for its investment in the Company under the Equity Method of Accounting, the Company shall, and shall cause its consolidated subsidiaries to, provide to each Mubadala Entity who so requests, such Information as provided above, other than in relation to Sections 3.2(a)(iii), 3.2(a)(vii), 3.2(a)(viii) and 3.2(a)(ix), unless a change in Law results in a requirement to provide such Information, in which case such Information shall be provided.

(c) Where MIC neither Controls nor accounts for its investment in the Company under the Equity Method of Accounting, the Company shall only be required to provide, and to cause its consolidated subsidiaries to provide, to each Mubadala Entity who so requests, the Information set forth in Section 3.2(a)(ix).

3.3 Confidentiality. The Mubadala Entities shall maintain the confidentiality of the Information received pursuant to Section 3.2 above and such recipient shall, and shall direct its designated representatives to, keep confidential and not disclose any such Information. This obligation of confidentiality shall not apply to Information:

(a) that is or has become publicly available other than as a result of a disclosure by any of the Mubadala Entities or its designated representatives in violation of this Agreement;

(b) that was already known to any of the Mubadala Entities or its designated representatives or was in the possession of any of the Mubadala Entities or its designated representatives prior to its being furnished by or on behalf of the Company or its designated representatives;

(c) that is received by any of the Mubadala Entities or its designated representatives from a source other than the Company or its designated representatives, provided, that the source of such Information was not actually known by such Mubadala Entity or designated representative to be bound by a confidentiality agreement with, or other contractual obligation of confidentiality to, the Company or any of its consolidated subsidiaries;

(d) that was independently developed or acquired by any of the Mubadala Entities or its designated representatives or on its or their behalf without the violation of the terms of this Agreement; or

(e) that any of the Mubadala Entities or its designated representatives is required to disclose pursuant Law.

3.4 Sharing of Information. Individuals associated with the Mubadala Entities (including the Holders) may from time to time serve on the Board or the equivalent governing body of the Company's Subsidiaries. The Company, on its behalf and on behalf of its Subsidiaries, recognizes that individuals associated with the Mubadala Entities, including the Mubadala Designees, (i) may from time to time receive Information concerning the Company and its Subsidiaries, and (ii) may (subject to the obligation to maintain the confidentiality of such information in accordance with Section 3.3) share such information with other individuals associated with the Mubadala Entities including directors, officers, employees, consultants, advisers, and financing providers. Such sharing will be for the dual purpose of facilitating support to such individuals in their capacity as directors, officers, employees, consultants, advisers, and financing providers and enabling the Mubadala Entities, as equity holders, to better evaluate the Company's performance and prospects. The Company, on behalf of itself and its Subsidiaries, hereby irrevocably consents to such sharing.

ARTICLE IV

OTHER RIGHTS

4.1 Consent to Certain Actions.

(a) Subject to the provisions of Section 4.1(b), without the prior written approval of MTIC, the Company shall not, and shall (to the extent applicable) cause each of its Subsidiaries not to:

(i) amend, modify or repeal (whether by merger, consolidation or otherwise) any provision of the Memorandum and Articles or equivalent organizational documents of the Company in a manner that adversely affects Mubadala Entities beneficially owning Company shares;

(ii) issue additional equity interests of the Company or any of its Subsidiaries, other than (A) any award under any shareholder-approved equity compensation plan, or (B) any intra-company issuance among the Company and its wholly-owned Subsidiaries;

(iii) merge, consolidate with or into any other entity, or transfer (by lease, assignment, sale or otherwise) all or substantially all of the Company's and its Subsidiaries' assets, taken as a whole, to another entity, or enter into or agree to undertake any transaction that would constitute a "change of control" as defined in the Company's and its Subsidiaries' principal credit facilities or debt instruments (other than, in each case, transactions among the Company and its wholly-owned Subsidiaries);

(iv) other than in the ordinary course of business with vendors, customers and suppliers, enter into or effect any (A) acquisition by the Company or any Subsidiary of the equity interests or assets of any Person, or the acquisition by the Company or any Subsidiary of any business, properties, assets, or Persons, in one transaction or a series of related transactions or (B) disposition of assets of the Company or any Subsidiary or the shares or other equity interests of any Subsidiary, in each case where the amount of consideration for any such acquisition or disposition exceeds \$300 million in any single transaction, or an aggregate amount of \$500 million in any series of transactions during a calendar year;

(v) undertake any liquidation, dissolution or winding up of the Company;

(vi) incur financial indebtedness, in a single transaction or a series of related transactions, aggregating to more than \$200 million, except for borrowings under a revolving credit facility that has previously been approved or is in existence (with no increase in maximum availability) on the date of closing of the Company's IPO;

(vii) hire or terminate the Chief Executive Officer, the Chief Financial Officer or the Chief Legal Officer of the Company or designate any replacement thereto;

(viii) effect any material change in the nature of the business of the Company or any Subsidiary, taken as a whole; or

(ix) change the size of the Board.

(b) The approval rights set forth in Section 4.1(a) shall terminate at such time as the Mubadala Entities no longer collectively beneficially own at least 30% of the outstanding Ordinary Shares.

4.2 Auditor Selection

(a) Until the first financial year end occurring after the date on which the entities comprising the Mubadala Group and any entities owned by the Government of Abu Dhabi, together with their subsidiaries, no longer own, in the aggregate, at least 25% of the voting power of the Company's outstanding securities, the Company shall:

(i) use its reasonable best efforts, if permitted by applicable Law (including, in particular, the Company's Audit, Risk and Compliance Committee's duties and responsibilities under the Securities Exchange Act of 1934, as amended) and if in the best interests of the Company, to select as its independent registered public accounting firm the Mubadala Group auditor (or an affiliate of such auditor); and

(ii) provide MIC as much prior notice as is reasonably practical of any change in the Company's independent registered public accounting firm.

(b) When selecting its independent registered public accounting firm, the Company shall give due consideration to the benefits arising to the Company from the selection of the same firm as the Mubadala Group auditor (or an affiliate of such auditor).

ARTICLE V

GENERAL PROVISIONS

5.1 Termination. This Agreement shall terminate on the earlier to occur of (i) such time as the Mubadala Entities no longer beneficially own 5% or more of the outstanding Ordinary Shares in the aggregate and (ii) upon the delivery of a written notice by MTIC to the Company requesting that this Agreement terminate.

5.2 Notices. Any notice provided for in this Agreement shall be in writing and shall be either personally delivered, sent by electronic mail or sent by reputable international courier service (charges prepaid) to the address set forth below, or at such address or to the attention of such other Person as the recipient party has specified by prior written notice to the sending party. Notices will be deemed to have been given hereunder when delivered personally, sent by electronic mail (provided no message is received by sender indicating that the electronic mail was not delivered to its intended recipient) or upon actual delivery by reputable international courier service (as indicated in such courier service's records).

The Company's address is:

GLOBALFOUNDRIES Inc.
400 Stonebreak Road Extension
Malta, NY 12020
United States
Attention: General Counsel
Email: legal.notices@gf.com

The Holders' address is:

c/o MTI International Investment Company LLC
Mamoura Building A, Muroor Road
P.O. Box 45005
Abu Dhabi, United Arab Emirates
Attention: General Counsel
Email: anamphy@mubadala.ae, with copy to legalunit@mubadala.ae

5.3 Amendment; Waiver. This Agreement may be amended, supplemented or otherwise modified only by a written instrument executed by the Company and the other parties hereto. Neither the failure nor delay on the part of any party hereto to exercise any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise of the same or of any other right, remedy, power or privilege, nor shall any waiver of any right, remedy, power or privilege with respect to any occurrence be construed as a waiver of such right, remedy, power or privilege with respect to any other occurrence. No waiver shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver.

5.4 Further Assurances. The parties hereto will sign such further documents, cause such meetings to be held, resolutions passed, exercise their votes and do and perform and cause to be done such further acts and things necessary, proper or advisable in order to give full effect to this Agreement and every provision hereof. To the fullest extent permitted by applicable Law, the Company shall not directly or indirectly take any action that is intended to, or would reasonably be expected to result in the Mubadala Entities being deprived of any rights contemplated by this Agreement.

5.5 Assignment. This Agreement will inure to the benefit of and be binding on the parties hereto and their respective successors and permitted assigns. This Agreement may not be assigned without the express prior written consent of the other parties hereto, and any attempted assignment, without such consents, will be null and void; provided, however, each of the Holders shall be entitled to assign, in whole or in part, any of its rights hereunder without such prior written consent to any Mubadala Entity to which it transfers Ordinary Shares.

5.6 Third Parties. Except as provided for in Section 3.4 with respect to the Mubadala Entities and the individuals associated with the Mubadala Entities specified therein, this Agreement does not create any rights, claims or benefits inuring to any person that is not a party hereto nor create or establish any third party beneficiary hereto and any person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act (As Revised), as amended, modified, re-enacted or replaced, to enforce any term of this Agreement.

5.7 Governing Law; Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the Cayman Islands, without regard to principles of conflicts of laws thereof. Each party irrevocably agrees to submit to the exclusive jurisdiction of the courts of the Cayman Islands over any claim or matter arising under or in connection with this Agreement or the legal relationship established by this Agreement.

5.8 Specific Performance. Without prejudice to any other rights or remedies that either party may have, each party acknowledges and agrees that damages alone would not be an adequate remedy for any breach by the other party of the provisions of this Agreement and that accordingly each party shall be entitled, without proof of special damages, to the remedies of injunction, specific performance or other equitable relief for any threatened or actual breach of the provisions of this Agreement.

5.9 Entire Agreement. This Agreement sets forth the entire understanding of the parties hereto with respect to the subject matter hereof. There are no agreements, representations, warranties, covenants or understandings with respect to the subject matter hereof or thereof other than those expressly set forth herein and therein. This Agreement supersedes all other prior agreements and understandings between the parties with respect to such subject matter.

5.10 Severability. If any provision of this Agreement, or the application of such provision to any Person or circumstance or in any jurisdiction, shall be held to be invalid or unenforceable to any extent, (i) the remainder of this Agreement shall not be affected thereby, and each other provision hereof shall be valid and enforceable to the fullest extent permitted by applicable Law, (ii) as to such Person or circumstance or in such jurisdiction such provision shall be reformed to be valid and enforceable to the fullest extent permitted by applicable Law and (iii) the application of such provision to other Persons or circumstances or in other jurisdictions shall not be affected thereby.

5.11 Table of Contents, Headings and Captions. The table of contents, headings, subheadings and captions contained in this Agreement are included for convenience of reference only, and in no way define, limit or describe the scope of this Agreement or the intent of any provision hereof.

5.12 Counterparts. This Agreement and any amendment hereto may be signed in any number of separate counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one Agreement (or amendment, as applicable).

5.13 Effectiveness. This Agreement shall become effective upon the Closing Date.

5.14 No Recourse. Notwithstanding anything that may be expressed or implied in this Agreement or otherwise, and notwithstanding the fact that certain of the Holders may be limited liability companies, corporations or other entities, each party hereto covenants, agrees and acknowledges that no recourse under this Agreement or any documents or instruments delivered by any Person pursuant hereto or otherwise shall be had against the Mubadala Entities or any of their former, current or future direct or indirect equity holders, controlling Persons, shareholders,

directors, officers, employees, agents, Affiliates, members, financing sources, managers, general or limited partners or assignees (each a “Related Party” and collectively, the “Related Parties”), in each case other than (subject, for the avoidance of doubt, to the provisions of this Agreement) each party hereto or any of its respective assignees under this Agreement, whether by the enforcement of any assessment or by any legal or equitable proceeding, or by virtue of any applicable Law, it being expressly agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by any of the Related Parties, as such, for any obligation or liability of any party hereto or any of its respective assignees under this Agreement or any documents or instruments delivered by any Person pursuant hereto for any claim based on, in respect of or by reason of such obligations or liabilities or their creation; provided, however, that nothing in this Section 5.14 shall relieve or otherwise limit the liability of any party hereto or any of its respective assignees for any breach or violation of its obligations under such agreements, documents or instruments.

[Remainder Of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have executed this Shareholder's Agreement on the day and year first above written.

GLOBALFOUNDRIES Inc.

By: _____
Name: [•]
Title: [•]

[Signature Page to Shareholder's Agreement]

**MUBADALA TECHNOLOGY INVESTMENT
COMPANY**

By: _____

Name: [•]

Title: [•]

[Signature Page to Shareholder's Agreement]

**MTI INTERNATIONAL INVESTMENT COMPANY
LLC**

By: _____

Name: [•]

Title: [•]

[Signature Page to Shareholder's Agreement]

REGISTRATION RIGHTS AGREEMENT

BY AND AMONG

MUBADALA TECHNOLOGY INVESTMENT COMPANY,

MTI INTERNATIONAL INVESTMENT COMPANY LLC,

AND

GLOBALFOUNDRIES INC.

Dated as of [•], 2021

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REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (the "Agreement") is made, entered into and effective as of [•], 2021, by and among GLOBALFOUNDRIES Inc. (the "Company"), Mubadala Technology Investment Company ("MTIC") and MTI International Investment Company LLC (together with MTIC, and their respective successors and Permitted Assignees (as defined below), the "Holders").

WITNESSETH:

WHEREAS, as of the date hereof, the Holders (as defined above) are the direct beneficial owner of all the Ordinary Shares (as defined below);

WHEREAS, the Company is currently contemplating an underwritten initial public offering ("IPO") of its Ordinary Shares; and

WHEREAS, in connection with, and effective upon, the date of completion of the IPO, the parties desire to set forth certain registration rights applicable to the Registrable Securities (as defined below).

NOW, THEREFORE, in consideration of the foregoing and the mutual promises, covenants and agreements of the parties hereto, and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Defined Terms. As used in this Agreement, the following terms shall have the following meanings:

"Adverse Disclosure" means public disclosure of material, non-public information that (i) would be required to be made in any Registration Statement filed with the SEC by the Company so that such Registration Statement would not be materially misleading and would not be required to be made at such time but for the filing of such Registration Statement; and (ii) the Company has a bona fide business purpose for not disclosing such information publicly.

"Affiliate" means, with respect to any Person, (a) any Person that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person, or (b) any Person who is a general partner, partner, managing director, manager, officer, director or principal of the specified Person.

"Agreement" has the meaning set forth in the preamble.

"Board of Directors" means the board of directors of the Company.

“Business Day” means any day other than a Saturday, Sunday or a federal or New York State holiday or other day on which commercial banks in New York City are authorized or required by law or executive order to close.

“Company” has the meaning set forth in the Preamble hereto.

“Company Share Equivalent” means securities exercisable or exchangeable for or convertible into, Company Shares.

“Company Shares” means the Ordinary Shares, any securities into which such Ordinary Shares shall have been converted or for which such Ordinary Shares shall be exchanged, or any securities resulting from any reclassification, recapitalization, exchange or similar transactions with respect to such Ordinary Shares.

“Demand Company Notice” has the meaning set forth in Section 2.01(d).

“Demand Holder” has the meaning set forth in Section 2.01(a).

“Demand Notice” has the meaning set forth in Section 2.01(a).

“Demand Period” has the meaning set forth in Section 2.01(c)

“Demand Registration” has the meaning set forth in Section 2.01(a).

“Demand Registration Statement” has the meaning set forth in Section 2.01(a).

“Effectiveness Date” means the date following the Company’s IPO on which the Holders are no longer subject to any underwriter’s lock-up or other similar contractual restriction on the sale of Registrable Securities in connection with the IPO.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and any successor thereto, and any rules and regulations promulgated thereunder, all as the same shall be in effect from time to time.

“Governmental Authority” means any nation or government, any state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

“FINRA” means the Financial Industry Regulatory Authority.

“Form F-1” means a registration statement on Form F-1 under the Securities Act, or any comparable or successor form or forms thereto.

“Form F-3” means a registration statement on Form F-3 under the Securities Act, or any comparable or successor form or forms thereto.

“Free Writing Prospectus” means an issuer free writing prospectus, as defined in Rule 433 under the Securities Act, relating to an offer of Registrable Securities.

“Holder” has the meaning set forth in the Preamble hereto.

“Initiating Holder” has the meaning set forth in Section 2.02(a).

“Initiating Shelf Take-Down Holder” has the meaning set forth in Section 2.02(d)(i).

“Long-Form Registration” has the meaning set forth in Section 2.01(a).

“Loss” or “Losses” has the meaning set forth in Section 2.10(a).

“Marketed Underwritten Shelf Take-Down” means a Shelf Take-Down in the form of an Underwritten Offering that contemplates a customary “road show” (including any “electronic road show”) or other substantial marketing efforts by the underwriter or underwriters over a period of at least forty-eight (48) hours.

“MTIC” has the meaning set forth in the Preamble hereto.

“Ordinary Shares” means the ordinary shares of the Company, par value \$[●] per share.

“Participating Holder” means, with respect to any Registration, any Holder of Registrable Securities, as applicable, covered by the applicable Registration Statement.

“Permitted Assignee” means (i) MIC, (ii) any Person that is directly or indirectly wholly owned by Mubadala Investment Company PJSC; (iii) any entity, investment fund or account managed or advised by MIC or Mubadala Investment Company PJSC; or (iv) any Person to which a Holder transfers all of the Holder’s Registrable Securities.

“Person” means an individual, a company, an exempted company, a partnership, an exempted partnership, a limited partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, or other form of business organization, whether or not regarded as a legal entity under applicable Law, or any Governmental Authority or any department, agency or political subdivision thereof.

“Piggyback Registration” has the meaning set forth in Section 2.03(a).

“Prospectus” means the prospectus included in any Registration Statement, all amendments and supplements to such prospectus, including pre- and post-effective amendments to such Registration Statement, and all other material incorporated by reference in such prospectus.

“Registrable Amount” means: (x) in the case of a Demand Registration, a number of Registrable Securities representing the lesser of (i) all the Ordinary Shares held by the Demand Holder(s) at the time of the relevant Demand Notice, and (ii) fifty million U.S. dollars (\$50 million); (y) in the case of a Shelf Take-Down relating to a Marketed Underwritten Shelf Take-Down, a number of Registrable Securities representing the lesser of (i) all the Ordinary Shares held by the Initiating Shelf Take-Down Holder(s) at the time of the relevant Shelf Take- Down Notice, and (ii) twenty-five million U.S. dollars (\$25 million); and (z) in the case of a Shelf Take-Down Notice not relating to a Marketed Underwritten Shelf Take-Down, zero U.S. dollars (\$0) (it being specified that with respect to clauses (x)(ii) and (y)(ii), such value shall be determined based on the closing price of such Registrable Securities on the date immediately preceding the date upon which the Demand Notice or Shelf Take-Down Notice, as applicable, has been received by the Company).

“Registrable Securities” means: (x) any Company Shares held by a Holder, (y) Company Shares issuable upon the conversion, exchange or exercise of a Company Share Equivalent, and (z) any securities that may be issued or distributed or be issuable or distributable in respect of, or in substitution for, any Company Shares held by a Holder by way of conversion, exercise, dividend, stock split or other distribution, merger, consolidation, exchange, recapitalization or reclassification or similar transaction, in each case whether now owned or hereinafter acquired; provided, however, that any such Registrable Securities shall cease to be Registrable Securities to the extent (i) a Registration Statement with respect to the sale of such Registrable Securities shall have become effective under the Securities Act and such Registrable Securities shall have been disposed of in accordance with the plan of distribution set forth in such Registration Statement, (ii) such Registrable Securities have been distributed pursuant to Rule 144 or Rule 145 under the Securities Act (or any successor rule) without limitation, (iii) such Registrable Securities shall have been otherwise transferred and new certificates or book entry shares for them not bearing a legend restricting transfer shall have been delivered by the Company and such securities may be publicly resold without Registration under the Securities Act, (iv) a Registration Statement on Form S-8 (or any successor form) covering such Registrable Securities is effective or (v) such security ceases to be outstanding. For the avoidance of doubt, it is understood that, with respect to any Registrable Securities for which a Holder holds vested but unexercised options or other Company Share Equivalents at such time exercisable for, convertible into or exchangeable for Company Shares, to the extent that such Registrable Securities are to be sold pursuant to this Agreement, such Holder must exercise the relevant option or exercise, convert or exchange such other relevant Company Share Equivalent and transfer the underlying Registrable Securities (in each case, net of any amounts required to be withheld by the Company in connection with such exercise).

“Registration” means a registration with the SEC of the Company’s securities for offer and sale to the public under a Registration Statement. The term “Register” shall have a correlative meaning.

“Registration Expenses” has the meaning set forth in Section 2.09.

“Registration Statement” means any registration statement of the Company that covers Registrable Securities pursuant to the provisions of this Agreement filed with, or to be filed with, the SEC under the rules and regulations promulgated under the Securities Act, including the related Prospectus, amendments and supplements to such registration statement, including pre- and post-effective amendments, and all exhibits and all material incorporated by reference in such registration statement; provided, however, that the term “Registration Statement” without reference to a time includes such Registration Statement as amended by any post-effective amendments as of the time of first contract of sale for the Registrable Securities.

“Representatives” means, with respect to any Person, any of such Person’s officers, directors, employees, agents, attorneys, accountants, actuaries, consultants, equity financing partners or financial advisors or other Person associated with, or acting on behalf of, such Person.

“SEC” means the Securities and Exchange Commission.

“Securities Act” means the Securities Act of 1933, as amended, and any successor thereto, and any rules and regulations promulgated thereunder, all as the same shall be in effect from time to time.

“Shelf Holder” has the meaning set forth in Section 2.02(c).

“Shelf Notice” has the meaning set forth in Section 2.02(a).

“Shelf Registration” has the meaning set forth in Section 2.02(a).

“Shelf Registration Statement” means a Registration Statement of the Company filed with the SEC on Form F-3 (or any successor form or other appropriate form under the Securities Act) for an offering to be made on a continuous basis pursuant to Rule 415 (or any successor provision) under the Securities Act covering all or any portion of the Registrable Securities, as applicable. To the extent that the Company is a “well-known seasoned issuer” (as such term is defined in Rule 405 (or any successor or similar rule) of the Securities Act), a “Shelf Registration Statement” shall be deemed to refer to an “automatic shelf registration statement,” as such term is defined in Rule 405 (or any successor or similar rule) of the Securities Act.

“Shelf Take-Down” has the meaning set forth in Section 2.02(d)(i).

“Shelf Take-Down Notice” has the meaning set forth in Section 2.02(d)(i).

“Short-Form Registration” has the meaning set forth in Section 2.01(a).

“Subsidiary” means, with respect to any Person, any entity of which (i) a majority of the total voting power of shares of stock or equivalent ownership interests entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers, trustees or other members of the applicable governing body thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof, or (ii) if no such governing body exists at such entity, a majority of the total voting power of shares of stock or equivalent ownership interests of the entity is at the time owned or controlled, directly or indirectly, by that Person or one or more Subsidiaries of that Person or a combination thereof. For purposes hereof, a Person or Persons shall be deemed to have a majority ownership interest in a corporation, limited liability company, partnership, association or other business entity if such Person or Persons shall be allocated a majority of limited liability company, partnership, association or other business entity gains or losses or shall be or control the managing member or general partner of such limited liability company, partnership, association or other business entity.

“Suspension” has the meaning set forth in Section 2.05(b).

“Underwritten Offering” means a Registration in which securities of the Company are sold to an underwriter or underwriters on a firm commitment basis for reoffering to the public.

“Underwritten Shelf Take-Down Notice” has the meaning set forth in Section 2.02(d)(ii).

“Underwritten Shelf Take-Down Company Notice” has the meaning set forth in Section 2.02(d)(iii).

SECTION 1.02. Other Interpretive Provisions. (a) In this Agreement, except as otherwise provided:

(i) A reference to an Article or Section is a reference to an Article or Section of this Agreement, and references to this Agreement include any recital in this Agreement.

(ii) Headings and the Table of Contents are inserted for convenience only and shall not affect the construction or interpretation of this Agreement.

(iii) Unless the context otherwise requires, words importing the singular include the plural and vice versa, words importing the masculine include the feminine and vice versa, and words importing persons include corporations, associations, partnerships, joint ventures and limited liability companies and vice versa.

(iv) Unless the context otherwise requires, the words “hereof” and “herein,” and words of similar meaning refer to this Agreement as a whole and not to any particular Article, Section or clause. The words “include,” “includes” and “including” shall be deemed to be followed by the words “without limitation.”

(v) A reference to any legislation or to any provision of any legislation shall include any successor legislation and any amendment, modification or re-enactment thereof and any legislative provision substituted therefor.

(vi) All determinations to be made by the Company hereunder may be made in its sole discretion, and the Company may determine, in its sole discretion, whether or not to take actions that are permitted, but not required, by this Agreement to be taken by the Company, including the giving of consents required hereunder.

(b) The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intention or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement.

REGISTRATION RIGHTS

SECTION 2.01. Demand Registration.

(a) Demand Right. At or after the Effectiveness Date, if there is no currently effective Shelf Registration Statement on file with the SEC, then except as provided in Section 2.02(a), one or more Holders (the "Demand Holders") may, subject to Section 2.05(b), make a written request (a "Demand Notice") to the Company for Registration of all or part of the Registrable Securities held by such Demand Holders, provided that such number of Registrable Securities is at least equal to the Registrable Amount. Such registration shall be (i) on Form F-1 (a "Long-Form Registration") or (ii) on Form F-3 (a "Short-Form Registration") if the Company qualifies to use such short form for the Registration of such Registrable Securities on behalf of such Holders (any such requested Long-Form Registration or Short-Form Registration, a "Demand Registration"). Each Demand Notice shall specify the aggregate amount of Registrable Securities of the Demand Holders to be registered, the intended methods of disposition thereof and the identity of the Demand Holder(s). Subject to Section 2.05(b), after delivery of such Demand Notice, the Company (x) shall file promptly (and, in any event, within (i) ninety (90) days in the case of a request for a Long-Form Registration or (ii) thirty (30) days in the case of a request for a Short-Form Registration, in each case, following delivery of such Demand Notice) with the SEC a Registration Statement relating to such Demand Registration (a "Demand Registration Statement") (provided, however, that if a Demand Notice is delivered prior to the Effectiveness Date, the Company shall not be obligated to file (but shall be obligated to prepare) such Demand Registration Statement prior to the Effectiveness Date), and (y) shall use commercially reasonable efforts to cause such Demand Registration Statement to become effective under the Securities Act. There shall be no limit on the number of Demand Notices that Holders may be permitted to issue pursuant to this Section 2.01(a).

(b) Demand Withdrawal. Any Demand Holder (and any other Holder whose Registrable Securities are included in a Demand Registration pursuant to Section 2.01(d)) may withdraw its Registrable Securities from a Demand Registration at any time prior to the effectiveness of the applicable Demand Registration Statement. Upon delivery of a notice by all Demand Holders to such effect, the Company shall cease all efforts to secure effectiveness of the applicable Demand Registration Statement.

(c) Effective Registration. The Company shall be deemed to have effected a Demand Registration if the Demand Registration Statement becomes effective and remains effective for not less than one hundred and eighty (180) days (or such shorter period as shall terminate when all Registrable Securities covered by such Registration Statement have been sold or withdrawn), or if such Registration Statement relates to an Underwritten Offering, such longer period as, in the opinion of counsel for the underwriter or underwriters, a Prospectus is required by law to be delivered in connection with sales of Registrable Securities by an underwriter or dealer (the applicable period, the "Demand Period"). No Demand Registration shall be deemed to have been effected if (i) during the Demand Period such Registration or the successful completion of the relevant sale is prevented by any stop order, injunction or other order or requirement of the SEC or other governmental agency or court or (ii) the conditions to closing specified in the underwriting agreement, if any, entered into in connection with such Registration are not satisfied other than by reason of a wrongful act, misrepresentation or breach of such applicable underwriting agreement by the Demand Holders.

(d) Demand Company Notice. Subject to Section 2.05(b), promptly upon delivery of any Demand Notice (but in no event more than ten (10) calendar days thereafter), the Company shall deliver a written notice (a "Demand Company Notice") of any such Registration request to all Holders (other than the Demand Holders), and the Company shall include in such Demand Registration all such Registrable Securities of such Holders which the Company has received written requests for inclusion therein within ten (10) Business Days after the date that such Demand Company Notice has been delivered. All requests made pursuant to this Section 2.01(d) shall specify the aggregate amount of Registrable Securities of such Holder to be registered.

(e) Underwritten Offering. If the Demand Holders so request, an offering of Registrable Securities pursuant to a Demand Registration shall be in the form of an Underwritten Offering, and the Holders of a majority of the Registrable Securities included by the Demand Holders in the relevant Demand Notice shall have the right to select the managing underwriter or underwriters to administer the offering; provided that such managing underwriter or underwriters shall be acceptable to the Company (acting reasonably). If the Demand Holders intend to sell the Registrable Securities covered by their Demand Notice by means of an Underwritten Offering, such Demand Holders shall so advise the Company as part of their Demand Notice, and the Company shall include such information in the Demand Company Notice.

(f) Priority of Securities Registered Pursuant to Demand Registrations. If the managing underwriter or underwriters of any proposed Underwritten Offering of Registrable Securities included in a Demand Registration informs the Holders or the Company in writing that, in its or their opinion, the number of securities requested to be included in such Demand Registration exceeds the number that can be sold in such offering without being likely to have a significant adverse effect on the price, timing or distribution of the securities offered or the market for the securities offered, the securities to be included in such Demand Registration shall be allocated (i) first, pro rata among the Holders that have requested to participate in such Demand Registration based on the relative number of Registrable Securities then held by each such Holder; provided that any securities thereby allocated to a Holder that exceed such Holder's request shall be reallocated among the remaining requesting Holders in like manner; (ii) second, and only if all the Registrable Securities referred to in clause (i) have been included in such Demand Registration, to the Company up to the number of securities that the Company proposes to include in such Demand Registration that, in the opinion of the managing underwriter or underwriters, can be sold without having such adverse effect; and (iii) third, and only if all of the securities referred to in clause (ii) have been included in such Demand Registration, to those Persons holding any other securities eligible for inclusion in such Demand Registration, up to the number of securities that, in the opinion of the managing underwriter or underwriters, can be sold without having such adverse effect. The Company shall not include any securities other than Registrable Securities in a Demand Registration, except with the written consent of the Demand Holders participating in such Demand Registration holding a majority of the Registrable Securities included in such Demand Registration by Demand Holders.

SECTION 2.02. Shelf Registration.

(a) Filing. At or after the Effectiveness Date and if the Company qualifies to use Short Form Registration, each Holder (the "Initiating Holder") may, subject to Section 2.05(b), make a written request (a "Shelf Notice") to the Company to file with the SEC a Shelf Registration Statement on Form F-3, which Shelf Notice shall specify the aggregate amount of Registrable Securities of the Initiating Holder to be registered therein and the intended methods of distribution thereof (any such requested Shelf Registration Statement, a "Shelf Registration"). Following the delivery of a Shelf Notice, the Company (x) shall file promptly (and, in any event, within thirty (30) days following delivery of such Shelf Notice) with the SEC such Shelf Registration Statement (which shall be an automatic Shelf Registration Statement if the Company qualifies at such time to file such a Shelf Registration Statement) relating to the offer and sale of all Registrable Securities by the Holders from time to time in accordance with the methods of distribution elected by such Holders and set forth in the Shelf Registration Statement (provided, however, that if a Shelf Notice is delivered prior to the Effectiveness Date, the Company shall not be obligated to file such Shelf Registration Statement prior to the Effectiveness Date) and (y) shall use commercially reasonable efforts to cause such Shelf Registration Statement to become effective under the Securities Act. If, on the date of any such request, the Company does not qualify to file a Shelf Registration Statement under the Securities Act, the provisions of this Section 2.02 shall not apply, and the provisions of Section 2.01 shall apply instead.

(b) Continued Effectiveness. The Company shall use commercially reasonable efforts to keep any Shelf Registration Statement filed pursuant to Section 2.02(a) continuously effective under the Securities Act in order to permit the Prospectus forming a part thereof to be usable in connection with any Shelf Take-Down until the earliest of (i) the date as of which all Registrable Securities have been sold pursuant to the Shelf Registration Statement or another Registration Statement filed under the Securities Act (but in no event prior to the applicable period referred to in Section 4(a)(3) of the Securities Act and Rule 174 thereunder) or otherwise cease to be Registrable Securities; (ii) the termination of this Agreement; and (iii) such shorter period as the Initiating Holder shall agree in writing.

(c) Company Notices. Promptly upon delivery of any Shelf Notice pursuant to Section 2.02(a) (but in no event more than ten (10) Business Days after delivery of the Shelf Notice), the Company shall deliver a written notice of such Shelf Notice to all Holders other than the Initiating Holder, and the Company shall include in such Shelf Registration all such Registrable Securities of such Holders which the Company has received written requests for inclusion therein within five (5) Business Days after such written notice is delivered to such Holders (each such Holder delivering such a request, together with the Initiating Holder, a "Shelf Holder").

(d) Shelf Take-Downs.

(i) An offering or sale of Registrable Securities pursuant to a Shelf Registration Statement (each, a “Shelf Take-Down”) may, subject to Section 2.05(b), be initiated at any time by any Holder (the “Initiating Shelf Take-Down Holder”) by notice to the Company (the “Shelf Take-Down Notice”), provided that the Shelf Take-Down relates to a number of Registrable Securities at least equal to the Registrable Amount. Except as set forth in Section 2.02(d)(iii), the Initiating Shelf Take-Down Holder shall not be required to permit the offer and sale of Registrable Securities by other Shelf Holders in connection with any such Shelf Take-Down initiated by the Initiating Shelf Take-Down Holder and no Shelf Holder shall be entitled to offer or sell any Registrable Securities pursuant to such Shelf Registration Statement, except in connection with any Shelf Take-Down initiated by the Initiating Shelf Take-Down Holder.

(ii) If the Initiating Shelf Take-Down Holder elects by written request to the Company, a Shelf Take-Down shall be in the form of an Underwritten Offering (such written request, an “Underwritten Shelf Take-Down Notice”) and the Company shall amend or supplement the Shelf Registration Statement for such purpose as soon as practicable. The Initiating Shelf Take-Down Holder shall have the right to select the managing underwriter or underwriters to administer such offering; provided that such managing underwriter or underwriters shall be acceptable to the Company (acting reasonably). The Initiating Shelf Take-Down Holder shall indicate whether the Underwritten Shelf-Take Down Notice relates to a Marketed Underwritten Shelf Take-Down.

(iii) Promptly upon delivery of such Underwritten Shelf Take-Down Notice (but in no event more than two (2) Business Days thereafter), the Company shall promptly deliver a written notice (a “Underwritten Shelf Take-Down Company Notice”) of such Shelf Take-Down to all Shelf Holders (other than the Initiating Shelf Take-Down Holder), and the Company shall include in such Shelf Take-Down all such Registrable Securities of such Shelf Holders that are Registered on such Shelf Registration Statement for which the Company has received written requests, which requests must specify the aggregate amount of such Registrable Securities of such Holder to be offered and sold pursuant to such Shelf Take-Down, for inclusion therein within two (2) Business Days after the date that such Underwritten Shelf Take-Down Company Notice has been delivered.

(iv) If the managing underwriter or underwriters of any proposed Underwritten Offering of Registrable Securities included in a Shelf Take-Down informs the Holders or the Company in writing that, in its or their opinion, the number of securities requested to be included in such Shelf Take-Down exceeds the number that can be sold in such offering without being likely to have a significant adverse effect on the price, timing or distribution of the securities offered or the market for the securities offered, the securities to be included in such Shelf Take-Down shall be allocated (i) first, pro rata among the Shelf Holders that have requested to participate in such Shelf Take-Down based on the relative number of Registrable Securities then held by each such Shelf Holder; provided that any securities thereby allocated to a Shelf Holder that exceed such Shelf Holder’s request shall be reallocated among the remaining requesting Shelf Holders in like manner; (ii) second, and only if all the Registrable Securities referred to in clause (i) have been included in such Shelf Take-Down, to the Company up to the number of securities that the Company proposes to include in such Shelf Take-Down that, in the opinion of the managing underwriter or underwriters, can be sold without having such adverse effect; (iii) third, and only if all of the securities referred to in clause (ii) have been included in

such Shelf Take-Down, to those Persons holding any other securities eligible for inclusion in such Shelf Take-Down, up to the number of securities that in the opinion of the managing underwriter or underwriters, can be sold without having such adverse effect. The Company shall not include any securities other than Registrable Securities in a Shelf Take-Down, except with the written consent of the Initiating Shelf Take-Down Holder.

SECTION 2.03. Piggyback Registration.

(a) Participation. If the Company at any time at or after the IPO, for its own account or for the account of any other Persons, proposes to file a Registration Statement with respect to any offering of its equity securities or conduct an Underwritten Offering pursuant to an existing Registration Statement (other than (i) a Demand Registration or Shelf Take-Down under Section 2.01 or Section 2.02, it being understood that this clause (i) does not limit the rights of Holders to make written requests pursuant to Section 2.01 or Section 2.02, or otherwise limit the applicability thereof; (ii) a Registration Statement on Form F-4 or S-8 (or such other similar successor forms then in effect under the Securities Act); (iii) a registration of securities solely relating to an offering and sale to employees, directors or consultants of the Company or its Subsidiaries pursuant to any employee stock plan or other employee benefit plan arrangement; (iv) a registration not otherwise covered by clause (ii) above pursuant to which the Company is offering to exchange its own securities for other securities; (v) a Registration Statement relating solely to dividend reinvestment or similar plans; or (vi) a Registration on any registration form which does not permit secondary sales or does not include substantially the same information as would be required to be included in a Registration Statement), then, as soon as practicable (but in no event less than ten (10) Business Days prior to the proposed date of filing of such Registration Statement or, in the case of any such Underwritten Offering, the anticipated pricing date), the Company shall deliver a written notice of such proposed filing or offering to all Holders, and such notice shall offer such Holders the opportunity to Register under such Registration Statement or include in such offering such number of Registrable Securities as such Holders may request in writing delivered to the Company within five (5) Business Days after the date that such written notice has been delivered. Subject to Section 2.03(b), the Company shall include in such Registration Statement or offering all such Registrable Securities that are requested by Holders to be included therein in compliance with the immediately foregoing sentence (a "Piggyback Registration"); provided that if at any time after giving written notice of its intention to Register any equity securities and prior to the effective date of the Registration Statement filed in connection with such Piggyback Registration or the pricing date of such offering, as applicable, the Company shall determine for any reason not to Register or sell or to delay Registration or offering of the equity securities covered by such Piggyback Registration, the Company shall give written notice of such determination to each Holder that had requested to Register its, his or her Registrable Securities in such Registration Statement and, thereupon, (1) in the case of a determination not to Register, shall be relieved of its obligation to Register or sell any Registrable Securities in connection with such Registration or offering (but not from its obligation to pay the Registration Expenses in connection therewith), and (2) in the case of a determination to delay Registering or selling, in the absence of a request by any Holder to request that such Registration be effected as a Demand Registration under Section 2.01(a), shall be permitted to delay Registering or selling any Registrable Securities, for the same period as the delay in Registering or selling the other equity securities covered by such Piggyback

Registration. If the offering pursuant to such Registration Statement is to be underwritten, the Company shall so advise the Holders as a part of the written notice given pursuant to this Section 2.03(a), the Company shall make such arrangements with the managing underwriter or underwriters so that each Holder may participate in such Underwritten Offering, subject to the conditions of Section 2.03(b). If the offering pursuant to such Registration Statement is to be on any other basis, the Company shall so advise the Holders as part of the written notice given pursuant to this Section 2.03(a), and each Holder making a request for a Piggyback Registration pursuant to this Section 2.03(a) must, and the Company shall make such arrangements so that each such Holder may, participate in such offering on such basis, subject to the conditions of Section 2.03(b).

Each Holder shall keep confidential the fact that a Piggyback Registration is in effect, the written notice referred to above and its contents unless and until otherwise notified by the Company, except (i) disclosures that are necessary to comply with any law, rule or regulation, including formal and informal investigations or requests from any regulatory authority and (ii) if and to the extent such matters are publicly disclosed by the Company.

(b) Priority of Piggyback Registration. If the managing underwriter or underwriters of any proposed Underwritten Offering of Registrable Securities included in a Piggyback Registration informs the Company, in writing that, in its or their opinion, the number of securities requested to be included in such offering exceeds the number that can be sold in such Piggyback Registration without being likely to have a significant adverse effect on the price, timing or distribution of the securities offered or the market for the securities offered, the securities to be included in such Piggyback Registration shall be allocated (i) first, 100% of the securities that the Company proposes to sell; and (ii) second, and only if all the securities referred to in clause (i) have been included, the number of Registrable Securities that, in the opinion of such managing underwriter or underwriters, can be sold without having such adverse effect in such Registration or offering, with such number to be allocated pro rata among the Holders that have requested to participate in such Piggyback Registration based on the relative number of Registrable Securities then held by each such Holder; provided that any securities thereby allocated to a Holder that exceed such Holder's request shall be reallocated among the remaining requesting Holders in like manner; and (iii) third, and only if all of the Registrable Securities referred to in clause (ii) have been included, to those Persons holding any other securities eligible for inclusion in such Piggyback Registration, up to the number of securities that in the opinion of the managing underwriter or underwriters, can be sold without having such adverse effect.

(c) No Effect on Demand Registrations. No Registration of Registrable Securities effected pursuant to a request under this Section 2.03 shall be deemed to have been effected pursuant to Section 2.01 or Section 2.02 or shall relieve the Company of its obligations under Section 2.01 or Section 2.02.

SECTION 2.04. Existing Registration Statements. Notwithstanding anything herein to the contrary and subject to applicable law and regulation, the Company may satisfy any obligation hereunder to file a Registration Statement or to have a Registration Statement become effective by a specified date by designating, by notice to the Holders, a registration statement that previously has been filed with the SEC or become

effective, as the case may be, as the relevant Registration Statement for purposes of satisfying such obligation, and all references to any such obligation shall be construed accordingly; provided, that such previously filed registration statement may be amended to add the number of Registrable Securities, and, to the extent necessary, to identify as selling shareholders those Holders demanding the filing of a Registration Statement pursuant to the terms of this Agreement. To the extent this Agreement refers to the filing or effectiveness of other registration statements by or at a specified time and the Company has, in lieu of then filing such registration statements or having such registration statements become effective, designated a previously filed or effective registration statement as the relevant registration statement for such purposes in accordance with the preceding sentence, such references shall be construed to refer to such designated registration statement.

SECTION 2.05. Market Stand-Off and Suspensions.

(a) Market Stand-Off for the Company and Others. In the case of an offering of Registrable Securities pursuant to Section 2.01 or Section 2.02 that is an Underwritten Offering, the Company and each of the Holders agree, if requested by the managing underwriter or underwriters with respect to such Underwritten Offering, not (1) offer for sale, sell, pledge, or otherwise dispose of (or enter into any transaction or device that is designed to, or could be expected to, result in the disposition by any person at any time in the future of) any Company Shares (including Company Shares that may be deemed to be beneficially owned by the undersigned in accordance with the rules and regulations of the SEC and Company Shares that may be issued upon exercise of any options or warrants) or securities convertible into or exercisable or exchangeable for Company Shares; (2) enter into any swap or other derivatives transaction that transfers to another, in whole or in part, any of the economic benefits or risks of ownership of Company Shares, whether any such transaction is to be settled by delivery of Company Shares or other securities, in cash or otherwise; (3) make any demand for or exercise any right or cause to be filed a Registration Statement, including any amendments thereto, with respect to the registration of any Company Shares or securities convertible into or exercisable or exchangeable for Company Shares or any other securities of the Company; or (4) publicly disclose the intention to do any of the foregoing, in each case, during the period beginning seven (7) days before, and ending sixty (60) days (or such lesser period as may be agreed by, if applicable, the managing underwriter or underwriters) (or such other period as may be reasonably requested by the managing underwriter or underwriters to accommodate regulatory restrictions on (i) the publication or other distribution of research reports and (ii) analyst recommendations and opinions, including, but not limited to, the restrictions contained in the FINRA rules or any successor provisions or amendments thereto) after the date of the underwriting agreement entered into in connection with such Underwritten Offering, to the extent timely notified in writing by the managing underwriter or underwriters. Notwithstanding the foregoing, the Company may effect a public sale or distribution of securities of the type described above and during the periods described above if such sale or distribution is made pursuant to Registrations on Form F-4 or S-8 or any successor form to such forms or as part of any Registration of securities for offering and sale to employees, directors or consultants of the Company and its Subsidiaries pursuant to any employee stock plan or other employee benefit plan arrangement.

(b) Delay in Filing; Suspension of Registration. If the filing, initial effectiveness or continued use of a Demand Registration Statement or Shelf Registration Statement at any time would, in the Board of Directors' good faith judgment, after consultation with counsel, require the Company to make an Adverse Disclosure or otherwise materially interfere with a significant acquisition, corporate reorganization or other similar transaction involving the Company, the Company may, upon giving prompt written notice to the Holders, delay the filing or initial effectiveness of, or suspend use of, such Demand Registration Statement or Shelf Registration Statement (a "Suspension"); provided, that the Company shall not be permitted to exercise a Suspension (i) that exceeds sixty (60) days on any one occasion or (ii) for more than ninety (90) days in the aggregate in any twelve (12)-month period, and shall not be permitted to exercise more than two (2) Suspensions in the aggregate in any twelve (12)-month period. In the case of a Suspension, the Holders agree to suspend use of the applicable Prospectus and any Free Writing Prospectuses in connection with any sale or purchase of, or offer to sell or purchase, Registrable Securities, upon receipt of the notice referred to above. The Company shall immediately notify the Holders upon the termination of any Suspension, amend or supplement the Prospectus or any Free Writing Prospectus, if necessary, so it does not contain any untrue statement or omission and furnish to the Holders such numbers of copies of the Prospectus as so amended or supplemented or any Free Writing Prospectus as the Holders may reasonably request. The Company shall, if necessary, supplement or make amendments to the Demand Registration Statement or Shelf Registration Statement, if required by the registration form used by the Company for the Demand Registration or Shelf Registration, as applicable, or by the instructions applicable to such registration form or by the Securities Act or the rules or regulations promulgated thereunder or as may reasonably be requested by the Requesting Holder(s), as the case may be.

Each Holder shall keep confidential the fact that a Suspension is in effect, the written notice referred to above and its contents unless and until otherwise notified by the Company, except (i) disclosures that are necessary to comply with any law, rule or regulation, including formal and informal investigations or requests from any regulatory authority and (ii) if and to the extent such matters are publicly disclosed by the Company.

SECTION 2.06. Registration Procedures.

(a) In connection with the Company's Registration obligations under Section 2.01, Section 2.02 and Section 2.03 and subject to the applicable terms and conditions set forth therein, the Company shall use commercially reasonable efforts to effect such Registration to permit the sale of such Registrable Securities with respect to this Agreement in accordance with the intended method or methods of distribution thereof as expeditiously as reasonably practicable, and in connection therewith the Company shall:

- (i) prepare the required Registration Statement including all exhibits and financial statements required under the Securities Act to be filed therewith, and before filing a Registration Statement, Prospectus or any Free Writing Prospectus, or any amendments or supplements thereto,
- (x) furnish to the underwriters, if any, and the Participating Holders, if any, copies of all such documents, which documents shall be subject to the review of such underwriters and any Participating Holders and their respective counsel and (y) except in the case of a Registration under Section 2.03, not file any Registration Statement or Prospectus or amendments or supplements thereto or use any Free Writing Prospectus to which a Participating Holder or the underwriters, if any, shall reasonably object;

(ii) as promptly as practicable file with the SEC a Registration Statement relating to the Registrable Securities, including all exhibits and financial statements required by the SEC to be filed therewith, and use commercially reasonable efforts to cause such Registration Statement to become effective under the Securities Act as soon as practicable;

(iii) prepare and file with the SEC such pre- and post-effective amendments to such Registration Statement, supplements or amendments to the Prospectus and such amendments or supplements to any Free Writing Prospectus as may be (A) reasonably requested by any Participating Holder (to the extent such request relates to information relating to such Holder), or (B) necessary to keep such Registration effective for the period of time required by this Agreement, and comply with provisions of the applicable securities laws with respect to the sale or other disposition of all securities covered by such Registration Statement during such period in accordance with the intended method or methods of disposition by the sellers thereof set forth in such Registration Statement;

(iv) notify the Participating Holders and the managing underwriter or underwriters, if any, and (if requested) confirm such advice in writing and provide copies of the relevant documents, as soon as reasonably practicable after notice thereof is received by the Company (A) when the applicable Registration Statement or any amendment thereto has been filed or becomes effective, and when the applicable Prospectus, any amendment or supplement to such Prospectus, any Free Writing Prospectus or any amendment or supplement thereto has been filed, (B) of any written comments by the SEC or any request by the SEC or any other federal or state Governmental Authority for amendments or supplements to such Registration Statement, Prospectus or Free Writing Prospectus or for additional information, (C) of the issuance by the SEC of any stop order suspending the effectiveness of such Registration Statement or any order by the SEC or any other regulatory authority preventing or suspending the use of any preliminary or final Prospectus or any Free Writing Prospectus or the initiation or threatening of any proceedings for such purposes, (D) if, at any time, the representations and warranties of the Company in any applicable underwriting agreement cease to be true and correct in all material respects, (E) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Registrable Securities for offering or sale in any jurisdiction and (F) of the receipt by the Company of any notification with respect to the initiation or threatening of any proceeding for the suspension of the qualification of the Registrable Securities for offering or sale in any jurisdiction;

(v) promptly notify the Participating Holders and the managing underwriter or underwriters, if any, when the Company becomes aware of the happening of any event as a result of which the applicable Registration Statement, the Prospectus included in such Registration Statement (as then in effect) or any Free Writing Prospectus contains any untrue statement of a material fact or omits to state a material fact necessary to make the

statements therein (in the case of such Prospectus, any preliminary Prospectus or any Free Writing Prospectus, in light of the circumstances under which they were made) not misleading, when any Free Writing Prospectus includes information that may conflict with the information contained in the Registration Statement, or, if for any other reason it shall be necessary during such time period to amend or supplement such Registration Statement, Prospectus or Free Writing Prospectus in order to comply with the Securities Act and, in either case as promptly as reasonably practicable thereafter, prepare and file with the SEC, and furnish without charge to the Participating Holders and the managing underwriter or underwriters, if any, an amendment or supplement to such Registration Statement, Prospectus or Free Writing Prospectus which shall correct such misstatement or omission or effect such compliance;

(vi) use commercially reasonable efforts to prevent, or obtain the withdrawal of, any stop order or other order or notice suspending the use of any preliminary or final Prospectus or any Free Writing Prospectus;

(vii) promptly incorporate in a Prospectus supplement, Free Writing Prospectus or post-effective amendment to the applicable Registration Statement such information as the managing underwriter or underwriters and the Participating Holder(s) agree should be included therein relating to the plan of distribution with respect to such Registrable Securities and make all required filings of such Prospectus supplement, Free Writing Prospectus or post-effective amendment as soon as reasonably practicable after being notified of the matters to be incorporated in such Prospectus supplement, Free Writing Prospectus or post-effective amendment;

(viii) furnish to each Participating Holder and each underwriter, if any, without charge, as many conformed copies as such Holder or underwriter may reasonably request of the applicable Registration Statement and any amendment or post-effective amendment thereto, including financial statements and schedules, all documents incorporated therein by reference and all exhibits (including those incorporated by reference);

(ix) deliver to each Participating Holder and each underwriter, if any, without charge, as many copies of the applicable Prospectus (including each preliminary Prospectus), any Free Writing Prospectus and any amendment or supplement thereto as such Holder or underwriter may reasonably request (it being understood that the Company consents to the use of such Prospectus, any Free Writing Prospectus and any amendment or supplement thereto by such Holder and the underwriters, if any, in connection with the offering and sale of the Registrable Securities covered by such Prospectus or any amendment or supplement thereto) and such other documents as such Holder or underwriter may reasonably request in order to facilitate the disposition of the on or prior to the date on which the applicable Registration Statement becomes effective, use commercially reasonable efforts to register or qualify, and cooperate with the Participating Holders, the managing underwriter or underwriters, if any, and their respective counsel, in connection with the registration or qualification of such Registrable Securities for offer and sale under the securities or "Blue Sky" laws of each state and other jurisdiction of the United States as any Participating Holder or managing

underwriter or underwriters, if any, or their respective counsel reasonably request in writing and do any and all other acts or things reasonably necessary or advisable to keep such registration or qualification in effect for such period as required by Section 2.01(c) or Section 2.02(b) whichever is applicable, provided that the Company shall not be required to qualify generally to do business in any jurisdiction where it is not then so qualified or to take any action which would subject it to taxation or general service of process in any such jurisdiction where it is not then so subject;

(x) cooperate with the Participating Holders and the managing underwriter or underwriters, if any, to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold and not bearing any restrictive legends, and enable Registrable Securities to be in such denominations and registered in such names as the managing underwriters may request at least two (2) Business Days prior to any sale of Registrable Securities to the underwriters;

(xi) use commercially reasonable efforts to cause the Registrable Securities covered by the applicable Registration Statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the seller or sellers thereof or the underwriter or underwriters, if any, to consummate the disposition of such Registrable Securities;

(xii) not later than the effective date of the applicable Registration Statement, provide a CUSIP number for all Registrable Securities and provide the applicable transfer agent with printed certificates for the Registrable Securities which are in a form eligible for deposit with The Depository Trust Company;

(xiii) make such representations and warranties to the Participating Holders and the underwriters or agents, if any, in form, substance and scope as are customarily made by issuers in secondary underwritten public offerings;

(xiv) enter into such customary agreements (including underwriting and indemnification agreements) and take all such other actions as any Participating Holder or the managing underwriter or underwriters, if any, reasonably request in order to expedite or facilitate the registration and disposition of such Registrable Securities;

(xv) obtain for delivery to the Participating Holders and to the underwriter or underwriters, if any, an opinion or opinions from counsel for the Company dated the effective date of the Registration Statement or, in the event of an Underwritten Offering, the date of the closing under the underwriting agreement, in customary form, scope and substance, which opinions shall be reasonably satisfactory to such Holders or underwriters, as the case may be, and their respective counsel;

(xvi) in the case of an Underwritten Offering, obtain for delivery to the Company and the managing underwriter or underwriters, with copies to the Participating Holders, a cold comfort letter from the Company's independent certified public accountants in customary form and covering such matters of the type customarily covered by cold comfort letters as the managing underwriter or underwriters reasonably request, dated the date of execution of the underwriting agreement and brought down to the closing under the underwriting agreement;

(xvii) cooperate with each Participating Holder and each underwriter, if any, participating in the disposition of such Registrable Securities and their respective counsel in connection with any filings required to be made with FINRA;

(xviii) use commercially reasonable efforts to comply with all applicable securities laws and make available to its security holders, as soon as reasonably practicable, an earnings statement satisfying the provisions of Section 11(a) of the Securities Act and the rules and regulations promulgated thereunder;

(xix) provide and cause to be maintained a transfer agent and registrar for all Registrable Securities covered by the applicable Registration Statement from and after a date not later than the effective date of such Registration Statement;

(xx) use commercially reasonable efforts to cause all Registrable Securities covered by the applicable Registration Statement to be listed on each securities exchange on which any of the Company Shares are then listed or quoted and on each inter-dealer quotation system on which any of the Company Shares are then quoted;

(xxi) make available upon reasonable notice at reasonable times and for reasonable periods for inspection by any Participating Holder, by any underwriter participating in any disposition to be effected pursuant to such Registration Statement and by any attorney, accountant, professional advisor or other agent retained by any such underwriter, all pertinent financial and other records, pertinent corporate documents and properties of the Company, and cause all of the Company's officers, directors and employees and the independent public accountants who have certified its financial statements to make themselves available to discuss the business of the Company and to supply all information reasonably requested by any such Person in connection with such Registration Statement as shall be necessary to enable them to exercise their due diligence responsibility; provided that any such Person gaining access to information regarding the Company pursuant to this Section 2.06(a)(xxi) shall agree to hold in strict confidence and shall not make any disclosure other than disclosures of such information to such Person's Affiliates, its and their respective employees, agents and professional advisors who reasonably need to know such information for the purpose of assisting such Person with respect to participating in the offering pursuant to such Registration Statement or use any information regarding the Company that the Company determines in good faith to be confidential, and of which determination such Person is notified, unless (t) the release of such information is requested or required by law or by deposition, interrogatory, requests for information or documents by a governmental entity, subpoena or similar process, including formal and informal investigations or requests from any regulatory authority, (u) such information is or becomes publicly known other than through a breach of this or any other agreement of which such Person has actual knowledge, (v) such information is or becomes available to such Person on a non-confidential basis from a source other than the Company, (w) such information is independently developed by such Person, (x) the release of such information is required

in order for such Person to comply with reporting obligations to limited partners or other direct or indirect investors who have agreed to keep such information confidential, (y) the release of such information is to potential limited partners or investors of such Person who have agreed to keep such information confidential or (z) the release of such information is to potential transferees of such Person's Registrable Securities who have agreed to keep such information confidential;

(xxii) in the case of an Underwritten Offering, cause the senior executive officers of the Company to participate in a customary "road show" presentation that may be reasonably requested by the managing underwriter or underwriters in any such Underwritten Offering and otherwise to facilitate, cooperate with, and participate in each proposed offering contemplated herein and customary selling efforts related thereto;

(xxiii) take no direct or indirect action prohibited by Regulation M under the Exchange Act;

(xxiv) take all reasonable action to ensure that any Free Writing Prospectus utilized in connection with any registration covered by Section 2.01, Section 2.02 or Section 2.03 complies in all material respects with the Securities Act, is filed in accordance with the Securities Act to the extent required thereby, is retained in accordance with the Securities Act to the extent required thereby and, when taken together with the related Prospectus, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(xxv) take all reasonable actions to ensure that the information available to investors at the time of pricing includes all information required by applicable law (including the information required by Sections 12(a)(2) and 17(a)(2) of the Securities Act); and

(xxvi) take all such other commercially reasonable actions as are necessary or advisable in order to expedite or facilitate the disposition of such Registrable Securities in accordance with the terms hereof.

(b) If the Company files any Shelf Registration Statement, the Company agrees that it shall include in such Shelf Registration Statement such disclosures as may be required by Rule 430B under the Securities Act (referring to the unnamed selling security holders in a generic manner by identifying the initial offering of the securities to the Holders) in order to ensure that the Holders may be added to such Shelf Registration Statement at a later time through the filing of a prospectus supplement rather than a post-effective amendment.

(c) The Company may require each Participating Holder to furnish to the Company such information regarding the distribution of such securities and such other information relating to such Holder and its ownership of Registrable Securities as the Company may from time to time reasonably request in writing and the Company may exclude from such registration the Registrable Securities of any Participating Holder who unreasonably fails to furnish such information within a reasonable time after receiving such request. Each Participating Holder agrees to furnish such information to the Company and to cooperate with the Company as reasonably necessary to enable the Company to comply with the provisions of this Agreement.

(d) Each Participating Holder agrees that, upon delivery of any notice by the Company of the happening of any event of the kind described in Section 2.06(a)(iv)(C), (D), or (E) or Section 2.06(a)(v), such Holder will forthwith discontinue disposition of Registrable Securities pursuant to such Registration Statement until (i) such Holder's receipt of the copies of the supplemented or amended Prospectus or Free Writing Prospectus, as the case may be, contemplated by Section 2.06(a)(v), (ii) such Holder is advised in writing by the Company that the use of the Prospectus or Free Writing Prospectus, as the case may be, may be resumed, and has received copies of any additional or supplemental filings that are incorporated by reference in the Prospectus or such Free Writing Prospectus or any amendments or supplements thereto, (iii) such Holder is advised in writing by the Company of the termination, expiration or cessation of such order or suspension referenced in Section 2.06(a)(iv) or (iv) such Holder is advised in writing by the Company that the representations and warranties of the Company in such applicable underwriting agreement are true and correct in all material respects. If so directed by the Company, such Holder shall deliver to the Company (at the Company's expense) all copies, other than permanent file copies then in such Holder's possession, of the Prospectus or any Free Writing Prospectus covering such Registrable Securities current at the time of delivery of such notice. In the event the Company shall give any such notice, the period during which the applicable Registration Statement is required to be maintained effective shall be extended by the number of days during the period from and including the date of the giving of such notice to and including the date when each seller of Registrable Securities covered by such Registration Statement either receives the copies of the supplemented or amended Prospectus or Free Writing Prospectus contemplated by Section 2.06(a)(v) or is advised in writing by the Company that the use of the Prospectus or Free Writing Prospectus may be resumed.

SECTION 2.07. Underwritten Offerings.

(a) Demand and Shelf Registrations. If requested by the underwriters for any Underwritten Offering requested by a Holder pursuant to a Registration under Section 2.01 or Section 2.02, the Company shall enter into an underwriting agreement with such underwriters for such offering, such agreement to be reasonably satisfactory in substance and form to the Company, the Participating Holders and the underwriters, and to contain such representations and warranties by the Company and such other terms as are generally prevailing in agreements of that type, including indemnities no less favorable to the recipient thereof than those provided in Section 2.10. The Participating Holders shall cooperate with the Company in the negotiation of such underwriting agreement and shall give consideration to the reasonable suggestions of the Company regarding the form thereof. The Participating Holders shall be parties to such underwriting agreement, which underwriting agreement shall (i) contain such representations and warranties by, and the other agreements on the part of, the Company to and for the benefit of such Participating Holders as are customarily made by issuers to selling shareholders in secondary underwritten public offerings and (ii) provide that any or all of the conditions precedent to the obligations of such underwriters under such underwriting agreement also shall be conditions precedent to the obligations of such Participating Holders. Any such Participating Holder shall not be required to make any representations or warranties to or agreements with the

Company or the underwriters in connection with such underwriting agreement other than representations, warranties or agreements regarding such Participating Holder, such Participating Holder's title to the Registrable Securities, such Participating Holder's authority to sell the Registrable Securities, such Participating Holder's intended method of distribution, absence of liens with respect to the Registrable Securities, enforceability of the applicable underwriting agreement as against such Participating Holder, receipt of all consents and approvals with respect to the entry into such underwriting agreement and the sale of such Registrable Securities by such Participating Holder and any other representations required to be made by such Participating Holder under applicable law, rule or regulation. The aggregate amount of the liability of such Participating Holder in connection with such underwriting agreement shall not exceed such Participating Holder's gross proceeds from such Underwritten Offering (less underwriting discounts and commissions).

(b) Piggyback Registrations. If the Company proposes to register any of its securities under the Securities Act as contemplated by Section 2.03 and such securities are to be distributed in an Underwritten Offering through one or more underwriters, the Company shall, if requested by any Holder pursuant to Section 2.03 and subject to the provisions of Section 2.03(b), use commercially reasonable efforts to arrange for such underwriters to include on the same terms and conditions that apply to the other sellers in such Registration all the Registrable Securities to be offered and sold by such Holder among the securities of the Company to be distributed by such underwriters in such Registration. The Participating Holders shall be parties to the underwriting agreement between the Company and such underwriters, which underwriting agreement shall (i) contain such representations and warranties by, and the other agreements on the part of, the Company to and for the benefit of such Participating Holders as are customarily made by issuers to selling shareholders in secondary underwritten public offerings and (ii) provide that any or all of the conditions precedent to the obligations of such underwriters under such underwriting agreement also shall be conditions precedent to the obligations of such Participating Holders. Any such Participating Holder shall not be required to make any representations or warranties to, or agreements with the Company or the underwriters in connection with such underwriting agreement other than representations, warranties or agreements regarding such Participating Holder, such Participating Holder's title to the Registrable Securities, such Participating Holder's authority to sell the Registrable Securities, such Holder's intended method of distribution, absence of liens with respect to the Registrable Securities, enforceability of the applicable underwriting agreement as against such Participating Holder, receipt of all consents and approvals with respect to the entry into such underwriting agreement and the sale of such Registrable Securities by such Participating Holder or any other representations required to be made by such Participating Holder under applicable law, rule or regulation. The aggregate amount of the liability of such Participating Holder in connection with such underwriting agreement shall not exceed such Participating Holder's gross proceeds from such Underwritten Offering (less underwriting discounts and commissions).

(c) Participation in Underwritten Registrations. Subject to the provisions of Section 2.07(a) and Section 2.07(b) above, no Person may participate in any Underwritten Offering hereunder unless such Person (i) agrees to sell such Person's securities on the basis provided in any underwriting arrangements approved by the Company and the Persons entitled to select the managing underwriter or managing underwriters hereunder and (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents required under the terms of such underwriting arrangements.

(d) Price and Underwriting Discounts. In the case of an Underwritten Offering under Section 2.01 or Section 2.02, the price, underwriting discount and other financial terms for the Registrable Securities shall be determined by the Participating Holder(s) in such Registration. In addition, in the case of any Underwritten Offering, each of the Holders may withdraw their request to participate in the registration pursuant to Section 2.01 after being advised of such price, discount and other terms and shall not be required to enter into any agreements or documentation that would require otherwise.

SECTION 2.08. No Inconsistent Agreements; Additional Rights. The Company is not currently a party to, and shall not hereafter enter into without the prior written consent of the Holders, any agreement with respect to its securities that is inconsistent with the rights granted to the Holders by this Agreement.

SECTION 2.09. Registration Expenses. All expenses incident to the Company's performance of or compliance with this Agreement shall be paid by the Company, including (i) all registration and filing fees, and any other fees and expenses associated with filings required to be made with the SEC and FINRA, (ii) all fees and expenses in connection with compliance with any securities or "Blue Sky" laws, (iii) all printing, duplicating, word processing, messenger, telephone, facsimile and delivery expenses (including expenses of Prospectuses and Free Writing Prospectuses), (iv) all fees and disbursements of counsel for the Company and of all independent certified public accountants of the Company (including the expenses of any special audit and cold comfort letters required by or incident to such performance), (v) Securities Act liability insurance or similar insurance if the Company so desires or the underwriters so require in accordance with then-customary underwriting practice, (vi) all fees and expenses incurred in connection with the listing of Registrable Securities on any securities exchange or quotation of the Registrable Securities on any inter-dealer quotation system, (vii) up to \$150,000 in reasonable fees and disbursements of one legal counsel as selected by the Holders of a majority of the Registrable Securities included in such Registration, (viii) subject to the last sentence of this Section 2.09, any reasonable fees and disbursements of underwriters customarily paid by issuers or sellers of securities, (ix) all fees and expenses of any special experts or other Persons retained by the Company in connection with any Registration, (x) all of the Company's internal expenses (including all salaries and expenses of its officers and employees performing legal or accounting duties), (xi) all expenses related to the "road-show" for any Underwritten Offering, including all travel, meals and lodging, and (xii) any other fees and disbursements customarily paid by the issuers of securities. All such expenses are referred to herein as "Registration Expenses." The Company shall not be required to pay any underwriting discounts and commissions and transfer taxes, if any, attributable to the sale of Registrable Securities.

SECTION 2.10. Indemnification.

(a) Indemnification by the Company. The Company agrees to indemnify and hold harmless, to the fullest extent permitted by law, each of the Holders and each of their respective Representatives from and against any and all losses, penalties, judgments, suits, costs, claims, damages, liabilities and expenses, whether joint or several (including reasonable costs of investigation and legal expenses) (each, a “Loss” and collectively “Losses”), arising out of or based upon (i) any untrue or alleged untrue statement of a material fact contained in any Registration Statement under which such Registrable Securities were Registered under the Securities Act (including any final, preliminary or summary Prospectus contained therein or any amendment or supplement thereto or any documents incorporated by reference therein, any Free Writing Prospectus or amendment or supplement thereto, or any other disclosure document produced by or on behalf of the Company or any of its Subsidiaries including reports and other documents filed under the Exchange Act), (ii) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of a Prospectus, preliminary Prospectus or Free Writing Prospectus, in light of the circumstances under which they were made) not misleading, and (iii) any actions or inactions or proceedings in respect of the foregoing whether or not such indemnified party is a party thereto; provided, that the Company shall not be liable to any particular indemnified party to the extent that any such Loss arises out of or is based upon (A) an untrue statement or alleged untrue statement or omission or alleged omission made in any such Registration Statement or other document in reliance upon and in conformity with written information furnished to the Company by such indemnified party expressly for use in the preparation thereof or (B) an untrue statement or omission in a preliminary Prospectus relating to Registrable Securities, if a Prospectus (as then amended or supplemented) that would have cured the defect was furnished to the indemnified party from whom the Person asserting the claim giving rise to such Loss purchased Registrable Securities at least five (5) Business Days prior to the written confirmation of the sale of the Registrable Securities to such Person and a copy of such Prospectus (as amended and supplemented) was not sent or given by or on behalf of such indemnified party to such Person at or prior to the written confirmation of the sale of the Registrable Securities to such Person. This indemnity shall be in addition to any liability the Company may otherwise have to any such indemnified person. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such Holder or any indemnified party and shall survive the transfer of such securities by such Holder. The Company shall also indemnify underwriters, selling brokers, dealer managers and similar securities industry professionals participating in the distribution, their officers and directors and each Person who controls such Persons (within the meaning of the Securities Act and the Exchange Act) to the same extent as provided above with respect to the indemnification of the indemnified parties.

(b) Indemnification by the Participating Holders. Each Participating Holder agrees (severally and not jointly) to indemnify and hold harmless, to the fullest extent permitted by law, the Company, its directors and officers and each Person who controls the Company (within the meaning of the Securities Act or the Exchange Act), and each other Holder, and each of their respective Representatives from and against any Losses resulting from (i) any untrue statement of a material fact in any Registration Statement under which such Registrable Securities were Registered under the Securities Act (including any final, preliminary or summary Prospectus contained therein or any amendment or supplement thereto or any documents incorporated by reference therein, any Free Writing Prospectus or amendment or supplement thereto, or any other disclosure document produced by or on behalf of the Company or any of its Subsidiaries including reports and other documents filed under the Exchange Act), or (ii) any omission to state therein a material fact required to be stated therein or necessary to make the

statements therein (in the case of a Prospectus, preliminary Prospectus or Free Writing Prospectus, in light of the circumstances under which they were made) not misleading, in each case to the extent, but only to the extent, that such untrue statement or omission is contained in any information furnished in writing by such Participating Holder to the Company specifically for inclusion in such Registration Statement and has not been corrected in a subsequent writing prior to or concurrently with the sale of the Registrable Securities to the Person asserting the claim, in each case to the extent, but only to the extent, that such untrue statement (or alleged untrue statement) or omission (or alleged omission) was made in such Registration Statement, prospectus, offering circular, free writing prospectus or other document, in reliance upon and in conformity with written information furnished to the Company by such Participating Holder expressly for use therein. In no event shall the liability of such Participating Holder hereunder be greater in amount than the dollar amount of the net proceeds (less underwriting discounts and commissions) received by such Participating Holder under the sale of Registrable Securities giving rise to such indemnification obligation. The Company shall be entitled to receive indemnities from underwriters, selling brokers, dealer managers and similar securities industry professionals participating in the distribution, to the same extent as provided above (with appropriate modification) with respect to information furnished in writing by such Persons specifically for inclusion in any Prospectus, Free Writing Prospectus or Registration Statement.

(c) Conduct of Indemnification Proceedings. Any Person entitled to indemnification under this Section 2.10 shall (i) give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification (provided that any delay or failure to so notify the indemnifying party shall relieve the indemnifying party of its obligations hereunder only to the extent, if at all, that it is actually and materially prejudiced by reason of such delay or failure) and (ii) permit such indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party; provided that any Person entitled to indemnification hereunder shall have the right to select and employ separate counsel and to participate in the defense of such claim, but the fees and expenses of such counsel shall be at the expense of such Person unless (A) the indemnifying party has agreed in writing to pay such fees or expenses, (B) the indemnifying party shall have failed to assume the defense of such claim within a reasonable time after delivery of notice of such claim from the Person entitled to indemnification hereunder and employ counsel reasonably satisfactory to such Person, (C) the indemnified party has reasonably concluded (based upon advice of its counsel) that there may be legal defenses available to it or other indemnified parties that are different from or in addition to those available to the indemnifying party, or (D) in the reasonable judgment of any such Person (based upon advice of its counsel) a conflict of interest may exist between such Person and the indemnifying party with respect to such claims (in which case, if the Person notifies the indemnifying party in writing that such Person elects to employ separate counsel at the expense of the indemnifying party, the indemnifying party shall not have the right to assume the defense of such claim on behalf of such Person). If the indemnifying party assumes the defense, the indemnifying party shall not have the right to settle such action, consent to entry of any judgment or enter into any settlement, in each case without the prior written consent of the indemnified party, unless the entry of such judgment or settlement (i) includes as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of an unconditional release from all liability in respect to such claim or litigation and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of such indemnified party, and provided that any sums payable in connection with such settlement are paid in full by

the indemnifying party. If such defense is not assumed by the indemnifying party, the indemnifying party will not be subject to any liability for any settlement made without its prior written consent, but such consent may not be unreasonably withheld or delayed. It is understood that the indemnifying party or parties shall not, except as specifically set forth in this Section 2.10(c), in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the reasonable fees, disbursements or other charges of more than one separate firm admitted to practice in such jurisdiction at any one time unless (x) the employment of more than one counsel has been authorized in writing by the indemnifying party or parties, (y) an indemnified party has reasonably concluded (based on the advice of counsel) that there may be legal defenses available to it that are different from or in addition to those available to the other indemnified parties, or (z) a conflict or potential conflict exists or may exist (based upon advice of counsel to an indemnified party) between such indemnified party and the other indemnified parties, in each of which cases the indemnifying party shall be obligated to pay the reasonable fees and expenses of such additional counsel or counsels.

(d) Contribution. If for any reason the indemnification provided for in Section 2.10(a) and Section 2.10(b) is unavailable to an indemnified party or insufficient in respect of any Losses referred to therein, then the indemnifying party shall contribute to the amount paid or payable by the indemnified party as a result of such Loss in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and the indemnified party or parties on the other hand in connection with the acts, statements or omissions that resulted in such losses, as well as any other relevant equitable considerations. In connection with any Registration Statement filed with the SEC by the Company, the relative fault of the indemnifying party on the one hand and the indemnified party on the other hand shall be determined by reference to, among other things, whether any untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The parties hereto agree that it would not be just or equitable if contribution pursuant to this Section 2.10(d) were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to in this Section 2.10(d). No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. The amount paid or payable by an indemnified party as a result of the Losses referred to in Section 2.10(a) and Section 2.10(b) shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 2.10(d), in connection with any Registration Statement filed by the Company, a Participating Holder shall not be required to contribute any amount in excess of the dollar amount of the net proceeds (less underwriting discounts and commissions) received by such Holder under the sale of Registrable Securities giving rise to such contribution obligation less any amount paid by such Requesting Holder pursuant to Section 2.10(b). If indemnification is available under this Section 2.10, the indemnifying parties shall indemnify each indemnified party to the full extent provided in Section 2.10(a) and Section 2.10(b) hereof without regard to the provisions of this Section 2.10(d).

(e) No Exclusivity. The remedies provided for in this Section 2.10 are not exclusive and shall not limit any rights or remedies which may be available to any indemnified party at law or in equity or pursuant to any other agreement.

(f) Survival. The indemnities provided in this Section 2.10 shall survive the transfer of any Registrable Securities by such Holder.

SECTION 2.11. Rules 144 and 144A and Regulation S. The Company covenants that it will file the reports required to be filed by it under the Securities Act and the Exchange Act and the rules and regulations adopted by the SEC thereunder (or, if the Company is not required to file such reports, it will, upon approval of the Board of Directors, make publicly available such necessary information for so long as necessary to permit sales pursuant to Rules 144, 144A or Regulation S under the Securities Act), and it will take such further action as the Holders may reasonably request, all to the extent required from time to time to enable the Holders, following the IPO, to sell Registrable Securities without Registration under the Securities Act within the limitation of the exemptions provided by (i) Rules 144, 144A or Regulation S under the Securities Act, as such Rules may be amended from time to time, or (ii) any similar rule or regulation hereafter adopted by the SEC. Upon the reasonable request of a Holder, the Company will deliver to such Holder a written statement as to whether it has complied with such requirements and, if not, the specifics thereof in reasonable detail.

SECTION 2.12. In-Kind Distributions. If any Holder seeks to effectuate an in-kind distribution of all or part of its Company Shares to its direct or indirect equityholders, the Company will, subject to applicable lockups pursuant to Section 2.05, reasonably cooperate with and assist such Holder, such equityholders and the Company's transfer agent to facilitate such in-kind distribution in the manner reasonably requested by such Holder (including the delivery of instruction letters by the Company or its counsel to the Company's transfer agent and the delivery of Company Shares without restrictive legends, to the extent no longer applicable).

ARTICLE III

MISCELLANEOUS

SECTION 3.01. Term. This Agreement shall terminate with respect to any Holder upon the date on which such Holder ceases to hold any Registrable Securities. Notwithstanding the foregoing, the provisions of Section 2.11, Section 2.11, Section 2.12 and all of this Article III shall survive any such termination. Upon the written request of the Company, each Holder agrees to promptly deliver a certificate to the Company setting forth the number of Registrable Securities then beneficially owned by such Holder.

SECTION 3.02. Attorneys' Fees. In any action or proceeding brought to enforce any provision of this Agreement or where any provision hereof is validly asserted as a defense, the successful party shall, to the extent permitted by applicable law, be entitled to recover reasonable attorneys' fees in addition to any other available remedy.

SECTION 3.03. Notices. Any notice provided for in this Agreement shall be in writing and shall be either personally delivered, sent by electronic transmission or sent by reputable international courier service (charges prepaid) to the Company or a Holder, at the address set forth below. Notices will be deemed to have been given hereunder when delivered personally, sent by electronic transmission or upon actual delivery by reputable international courier service (as indicated in such courier service's records):

To the Company:

Address: GLOBALFOUNDRIES Inc.
400 Stonebreak Road Extension
Malta, NY 12020

Attention: General Counsel
Email: legal.notices@gf.com

To a Holder:

Address: c/o MTI International Investment Company LLC
Mamoura Building A, Muroor Road
P.O. Box 45005
Abu Dhabi, United Arab Emirates

Attention: General Counsel
Email: anamphy@mubadala.ae, with copy to
legalunit@mubadala.ae

SECTION 3.04. Amendment. The terms and provisions of this Agreement may only be amended, modified or waived at any time and from time to time by a writing executed by the Company and the Holders (for so long as the Holders hold any Registrable Securities).

SECTION 3.05. Successors, Assigns and Transferees. This Agreement will inure to the benefit of and be binding on the parties hereto and their respective successors and permitted assigns. This Agreement may not be assigned without the express prior written consent of the other parties hereto, and any attempted assignment, without such consents, will be null and void; provided, however, each of the Holders shall be entitled to assign, in whole or in part, any of its rights hereunder without such prior written consent to any Permitted Assignee to which it transfers Registrable Securities. Each such Permitted Assignee shall execute a counterpart to this Agreement and become a party hereto and such Person's Registrable Securities shall be subject to the terms of this Agreement.

SECTION 3.06. Binding Effect. Except as otherwise provided in this Agreement, the terms and provisions of this Agreement shall be binding on and inure to the benefit of each of the parties hereto and their respective successors.

SECTION 3.07. Third Party Beneficiaries. Nothing in this Agreement, express or implied, is intended or shall be construed to confer upon any Person not a party hereto (other than those Persons entitled to indemnity or contribution under Section 2.10, each of whom shall be a third party beneficiary thereof) any right, remedy or claim under or by virtue of this Agreement.

SECTION 3.08. Governing Law; Jurisdiction. THIS AGREEMENT SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE CONFLICTS OF LAW PRINCIPLES THEREOF. ANY ACTION OR PROCEEDING AGAINST THE PARTIES RELATING IN ANY WAY TO THIS AGREEMENT MAY BE BROUGHT AND ENFORCED EXCLUSIVELY IN THE COURTS OF THE STATE OF NEW YORK OR (TO THE EXTENT SUBJECT MATTER JURISDICTION EXISTS THEREFOR) THE U.S. DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK, AND THE PARTIES IRREVOCABLY SUBMIT TO THE JURISDICTION OF BOTH SUCH COURTS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING.

SECTION 3.09. Waiver of Jury Trial. EACH OF THE PARTIES HERETO HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY. EACH OF THE PARTIES HEREBY (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 3.09.

SECTION 3.10. Severability. If any provision of this Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 3.11. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same agreement.

SECTION 3.12. Joinder. Any Person that holds Company Shares may, with the prior written consent of the Company, be admitted as a party to this Agreement upon its execution and delivery of a joinder agreement, in form and substance acceptable to the Company, agreeing to be bound by the terms and conditions of this Agreement as if such Person were a party hereto (together with any other documents the Company determines are necessary to make such Person a party hereto), whereupon such Person will be treated as a Holder for all purposes of this Agreement.

SECTION 3.13. Other Activities. Notwithstanding anything in this Agreement, none of the provisions of this Agreement shall in any way limit a Holder or any of its Affiliates from engaging in any brokerage, investment advisory, financial advisory, anti-raid advisory, principaling, merger advisory, financing, asset management, trading, market making, arbitrage, investment activity and other similar activities conducted in the ordinary course of their business.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

GLOBALFOUNDRIES Inc.

By: _____

Name:

Title:

Signature Page to Registration Rights Agreement

By: _____

Name:

Title:

Signature Page to Registration Rights Agreement

By: _____

Name:

Title:

Signature Page to Registration Rights Agreement

FORM OF INDEMNIFICATION AGREEMENT

This INDEMNIFICATION AGREEMENT (“**Agreement**”), dated as of [DATE], is by and between GLOBALFOUNDRIES Inc., an exempted company incorporated in the Cayman Islands with limited liability (the “**Company**”) and [NAME OF INDEMNITEE] (the “**Indemnitee**”).

WHEREAS, Indemnitee is [a director/an officer] of the Company;

WHEREAS, both the Company and Indemnitee recognize the increased risk of litigation and other claims being asserted against directors and officers of public companies;

WHEREAS, the Amended and Restated Memorandum and Articles of Association of the Company (as they may be further amended and restated, the “**Memorandum and Articles of Association**”), require the Company to indemnify its directors and officers against any liability, action, proceeding, claim, demand, costs, damages or expenses, including legal expenses, whatsoever which they or any of them may incur as a result of any act or failure to act in carrying out their functions in connection with the Company other than such liability (if any) that they may incur by reason of their own actual fraud, dishonesty, wilful neglect or wilful default and Indemnitee serves as a director or officer of the Company in part in reliance on such Memorandum and Articles of Association;

WHEREAS, the board of directors of the Company (the “**Board**”) has determined that enhancing the ability of the Company to retain and attract as directors and officers the most capable persons is in the best interests of the Company and that the Company therefore should seek to assure such persons that indemnification and insurance coverage is available; and

WHEREAS, in recognition of the need to provide Indemnitee with substantial protection against personal liability in connection with Indemnitee’s service as [a director/an officer] of the Company and to enhance Indemnitee’s ability to serve the Company in an effective manner, in recognition of Indemnitee’s reliance on the aforesaid Memorandum and Articles of Association and to provide assurance that such protections as expressed in the Memorandum and Articles of Association will be available to Indemnitee (regardless of, among other things, any amendment to or revocation of such Memorandum and Articles of Association or any change in the composition of the Board or any change in control or business combination transaction relating to the Company), the Company wishes to provide in this Agreement for the indemnification of, and the advancement of Expenses (as defined in Section 1(j) below) to, Indemnitee to the fullest extent (whether partial or complete) permitted by law and as set forth in this Agreement and to the extent insurance is maintained, for the continued coverage of Indemnitee under the Company’s directors’ and officers’ liability insurance policies.

NOW, THEREFORE, in consideration of the foregoing and the Indemnitee’s agreement [to continue] to provide services to the Company, the parties agree as follows:

1. Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

(a) “**Agreement**” has the meaning set forth in the preamble.

(b) “**Beneficial Owner**” has the meaning given to the term “beneficial owner” in Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), and “**Beneficial Ownership**” shall have correlative meaning.

(c) “**Board**” has the meaning set forth in the preamble.

(d) “**Change in Control**” means the occurrence after the date of this Agreement of any of the following events:

(i) the acquisition, directly or indirectly, by a Person (other than a Person that at the time of the acquisition is a party to the Shareholder’s Agreement) of Beneficial Ownership of more than 50% of the combined voting power of the Voting Securities of the Company; provided, however, that the following acquisitions of Voting Securities of the Company shall not constitute a Change in Control: (A) any acquisition by or from the Company or any of its Subsidiaries, or by any employee benefit plan (or related trust) sponsored or maintained by the Company or any of its Subsidiaries, (B) any acquisition by any underwriter in any firm commitment underwriting of securities to be issued by the Company, or (C) any acquisition by any Person if, immediately following such acquisition, 50% or more of the then outstanding shares of ordinary shares (or other equity unit) of such Person and the combined voting power of the then outstanding voting securities of such Person, are Beneficially Owned by all or substantially all of the individuals or entities who, immediately prior to such acquisition, were the beneficial owners of the then outstanding Voting Securities of the Company in substantially the same proportions, respectively, as their ownership immediately prior to the acquisition of such Voting Securities; or

(ii) the consummation of the sale or other disposition of all or substantially all of the assets of the Company, other than to a Subsidiary of the Company or to a holding company of which the Company is a direct or indirect wholly owned subsidiary prior to such transaction; or

(iii) the consummation of a reorganization, scheme of arrangement, merger or consolidation of the Company, other than a reorganization, scheme of arrangement, merger or consolidation, which would result in the Voting Securities of the Company outstanding immediately prior to the transaction continuing to represent (whether by remaining outstanding or by being converted to voting securities of the surviving entity) 65% or more of the Voting Securities of the Company or the voting power of the voting securities of such surviving entity outstanding immediately after such transaction; or

(iv) the consummation of a plan of complete liquidation of the Company; or

(v) the following individuals cease for any reason to constitute a majority of the Board: (A) individuals who, as of the date hereof, constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including, but not limited to, a consent solicitation relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's stockholders was approved or recommended by a vote of at least two-thirds of the directors then still in office who either were directors on the date of this Agreement or whose appointment, election or nomination for election was previously so approved or recommended; and (B) any directors nominated pursuant to the Shareholder's Agreement.

(e) "**Claim**" means:

(i) any threatened, pending or completed action, suit, proceeding or alternative dispute resolution mechanism, whether civil, criminal, administrative, arbitrative, investigative or other, and whether made pursuant to federal, state or other law; or

(ii) any inquiry, hearing or investigation that the Indemnitee in good faith believes might lead to the institution of any such action, suit, proceeding or alternative dispute resolution mechanism.

(f) "**Company**" has the meaning set forth in the preamble.

(g) "**Delaware Court**" has the meaning set forth in Section 9(e) below.

(h) "**Disinterested Director**" means a director of the Company who is not and was not a party to the Claim in respect of which indemnification is sought by Indemnitee.

(i) "**Enterprise**" has the meaning set forth in Section 1(m) below.

(j) "**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended.

(k) "**Expenses**" means any and all expenses, including attorneys' and experts' fees, court costs, transcript costs, travel expenses, duplicating, printing and binding costs, telephone charges, and all other costs and expenses incurred in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, be a witness or participate in, any Claim. Expenses also shall include (i) Expenses incurred in connection with any appeal resulting from any Claim, including without limitation the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent, and (ii) for purposes of Section 5 only, Expenses incurred by Indemnitee in connection with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement, by litigation or otherwise. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(l) "**Expense Advance**" means any payment of Expenses advanced to Indemnitee by the Company pursuant to Sections 4 or 5 hereof.

(m) “**Indemnifiable Event**” means any event or occurrence, whether occurring on or after the date of this Agreement, related to the fact that Indemnitee is or was a director, officer, employee or agent of the Company or any subsidiary of the Company, or is or was serving at the request of the Company as a director, officer, employee, member, manager, trustee or agent of any other corporation, limited liability company, partnership, joint venture, trust or other entity or enterprise (collectively with the Company, “**Enterprise**”) or by reason of an action or inaction by Indemnitee in any such capacity (whether or not serving in such capacity at the time any Loss is incurred for which indemnification can be provided under this Agreement).

(n) “**Indemnitee**” has the meaning set forth in the preamble.

(o) “**Independent Counsel**” means a law firm, or a member of a law firm, that is experienced in matters of company law and neither presently performs, nor in the past three (3) years has performed, services for either: (i) the Company or Indemnitee (other than in connection with matters concerning Indemnitee under this Agreement or of other indemnitees under similar agreements) or (ii) any other party to the Claim giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term “Independent Counsel” shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee’s rights under this Agreement.

(p) “**Losses**” means any and all Expenses, damages, losses, liabilities, judgments, fines, penalties (whether civil, criminal or other), ERISA excise taxes, amounts paid or payable in settlement, including any interest, assessments, together with any federal, state, local or foreign taxes imposed as a result of the actual or deemed receipt of any payments under this Agreement and all other charges paid or payable in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, be a witness or participate in, any Claim.

(q) “**Memorandum and Articles of Association**” has the meaning set forth in the preamble.

(r) “**Notification Date**” has the meaning set forth in Section 9(c) below.

(s) “**Person**” means any individual, company, exempted company, partnership, exempted limited partnership, corporation, limited liability company, association, joint stock company, trust, joint venture, unincorporated organization, or other form of business organization, whether or not regarded as a legal entity under applicable Law, or any governmental authority or any department, agency or political subdivision thereof and includes the meaning set forth in Sections 13(d) and 14(d) of the Exchange Act.

(t) “**Shareholder’s Agreement**” means the Shareholder’s Agreement, dated [•], by and among the Company, Mubadala Technology Investment Company and MTI International Investment Company LLC, as amended or restated from time to time.

(u) “**Standard of Conduct Determination**” has the meaning set forth in Section 9(b) below.

(v) “**Subsidiary**” or “**Subsidiaries**” shall mean a Person of which 50% or more of the Voting Securities or 50% or more of the equity interests is owned, directly or indirectly, by the Company.

(w) “**Voting Securities**” means, with respect to a Person, voting securities of such Person entitled to vote generally in the election of directors.

2. Services to the Company. Indemnitee agrees [to continue] to serve as a director or officer of the Company for so long as Indemnitee is duly elected or appointed or until Indemnitee tenders his/her resignation or is otherwise no longer serving in such capacity. This Agreement shall not be deemed an employment agreement between the Company (or any of its subsidiaries or Enterprise) and Indemnitee. Indemnitee may be discharged at any time for any reason, with or without cause, except as may be otherwise provided in any written agreement between Indemnitee and the Company (or any of its subsidiaries or Enterprise), other applicable formal severance policies duly adopted by the Board or, with respect to service as a director [or officer] of the Company, by the Company’s Memorandum and Articles, or Cayman law.

3. Indemnification. Subject to Section 9 and Section 10 of this Agreement, the Company shall indemnify and hold harmless Indemnitee, to the fullest extent permitted by applicable law, against any and all Losses if Indemnitee was or is or becomes a party to or participant in, or is threatened to be made a party to or participant in, any Claim by reason of or arising in part out of an Indemnifiable Event, including, without limitation, Claims brought by or in the right of the Company, Claims brought by third parties, and Claims in which Indemnitee is solely a witness, provided that the Company shall have no obligation to indemnify and hold harmless Indemnitee for any Losses arising by reason of the Indemnitee’s actual fraud, dishonesty, wilful neglect or wilful default.

4. Advancement of Expenses. Indemnitee shall have the right to advancement by the Company, prior to the final disposition of any Claim by final adjudication to which there are no further rights of appeal, of any and all Expenses actually and reasonably paid or incurred by Indemnitee in connection with any Claim arising out of an Indemnifiable Event. Indemnitee’s right to such advancement is not subject to the satisfaction of any standard of conduct. Without limiting the generality or effect of the foregoing, as soon as practicable, but in any event not later than thirty (30) days after any request by Indemnitee, the Company shall, in accordance with such request, (a) pay such Expenses on behalf of Indemnitee, (b) advance to Indemnitee funds in an amount sufficient to pay such Expenses, or (c) reimburse Indemnitee for such Expenses. In connection with any request for Expense Advances, Indemnitee shall provide any vouchers, invoices or similar evidence documenting in reasonable detail the Expenses incurred or to be incurred by Indemnitee but shall not be required to provide any documentation or information to the extent that the provision thereof would undermine or otherwise jeopardize attorney-client privilege. In connection with any request for Expense Advances, Indemnitee shall execute and deliver to the Company an undertaking (which shall be accepted without reference to Indemnitee’s ability to repay the Expense Advances), to repay any amounts paid, advanced, or reimbursed by the Company for such Expenses to the extent that it is ultimately determined, following the final disposition of such Claim, that Indemnitee is not entitled to indemnification hereunder. Indemnitee’s obligation to reimburse the Company for Expense Advances shall be unsecured.

5. Indemnification for Expenses in Enforcing Rights. To the fullest extent allowable under applicable law and this Agreement, the Company shall also indemnify against, and, if requested by Indemnitee, shall advance to Indemnitee subject to and in accordance with Section 4, any Expenses actually and reasonably paid or incurred by Indemnitee in connection with any action or proceeding by Indemnitee for (a) indemnification or reimbursement or advance payment of Expenses by the Company under any provision of this Agreement, or under any other agreement or provision of the Memorandum and Articles of Association now or hereafter in effect relating to Claims relating to Indemnifiable Events, and/or (b) recovery under any directors' and officers' liability insurance policies maintained by the Company. However, in the event that Indemnitee is ultimately determined not to be entitled to such indemnification or insurance recovery, as the case may be, then all amounts advanced under this Section 5 shall be repaid. Indemnitee shall also be required to reimburse the Company in the event that a final judicial determination is made that such action brought by Indemnitee was frivolous or not made in good faith.

6. Partial Indemnity. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for a portion of any Losses in respect of a Claim related to an Indemnifiable Event but not for the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

7. Notification and Defense of Claims.

(a) Notification of Claims. Indemnitee shall notify the Company in writing as soon as practicable of any Claim which could relate to an Indemnifiable Event or for which Indemnitee could seek Expense Advances, including a brief description (based upon information then available to Indemnitee) of the nature of, and the facts underlying, such Claim. The failure of Indemnitee to timely notify the Company hereunder shall not relieve the Company from any liability hereunder except that the Company shall not be liable to indemnify Indemnitee under this Agreement with respect to any judicial award in a Claim related to an Indemnifiable Event if the Company was not given a reasonable and timely opportunity to participate at its expense in the defense of such action.

(b) Notice to Insurers. If at the time of the receipt of such notice, the Company has directors' and officers' liability insurance in effect under which coverage for Claims related to Indemnifiable Events is potentially available, the Company shall give prompt written notice to the applicable insurers (with a copy to Indemnitee) in accordance with the procedures set forth in the applicable policies. The Company shall promptly upon receipt or delivery provide to Indemnitee a copy of any subsequent correspondence between the Company and such insurers regarding the Claim.

(c) Defense of Claims. To the extent the Company so wishes, the Company shall be entitled to participate in the defense of any Claim relating to an Indemnifiable Event at its own expense and, except as otherwise provided below, it may select counsel and assume the defense thereof. Where the Company decides to assume the defense, notice of such decisions should be provided to Indemnitee in writing. Following delivery of such notice to the Indemnitee, the Company shall not be liable to Indemnitee under this Agreement or otherwise for any Expenses subsequently directly incurred by Indemnitee in connection with Indemnitee's defense of such Claim other than reasonable costs of investigation or as otherwise provided below. Indemnitee shall have the right to employ its own legal counsel in such Claim, but all Expenses related to such counsel incurred after notice from the Company of its assumption of the defense shall be at Indemnitee's own expense; provided, however, that if (i) Indemnitee's employment of its own legal counsel has been authorized by the Company and such authorization has not been withdrawn, (ii) counsel for Indemnitee shall have provided the Company with a written legal opinion that there is, or there is reasonably likely to be, a conflict of interest between the Company and Indemnitee in the defense of such Claim, (iii) after a Change in Control, Indemnitee's employment of its own counsel has been approved by the Independent Counsel, or (iv) the Company shall not in fact have employed counsel to assume the defense of such Claim, then Indemnitee shall be entitled to retain its own separate counsel (but not more than one law firm plus, if applicable and deemed reasonable by the Company or, after a Change in Control, the Independent Counsel, local counsel in respect of any such Claim) and all Expenses related to such separate counsel shall be borne by the Company.

8. Procedure upon Application for Indemnification. In order to obtain indemnification pursuant to this Agreement, Indemnitee shall submit to the Company a written request therefor pursuant to Section 20, including in such request such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification following the final disposition of the Claim, provided that documentation and information need not be so provided to the extent that the provision thereof would undermine or otherwise jeopardize attorney-client privilege. Indemnification shall be made insofar as the Company determines Indemnitee is entitled to indemnification in accordance with Section 9 below.

9. Determination of Right to Indemnification.

(a) Mandatory Indemnification; Indemnification as a Witness.

(i) To the extent that Indemnitee shall have been successful on the merits or otherwise in defense of any Claim relating to an Indemnifiable Event or any portion thereof or in defense of any issue or matter therein, including without limitation dismissal without prejudice, Indemnitee shall be indemnified against all Losses relating to such Claim in accordance with Section 3 to the fullest extent allowable by law, and no Standard of Conduct Determination shall be required.

(ii) To the extent that Indemnitee's involvement in a Claim relating to an Indemnifiable Event is to prepare to serve and serve as a witness, and not as a party, the Indemnitee shall be indemnified against all Losses incurred in connection therewith to the fullest extent allowable by law, and no Standard of Conduct Determination shall be required.

(b) **Standard of Conduct.** To the extent that the provisions of Section 9(a) are inapplicable to a Claim related to an Indemnifiable Event that shall have been finally disposed of, any determination of whether Indemnatee has satisfied any applicable standard of conduct under applicable law and this Agreement that is a legally required condition to indemnification of Indemnatee hereunder against Losses relating to such Claim and any determination that Expense Advances must be repaid to the Company (a “**Standard of Conduct Determination**”) shall be made as follows:

(i) if no Change in Control has occurred, (A) by a majority vote of the Disinterested Directors, even if less than a quorum of the Board, (B) by a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors, even though less than a quorum or (C) if there are no such Disinterested Directors, by Independent Counsel in a written opinion addressed to the Board, a copy of which shall be delivered to Indemnatee; and

(ii) if a Change in Control shall have occurred, (A) if the Indemnatee so requests in writing, by a majority vote of the Disinterested Directors, even if less than a quorum of the Board or (B) otherwise, by Independent Counsel in a written opinion addressed to the Board, a copy of which shall be delivered to Indemnatee.

The Company shall indemnify and hold harmless Indemnatee against and, if requested by Indemnatee, shall reimburse Indemnatee for, or advance to Indemnatee, within thirty (30) days of such request, any and all Expenses incurred by Indemnatee in cooperating with the person or persons making such Standard of Conduct Determination.

(c) **Making the Standard of Conduct Determination.** The Company shall use its reasonable best efforts to cause any Standard of Conduct Determination required under Section 9(b) to be made as promptly as practicable. If the person or persons designated to make the Standard of Conduct Determination under Section 9(b) shall not have made a determination within thirty (30) days after the later of (A) receipt by the Company of a written request from Indemnatee for indemnification pursuant to Section 8 (the date of such receipt being the “**Notification Date**”) and (B) the selection of an Independent Counsel, if such determination is to be made by Independent Counsel, then Indemnatee shall be deemed to have satisfied the applicable standard of conduct, absent (I) a misstatement by Indemnatee of a material fact, or an omission of a material fact necessary to make Indemnatee’s statement not materially misleading, in connection with the request for indemnification, or (II) a prohibition of such indemnification under applicable law; provided that such thirty (30)-day period may be extended for a reasonable time, not to exceed an additional thirty (30)-days, if the person or persons making such determination in good faith requires such additional time to obtain or evaluate information relating thereto. Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement of Indemnatee to indemnification under this Agreement shall be required to be made prior to the final disposition of any Claim.

(d) **Payment of Indemnification.** If, in regard to any Losses:

- (i) Indemnitee shall be entitled to indemnification pursuant to Section 9(a);
- (ii) no Standard Conduct Determination is legally required as a condition to indemnification of Indemnitee hereunder; or
- (iii) Indemnitee has been determined or deemed pursuant to Section 9(b) or Section 9(c) to have satisfied the Standard of Conduct Determination,

then the Company shall pay to Indemnitee, within ten (10) days after the later of (A) the Notification Date or (B) the earliest date on which the applicable criterion specified in Section 9(d)(i), 9(d)(ii) or 9(d)(iii) is satisfied, an amount equal to such Losses.

(e) Selection of Independent Counsel for Standard of Conduct Determination. If a Standard of Conduct Determination is to be made by Independent Counsel pursuant to Section 9(b)(i), the Independent Counsel shall be selected by the Board of Directors, and the Company shall give written notice to Indemnitee advising [him/her] of the identity of the Independent Counsel so selected. If a Standard of Conduct Determination is to be made by Independent Counsel pursuant to Section 9(b)(ii), the Independent Counsel shall be selected by Indemnitee, and Indemnitee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected. In either case, Indemnitee or the Company, as applicable, may, within five (5) days after receiving written notice of selection from the other, deliver to the other a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not satisfy the criteria set forth in the definition of "Independent Counsel" in Section 1(o), and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person or firm so selected shall act as Independent Counsel. If such written objection is properly and timely made and substantiated, (i) the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit; and (ii) the non-objecting party may, at its option, select an alternative Independent Counsel and give written notice to the other party advising such other party of the identity of the alternative Independent Counsel so selected, in which case the provisions of the two immediately preceding sentences, the introductory clause of this sentence and numbered clause (i) of this sentence shall apply to such subsequent selection and notice. If applicable, the provisions of clause (ii) of the immediately preceding sentence shall apply to successive alternative selections. If no Independent Counsel that is permitted under the foregoing provisions of this Section 9(e) to make the Standard of Conduct Determination shall have been selected within twenty (20) days after the Company gives its initial notice pursuant to the first sentence of this Section 9(e) or Indemnitee gives its initial notice pursuant to the second sentence of this Section 9(e), as the case may be, either the Company or Indemnitee may petition the Court of Chancery of the State of Delaware ("**Delaware Court**") to resolve any objection which shall have been made by the Company or Indemnitee to the other's selection of Independent Counsel and/or to appoint as Independent Counsel a person to be selected by the Delaware Court or such other person as the Delaware Court shall designate, and the person or firm with respect to whom all objections are so resolved or the person or firm so appointed will act as Independent Counsel. In all events, the Company shall pay all of the reasonable fees and expenses of the Independent Counsel incurred in connection with the Independent Counsel's determination pursuant to Section 9(b).

(f) Presumptions and Defenses.

(i) Indemnitee's Entitlement to Indemnification. In making any Standard of Conduct Determination, the person or persons making such determination shall presume that Indemnitee has satisfied the applicable standard of conduct and is entitled to indemnification, and the Company shall have the burden of proof to overcome that presumption and establish that Indemnitee is not so entitled. Any Standard of Conduct Determination that is adverse to Indemnitee, may be challenged by the Indemnitee in the Delaware Court. No determination by the Company (including by its directors or any Independent Counsel) that Indemnitee has not satisfied any applicable standard of conduct may be used as a defense to any legal proceedings brought by Indemnitee to secure indemnification or reimbursement or advance payment of Expenses by the Company hereunder or create a presumption that Indemnitee has not met any applicable standard of conduct.

(ii) Reliance as a Safe Harbor. For purposes of this Agreement, and without creating any presumption as to a lack of good faith if the following circumstances do not exist, Indemnitee shall be deemed to have acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company if Indemnitee's actions or omissions to act are taken in good faith reliance upon the records of the Company, including its financial statements, or upon information, opinions, reports or statements furnished to Indemnitee by the officers or employees of the Company or any of its subsidiaries in the course of their duties, or by committees of the Board or by any other Person (including legal counsel, accountants and financial advisors) as to matters Indemnitee reasonably believes are within such other Person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company. In addition, the knowledge and/or actions, or failures to act, of any director, officer, agent or employee of the Company (other than the Indemnitee) shall not be imputed to Indemnitee for purposes of determining the right to indemnity hereunder.

(iii) Defense to Indemnification and Burden of Proof. It shall be a defense to any action brought by Indemnitee against the Company to enforce this Agreement (other than an action brought to enforce a claim for Losses incurred in defending against a Claim related to an Indemnifiable Event in advance of its final disposition) that it is not permissible under applicable law for the Company to indemnify Indemnitee for the amount claimed.

10. Exclusions from Indemnification. Notwithstanding anything in this Agreement to the contrary, the Company shall not be obligated to:

(a) indemnify or advance funds to Indemnitee for Expenses or Losses with respect to proceedings initiated by Indemnitee, including any proceedings against the Company or its directors, officers, employees or other indemnitees and not by way of defense, except:

(i) proceedings referenced in Section 5 above (unless a court of competent jurisdiction determines that each of the material assertions made by Indemnitee in such proceeding was not made in good faith or was frivolous); or

(ii) where the Company has joined in or the Board has consented to the initiation of such proceedings.

(b) indemnify Indemnitee if a final decision by a court of competent jurisdiction determines that such indemnification is prohibited by applicable law.

(c) indemnify Indemnitee for the disgorgement of profits arising from the purchase or sale by Indemnitee of securities of the Company in violation of Section 16(b) of the Exchange Act, or any similar successor statute (if applicable).

(d) indemnify or advance funds to Indemnitee for Indemnitee's reimbursement to the Company of any bonus or other incentive-based or equity-based compensation previously received by Indemnitee or payment of any profits realized by Indemnitee from the sale of securities of the Company, as required in each case under the Exchange Act (including any such reimbursements under Section 304 of the Sarbanes-Oxley Act of 2002 in connection with an accounting restatement of the Company or the payment to the Company of profits arising from the purchase or sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act).

(e) indemnify or advance funds to Indemnitee for Expenses or Losses arising from the Indemnitee's actual fraud, dishonesty, wilful neglect or wilful default.

11. Contribution. To the fullest extent permissible under applicable law, if the indemnification and/or hold harmless rights provided for in this Agreement are unavailable to the Indemnitee in whole or in part for any reason whatsoever, the Company, in lieu of indemnifying or holding harmless the Indemnitee, shall pay, in the first instance, the entire amount of Losses incurred by the Indemnitee in respect of which the indemnification and/or hold harmless rights provided for in this Agreement are unavailable, without requiring the Indemnitee to contribute to such payment, and the Company hereby waives and relinquishes any right of contribution it may have at any time against the Indemnitee.

12. Settlement of Claims. The Company shall not be liable to Indemnitee under this Agreement for any amounts paid in settlement of any threatened or pending Claim related to an Indemnifiable Event effected without the Company's prior written consent, which shall not be unreasonably withheld; provided, however, that if a Change in Control has occurred, the Company shall be liable for indemnification of the Indemnitee for amounts paid in settlement if an Independent Counsel has approved the settlement. The Company shall not settle any Claim related to an Indemnifiable Event in any manner that would impose any Losses on the Indemnitee without the Indemnitee's prior written consent.

13. Duration. All agreements and obligations of the Company contained herein shall continue during the period that Indemnitee is a director or officer of the Company (or is serving at the request of the Company as a director, officer, employee, member, trustee or agent of another Enterprise) and shall continue thereafter (i) so long as Indemnitee may be subject to any possible Claim relating to an Indemnifiable Event (including any rights of appeal thereto) and (ii) throughout the pendency of any proceeding (including any rights of appeal thereto) commenced by Indemnitee to enforce or interpret his or her rights under this Agreement, even if, in either case, he or she may have ceased to serve in such capacity at the time of any such Claim or proceeding.

14. Non-Exclusivity. The rights of Indemnitee hereunder will be in addition to any other rights Indemnitee may have under the Memorandum and Articles of Association, the Cayman Islands Companies Act (as amended), any other contract or otherwise (collectively, “**Other Indemnity Provisions**”). The Company will not adopt any amendment to the Memorandum and Articles of Association, the effect of which would be to deny, diminish or encumber Indemnitee’s right to indemnification under this Agreement.

15. Liability Insurance. For the duration of Indemnitee’s service as [a director/an officer] of the Company, and thereafter for so long as Indemnitee shall be subject to any pending Claim relating to an Indemnifiable Event, the Company shall use commercially reasonable efforts (taking into account the scope and amount of coverage available relative to the cost thereof) to continue to maintain in effect policies of directors’ and officers’ liability insurance providing coverage in commercially reasonable amounts from established and reputable insurers (taking into consideration the scope and amount of coverage available relative to the cost thereof). In all policies of directors’ and officers’ liability insurance maintained by the Company, Indemnitee shall be named as an insured in such a manner as to provide Indemnitee the same rights and benefits as are provided to the Company’s similarly situated directors, if Indemnitee is a director, or of the Company’s similarly situated officers, if Indemnitee is an officer (and not a director) by such policy.

16. No Duplication of Payments. The Company shall not be liable under this Agreement to make any payment to Indemnitee in respect of any Losses to the extent Indemnitee has otherwise received payment under any insurance policy, the Memorandum and Articles of Association, Other Indemnity Provisions or otherwise of the amounts otherwise indemnifiable by the Company hereunder.

17. Subrogation. In the event of payment to Indemnitee under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee. Indemnitee shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights.

18. Amendments. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be binding unless in the form of a writing signed by the party against whom enforcement of the waiver is sought, and no such waiver shall operate as a waiver of any other provisions hereof (whether or not similar), nor shall such waiver constitute a continuing waiver. Except as specifically provided herein, no failure to exercise or any delay in exercising any right or remedy hereunder shall constitute a waiver thereof.

19. Binding Effect. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business and/or assets of the Company), assigns, spouses, heirs and personal and legal representatives. The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, substantially all or a substantial part of the business and/or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

20. Severability. The provisions of this Agreement shall be severable in the event that any of the provisions hereof (including any portion thereof) are held by a court of competent jurisdiction to be invalid, illegal, void or otherwise unenforceable, and the remaining provisions shall remain enforceable to the fullest extent permitted by law. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

21. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given (i) if delivered by hand, against receipt, (ii) if delivered by reputable overnight or international courier, upon actual delivery, or (iii) if delivered by electronic mail, provided no message is received by sender indicating that the electronic mail was not delivered to its intended recipient, and, in the case of clauses (ii) and (iii), delivered:

(a) if to Indemnitee, to the address set forth on the signature page hereto.

(b) if to the Company, to:

400 Stonebreak Road Extension
Malta, NY 12020
United States
Attention: General Counsel
E-Mail: legal.notices@gf.com

Notice of change of address shall be effective only when given in accordance with this Section.

22. Governing Law and Forum. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware applicable to contracts made and to be performed in such state without giving effect to its principles of conflicts of laws. The Company and Indemnatee hereby irrevocably and unconditionally: (a) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Delaware Court and not in any other state or federal court in the United States, (b) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement and (c) waive, and agree not to plead or make, any claim that the Delaware Court lacks venue or that any such action or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum. THE COMPANY AND INDEMNITEE HEREBY IRREVOCABLY WAIVE ANY AND ALL RIGHTS TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT.

23. Headings. The headings of the sections and paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction or interpretation thereof.

24. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original, but all of which together shall constitute one and the same Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

GLOBALFOUNDRIES Inc.

By: _____
Name: _____
Title: _____

[Signature Page to Indemnification Agreement]

INDEMNITEE

By: _____
Name: _____
Address: _____
E-Mail: _____

[Signature Page to Indemnification Agreement]

[***] = CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY BRACKETS, HAS BEEN OMITTED BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) IS THE TYPE OF INFORMATION THE REGISTRANT BOTH CUSTOMARILY AND ACTUALLY TREATS AS PRIVATE AND CONFIDENTIAL.

MATERIALS SUPPLY AGREEMENT

Parties:	GLOBALFOUNDRIES U.S. Inc.	SOITEC S.A.
<i>Full Legal Name:</i>	-hereinafter GLOBALFOUNDRIES-	-hereinafter Supplier-
<i>Business Entity Type:</i>	Corporation	Societe Anonyme
<i>Organized In:</i>	State of Delaware	France
<i>Address for Notices:</i>	2600 Great America Way. Santa Clara California 95054 U.S.A	Parc Technologique des Fontaines Bernin 38926 Crolles Cedex France
	Copy to: Wilschdorfer Landstrasse 101, 01109 Dresden, Germany Attn: Global Supply Management, H01-GP	Attn: General Counsel, Jacques Elie Levy
Effective Date (MM/DD/YYYY):	April 2017	
Expiration Date (MM/DD/YYYY):	31 st March 2022, thereafter (Evergreen)	
GLOBALFOUNDRIES Contract No.:	00037735.0	

WHEREAS, on April 1st, 2003, Supplier and Advanced Micro Devices, Inc. ("**AMD**") entered into a Product Purchase Addendum and a Materials Supply Agreement on October 15, 2003 including various addenda, which were amended from time to time (collectively referred to as the "**Original Agreement**");

WHEREAS, GLOBALFOUNDRIES became the successor to AMD in the Original Agreement and became a party to the Original Agreement as of December 8, 2008;

WHEREAS, GLOBALFOUNDRIES and Supplier together referred to as "**Parties**" or each as "**Party**" as the case might be, now wish to enter into this Materials Supply Agreement (the "**Agreement**") as of the Effective Date, and this Agreement shall replace the Original Agreement as of the Effective Date, provided that and to the extent there are any Orders still in effect as of the Effective Date, such Orders shall be attached to this Agreement;

WHEREAS, GLOBALFOUNDRIES US 2 LLC (Fab 9 and 10) ("**GF US 2 LLC**") and Supplier entered into an Adoption Agreement on July 1, 2015, wherein GF US 2 LLC and Supplier identified and acknowledge certain GF Agreements and the Long Term Agreement (each as defined in the Adoption Agreement) were between GF US 2 LLC and Supplier;

NOW THEREFORE, in consideration of the mutual covenants, rights and obligations set forth herein of which each Party hereby acknowledges; and intend to be further legally bound, and agree as follows:

1. Scope of Agreement

(a) Scope.

Supplier agrees to sell and GLOBALFOUNDRIES agrees to purchase, subject to the limitations set forth herein, those products ("**Products**") set forth in one or more Product Purchase Addenda or Long Term Addenda agreed to by the Parties or a Party's -Affiliate, or such similar documents that contain terms with respect to the purchase and sale of Products and that make reference to this Agreement (each an "**Addendum**"), or one or more mutually agreed upon purchase orders or scheduling agreements by the Parties and issued by GLOBALFOUNDRIES (each an "**Order**"). Each Addendum and Order are incorporated into this Agreement, herein by reference. Unless otherwise expressly agreed in the applicable Addendum or Order, the terms of any Addendum or Order will control

over the terms of this Agreement, to the extent the terms of the Addendum or Order may be inconsistent or in conflict with this Agreement. Notwithstanding the foregoing, the following provisions set forth in this Agreement shall not be amended or superseded by the terms of any Addendum or Order, and may only be modified by a written modification to this Agreement that is signed and executed by both Parties: Sections 1; 2; 3(a), (c), (d); 4(c), (d)(i), (d)(ii), (d)(iv), (e) (ii), (f), (g), (h), (i); 6; 7; 8; 11; 12;13; 14; 15.

Other than as explicitly set forth in this Agreement or any Addendum, neither Party accepts nor agrees to the other Parties standard pre-printed terms appearing on the other Parties forms, including any such terms that may appear on an Order.

(b) Affiliates.

Affiliates of GLOBALFOUNDRIES, with the exception of GLOBALFOUNDRIES US 2 LLC (Fab 9 and 10), may also issue Orders or may be added as parties to an Addendum with Supplier pursuant to the terms of this Agreement and the applicable Addendum for so long as such entities remain Affiliates of GLOBALFOUNDRIES. For the avoidance of doubt, such Affiliates shall be bound by the terms and conditions of this Agreement and the applicable Addendum and/or Orders. For purposes of this Agreement “**Affiliate**” as used herein means any corporation, company, or other entity which (i) is Controlled by a Party hereto; (ii) Controls a Party hereto; or (iii) is under common Control with a Party hereto. For purposes of this Agreement, ownership in a company in conjunction with the right to manage the company shall be considered to qualify as Control of the company. GLOBALFOUNDRIES US 2 LLC (Fab 9 and 10) may in the future be incorporated into this Agreement by an amendment hereto signed and executed by the Parties and in case GLOBALFOUNDRIES will establish or acquire other production sites as Affiliates as the existing ones at the time of signature of this Agreement, the Parties shall negotiate in good faith whether such Affiliate shall be included into this Agreement or not. For the avoidance of doubt, in the event an entity is no longer an Affiliate of GLOBALFOUNDRIES, it is no longer allowed to be a Party to this Agreement or any applicable Addendum or Order unless otherwise specifically agreed in writing between the Parties.

(c) Replacement of the Original Agreement and GF Agreements.

The Parties hereby amend and replace in its entirety the Original Agreement as defined in the Recitals with the effect that this Agreement shall replace such prior Original Agreement in all respects as of the Effective Date, provided that and to the extent there are any Orders that were part of the Original Agreement still in effect as of the Effective Date, such Orders shall be attached and incorporated by reference to this Agreement.

Further the Parties intend that this Agreement shall supersede the GF Agreements and the Long Term Agreement as defined in the Recitals only to the extent such agreements were assigned to GLOBALFOUNDRIES or an Affiliate, as defined in Section 1(b), above; for the avoidance of doubt, the Parties do not intend for this Agreement to supersede the GF Agreements and the Long Term Agreement to the extent GLOBALFOUNDRIES US 2 LLC (Fab9 and 10) is a party to such agreements,

2. Term of Agreement

This Agreement shall commence on the Effective Date and shall remain in effect through March 31, 2022, and will automatically renew for successive one (1) year periods thereafter unless and until terminated by either Party providing written notice of termination to the other Party at least [***] days prior to expiration of the then-current period of the Agreement, or unless otherwise terminated in accordance with the terms of this Agreement. In the event this Agreement is terminated or the term of the Agreement expires before the term of an Addendum or Order is terminated or expired, then, the terms of this Agreement shall survive such termination or expiration of the Agreement so that the Agreement shall continue to govern the purchase and sale of Products pursuant to such applicable Addendum, or Order until it expires or is terminated.

3. Compensation

(a) Purchase Price.

The purchase price(s) for the Products shall be as set forth in the applicable Addendum, or as stated in the Order, and shall remain as specified in such documents. All Products will be priced and payments settled in US Dollars unless otherwise agreed in the applicable Addendum. Except as specifically provided in this Agreement, any Addendum or Order, Supplier will not be entitled to any other form of compensation or reimbursement related to the provision of the Products.

(b) *Payment Terms.*

(i) Except as may be otherwise agreed in the applicable Addendum, or Order, or otherwise agreed by the Parties in writing, the Parties shall use one of the following payment processes: (A) the Evaluated Receipts Settlement (“**ERS**”) process, (B) the GLOBALFOUNDRIES’ self-billing program; or (C) such other payment process agreed to by the Parties when such ERS process or self-billing program is not used and GLOBALFOUNDRIES receives an itemized invoice from Supplier.

(ii) All payments due to Supplier shall be made within [***] days [***] to GLOBALFOUNDRIES or one of its applicable Affiliates; [***]

(c) [***]

(d) [***]

(e) *Taxes.*

(i) Supplier shall determine to what extent the Products under this Agreement, applicable Addendum or in an Order are subject to any value added tax, sales tax, goods and services tax, business tax or similar taxes. To the extent that the Products are subject to any such tax(s) Supplier shall collect and remit such tax(es) to the responsible tax authorities and such tax(s) shall be paid by GLOBALFOUNDRIES in addition to the agreed prices provided that Supplier renders

proper invoices within the meaning of the applicable tax law. GLOBALFOUNDRIES shall not be liable for any penalty or interest charges resulting from Supplier's failure to collect such tax(es) or from any incorrect invoicing by Supplier. In the event that any tax exemptions apply, GLOBALFOUNDRIES shall provide Supplier with all legally required information, certificates or other documents in a timely manner.

(ii) If payments made hereunder by GLOBALFOUNDRIES are subject to deduction of any withholding taxes imposed by applicable laws. GLOBALFOUNDRIES shall have the right to withhold from payments to Supplier any taxes that GLOBALFOUNDRIES is required to withhold under such laws. GLOBALFOUNDRIES shall provide Supplier with a certificate from the applicable tax authorities or other documentation reasonably required by Supplier to evidence such tax payment.

(iii) Supplier agrees to use commercially reasonable efforts to cooperate in order to reduce the tax burden arising under this Agreement. Supplier is exclusively liable for the payment of any and all taxes and contributions for unemployment insurance, old age retirement benefits, workers' compensation insurance or benefits, life insurance, pensions, annuities, and similar benefits, and any other employment related costs, obligations, and duties that may now or hereafter be imposed by law, collective bargaining agreements, or otherwise with respect to persons performing under this Agreement on behalf of Supplier.

(iv) GLOBALFOUNDRIES is exclusively liable for the payment of any and all taxes and contributions for unemployment insurance, old age retirement benefits, workers' compensation insurance or benefits, life insurance, pensions, annuities, and similar benefits, and any other employment related costs, obligations, and duties that may now or hereafter be imposed by law, collective bargaining agreements, or otherwise with respect to persons performing under this Agreement on behalf of GLOBALFOUNDRIES.

4. Product Delivery

(a) *Replenishment Advice*

For consignment inventory, at the beginning of each calendar year, GLOBALFOUNDRIES shall provide an annual frame-work purchase order indicating the expected volumes for Product purchases in the respective calendar year ("**Replenishment Advice**"). Supplier acknowledges and agrees that such Replenishment Advices are intended to provide a good faith estimate for annual business planning purposes. [***] Such Replenishment Advice shall not be binding upon the Parties, and do not constitute an Order of Products by GLOBALFOUNDRIES or a commitment by GLOBALFOUNDRIES to purchase Products from Supplier or a commitment from Supplier to sell or deliver such Products.

(b) *Forecasts & Order Process.*

(i) For Products in consignment inventory, [***] GLOBALFOUNDRIES shall provide a good faith forecast to Supplier of potential Product purchases for at least the succeeding [***] for Product that is purchased from consignment inventory (each a "**Forecast**"). Supplier acknowledges and agrees that such Forecasts are intended to provide a good faith estimate for business planning purposes. [***] Subject to the provisions set forth herein, such Forecasts shall not be binding upon the parties and do not constitute an Order of Products by GLOBALFOUNDRIES or a commitment by GLOBALFOUNDRIES to purchase Products from Supplier or a commitment from Supplier to sell or deliver such Products. The most recent Forecast shall be deemed as the most relevant Forecast. Supplier shall provide its delivery plan according to the received Forecast to GLOBALFOUNDRIES at the end of the respective week (the "**Delivery Plan**"). Notwithstanding anything to the contrary in this Section 4(b), such Delivery Plan shall become binding upon both Parties, in a rolling manner, from the respective calendar week for [***] (the "**Rolling Frozen Delivery Plan Quantities**"); and for the Rolling Frozen Delivery Plan Quantities, Supplier shall be obligated to deliver and GLOBALFOUNDRIES shall be obligated to purchase such quantities of Product set forth in the Rolling Frozen Delivery Plan Quantities. In such cases, a Release shall be issued by GLOBALFOUNDRIES to reflect the Rolling Frozen Delivery Plan Quantities, as is required pursuant Section 4 (c).

(ii) [***]

(c) *Authorization for Delivery.*

Unless otherwise agreed in an Addendum, each Delivery of Products must be authorized in writing or by an Order by GLOBALFOUNDRIES and accepted by Supplier (each, a "**Release**"), and such Releases shall be Supplier's sole authority to Deliver the Products and only to the extent authorized therein. Once a Release is issued, it cannot be canceled or revoked without written agreement of the Parties.

(d) *Delivery of Products.*

(i) All Products shipped by Supplier pursuant to this Agreement will be packaged, marked, and otherwise prepared for shipment in a manner which is (i) in accordance with good commercial practice; (ii) acceptable to standards of common carriers for shipment and in accordance with International Chamber of Commerce ("**ICC**") regulations; (iii) adequate to insure safe arrival of the Products at the agreed upon delivery location; and (iv) in accordance with the Product Specifications or Specifications as set forth in the applicable Addendum, or Order. Supplier will ship Products via Supplier's vehicles or Supplier -approved subcontract carrier contracted in accordance with the provisions below.

(ii) **Delivery-Date:** For Products within the consignment stock, the Delivery Date shall be the date of [***]

(iii) Terms of delivery for Products shall be set forth in the Addenda. If no terms of delivery are agreed in the respective Addendum or Order the delivery term shall be [***] as defined in the Incoterms 2010; in case the Incoterms change the Parties may mutually agree to modify to the then applicable Incoterms version.

[***] shall act as "seller" and Supplier shall act as "buyer" pursuant to such definition.

(e) [***]

For the [***] after the Rolling Frozen Delivery Plan Quantities, in the event GLOBALFOUNDRIES increases the volumes set forth in the Forecasts, [***]

[***]

(ii) In the event Supplier provides written notice to GLOBALFOUNDRIES that it has reached its [***] then Section 4(f) [***], below, shall not apply.

(f) [***]

(g) *Force Majeure.*

Neither Party shall be held responsible for any delay or failure in performance of any part of this Agreement to the extent such delay or failure is caused by an act of God, a third party's or national strike, or other similar causes beyond its control and without the fault or negligence of the delayed or non-performing Party (each a "**Force Majeure Event**"). Delays by vendors in manufacture or delivery of materials not caused by a Force Majeure Event, or shortages of labor or materials resulting from general market conditions (including price increases), shall not constitute a Force Majeure Event. A Party who is delayed or fails to perform as a result of a Force Majeure Event ("**Affected Party**") must use its commercially reasonable efforts to mitigate and minimize any resulting delay in the performance of the suspended obligation. The Affected Party shall provide written notice to the other Party within twenty-four (24) hours of learning of a Force Majeure Event, stating the nature and cause of the event, the anticipated length of the delay, the measures proposed or taken by the Affected Party to minimize the delay, and the timetable for implementation of such measures. If a Force Majeure Event occurs, either Party may (i) suspend this Agreement in whole or in part for the duration of the delay; (ii) conduct business elsewhere and deduct such business from any committed quantities; and/or (iii) extend the term of this Agreement up to the length of time of the delay. Either Party, when it is not the Affected Party, may terminate this Agreement or any part hereof without penalty if the delay or failure in performance continues beyond thirty (30) days.

(h) *Risk of Loss, Title Transfer.*

Notwithstanding any prior inspections, and irrespective of any Incoterms point that may be named on the Order or Addendum, Supplier, where applicable, will bear all risk of loss, damage, and destruction to the Products until [***] of the Products to GLOBALFOUNDRIES.

Title to the Products will pass to GLOBALFOUNDRIES upon the Delivery Date of the respective Products. Supplier may revoke the foregoing transfer of title at the Delivery Date in the event that before the Delivery Date of any Product an insolvency or similar proceeding is opened against GLOBALFOUNDRIES or against any of the Affiliates to which Products are delivered and/or sold under this Agreement, in each case with immediate effect. For clarification purposes, the forgoing applies only to the respective Affiliate or GLOBALFOUNDRIES that may become a party of such proceedings. In such case Supplier shall notify GLOBALFOUNDRIES and/or the applicable Affiliate of such revocation in text form (i.e. electronic mail shall suffice).

(i) *Country of Origin.*

Supplier hereby agrees that upon written request from GLOBALFOUNDRIES, Supplier will identify the country of origin (as such is then interpreted by the U.S. Customs Services) of the Products and provide written notification of such country of origin for GLOBALFOUNDRIES. [***]

5. Disaster Recovery Plan

Supplier will prepare a written “Disaster Recovery Plan” describing the measures taken by Supplier to ensure the continued supply of Products to GLOBALFOUNDRIES pursuant to the requirements of this Agreement in the event of any disaster or problem. Such plan shall be submitted by Supplier in a timely manner to GLOBALFOUNDRIES upon GLOBALFOUNDRIES request. [***]

6. Quality Assurance

(a) *Quality Control.*

(i) Supplier will maintain a quality management system which is ISO9001 / ISOTS16949 certified (whichever is applicable). Supplier shall adhere to these standards and upon reasonable request deliver proof that the delivered Products were manufactured and tested in accordance with these quality standards. [***]

(ii) [***]

(iii) [***]

(b) *Certificate of Analysis / Certificate of Compliance*

Supplier will provide a certificate of analysis (**C of A**) or certificate of conformance (**C of C**), as set forth in GLOBALFOUNDRIES' applicable Specifications.

(c) *Specification Acceptance*

Supplier will timely review and distribute internally all GLOBALFOUNDRIES' Specifications, updates to Specifications, and agreed upon Product Specifications provided by GLOBALFOUNDRIES to Supplier by electronic data system, attachment to an email or hard copy. Supplier shall use commercially reasonable efforts to accept, accept with exceptions or reject GLOBALFOUNDRIES' Specification, updates to Specifications, and/or updates to Product Specifications [***] of the date it has been provided to Supplier. In case Supplier requests exceptions to the Specification, the updates to Specifications, and/or updates to Product Specifications, the previous version of the respective document will continue to apply between the Parties [***] Specifications, updates to Specifications, and/or updates to Product Specifications will be accepted by activating the respective button in the data system and without undue delay uploading the Document Acceptance/Implementation Form (DAIF).

(d) [***]

(e) [***]

7. Changes

(a) [***]

(b) *GLOBALFOUNDRIES Changes.*

GLOBALFOUNDRIES may change GLOBALFOUNDRIES-supplied drawings, designs, Specifications, or any other aspect of a Product Specification, provided that (i) GLOBALFOUNDRIES gives at least [***] written notice prior to the effective date of such change to Supplier; (ii) Supplier reviews and accept such change; and (iii) the Parties reach a subsequent agreement detailing the change. If the Parties cannot reach a mutual agreement detailing the change, including but not limited to pricing, within such [***] notice, then such change shall not go into effect; provided, however, in the event the Parties are unable to reach such mutual agreement on such GLOBALFOUNDRIES' changes, then upon an additional [***] written notice to Supplier, [***]

8. Warranty

(a) *Product Warranty.*

Supplier warrants that all Products purchased by GLOBALFOUNDRIES hereunder (i) meet current industry standards with respect to materials and workmanship; (ii) are and will be free from all defects in materials and workmanship; (iii) and conform to the Product Specifications and/or the terms and provisions in the relevant Control Limit Agreement set forth in the applicable Addendum (the "**Warranty**"). The period for the Warranty for Products delivered to GLOBALFOUNDRIES will be [***] (the "**Warranty Period**").

(b) *Limitations to the Warranty.*

Notwithstanding anything to the contrary in this Agreement, the Warranty shall not apply in the event: (i) GLOBALFOUNDRIES, or anyone acting on its behalf, fails to store or handle the Product(s) as instructed by Supplier in the applicable Addendum, (ii) any defect or deterioration of the Product(s) is the result of: (A) any improper use of or act or event occurring to the Products after the Delivery Date to GLOBALFOUNDRIES; (B) any use of the Product(s) not in conformity with its normal use, the instructions provided by Supplier in the applicable Addendum, or industry standards; or (iii) any attempt to modify, alter, or recondition the Product(s) by GLOBALFOUNDRIES or any other person or entity not authorized by Supplier after the Delivery Date.

(c) *Remedies for Breach of Warranty.*

If any Products purchased hereunder do not comply with the Warranty specified in Section 8(a), herein, (the “**Noncompliant Product**”), GLOBALFOUNDRIES shall promptly notify the Supplier, in writing, of any claim of non-compliance with the Warranty. GLOBALFOUNDRIES shall hold the Noncompliant Products until Supplier has received written notice of such claim and shall allow the Supplier to inspect and reasonably to determine if such Products are defective pursuant to the Warranty. [***]

In the event Section 8(c) (iii) is [***] selected remedy. [***]

(d) [***]

(e) *No Waiver.*

No visual inspection of the packaging of the Product pursuant to Section 6(e) by GLOBALFOUNDRIES, any third party on behalf of GLOBALFOUNDRIES, the Supplier or any third party on behalf of Supplier, with respect to Supplier's Products, shall relieve Supplier from any portion of its Warranty obligation nor shall waiver by GLOBALFOUNDRIES of any Product Specification requirement for one or more items of Product constitute a waiver of such requirements for remaining items unless expressly agreed by GLOBALFOUNDRIES in writing.

(f) *DISCLAIMED WARRANTIES*

THE WARRANTIES PROVIDED IN THIS SECTION 8 ARE IN LIEU OF, AND THE SUPPLIER EXPRESSLY DISCLAIMS, ANY AND ALL OTHER WARRANTIES, EXPRESS, STATUTORY OR IMPLIED INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR USE OR NONINFRINGEMENT. HOWEVER THE FOREGOING SHALL UNDER NO CIRCUMSTANCES LIMIT GLOBALFOUNDRIES' RIGHTS REGARDING INTELLECTUAL PROPERTY INDEMNITY RIGHTS AS SET FORTH IN SECTION 12(c) OF THIS AGREEMENT.

9. Insurance

Supplier shall procure product liability insurance in a reasonably prudent amount as regards Supplier's obligations hereunder and to cover potential liability to GLOBALFOUNDRIES or any third party arising out of this Agreement. Supplier will maintain at its expense: (i) comprehensive general or public liability insurance with a minimum limit per occurrence or accident of \$ [***] (or local currency equivalent); (ii) worker's compensation or employer's liability as required by local law, such policies waiving any subrogation rights against GLOBALFOUNDRIES; and (iii) automobile liability insurance as required by local statute but not less than \$ [***] (or local currency equivalent) if a vehicle will be used in the performance of this Agreement.

Insurance required under this Section will be primary or noncontributory regarding insured damages or expenses, and will be purchased from insurers of sound internationally recognized financial standing. One or more certificates of insurance will be issued by Supplier's broker and furnished to GLOBALFOUNDRIES.

10. Compliance

(a) *Laws & Regulations.*

In the performance of this Agreement, both Parties will at all times comply with all applicable governmental laws, statutes, ordinances, rules, regulations, orders, and other requirements, including without limitation such governmental requirements applicable to environmental protection, health, safety, wages, hours, equal employment opportunity, nondiscrimination, working conditions, import or export control, customs, and transportation. In the event that Supplier requires GLOBALFOUNDRIES' assistance to achieve such compliance, Supplier will promptly notify GLOBALFOUNDRIES.

(b) *Safety, Security & Environmental Protection.*

Suppliers performing work on GLOBALFOUNDRIES property are responsible for obtaining a copy, for which a pdf copy is sufficient, of the current version of GLOBALFOUNDRIES' environmental, health & safety handbook for contractors or equivalent site specific information material, and for ensuring that its employees, agents, and subcontractors understand and comply with all applicable GLOBALFOUNDRIES policies, procedures, and programs. Supplier shall bear the cost of compliance with all GLOBALFOUNDRIES' health, safety, security and environmental protection requirements in the event Supplier performs work on GLOBALFOUNDRIES' site. Supplier will cooperate with GLOBALFOUNDRIES in performing work on GLOBALFOUNDRIES property so as to minimize any potential interference with GLOBALFOUNDRIES' other activities, to protect the safety and health of GLOBALFOUNDRIES' employees, agents, and visitors, and to safeguard GLOBALFOUNDRIES' property. Upon completion of work on GLOBALFOUNDRIES property, Supplier will remove any resulting debris and waste material and will return the work site to a condition reasonably satisfactory to GLOBALFOUNDRIES. Supplier will not cause or allow a discharge, release, or emission of any regulated substance into the environment on GLOBALFOUNDRIES property without the prior written approval of GLOBALFOUNDRIES' Environmental, Health & Safety department. Supplier is obliged to register its chemical substances in accordance with the REACH legislation (Registration, Evaluation, Authorization and restriction of Chemicals) to the extent applicable. For the avoidance of doubt, significant or repetitive violations of certain GLOBALFOUNDRIES safety, security, and environmental policies may be deemed a material breach of this Agreement.

(c) *Electronic Information Security.*

Supplier agrees that Supplier personnel who will access any GLOBALFOUNDRIES electronic information systems must execute all agreements and forms reasonably requested by GLOBALFOUNDRIES, including authorization to conduct a background investigation. As applicable, Supplier will cause the Supplier personnel to, fully comply with and abide by all applicable GLOBALFOUNDRIES electronic information security policies (as amended and modified by GLOBALFOUNDRIES) at all times during the term as set forth in section 2 of this Agreement; and a copy of such policies shall be provided to applicable Supplier personnel in hard copy or by electronic mail. GLOBALFOUNDRIES will authorize any necessary information system access mechanisms, including access IDs and passwords, and in no event will Supplier permit any such mechanisms to be shared or used by other than the individual to whom issued or to be used for any purpose other than the fulfillment of Supplier's obligations under this Agreement. Once each calendar quarter and upon reasonable request by GLOBALFOUNDRIES, Supplier agrees to provide GLOBALFOUNDRIES with an accurate, up-to-date list of those Supplier personnel having access to GLOBALFOUNDRIES' electronic information systems, software, or data. Supplier agrees that any failure to comply with the provisions of this Section entitles GLOBALFOUNDRIES to deny or restrict the access privileges of such non-complying Supplier personnel, as GLOBALFOUNDRIES deems appropriate in its sole discretion.

(d) *Governmental Permits and Notifications.*

Supplier will investigate the need for, and will procure in its own name to the extent allowed by law and at its own cost and expense, all governmental permits, notifications, approvals, and inspections required for the performance of its obligations hereunder. Supplier will promptly notify GLOBALFOUNDRIES if any such permit or approval lapses, or is modified or revoked if such lapse, modification or revocation has an impact upon the performance of this Agreement. If, under applicable law, any such permits or approvals must be procured in GLOBALFOUNDRIES' name, Supplier will promptly so inform GLOBALFOUNDRIES and will reasonably assist GLOBALFOUNDRIES in obtaining such permits or approvals.

(e) *Social Responsibility.*

GLOBALFOUNDRIES expects all of its suppliers to demonstrate their commitment to the highest ethical and compliance standards, consistent with the Electronic Industry Code of Conduct (www.eicc.info). Accordingly, Supplier will adopt and maintain policies, procedures, and behaviors that benefit the workplace, individual, organization, community, and environment. GLOBALFOUNDRIES acknowledges that it has adopted and maintains policies, procedures, and behaviors that benefit the workplace, individual, organization, community, and environment in accordance with this Section 10(e).

(f) *Records*

Supplier will keep records in a reasonable manner that sufficiently evidence that Supplier has discharged its obligations with respect to its compliance with Sections 10(a), (b) (c), (d), 10(e) and 10(g) [***] Such records shall be [***] treated as Confidential Information according to Section 14 of this Agreement; and to the extent any applicable law prohibits the disclosure of such records described herein, than such records shall not be disclosed.

(g) *Importer Security Filing*

For all shipments which are made by vessel into the United States of America, U.S. Customs and Border Protection requires that an Importer Security Filing (ISF) be filed no later than 24 hours before the cargo is laden aboard the vessel at the foreign port (see 19 C.F.R. §149.2). For [***] shipments made pursuant to this Agreement, it is the responsibility of the Supplier to file the ISF.

11. Termination

(a) *Termination for Material Breach.*

If either Party fails to comply in any material respect with any of the conditions or provisions of this Agreement, an Order or an Addendum, and such failure is not due in whole or in material part to the non-performance by the other Party of its obligations hereunder or a Force Major Event, such failure shall constitute a material breach of this Agreement. If such material breach continues without being cured by the breaching Party within [***] after receipt of written notice from the non-breaching Party ("**Cure Period**"), the non-breaching Party may, at its option, terminate this Agreement, any applicable Order or any applicable Addendum by giving the breaching Party written notice thereof and the non-breaching Party shall be entitled to terminate its obligations with respect to any applicable Order or Addendum and this Agreement. [***]

(b) Exceptional Termination.

Either Party may terminate this Agreement in writing with a [***] notice period in the event that either Party (i) is adjudged or becomes insolvent; (ii) has any proceedings instituted by or against it in bankruptcy, under insolvency laws, or for the Party's reorganization under such laws or for the Party's, receivership, dissolution, or liquidation and such proceeding is not dismissed or vacated within ninety (90) calendar days; (iii) makes an assignment for the benefit of creditors or any general arrangement with creditors; or (iv) discontinues business or adopts a resolution calling for same, the other Party may terminate this Agreement for cause. Notwithstanding the above, either Party shall have the right to seek any other remedy that may be available at law or in equity.

(c) Supplier's Cessation of Production.

Unless otherwise agreed in an Addendum, subject to and in addition to Supplier's rights to terminate this Agreement as set forth in Sections 11(a) and (b), hereinabove, in the event that Supplier intends to cease production of Products in all facilities that supply Products to GLOBALFOUNDRIES or its applicable Affiliates (the "**Terminated Product(s)**"), Supplier may terminate this Agreement or applicable Addendum and/or Order provided that (i) Supplier provides immediate written notice to GLOBALFOUNDRIES at least [***] in advance of any such anticipated cessation [***] and/or [***] in advance of any such anticipated cessation [***]

(d) Obligations Upon Termination Pursuant to Section 11(c).

In addition to any other obligations that may be agreed to in the applicable Addendum or this Agreement, upon termination of this Agreement by Supplier pursuant to Section 11(c) above: [***] The termination of any Order or Addendum resulting from the cessation of production of a Terminated Product, or any part or portion thereof, will not terminate or otherwise affect in any way the validity of this Agreement or any other Order or Addendum in effect at such time and that does not apply to such Terminated Product.

(e) Equitable Relief to Sections 11(c) and (d)

The Parties acknowledge that GLOBALFOUNDRIES' operations depend upon the continuous and uninterrupted supply of Products in adequate quantities, and that GLOBALFOUNDRIES could suffer significant damages if this supply is wrongfully curtailed or interrupted. Therefore, the Parties agree that GLOBALFOUNDRIES will be entitled to injunctive or other equitable relief to ensure Supplier's performance in accordance with the subsections 11(c) and 11(d), respectively entitled "Supplier's Cessation of Production" and "Obligations Upon Termination" above, notwithstanding the fact that an adequate remedy at law may exist.

(f) *Effect of Termination*

With the exception of a termination pursuant to Section 11(c), above, and subject to the terms and provisions of Sections 11(a) and 11(b), in the event of the termination or expiration of this Agreement, any Order or any Addendum, the obligations of the applicable Party hereunder that would have been required to be performed by such Party on or after the effective date of termination shall cease except for (i) any Party's right to receive all payments due and/or payable with respect to any facts and circumstances occurring or prior to the effective date of termination; (ii) the performance of corresponding obligations by the other Party, occurring on or prior to the effective date of termination; or (iii) any accrued rights or liabilities of either Party. Such termination will not affect the coming into force or continuation in force of any clauses and provisions of this Agreement which are expressly or by implication to come into force or continue in force on or after the termination or expiration of this Agreement, any Order or any Addendum. Further, the termination or expiration of this Agreement, any Order or any Addendum shall not relieve either Party of its obligations with respect to the duties of confidentiality as set forth in Section 14, below.

12. Indemnification and Limitation of Liability

(a) *GENERAL INDEMNIFICATION.*

NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT TO THE CONTRARY, GLOBALFOUNDRIES OR ITS APPLICABLE AFFILIATE, ON THE ONE HAND, AND SUPPLIER ON THE OTHER HAND AGREES TO INDEMNIFY, DEFEND AND HOLD HARMLESS (EACH AN "**INDEMNIFYING PARTY**") THE OTHER APPLICABLE PARTY ("**INDEMNIFIED PARTY**"). ITS SUBSIDIARIES, AFFILIATES, OFFICERS, DIRECTORS, EMPLOYEES, SUBCONTRACTORS, AND AGENTS FROM AND AGAINST ANY AND ALL REASONABLE AND DOCUMENTED OR PROVEN CLAIMS, DEMANDS, DAMAGES, LOSSES, AND EXPENSES ARISING OUT OF, IN CONNECTION WITH OR RESULTING FROM ANY BREACH BY THE INDEMNIFYING PARTY OF ITS OBLIGATIONS HEREUNDER AND/OR THE NEGLIGENCE OR WILLFUL MISCONDUCT OF ANY INDEMNIFYING PARTY'S EMPLOYEE, REPRESENTATIVE OR AGENT. [***]

(b) *INTELLECTUAL PROPERTY INDEMNIFICATION.*

(i) SUPPLIER AGREES TO DEFEND, AT SUPPLIER'S SOLE EXPENSE, GLOBALFOUNDRIES ITS AFFILIATES, SUBSIDIARIES, SUCCESSORS, ASSIGNS AND CUSTOMERS AGAINST ALL CLAIMS, ACTIONS, DEMANDS OF ANY KIND OR NATURE TO THE EXTENT IT IS ALLEGED THAT GLOBALFOUNDRIES POSSESSION OR USE OF A PRODUCT INFRINGES ANY PATENT, TRADEMARK, SERVICE MARK, COPYRIGHT, OR ANY OTHER THIRD PARTY INTELLECTUAL PROPERTY RIGHT. SUPPLIER AGREES TO INDEMNIFY AND HOLD HARMLESS GLOBALFOUNDRIES ITS AFFILIATES, SUBSIDIARIES, SUCCESSORS, ASSIGNS AND CUSTOMERS AGAINST ALL CLAIMS, ACTIONS, DEMANDS, LIABILITIES, LOSSES, COSTS, FEES, EXPENSES, DAMAGES, AND INJURIES OF ANY KIND OR NATURE EXCLUDING INDIRECT OR CONSEQUENTIAL DAMAGES ARISING FROM ANY ACTUAL AND PROVEN INFRINGEMENT [***] OF ANY PATENT, TRADEMARK, SERVICE MARK, COPYRIGHT, OR ANY OTHER THIRD PARTY INTELLECTUAL PROPERTY RIGHT SOLELY BY REASON OF THE USE OF A PRODUCT OR SUPPLIER'S FAILURE TO COMPLY WITH THE REQUIREMENTS OF THIS SUBSECTION 12(b). THIS INDEMNIFICATION SHALL NOT APPLY TO THE EXTENT THAT THE CONDITIONS STIPULATED IN SUBSECTION 12 (b) (iv) BELOW WOULD APPLY TO SUCH CLAIM.

(ii) SUPPLIER'S OBLIGATIONS UNDER THIS SECTION 12(b) ARE CONDITIONED UPON GLOBALFOUNDRIES PROVIDING NOTICE TO SUPPLIER IN WRITING WITHIN [***] OF GLOBALFOUNDRIES RECEIPT OF NOTICE OF THE CLAIM OF INFRINGEMENT FROM THE CLAIMANT. IN THE EVENT THAT SUPPLIER OTHERWISE LEARNS OF A CLAIM OF INFRINGEMENT RELATED IN ANY WAY TO THE PRODUCTS SOLD TO GLOBALFOUNDRIES UNDER THIS AGREEMENT, SUPPLIER WILL PROMPTLY NOTIFY GLOBALFOUNDRIES OF SUCH CLAIM. GLOBALFOUNDRIES SHALL PROVIDE REASONABLE ASSISTANCE, AT SUPPLIER'S EXPENSE, FOR ANY DEFENSE OF GLOBALFOUNDRIES AS REQUIRED PURSUANT TO SUBSECTION (i) ABOVE. [***] PROVIDED, HOWEVER, SUPPLIER SHALL NOT BE LIABLE HEREUNDER FOR ANY DAMAGES (INCLUDING WITHOUT LIMITATION INDIRECT OR CONSEQUENTIAL DAMAGES) WHICH RESULT FROM GLOBALFOUNDRIES FAILURE TO MITIGATE DAMAGES AS REQUIRED BY LAW OR WHICH ARISE FROM OR ARE RELATED TO CLAIMS FOR WHICH GLOBALFOUNDRIES HAS FAILED TO GIVE SUPPLIER TIMELY NOTICE AND AN OPPORTUNITY TO ASSUME THE DEFENSE THEREOF, SUPPLIER HAS SOLE CONTROL OF THE DEFENSE AND ALL RELATED SETTLEMENT NEGOTIATIONS, BUT ANY FINAL SETTLEMENT SHALL BE SUBJECT TO GLOBALFOUNDRIES PRIOR APPROVAL.

(iii) IN ADDITION TO THE REQUIREMENTS OF SUBSECTIONS (i) AND (ii) ABOVE, IF THE USE OF ANY PRODUCT IS ENJOINED OR IF SUPPLIER BELIEVES THAT ANY PRODUCT IS INFRINGING, SUPPLIER SHALL, AT ITS EXPENSE, USE ITS REASONABLE COMMERCIAL EFFORTS TO PROCURE ON GLOBALFOUNDRIES BEHALF A LICENSE ALLOWING GLOBALFOUNDRIES TO CONTINUE USING PRODUCT IN ACCORDANCE WITH THE AGREEMENT. IF SUPPLIER IS UNABLE TO DO SO, SUPPLIER SHALL, AT ITS OWN EXPENSE, USE ITS REASONABLE COMMERCIAL EFFORTS TO:

(A) REPLACE THE PRODUCT WITH A NON-INFRINGEMENT PRODUCT THAT MEETS ALL APPLICABLE REQUIREMENTS AND SPECIFICATIONS;

(B) MODIFY THE PRODUCT TO BE NON-INFRINGEMENT, SO LONG AS THE MODIFIED PRODUCT MEETS ALL APPLICABLE REQUIREMENTS AND SPECIFICATIONS; OR

(C) IF AFTER EXERCISING ITS REASONABLE COMMERCIAL EFFORTS SUPPLIER IS UNABLE TO REPLACE OR MODIFY PRODUCT AS STATED ABOVE, REFUND IN FULL ALL COSTS PAID BY GLOBALFOUNDRIES FOR PRODUCT PLUS ANY ASSOCIATED COSTS.

(iv) GLOBALFOUNDRIES SHALL DEFEND, INDEMNIFY, AND HOLD SUPPLIER HARMLESS FROM ANY COSTS OR EXPENSES ARISING FROM A RIGHTFUL CLAIM OF INFRINGEMENT BY A THIRD PARTY, WHERE (A) GLOBALFOUNDRIES FURNISHES AND REQUIRES SUPPLIER TO USE SPECIFICATIONS FOR THE PROCESS OF MANUFACTURING THE PRODUCT(S), (B) THE PORTION OF THE SPECIFICATION THAT IS THE SUBJECT OF THE CLAIM DID NOT ORIGINATE FROM SUPPLIER, AND (C) SUCH INFRINGEMENT CLAIM WOULD NOT HAVE OCCURRED BUT FOR COMPLYING WITH SUCH SPECIFICATIONS.

(c) *LIMITATIONS ON LIABILITY.*

EXCEPT AS PROVIDED BELOW, A PARTY'S LIABILITY TO THE OTHER PARTY FOR DAMAGES OR LOSSES OF ANY KIND OR NATURE RESULTING FROM THAT PARTY'S BREACH OF THIS AGREEMENT OR NEGLIGENT CONDUCT SHALL NOT EXCEED THE LESSER OF (i) ONE HUNDRED MILLION U.S. DOLLARS (\$100,000,000.00) OR (ii) CONSOLIDATED SALES OF PRODUCTS OVER THE LAST TWELVE (12) CONSECUTIVE MONTHS DURING ANY PERIOD OF TWELVE (12) CONSECUTIVE MONTHS. PROVIDED, HOWEVER, THE LIMITATION OF LIABILITY SET FORTH IN THIS SECTION SHALL NOT LIMIT A PARTY'S LIABILITY FOR BODILY INJURY OR DEATH OR FOR DAMAGES OR LOSSES OF ANY KIND RESULTING FROM ITS: (A) BREACH OF ITS OBLIGATIONS UNDER SECTION 14 (CONFIDENTIALITY) BELOW, OR (B) GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

13. Intellectual Property Rights

In the event Supplier provides services, at no charge, to GLOBALFOUNDRIES hereunder, and resulting from such Supplier's services, there is the conception, creation, or reduction to practice by Supplier, solely or in collaboration with other third parties, of writings, software, drawings, designs, copyrightable material, mask works, inventions, improvements, developments and discoveries (collectively referred to as "**Ideas**") made, conceived of, or reduced to practice by Supplier, solely or in collaboration with other third parties, during the course of this Agreement, which relate in any manner to GLOBALFOUNDRIES' products, technology, designs, processes, methods, operations, or business that is the rationale, basis or purpose for the services to be performed by Supplier, [***]

14. Confidentiality

(a) Confidentiality Obligations

Information, data, designs, memoranda, prototypes, trade secrets, models, know-how, inventions, improvements, and/or other material whether of scientific, technical, commercial, financial or other nature either relating to this Agreement or the Products or services furnished hereunder, and all information produced by either Party and disclosed by a Party (the "**Discloser**") to the other Party (the "**Recipient**") and obtained by Recipient from Discloser directly, indirectly, in written, electronic, oral or other tangible form or clearly marked or designated as confidential or by similar words under this Agreement are confidential ("**Confidential Information**").

(b) During the Agreement and five (5) years after its termination or expiration the Recipient shall hold in confidence any and all Confidential Information disclosed by the Discloser and will exercise the same degree of care as used for its own confidential or proprietary information of like nature, but in no event less than reasonable care.

(c) The Recipient shall not, without Discloser's express written permission, reverse engineer any of the furnished Confidential Information.

(d) If the Recipient makes or has made, or permits to be made copies of any of the furnished Confidential Information for its use hereunder, than each copy shall contain the same confidential or proprietary notices or legends that appear on the furnished Confidential Information being copied.

(e) All of the Confidential Information of each Party shall remain the property of such Party.

(f) Except as required by law or otherwise provided in this Section 14, without the prior written consent of an authorized representative of Discloser, Recipient shall neither divulge to, nor discuss with, any third party such Confidential Information. Employees of the Affiliates of either Party or their, officers and directors, with a need to know solely for the purpose of this Agreement and the applicable Addendum or Order, are not third parties in the meaning of the preceding sentence and each shall be bound by confidential restrictions not less protective than the terms herein. Recipient shall be liable and responsible for the breach of this section by its Affiliates or their employees, officers and directors. The Recipient shall appropriately notify each person to whom any such disclosure is made that such disclosure is made and shall be kept in confidence by such person pursuant to the requirements of this Agreement and respective nondisclosure agreements.

(g) Prior to any disclosure of Confidential Information, whether as required by law or provided for pursuant to this Section 14, Recipient shall inform Discloser in writing of the nature and reasons for such disclosure. Recipient shall not use any Confidential Information for any purpose other than the performance of this Agreement.

(h) Upon Discloser's written notice to the Recipient, at the termination or expiration of this Agreement, or applicable Addendum Recipient shall cease use of the Discloser's Confidential Information which is applicable to such terminated or expired Agreement, Addendum or Order, and Recipient shall, at Discloser's direction, promptly return to Discloser or destroy all such written materials constituting or incorporating any Confidential Information obtained from the Recipient. Recipient may retain necessary copies of such materials, subject to the requirements of this Section 14 for retention purpose and to show compliance with this section 14. At the Discloser's option, the Recipient shall provide written certification of its compliance with this Section 14(h).

(i) *Exclusions.*

The Parties' obligation of confidentiality pursuant to this Section 14 shall not apply to any information disclosed hereunder if the Discloser establishes that (i) the information was publicly known at the time of its receipt by the Recipient or has become publicly known, provided that such public knowledge was not the result of any wrongful act, failure or breach of this Agreement or other action by the Recipient; (ii) the information was independently developed by the Recipient, solely by employees with no access to such portions of Confidential Information furnished to the Recipient; (iii) the information was already known to the Recipient as evidenced by written documentation in the files of the Recipient and is not subject to an obligation to keep it confidential, at the time of its receipt from the Discloser; or (iv) the information was received by the Recipient in good faith from a third party lawfully in possession thereof and having no obligation to keep such information confidential.

(j) *Compelled Disclosure.*

In the event that the Recipient receives a request or demand to disclose all or any part of Confidential Information under the terms of a subpoena or order issued by a court of competent jurisdiction, or an authorized governmental agency of any country, political subdivision thereof or jurisdiction in which the Recipient conducts business or otherwise, the Recipient may comply with such request or demand only if the Recipient:

- (i) asserts the privileged and confidential nature of Confidential Information against the third party seeking disclosure;
- (ii) promptly notifies the Discloser in writing of any such requirement or order to disclose;
- (iii) only discloses the portion of Confidential Information specifically requested to be disclosed;
- (iv) reasonably cooperates with and assists the Discloser in protecting against any such disclosure and/or obtaining a protective order narrowing the scope of such disclosure and/or use of Confidential Information; and
- (v) Recipient shall otherwise keep the Confidential Information in confidence in accordance with this Agreement.

(k) The Recipient acknowledges that unauthorized disclosure or use of Confidential Information may cause great or irreparable injury to the Discloser and that pecuniary compensation may not afford adequate relief or it may be extremely difficult to ascertain the amount of compensation which may afford adequate relief. Therefore, the Recipient agrees that, in the event of such unauthorized disclosure or use of Confidential Information, the Discloser will have the right to seek to obtain injunctive or other equitable relief, in addition to any other rights and remedies it may have, to stop or prevent the unauthorized disclosure of Discloser's Confidential Information and to enforce the provisions of this Section 14.

(l) *Approved Disclosure*

Supplier may disclose to any subcontractor or GLOBALFOUNDRIES' approved third party, and such approval to be provided by GLOBALFOUNDRIES in writing, any Confidential Information of GLOBALFOUNDRIES otherwise subject to this Section 14 that is reasonably required for the performance of the subcontractor or such third party's work under or related to this Agreement. Prior to any such disclosure, Supplier shall obtain the subcontractor's or such third party's written agreement to the requirements of this Section 14 and shall provide a copy of such agreement to GLOBALFOUNDRIES. Recipient may disclose to its legal or accounting or technical consultants the Discloser's Confidential Information on a need to know basis for the performance of such consultants work under or related to this Agreement, provided prior to any such disclosure, the Recipient shall obtain such consultant's written agreement to the requirements of this Section 14.

(m) *NDA*

In the event there is conflict between the terms set forth in this Section 14 and the terms of any confidentiality agreement or non-disclosure agreement between the Parties or the Parties' Affiliates, that relate to the purpose of this Agreement, any Addendum, or any Order, the terms and provisions of this Section 14 of this Agreement shall prevail as they relate to the purpose of this Agreement.

(n) *Advertising.*

Unless otherwise explicitly agreed in an Addendum, each Party agrees that it shall not publish or cause to be disseminated through any press release, public statement, or marketing or selling effort any information that relates to the other Party or this Agreement, any Addendum or any Order without the prior written approval of the other Party.

15. Miscellaneous

(a) *Delegation, Subcontracting and Assignment.*

Supplier shall not assign its rights, delegate its duties or subcontract any work performed under this Agreement without prior written authorization from GLOBALFOUNDRIES, and such authorization shall not be unreasonably withheld. [***] GLOBALFOUNDRIES shall not assign its rights, delegate its duties or subcontract any of its performance requirements under this Agreement to any party not affiliated with GLOBALFOUNDRIES without prior written authorization from the Supplier and such authorization shall not be unreasonably withheld. [***]

(b) *Notices.*

All notices relating to this Agreement shall be in writing and shall be deemed given (i) in the case of mail, on the date deposited in the mail, postage prepaid, either registered or certified, with return receipt requested (or its equivalent); (ii) in the case of personal delivery to an authorized representative or officer of the Party, or in the case of express courier service or overnight delivery service of national standing, on the date of delivery or attempted delivery (if receipt is refused); or (iii) in the case of facsimile or electronic mail, 24 hours after it has been sent provided that a duplicate copy of such notice is also promptly sent pursuant to (i) or (ii) above. Notices shall be addressed to the Parties as set forth above in the recital of the Agreement, but each Party may change its address by written notice in accordance with this section.

(c) *Gratuities.*

Supplier warrants that it has not directly or indirectly offered or given, and will not directly or indirectly offer or give, to any employee, agent, or representative of GLOBALFOUNDRIES any cash or non-cash gratuity or payment with a view toward securing any business from GLOBALFOUNDRIES or influencing such person with respect to the conditions of or performance under any contracts with or order from GLOBALFOUNDRIES, including without limitation this Agreement and any Addendum or Order. Any breach of this warranty shall be a material breach of each and every contract between GLOBALFOUNDRIES and Supplier.

(d) *Governing Law.*

This Agreement shall be governed by and construed in accordance with the laws of the State of New York, excluding any conflicts of law. The Parties specifically exclude from application to this Agreement the United Nations Convention on Contracts for the International Sale of Goods. Further the Parties agree that all actions or proceedings arising in connection with this Agreement shall be brought and litigated exclusively in the United States District Court for the Southern District of New York, or if there is no jurisdiction in such court, then in a state court in New York County. Any Party waives its rights to a Jury Trial, if any, of any claim or cause of action based upon or arising out of this Agreement or the subject matters hereof.

(e) *Prevailing Party.*

In any judicial proceeding involving GLOBALFOUNDRIES and Supplier arising out of or relating to this Agreement or to work performed under this Agreement, the prevailing party shall be entitled to recover all reasonable expenses associated with such proceeding, including reasonable attorney's fees and expenses.

(f) Severability.

Each term of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law. However, in the event that any of the terms of this Agreement becomes or is declared illegal by any court or tribunal of competent jurisdiction, or becomes otherwise unenforceable, such term shall be deemed deleted from this Agreement and all the remaining terms of this Agreement shall remain in full force and effect.

(g) Non-waiver of Rights.

The failure of either Party to this Agreement to object to or to take affirmative action with respect to any conduct of the other Party that is in violation of the terms of this Agreement shall not be construed as a waiver thereof, nor as a waiver of any future breach or subsequent wrongful conduct.

(h) Modification.

Unless not otherwise stated in this Agreement, this Agreement may not be modified or amended except in writing signed by a duly authorized representative of each party; no other act, document, usage, or custom shall be deemed to amend or modify this Agreement.

(i) Point of contact

For purposes of this Agreement, Supplier acknowledges that the main contact point is for all instructions, directions and/or notices of this Agreement the GLOBALFOUNDRIES Global Supply Management department and the respective named person towards Supplier. If an obviously not authorized person of GLOBALFOUNDRIES directs actions to be taken by Supplier regarding Supplier's performance hereunder and Supplier does not raise its suspicion within a proper time-frame to GLOBALFOUNDRIES' Global Supply Management department, than GLOBALFOUNDRIES shall not be liable for any damages resulting from Supplier's reliance upon statements made verbally or in writing by such GLOBALFOUNDRIES representatives. Notwithstanding the foregoing, in the event GLOBALFOUNDRIES has knowledge, that an unauthorized person was directing actions to be taken by Supplier (whether in writing, or verbally) regarding the Agreement, any Addendum or any Order and GLOBALFOUNDRIES failed to notify Supplier in writing of such unauthorized actions, then GLOBALFOUNDRIES shall be liable for any reasonable and proven damages resulting from Supplier's reliance upon such directions.

(j) Agreement Non-Exclusive.

It is understood and agreed between the Parties that unless specified to the contrary in the applicable Addendum or Order, this Agreement and each Order or Addendum placed hereunder is non-exclusive that Supplier shall be free to accept orders for Products from customers other than GLOBALFOUNDRIES and that GLOBALFOUNDRIES shall be free to order Products from sources other than Supplier.

(k) Entire Agreement.

This Agreement and all exhibits, attachments, appendices, addenda, and documents incorporated or referenced herein, including exhibits, attachments, appendices, addenda, and documents that are subsequently updated by the Parties, and the terms and conditions in each Order and/or Addendum, constitute the complete agreement between the Parties, and subject to Section 1(c), supersede all prior or contemporaneous agreements or representations, written or oral, concerning the subject matter of this Agreement.

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GLOBALFOUNDRIES U.S. Inc.

SOITEC S.A.
“Supplier”

/s/ Doug Duval

Authorized Signature & Company Seal (if applicable)

Doug Duval

Print Name

VP Procurement

Title

April 25, 2017

Date

/s/ Paul Boudre

Authorized Signature & Company Seal (if applicable)

Paul Boudre

Print Name

Chief Executive Officer

Title

April 6, 2017

Date

[***] = CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY BRACKETS, HAS BEEN OMITTED BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) IS THE TYPE OF INFORMATION THE REGISTRANT BOTH CUSTOMARILY AND ACTUALLY TREATS AS PRIVATE AND CONFIDENTIAL.

**Addendum for 300mm RFSOI, PDSOI & Silicon Photonics Products
to Materials Supply Agreement, dated April 25, 2017**

This Addendum for 300mm RFSOI, PDSOI & Silicon Photonics Products to GLOBALFOUNDRIES' contract number 00037735.0 (the "2021 Addendum") to the Materials Supply Agreement, dated April 25, 2017, GLOBALFOUNDRIES contract number 00037735.0, and as amended (the "Agreement") is effective as of October 29, 2020 (the "Commencement Date") by and between GLOBALFOUNDRIES U.S. Inc., a corporation organized under the laws of the State of Delaware, with its principal place of business at 2600 Great America Way, Santa Clara, California 95054, USA ("GF") and SOITEC S.A., a Societe Anonyme organized under the laws of France with its principal office at Parc Technologique des Fontaines, Bernin 38926 Crolles Cedex (the "Supplier"). Both GF and Supplier are referenced herein as a Party or the Parties, as the case may be.

WHEREAS, GF and Supplier wish to enter into a purchase and supply arrangement for 300mm RFSOI, PDSOI and Silicon Photonics products (together referred to as the "Products", as defined below), as itemized in Table 1, and based upon agreed upon applicable Product Specifications (as defined below), for the volumes and prices, set forth herein, during the Term (as defined below) of this 2021 Addendum;

WHEREAS, GF, GF's Affiliates and Fab 10 (as defined, below) (together, the "GF Parties", or if only one, the "GF Party") wish to purchase the Products from Supplier, and Supplier wishes to sell the Products to GF based upon the terms and provisions set forth in the Agreement and this 2021 Addendum;

WHEREAS, as set forth in this 2021 Addendum, Supplier's Affiliate, Soitec Microelectronics Singapore Pte. Ltd, located at 81 Pasir Ris Industrial Drive 1, Singapore 518220 ("Supplier Singapore", and together Supplier and Supplier Singapore are referred to as the "Supplier Group"), will participate in the supply of Products to GF Parties, as more specifically set forth, below.

NOW THEREFORE, in consideration of the mutual covenants, rights and obligations set forth herein and, in the Agreement, the receipt and sufficiency of which each Party hereby acknowledges, the Parties intending to be legally bound, and the Parties hereby agree as follows:

1. Introduction:

- a. All capitalized terms in this 2021 Addendum shall have the same meaning as set forth in the Agreement, unless otherwise defined in this 2021 Addendum.
- b. Where the context so admits or requires, references to the plural in any defined term herein shall include the singular and vice versa.
- c. For the avoidance of doubt, the Parties agree that this 2021 Addendum is hereby incorporated into the Agreement. Subject to Section 1(a) of the Agreement, in the event of any conflict between the terms of this 2021 Addendum and the Agreement, terms of this 2021 Addendum shall control. For the avoidance of doubt, to the extent this 2021 Addendum remains silent on a topic or matter, then the Agreement shall apply. Notwithstanding the foregoing, in the event GLOBALFOUNDRIES U.S. 2 LLC ("Fab 10") orders Products, (as defined below), then the SOW Agreement #4910016033, dated June 21, 2010 (the "Fab 10 Agreement") shall apply solely for orders & deliveries to Fab 10, and this 2021 Addendum shall be considered incorporated into the Fab 10 Agreement. In the event of any conflict between the terms of this 2021 Addendum and the Fab 10 Agreement, the terms of this 2021 Addendum shall control with reference to orders and deliveries of Product to Fab 10. For the avoidance of doubt, to the extent the Fab 10 Agreement remains silent on a topic or matter relative to deliveries of Product to Fab 10, then this 2021 Addendum shall apply.
- d. In case any of GF or the GF Parties and Supplier or Supplier Singapore have entered or will enter into a product purchase addendum, which shall apply to the Products set forth in this 2021 Addendum, then in the event of any conflict between the terms of this 2021 Addendum and any applicable product purchase addendum, the terms of this 2021 Addendum shall control.

- e. For the avoidance of doubt, this 2021 Addendum does not supersede or replace the Addendum for RFSOI Products to GLOBALFOUNDRIES, contract number 00037737.0, effective January 31, 2019 (the “**300 RFSOI Addendum**”). Such 300 RFSOI Addendum remains in effect until December 31, 2020. This 2021 Addendum shall apply for orders of Products to be delivered by Supplier to GF Parties beginning on January 1, 2021.

2. Term and Termination of the 2021 Addendum:

This 2021 Addendum shall commence on the Commencement Date and shall remain in effect through December 31, 2023 (the “**Term**”), unless otherwise terminated as set forth in the Agreement.

3. Products and Product Specifications:

- a. The Product(s) to be purchased by GF Parties and sold by the Supplier Group, pursuant to this 2021 Addendum, are listed in Table 1, below; and the term “**Product(s)**” used in this 2021 Addendum shall mean the product items listed in Table 1.
- b. The Products will comply with such applicable Product Specifications, as may be revised from time to time, and, as of the Commencement Date, are currently referenced to their most recent revision, and such references are listed in Exhibit A attached, hereto, as Exhibit A (the “**Product Specification(s)**”); and each such Product Specification correlates to a corresponding GF part number, as itemized in Table 1, below.
- [***]
- c. Subject to Sections 6(c) and 7(b) of the Agreement, any modification to the Product Specification shall be in writing and mutually agreed to by the Parties and recorded into the respective data record system. Any pricing modifications relative to such Product Specification modification shall be addressed by the Parties at such time and agreed upon by the Parties in writing and added to this 2021 Addendum.
- d. The Parties agree that GF shall achieve the qualifications set forth in Exhibit B, attached hereto (the “**Qualification Plan**”); and it is understood between the Parties that the Supplier Group can only deliver the Required Volumes (defined below) during the Term if the applicable qualifications in the Qualification Plan are successfully achieved within the timeframes set forth in Exhibit B.
- e. Both Parties agree to pursue continuous improvement programs (“**CIPs**”) with reference to the Products, herein, on a commercially reasonable basis.

4. Pricing, Volumes, Supply Share, Purchase Orders:

Product Pricing: The pricing for the Product(s) specified in Table 1 in this 2021 Addendum and to be purchased by the applicable GF Parties and sold by the Supplier Group are as set forth in Table 2, below.

Table-2—Product Price per wafer (US \$)

[***]

Supply Share and Volumes of Product:

- i. The GF Parties agree to purchase from the Supplier Group a minimum of [***] per calendar year and as set forth in Table 4, below (the “**Baseline Purchase Amounts**”). The Parties will use the volumes set forth in Table 3 as a baseline for the Product [***] to be ordered by the GF Parties (“**Baseline Volumes**”). Notwithstanding the foregoing, the GF Parties agree to purchase sufficient volume of Products to meet the total Baseline [***] set forth in Table 4 for each of the calendar years specified. [***]

Table 3 - Baseline Volumes (in thousands) = [*]**

[***]

Table 4 Baseline [*]**

[***]

Table 5 - [*]**

[***]

ii. [***]

b. Forecasts.

i. For each calendar year during the Term, GF shall provide, twice yearly, good faith forecasts to Supplier of the potential volumes GF Parties may purchase for each of the Products in this 2021 Addendum: (x) starting on September 18, 2020, and each first five (5) business days of September thereafter during the Term, GF shall provide to Supplier a good faith forecast for the potential volumes required from January 1st to June 30th of the following year; and (y) starting on the first five (5) business days of March, 2021, and each first five (5) business day of March thereafter during the Term, GF shall provide to Supplier a good faith forecast for the potential volumes required from July 1st to December 31st of the same year; and within such good faith forecasts of the potential volumes (each a "**Half Year Forecast**"); [***] Within ten (10) business days' of Supplier's receipt of the applicable forecast, Supplier shall inform GF from which Supplier Group entity and with which base wafer option source the applicable Products will be shipped (the "**Shipment Plan**"); and within ten (10) business days thereof, the Parties shall mutually agree, in writing (electronic mail sufficient) upon such Shipment Plan. [***]

ii. [***]

d. Required Volumes and Purchase Orders:

i. The Parties agree that the applicable GF Parties shall purchase units of volume for the applicable Products necessary to achieve the Baseline Purchase Amount as described in Section 4 (b)(i), above, during the applicable calendar years (the "**Required Volumes**"). GF, and each GF Party which wishes to purchase Product, as applicable, shall provide a quarterly purchase order to Supplier (the "**Quarterly PO(s)**") for the delivery period covering the calendar quarter (the "**Calendar Quarter**") starting immediately after the applicable lead time of the Products set forth in the related product purchase addendum ("**PPA**"). For purposes of clarity, **Exhibit E**, attached hereto, illustrates when Quarterly POs must be provided within the applicable lead time. The GF Parties shall release the Quarterly PO for the quantity of Products requested by the GF Parties for the first month of the Calendar Quarter; and within 10 business days Supplier will confirm the monthly release of the Quarterly PO, in writing, and the volumes to be delivered to consignment inventory on the Commit Date (as defined in the OTD Metric in **Exhibit F**) for each Product and for the applicable GF Party ("**Confirmed Volumes**") (and the process referred to as the "**Confirmed Volume Process**"). One month after the release of the Quarterly PO, the GF Parties shall update the Quarterly PO by adding the quantity requested by GF Parties for the second month of the Calendar Quarter, and the Parties shall then follow the Confirmed Volume Process for such second month. Two months after the first release of the Quarterly PO, the GF Parties shall update the Quarterly PO by adding the quantity requested by the GF Parties for the third month of the Calendar Quarter, and the Parties shall then follow the Confirmed Volume Process for such third month. It is understood that the quantity of Products ordered by the GF Parties with the Quarterly PO and the applicable releases (x) are not cancellable, (y) Supplier shall deliver the Confirmed Volumes to the corresponding consigned inventory on the month requested by the GF Parties; and (z) shall be purchased by the GF Parties pursuant to the consignment inventory process described in the related PPA.

ii. [***]

iii. [***]

iv. [***]

v. Supplier shall not be obligated to confirm purchase orders within the standard lead time for special products, such as samples, requiring special process or special bulk wafers.

vi. [***]

vii. Products shall be delivered [***] GF Party consignment site (Incoterms 2010).

e. [***]

f. [***]

5. Supply Plan

- a. Attached hereto as Exhibit D, is a non-binding estimated plan by Supplier of the Product supply plan [***] The Parties acknowledge and agree that such Planned Volume is intended as a good faith plan, as of the Commencement Date, of how the Products under this 2021 Addendum are expected and estimated to be shipped and supplied to GF Parties by the Supplier Group, and is not binding.

[***]

- c. Supplier will prepare a Supply Failure Mode and Effects Analysis (the “**FMEA**”) and such FMEA will be updated on a quarterly basis, as needed, and provided to GF during the Parties’ quarterly Global Business Reviews during the Term.
- d. Supplier shall use commercially reasonable efforts to [***]

6. [***]

- a. [***]
- b. The Parties further agree that Supplier is allowed to deliver the Products to consignment inventory up to [***] in advance of the Commit Date (as defined in Exhibit F).

[***]

7. **Quality Assurance and Changes.** Attached as Exhibit G are the proposed modifications to Sections 6 (Quality Assurance) and Section 7 (Changes) of the Agreement that the Parties intend to incorporate into the Agreement upon written amendment to the Agreement, by the Parties.

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IN WITNESS WHEREOF, the Parties hereto have executed this 2021 Addendum to the Materials Supply Agreement effective as of the Commencement Date.

GLOBALFOUNDRIES U.S. Inc.
“GF”

/s/ Glenn Colton

Authorized Signature & Company Seal (if applicable)

Glenn Colton

Print Name

VP - Head of Procurement

Title

GLOBALFOUNDRIES U.S. 2 LLC

(solely for orders and deliveries to Fab 10 and to the extent this 2021 Addendum applies to the Fab 10 Agreement)

“Fab 10”

/s/ Glenn Colton

Authorized Signature & Company Seal (if applicable)

Glenn Colton

Print Name

VP - Head of Procurement

Title

Nov 2, 2020

SOITEC S.A.
“Supplier”

/s/ Paul Boudre

Authorized Signature & Company Seal (if applicable)

Boudre

Print Name

Boudre Paul

Title

Nov 2, 2020

EXHIBIT G

**Parties' Intended Modifications to Section 6 and Section 7 of the Agreement
Upon Written Amendment to the Agreement**

6. Quality Assurance

(a) *Quality Control*

(i) Supplier will maintain a quality management system which is ISO9001/IATF-16949 certified Supplier shall adhere to these standards and upon reasonable request deliver proof that the delivered Products were manufactured and tested in accordance with these quality standards. [***]

[***]

(b) Certificate of Analysis / Certificate of Compliance

Supplier will provide a certificate of analysis (**C of A**) or certificate of conformance (**C of C**), as set forth in GLOBALFOUNDRIES' applicable Specifications.

(c) Specification Acceptance

Supplier will timely review and distribute internally all GLOBALFOUNDRIES' Specifications, updates to Specifications, and agreed upon Product Specifications provided by GLOBALFOUNDRIES to Supplier by electronic data system, attachment to an email or hard copy. Supplier shall use commercially reasonable efforts to accept, or accept with exceptions GLOBALFOUNDRIES' Specification, updates to Specifications, and/or updates to Product Specifications within [***] of the date it has been provided to Supplier. In case Supplier requests exceptions to the Specifications, the updates to Specifications, and/or updates to Product Specifications, the previous version of the respective document will continue to apply between the Parties [***]. Specifications, updates to Specifications, and/or updates to Product Specifications will be accepted by activating the respective button in the data system and without undue delay uploading the Document Acceptance/Implementation Form (DAIF).

[***]

(f)

[***]

[***]

7. Changes

[***]

(b) GLOBALFOUNDRIES Changes.

GLOBALFOUNDRIES may change GLOBALFOUNDRIES-supplied drawings, designs, Specifications, or any other aspect of a Product Specification, provided that (i) GLOBALFOUNDRIES gives at least [***] written notice prior to the effective date of such change to Supplier; (ii) Supplier reviews and accepts such change; and (iii) the Parties reach a subsequent agreement detailing the change. If the Parties cannot reach a mutual agreement detailing the change, including but not limited to pricing, within such [***] notice, then such change shall not go into effect; provided, however, in the event the Parties are unable to reach such mutual agreement on such GLOBALFOUNDRIES' changes, then upon an additional [***] written notice to Supplier, [***]

[***]

[***] = CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY BRACKETS, HAS BEEN OMITTED BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) IS THE TYPE OF INFORMATION THE REGISTRANT BOTH CUSTOMARILY AND ACTUALLY TREATS AS PRIVATE AND CONFIDENTIAL.

Amended and Restated
Exhibit 3 to the Long Term Addendum, with Commencement Date of July 1, 2017
Product Purchase and Supply Commitment – 2021 & 2022

This Amended and Restated Exhibit 3 to the Long Term Addendum dated September 11, 2017 (the “**LTA Addendum**”), the Product Purchase and Supply Commitment – 2021 & 2022 (the “**FD LTA Amended Exhibit 3**”) is entered into and effective as of the last signature date set forth below (the “**FD LTA Amended Exhibit 3 Effective Date**”) by and between **GLOBALFOUNDRIES U.S. Inc.**, a corporation organized under the laws of the State of Delaware, with its principal place of business 400 Stonebreak Road Ext., Malta, NY 12020, USA (“**GF**”) and **SOITEC S.A.** (“**Supplier**”), a Societe Anonyme organized under the laws of France with its principal office at Parc Technologique des Fontaines, Chemin des Franques 38190 Bernin (France). Both GF and Supplier are referenced herein as **Party** or **Parties**, as the case might be.

WHEREAS, the Parties entered into Exhibit 3 to the Long Term Addendum dated September 11, 2017 (the “**LTA Addendum**”), the Product Purchase and Supply Commitment – 2021 (the “**Original FD LTA Exhibit 3**”) with an effective date of November 5, 2020 (the “**Original FD LTA Exhibit 3 Effective Date**”).

WHEREAS, since the Original FD LTA Exhibit 3 was executed, the Parties now wish to amend and restate the Original FD LTA Exhibit 3 and the Parties wish to enter into this FD LTA Amended Exhibit 3, as more specifically set forth below.

1. Introduction and Purpose

- (a) This FD LTA Amended Exhibit 3 shall be attached to and incorporated by reference into the LTA Addendum and is further subject to Section 1(a) of the Material Supply Agreement, entered into on April 25, 2017, GLOBALFOUNDRIES Contract Number 00037735.0 (the “**Agreement**”). If there is a disagreement between the LTA Addendum and this FD LTA Amended Exhibit 3, this FD LTA Amended Exhibit 3 shall have precedence over the LTA Addendum. If there is disagreement between the Product Purchase Addendum dated April 25, 2017 (the “**Dresden PPA**”) and this FD LTA Amended Exhibit 3, this FD LTA Amended Exhibit 3 shall have precedence over the Dresden PPA.
- (b) All capitalized terms in this FD LTA Amended Exhibit 3 shall have the same meaning as set forth in the Agreement and the LTA Addendum, unless otherwise defined in this FD LTA Amended Exhibit 3.
- (c) Where the context so admits or requires, references to the plural in any defined term herein shall include the singular and vice versa.
- (d) The purpose of this FD LTA Amended Exhibit 3 is to set forth the terms and conditions upon which the Parties will purchase and supply the Product during the FD LTA Amended Exhibit 3 Term (as defined below), as more specifically set forth, hereinbelow.

2. Purchase and Supply Commitment for Product

- (a) **Product and Price:**
 - i. The Product(s) to be purchased by GF Parties and sold by Supplier pursuant to the LTA Addendum and this FD LTA Amended Exhibit 3, are listed in Table 1, below, and the term “**Product**” used in this FD LTA Amended Exhibit 3 shall refer to one or more of the items listed in Table 1, below.
 - ii. The pricing defined in Exhibit 1 of the LTA Addendum shall not apply to the 2021-2022 Product Volume (defined below) purchased and supplied pursuant to this FD LTA Amended Exhibit 3; and the price per unit of Product for the 2021-2022 Product Volume shall be [***] per unit of Product. The pricing defined in Exhibit 1 of the LTA Addendum shall apply to any volumes of Product ordered and purchased by GF Parties in excess of the 2021-2022 Product Volume for calendar year 2021.
 - iii. GF and Supplier agree that GF shall qualify the configurations and accept the Product volumes specified in the Qualification and Volume Release Plan set forth in Appendix A , attached to this FD LTA Amended Exhibit 3 (the “**Qualification and Volume Release Plan**”); [***]

[***]

- c. Such deliveries to the GF Parties' consignment inventory shall be pursuant to the [***] PPA or the applicable Product Purchase Addendum (each a "**PPA**"), to the extent such [***] PPA or PPA terms apply to the 2021-2022 Product Volume or do not conflict with this FD LTA Amended Exhibit 3 [***] The applicable GF Parties shall issue a [***] purchase order (as Releases as defined in the Agreement) as follows: [***]. For the avoidance of doubt, any Release issued pursuant to this Section 2(b)(i)(c) only authorizes delivery by Supplier of the 2021-2022 Product Volume. The applicable GF Parties' agree to invoice and purchase such 2021-2022 Product Volume upon [***] of such volumes or as such 2021-2022 Product Volumes become [***]
 - ii. The Parties agree that Supplier's Affiliate, Soitec Microelectronics Singapore Pte. Ltd, located at 81 Pasir Ris Industrial Drive 1, Singapore 518220 ("**Supplier Singapore**"), may also deliver volume of Product to the consignment inventory of the applicable GF Party, [***] according to the Qualification and Volume Release Plan as set forth in Appendix 1.
 - iii. Subject to Section 2(b)(ii), above, and for the avoidance of doubt, the Parties agree that Supplier and Supplier Singapore are authorized to deliver the 2021-2022 Product Volume to the applicable GF Parties' consignment inventory even if such volumes are in excess of the maximum inventory levels defined in the Dresden PPA or the applicable PPA.
 - iv. In the event GF Parties wish to order additional volumes of Product in excess of the 2021-2022 Product Volume, Supplier shall use commercially reasonable efforts to supply such additional volumes.
 - v. Upon the [***] of any units of the 2021-2022 Product Volume or when units of 2021-2022 Product Volume become [***], the payment terms for the 2021-2022 Product Volume shall be [***] net.
- 3. Term of FD LTA Amended Exhibit 3.**

Unless otherwise terminated as set forth in the Agreement, the term of this FD LTA Amended Exhibit 3 shall commence on FD LTA Exhibit 3 Effective Date and expire on December 31, 2022 (the "**FD LTA Amended Exhibit 3 Term**")

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IN WITNESS WHEREOF, the Parties hereto have executed this FD LTA Amended Exhibit 3, effective as of the last signature date set forth below (the "**FD LTA Amended Exhibit 3 Effective Date**").

GLOBALFOUNDRIES US Inc.

"GF"

/s/ Glenn Colton

Authorized Signature & Company Seal (if applicable)

Glenn Colton

Print Name

VP of Procurement

Title

Jul 1, 2021

Date

Global Foundries Dresden Module One LLC & Co KG

(solely for orders and deliveries to GF Dresden and to the extent this FD LTA Amended Exhibit 3 applies to the Dresden PPA)

"GF Dresden"

/s/ Yvonne Keil

Authorized Signature & Company Seal (if applicable)

Yvonne Keil

Print Name

Site Lead Procurement

Title

Jul 1, 2021

Date

SOITEC S.A.

"Supplier"

/s/ Paul Boudre

Authorized Signature & Company Seal (if applicable)

P Boudre

Print Name

CEO

Title

Jun 30, 2021

Date

Dated September 3, 2021

GLOBALFOUNDRIES SINGAPORE PTE. LTD.

as Company

GLOBALFOUNDRIES INC.

as Guarantor

- and -

ECONOMIC DEVELOPMENT BOARD

as the Board

TERM LOAN FACILITY AGREEMENT

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BETWEEN:

- (A) **GLOBALFOUNDRIES SINGAPORE PTE. LTD.**, a company incorporated in the Republic of Singapore, with company number 198703584K (the “**Company**”);
- (B) **GLOBALFOUNDRIES INC.**, an exempted company with limited liability incorporated in the Cayman Islands with registration number 218148 and having its registered office at the offices of Maples Corporate Services Limited, PO Box 309, Uglund House, Grand Cayman, KY1-1104, Cayman Islands (the “**Guarantor**”); and
- (C) **ECONOMIC DEVELOPMENT BOARD**, a statutory board established in the Republic of Singapore pursuant to the Economic Development Board Act (Cap. 85) of 250, North Bridge Road, #28-00 Raffles City Tower, Singapore 179101 (the “**Board**”).

WHEREAS:

- (1) The Company has applied to the Board for a term loan facility up to a maximum aggregate principal amount of S\$1,541,000,000 under the capital assistance scheme of the Board (the “**Capital Assistance Scheme**”).
- (2) The Board is willing to grant the term loan facility to the Company, upon the terms and subject to the conditions hereinafter set forth.

NOW THIS AGREEMENT WITNESSETH AS FOLLOWS:

1. DEFINITIONS

- 1.1 In this Agreement, unless the context otherwise requires, the following words or expressions shall have the following meanings respectively:

“**Acceptable Bank**” means:

- (a) a bank or financial institution which has a rating for its long-term unsecured and non-credit-enhanced debt obligations of BBB+ or higher by Standard & Poor’s Rating Services or Baa1 or higher by Moody’s Investors Service Limited or BBB+ or higher by Fitch Ratings Ltd; or
- (b) any other bank or financial institution approved by the Board.

“**Acceptable Fixed Productive Assets**” has the meaning given to that term in Clause 10.3(a) (*Fixed Productive Assets Disposal, Insurance Proceeds and LTV Test*).

“**Acceptable Letter of Credit**” means a first demand stand by letter of credit, substantially in the form of Appendix XI (*Form of Acceptable Letter of Credit*) issued by an Acceptable Bank.

“**Additional LTV Test Certificate**” has the meaning given to that term in Clause 10.3(a) (*Fixed Productive Assets Disposal, Insurance Proceeds and LTV Test*).

“**Additional LTV Test Date**” has the meaning given to that term in Clause 10.3(a) (*Fixed Productive Assets Disposal, Insurance Proceeds and LTV Test*).

“**Additional LTV Test Prepayment Date**” has the meaning given to that term in Clause 10.3(a) (*Fixed Productive Assets Disposal, Insurance Proceeds and LTV Test*).

“**Additional Valuation Report**” has the meaning given to that term in Clause 14.14(a) (*Additional Valuation Report*).

“**Adjusted Group**” means the Group excluding the Excluded Companies.

“**Affiliate Investment**” means any entity in which the Guarantor has ownership, directly or indirectly, of not less than ten per cent. (10%) of the securities having ordinary voting power for the election of directors or other governing body of such entity.

“**Annual Progress Update**” means the following annual progress update reports:

- (a) the independent construction consultant annual report to be issued by the Independent Construction Consultant substantially in the form set out in Part I of Appendix VIII (*Forms of Annual Progress Update*); and
- (b) the EDB annual progress update report to be issued by the Company substantially in the form set out in Part II of Appendix VIII (*Forms of Annual Progress Update*).

“**Anti-Money Laundering Laws**” has the meaning given to that term in Clause 12.15 (*Anti-Money Laundering*).

“**Applicable Law**” means any constitution, statute, law, rule, regulation, ordinance, judgment, order, decree, Government Approval, or any published directive, guideline, requirement or other governmental restriction that has the force of law or any determination by, or interpretation of, any of the foregoing by any judicial authority, binding on a given person whether in effect as of the date hereof or as of any date thereafter.

“**Applicable Valuation Report**” has the meaning given to that term in Clause 10.3(a) (*Fixed Productive Assets Disposal, Insurance Proceeds and LTV Test*).

“**Approved Accounting Principles**” means, as the context may require, in the case of the Guarantor, IFRS or, at the election of the Guarantor, US GAAP or, in the case of any other member of the Group, the accounting standards generally accepted in the jurisdiction of incorporation of the relevant member of the Group (or, at the election of the Company, IFRS or US GAAP).

“**Assignment of Building Agreement**” means a Singapore law governed assignment of building agreement entered or to be entered into between the Company and the Board.

“**Assignment of Contractor’s All Risk Insurance**” means a Singapore law governed assignment of the Contractor’s All Risk Insurance entered or to be entered into between the Company and the Board.

“**Assignment of Project Documents**” means a Singapore law governed assignment of project documents entered or to be entered into between the Company and the Board.

“**Authorisation**” means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration.

“**Authorised Officer**” means, in respect of a person, the chairman or any other director of the board of directors, the chief executive officer, the chief financial officer, the general manager, the treasurer or any other duly authorised officer of such person.

“**Availability Period**” has the meaning given to that term in Clause 6 (*Availability of Term Loan Facility*).

“**Board’s Bank Account**” means the Board’s bank account with the following details:

Account Name: Economic Development Board

and any other account which may replace such account, whether by way of renewal, extension or otherwise (and whether represented by a new account number or otherwise) and provided the Company has been notified of such change in account in accordance with Clause 9 (*Payment Provisions*).

“Building Agreement” means the agreement of the Head Lessor to lease the Land to the Company for a term of thirty (30) years, comprising of (a) the letter of offer dated 9 June 2021 from the Head Lessor to the Company, together with all the attachments thereto (including but not limited to the Key Terms, Building Terms, Special Terms and Standard Terms attached thereto), relating to the Head Lessor’s offer to lease the Land to the Company (the **“Offer”**), (b) the letter of acceptance of the Offer dated 10 June 2021 from the Company to the Head Lessor, (c) the side-letter dated 10 June 2021 from the Head Lessor to the Company, amending certain terms of the Offer (the **“Amended Terms of Offer”**) and the letter of acceptance of the Amended Terms of Offer dated 10 June 2021 from the Company to the Head Lessor, (in each case, as may be amended, varied, modified or supplemented from time to time and includes any document which amends, varies, modifies or supplements the same).

“Business Day” means:

- (a) for the purposes of notice periods for any drawdown and loan repayments (including interest) and determining interest accrual, a day on which banks in Singapore are open for general business excluding Saturdays, Sundays and public holidays in Singapore; and
- (b) for all other purposes, a day on which banks in Singapore and New York are open for general business excluding Saturdays, Sundays and public holidays in Singapore and New York.

“Calculation Date” means each last day of the second quarter of a Financial Year and each last day of a Financial Year commencing with 31 December 2021.

“Calculation Period” means any twelve (12) calendar month period ending on a Calculation Date (and including, for the avoidance of doubt, only one previous Calculation Date).

“Capital Stock” means, of any person, any shares, interests, rights to purchase, warrants, options, debt securities, participations or other equivalents of or interests in (however designated), the common or preferred equity share capital of such person, including, without limitation, partnership interests, and any securities convertible into or exchangeable for any thereof (whether optionally or mandatorily).

“Cash” means, at any time, cash at bank credited to an account in the name of a member of the Adjusted Group with an Acceptable Bank which is freely transferable into Dollars, USD or Euro and immediately available (or immediately available upon the giving of notice and the expiry of the relevant notice period) to be applied in repayment or prepayment of the Term Loan Facility.

“Cash Equivalent Investments” means at any time:

- (a) certificates of deposit maturing within one (1) year after the relevant date of calculation and issued by an Acceptable Bank;
- (b) any investment in marketable debt obligations issued or guaranteed by the government of the United States of America, the United Kingdom, the Emirate of Abu Dhabi, Japan, Singapore or any member state of the European Economic Area or any Participating Member State which has a credit rating of A- or higher by Standard & Poor’s Rating Services, A3 or higher by Moody’s Investors Service Limited or Aa3 or higher by Fitch Ratings Limited or by an instrumentality or agency of any of them having an equivalent credit rating, maturing within one (1) year after the relevant date of calculation and not convertible or exchangeable to any other security;
- (c) commercial paper not convertible or exchangeable to any other security:

- (i) for which a recognised trading market exists;
 - (ii) issued by an issuer incorporated in the United States of America, the United Kingdom, any Emirate of the United Arab Emirates, Japan, Singapore, any member state of the European Economic Area or any Participating Member State;
 - (iii) which matures within one (1) year after the relevant date of calculation; and
 - (iv) which has a credit rating of A-1 or higher by Standard & Poor's Rating Services or P-1 or higher by Moody's Investors Service Limited or F1 or higher by Fitch Ratings Ltd, or, if no rating is available in respect of the commercial paper, the issuer of which has, in respect of its long-term unsecured and non-credit enhanced debt obligations, an equivalent rating;
- (d) any investment in money market funds which (i) have assets with a credit rating of A-1 or higher by Standard & Poor's Rating Services or P-1 or higher by Moody's Investors Service Limited or F1 or higher by Fitch Ratings Ltd, (ii) which invest substantially all their assets in securities of the types described in paragraphs (a) to (c) above and (iii) can be turned into cash on not more than thirty (30) days' notice;
- (e) any loan made to an entity which has a credit rating of A+ or higher by Standard & Poor's Rating Services or A1 or higher by Moody's Investors Service Limited or A+ or higher by Fitch Ratings Ltd (or whose repayment obligation is guaranteed by an entity with such rating);
- (f) any letter of credit or other similar instrument issued by an Acceptable Bank providing for payment on first written demand, which shall be in the form of an Acceptable Letter of Credit; or
- (g) any other debt security approved by the Board,

in each case, denominated either in Dollars, USD, Euro or in any other currency which is freely convertible into Dollars, USD or Euro and to which any member of the Group is alone (or together with other members of the Group) beneficially entitled at that time and which is not issued or guaranteed by any member of the Group or subject to any security (other than the normal security arising in favour of a clearing system due to the relevant investment being held in such clearing system).

"Change of Control" means the Guarantor ceases to Control (directly or indirectly) the Company.

"Charge over Equipment" means a Singapore law governed charge over equipment forming part of the Acceptable Fixed Productive Assets entered or to be entered into between the Company and the Board.

"Charge over Property All Risk Insurance Amounts" means a Singapore law governed charge over the amounts received or receivable by the Company under the Property All Risk Insurance, to the extent such charge would not be prohibited under the terms of the Property All Risk Insurance, to be entered into between the Company and the Board. For the avoidance of doubt, amounts received or receivable by the Company with respect to loss or damage over assets not constituting the Fixed Productive Assets shall not fall within the scope of the charge.

"China Investment" means the contribution of equipment and other assets to the China Joint Venture in exchange for, amongst other things, equity ownership rights in the China Joint Venture, provided that the China Joint Venture becomes a member of the Group and the aggregate value of such equipment and other assets does not exceed US\$450,000,000 (or its equivalent in any other currency or currencies).

"China Joint Venture" means the joint venture entity established between a member of the Group and the Government of Chongqing or the Government of Chengdu of the People's Republic of China (and/or their respective affiliated entities and local partners).

“**Code**” means the U.S. Internal Revenue Code of 1986 and the regulations promulgated and rulings issued thereunder.

“**Committed Debt Facilities**” means revolving credit facilities providing for Financial Indebtedness maturing not later than three hundred sixty-five (365) days after the date incurred (although any such revolving credit facilities availability period may be longer than one (1) year), whether unsecured or secured (including where structured as a securitisation or other asset backed financing) which are identified in the Compliance Certificate delivered in respect of the relevant Calculation Date pursuant to Clause 13.2 (*Compliance Certificate and Financial Year*).

“**Compliance Certificate**” means a certificate substantially in the form set out in Appendix VI (*Form of Compliance Certificate*).

“**Contractor’s All Risk Insurance**” means the contractor’s all risks insurance in respect of the Project, excluding any public liability, workmen’s compensation insurances or third party liability insurances.

“**Control**” means (a) the ownership, directly or indirectly, of more than fifty-one per cent. (51%) of the securities having ordinary voting power for the election of directors or other governing body of a company, corporation or other entity or (b) the ability, directly or indirectly, to influence any decision of, or to direct or cause the direction of the management and policies (including operations and maintenance decisions) of, a person. The terms “**Controlled by**”, “**under common Control with**” and the term “**Control**” when used as a verb, shall have correlative meanings.

“**Corrupt Practices Laws**” means, collectively (a) the Foreign Corrupt Practices Act 1977, 15 U.S.C. 78dd-1 – 78dd-3 (2000), as amended, and (b) any other applicable law, regulation, order, decree or directive having the force of law and relating to bribery, kick-backs or similar business practices.

“**Day**” or “**day**” means a calendar day.

“**Debt Service Coverage Ratio**” means, in relation to any Calculation Period, the ratio of (a) EBITDA of the Adjusted Group to (b) Senior Debt Service for such period.

“**Default**” means an Event of Default or any event or circumstance specified in Clause 16 (*Events of Default*) hereof which would (with the lapse of time, the giving of notice, the making of any determination under this Agreement or any combination of any of the foregoing) be an Event of Default.

“**Default Interest**” means the interest monies that are charged to be paid by the Company in respect of an Unpaid Sum.

“**Dispute**” has the meaning given to that term in Clause 23.1 (*Enforcement*).

“**Disruption Event**” means either or both of:

- (a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the Term Loan Facility (or otherwise in order for the transactions contemplated by the Finance Documents to be carried out) which disruption is not caused by, and is beyond the control of, any of the parties hereto; or
- (b) the occurrence of any other event which results in a disruption (of a technical or systems related nature) to the treasury or payments operations of a party hereto preventing that, or any other party hereto:
 - (i) from performing its payment obligations under the Finance Documents; or
 - (ii) from communicating with other parties hereto in accordance with the terms of the Finance Documents, and which (in either such case) is not caused by, and is beyond the control of, the party whose operations are disrupted.

“**Distribution**” means in relation to an entity a dividend or other distribution (whether in cash or in kind) made on or in respect of its share capital (or any class of its share capital) and any payment on any Shareholder Loans.

“**Documentary Escrow**” has the meaning given to that term in Clause 3(c)(vii) (*Conditions Precedent and Availability*).

“**Drawing**” means any, each or all (as the context may require) of the drawings made by the Company under the Term Loan Facility (and includes the First Drawing as defined hereof) or the principal amount outstanding for the time being of that Drawing or Drawings, as the case may be.

“**Due Diligence Information**” means the following information delivered to the Board by or on behalf of the Guarantor, the Company and/or the Group in connection with the Project and/or the Term Loan Facility:

- (a) the information set out in the excel spreadsheet titled “Information received compilation – 16Aug21.xlsx”;
- (b) the information set out in the PDF document titled “GF Reporting and Covenants – 0321.pdf”; and
- (c) the information set out in the PDF document titled “GF Discussion on EDB CAS loan_March 1_vFINAL.pdf”.

“**EBITDA**” means:

- (a) in respect of the Adjusted Group, the net income of the Adjusted Group on a consolidated basis for the testing period plus adding back interest expense, taxes, non-operating expenses and amortisation, depreciation and other non-cash items to the extent deducted and deducting interest income to the extent added; and
- (b) in respect of any member of the Group, the net income of that member of the Group on an unconsolidated basis for the testing period (but excluding intra-Group items and investments in Subsidiaries) plus adding back interest expense, taxes, non-operating expenses and amortisation, depreciation and other non-cash items to the extent deducted and deducting interest income to the extent added.

“**EDB Grant**” means the S\$402,000,000 development grant provided to the Company by the Board for the Project.

“**Equity**” means the amount of funding provided to the Guarantor by its shareholders or their affiliates (other than members of the Group) either in the form of Capital Stock or Shareholder Loans, whether by way of cash or other assets.

“**Event of Default**” and “**Events of Default**” mean any, each or all (as the context may require) of the Events of Default described in Clause 16 (*Events of Default*) hereof.

“**Excluded Companies**” means the members of the Group (other than the Company or the Guarantor) which have been designated by the Guarantor to the Board in writing as an “Excluded Company” and which satisfies the requirements of all the sub paragraphs below:

- (a) it was not a member of the Group on 21 December 2016;

- (b) it became a member of the Group after 21 December 2016 in accordance with an acquisition or investment permitted under or not otherwise prohibited by Clause 15.6 (*Acquisitions; Investments*);
- (c) it is not a wholly owned member of the Group; and
- (d) the acquisition of, and any investment made in, such entity by other members of the Group was financed by Equity (or, if not financed by Equity, the Company has received Equity in an amount not less than the fair market value of such acquisition or investment).

“Existing Facilities” means:

- (a) the banker’s guarantee facility with an aggregate amount of US\$2,000,000 provided by Citibank N.A., Singapore to GLOBALFOUNDRIES Singapore Pte. Ltd.;
- (b) the banker’s guarantee facility with an aggregate amount of US\$5,000,000 provided by Deutsche Bank AG, Singapore to GLOBALFOUNDRIES Singapore Pte. Ltd.;
- (c) the banker’s guarantee facility with an aggregate amount of S\$37,000,000 provided by Société Générale Singapore Branch to GLOBALFOUNDRIES Singapore Pte. Ltd.;
- (d) the Second Common Terms Agreement;
- (e) the Third Common Terms Agreement;
- (f) the lease agreement dated on the date of the Third Common Terms Agreement between GLOBALFOUNDRIES Singapore Pte. Ltd as Lessee and Australia and New Zealand Banking Group Limited as Lessor, incorporating the Third Common Terms Agreement;
- (g) the lease agreement dated on the date of the Third Common Terms Agreement between GLOBALFOUNDRIES Singapore Pte. Ltd as Lessee and DBS Bank Ltd. as Lessor, incorporating the Third Common Terms Agreement;
- (h) the lease agreement dated on the date of the Third Common Terms Agreement between GLOBALFOUNDRIES Singapore Pte. Ltd as Lessee and Bank of America, N.A., Singapore Branch as Lessor, incorporating the Third Common Terms Agreement;
- (i) the lease agreement dated on the date of the Third Common Terms Agreement between GLOBALFOUNDRIES Singapore Pte. Ltd as Lessee and Oversea-Chinese Banking Corporation Limited as Lessor, incorporating the Third Common Terms Agreement;
- (j) the lease agreement dated 21 January 2019 between GLOBALFOUNDRIES Singapore Pte. Ltd as Lessee and Australia and New Zealand Banking Group Limited as Lessor, in respect of equipment with a total purchase price of US\$25,000,000, incorporating the Third Common Terms Agreement;
- (k) the lease agreement dated 21 January 2019 between GLOBALFOUNDRIES Singapore Pte. Ltd as Lessee and Australia and New Zealand Banking Group Limited as Lessor, in respect of equipment with a total purchase price of US\$75,000,000, incorporating the Third Common Terms Agreement;
- (l) the lease agreement dated 21 January 2019 between GLOBALFOUNDRIES Singapore Pte. Ltd as Lessee and Bank of America, N.A., Singapore Branch as Lessor, in respect of equipment with a total purchase price of US\$25,000,000, incorporating the Third Common Terms Agreement;

- (m) the lease agreement dated 21 January 2019 between GLOBALFOUNDRIES Singapore Pte. Ltd as Lessee and Bank of America, N.A., Singapore Branch as Lessor, in respect of equipment with a total purchase price of US\$75,000,000, incorporating the Third Common Terms Agreement;
- (n) the lease agreement dated 21 January 2019 between GLOBALFOUNDRIES Singapore Pte. Ltd as Lessee and DBS Bank Ltd. as Lessor, in respect of equipment with a total purchase price of US\$50,000,000, incorporating the Third Common Terms Agreement;
- (o) the lease agreement dated 21 January 2019 between GLOBALFOUNDRIES Singapore Pte. Ltd as Lessee and DBS Bank Ltd. as Lessor, in respect of equipment with a total purchase price of US\$100,000,000, incorporating the Third Common Terms Agreement;
- (p) the lease agreement dated 21 January 2019 between GLOBALFOUNDRIES Singapore Pte. Ltd as Lessee and Mitsubishi UFJ Lease (Singapore) Pte. Ltd. as Lessor, in respect of equipment with a total purchase price of US\$25,000,000, incorporating the Third Common Terms Agreement;
- (q) the lease agreement dated 21 January 2019 between GLOBALFOUNDRIES Singapore Pte. Ltd as Lessee and Oversea-Chinese Banking Corporation Limited as Lessor, in respect of equipment with a total purchase price of US\$50,000,000, incorporating the Third Common Terms Agreement;
- (r) the EUR50,000,000 facility agreement dated 6 June 2018 between, amongst others, GLOBALFOUNDRIES Inc., GLOBALFOUNDRIES Dresden Module One Limited Liability Company & Co. KG and IKB Deutsche Industriebank AG as Lender;
- (s) the master agreement for receivables purchase with an aggregate commitment of US\$91,700,000 dated as of 8 January 2018 (and as amended by way of an amendment and restatement agreement on 14 February 2020 and 22 December 2020), between GLOBALFOUNDRIES Singapore Pte. Ltd, a company incorporated and existing under the laws of the Republic of Singapore, as the Seller and Société Générale, Singapore Branch;
- (t) the reimbursement agreement dated 29 June 2013 (and as amended on 5 June 2014) between GLOBALFOUNDRIES U.S. Inc. and JP Morgan Chase Bank N.A. for the issuance of a letter of credit in amount of US\$32,570,521 (as of 5 June 2019);
- (u) the US\$21,580,519 lease agreement dated 31 August 2017 between GLOBALFOUNDRIES U.S. 2 LLC and I.Park East Fishkill I LLC;
- (v) the US\$417,500,000 revolving and L/C facilities agreement dated 18 October 2019 and as amended on 11 November, 2020 between GLOBALFOUNDRIES Inc., GLOBALFOUNDRIES Singapore Pte. Ltd. and GLOBALFOUNDRIES U.S. Inc. as borrowers, Citibank N.A. and DBS Bank Limited as arrangers and bookrunners and Citibank Europe plc, UK Branch as facility agent;
- (w) the US\$265,200,000 and EUR434,564,360 term facilities agreement dated 31 October 2019 between, amongst others, GLOBALFOUNDRIES Inc., GLOBALFOUNDRIES Dresden Module One Limited Liability Company & Co. KG and GLOBALFOUNDRIES Dresden Module Two Limited Liability Company & Co. KG as borrowers and Bank of America Merrill Lynch International Designated Activity Company as facility agent and as security agent;
- (x) the Fourth Common Terms Agreement;
- (y) the lease agreement dated 11 May 2020 between GLOBALFOUNDRIES Singapore Pte. Ltd as Lessee and AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED, Singapore Branch as Lessor, in respect of equipment with a total purchase price of US\$30,916,666.67, incorporating the Fourth Common Terms Agreement;

- (z) the lease agreement dated 11 May 2020 between GLOBALFOUNDRIES Singapore Pte. Ltd as Lessee and AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED, Singapore Branch as Lessor, in respect of equipment with a total purchase price of US\$10,000,000, incorporating the Fourth Common Terms Agreement;
- (aa) the lease agreement dated 11 May 2020 between GLOBALFOUNDRIES Singapore Pte. Ltd as Lessee and AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED, Singapore Branch as Lessor, in respect of equipment with a total purchase price of US\$5,000,000, incorporating the Fourth Common Terms Agreement;
- (bb) the lease agreement dated 11 May 2020 between GLOBALFOUNDRIES Singapore Pte. Ltd as Lessee and DBS BANK LTD as Lessor, in respect of equipment with a total purchase price of US\$40,416,666.67, incorporating the Fourth Common Terms Agreement;
- (cc) the lease agreement dated 11 May 2020 between GLOBALFOUNDRIES Singapore Pte. Ltd as Lessee and DBS BANK LTD as Lessor, in respect of equipment with a total purchase price of US\$15,000,000, incorporating the Fourth Common Terms Agreement;
- (dd) the lease agreement dated 11 May 2020 between GLOBALFOUNDRIES Singapore Pte. Ltd as Lessee and DBS BANK LTD as Lessor, in respect of equipment with a total purchase price of US\$5,000,000, incorporating the Fourth Common Terms Agreement;
- (ee) the lease agreement dated 11 May 2020 between GLOBALFOUNDRIES Singapore Pte. Ltd as Lessee and MITSUBISHI UFJ LEASE (SINGAPORE) Pte. Ltd as Lessor, in respect of equipment with a total purchase price of US\$19,333.333.33, incorporating the Fourth Common Terms Agreement;
- (ff) the lease agreement dated 11 May 2020 between GLOBALFOUNDRIES Singapore Pte. Ltd as Lessee and OVERSEA-CHINESE BANKING CORPORATION LIMITED as Lessor, in respect of equipment with a total purchase price of US\$19,334,000, incorporating the Fourth Common Terms Agreement;
- (gg) the lease agreement dated 29 May 2020 between GLOBALFOUNDRIES Singapore Pte. Ltd as Lessee and AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED, Singapore Branch as Lessor, in respect of equipment with a total purchase price of US\$25,650,000, incorporating the Fourth Common Terms Agreement;
- (hh) the lease agreement dated 29 May 2020 between GLOBALFOUNDRIES Singapore Pte. Ltd as Lessee and DBS BANK LTD as Lessor, in respect of equipment with a total purchase price of US\$33,750,000, incorporating the Fourth Common Terms Agreement;
- (ii) the lease agreement dated 29 May 2020 between GLOBALFOUNDRIES Singapore Pte. Ltd as Lessee and MITSUBISHI UFJ LEASE (SINGAPORE) Pte. Ltd as Lessor, in respect of equipment with a total purchase price of US\$10,800,000, incorporating the Fourth Common Terms Agreement;
- (jj) the lease agreement dated 29 May 2020 between GLOBALFOUNDRIES Singapore Pte. Ltd as Lessee and OVERSEA-CHINESE BANKING CORPORATION LIMITED as Lessor, in respect of equipment with a total purchase price of US\$10,800,000, incorporating the Fourth Common Terms Agreement;
- (kk) the lease agreement dated 30 July 2020 between GLOBALFOUNDRIES Singapore Pte. Ltd as Lessee and AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED, Singapore Branch as Lessor, in respect of equipment with a total purchase price of US\$23,433,333.33, incorporating the Fourth Common Terms Agreement;

- (ll) the lease agreement dated 30 July 2020 between GLOBALFOUNDRIES Singapore Pte. Ltd as Lessee and DBS BANK LTD as Lessor, in respect of equipment with a total purchase price of US\$30,833,333.33, incorporating the Fourth Common Terms Agreement;
- (mm) the lease agreement dated 30 July 2020 between GLOBALFOUNDRIES Singapore Pte. Ltd as Lessee and MITSUBISHI UFJ LEASE (SINGAPORE) Pte. Ltd as Lessor, in respect of equipment with a total purchase price of US\$9,866,666.67, incorporating the Fourth Common Terms Agreement;
- (nn) the lease agreement dated 30 July 2020 between GLOBALFOUNDRIES Singapore Pte. Ltd as Lessee and OVERSEA-CHINESE BANKING CORPORATION LIMITED as Lessor, in respect of equipment with a total purchase price of US\$9,866,666.67, incorporating the Fourth Common Terms Agreement; and
- (oo) the US\$652,060,000 and EUR83,000,000 term facilities agreement dated 11 November 2020 between, amongst others, GLOBALFOUNDRIES Inc. as the company, Citibank, N.A., London Branch, Deutsche Bank AG, DBS Bank Ltd. and Morgan Stanley Bank International Limited as lead arrangers and bookrunners and Wilmington Trust (London) Limited as facility agent and as security agent,

in each case as amended, restated or novated.

“**External Auditor’s Statement**” has the meaning given to that term in Clause 5.2(c) (*Drawings of the Term Loan Facility*).

“**Fair Market Value**” means, in respect of any Acceptable Fixed Productive Assets, the fair market value for those Acceptable Fixed Productive Assets specified in the Applicable Valuation Report, the Top-Up Valuation Report or the Additional Valuation Report (as applicable), which in each case, is calculated based on current methodology as the amount, expressed in terms of money, at which such Acceptable Fixed Productive Assets would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts, as of a specific date and assuming that the business earnings support the value reported, without verification.

“**FATCA**” means:

- (a) sections 1471 to 1474 of the Code or any associated regulations;
- (b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or
- (c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (a) or (b) above with the IRS, the US government or any governmental or taxation authority in any other jurisdiction.

“**FATCA Deduction**” means a deduction or withholding from a payment under a Finance Document required by FATCA.

“**Final Maturity Date**” means the Repayment Date by which all principal and interests owing under this Agreement are fully paid, which shall be the last Repayment Date specified in Appendix IV (*Repayment Schedule*).

“**Final Progress Update**” means the following final progress update reports:

- (a) the independent construction consultant final report to be issued by the Independent Construction Consultant substantially in the form set out in Part I of Appendix IX (*Forms of Final Progress Update*); and
- (b) the EDB final progress update report to be issued by the Company substantially in the form set out in Part II of Appendix IX (*Forms of Final Progress Update*).

“Final Ramp-Up Date” means the date on which the Company (acting reasonably) confirms in writing to the Board that all contractual performance and financial obligations associated with the development of the Project have been satisfied or released.

“Finance Document” means this Agreement, any Security Document, the Subordination Deed, any Written Notice and any other document designated as such by the Board and the Company.

“Finance Lease” means any lease or hire purchase contract, a liability under which would, in accordance with the Approved Accounting Principles, be treated as a balance sheet liability.

“Financed Fixed Productive Assets” means:

- (a) the Module 7H Facility land, buildings and infrastructure; and
- (b) the tools and other related assets for the Module 7H Facility of the type of general categories detailed in the Company’s application for the Capital Assistance Scheme dated 1 May 2021.

“Financial Indebtedness” means any indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of Finance Leases;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis (excluding, for the avoidance of doubt, Standard Discounting Provisions));
- (f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing and classified as borrowings in accordance with the Approved Accounting Principles;
- (g) the acquisition cost of any asset or service where such amount is unpaid more than two hundred seventy (270) days after the expiry of the due date thereof (after giving effect to the payment terms customarily allowed by the relevant supplier) save where the payment deferral results from the delayed or non-satisfaction of contract terms by the supplier or from the contract terms establishing payment schedules tied to total or partial contract completion and/or to the results of operational testing procedures;
- (h) any Treasury Transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any Treasury Transaction, only the marked-to-market value (or, if any actual amount is due as a result of the termination or close-out of that Treasury Transaction, that amount) shall be taken into account);

- (i) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution (but not in the support of the performance by a member of the Group under any contract other than in respect of “Financial Indebtedness” falling within any of paragraphs (a) to (g) (inclusive) of this definition); and
- (j) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (i) above, but:
 - (i) excluding indebtedness owed by one member of the Group to another member of the Group (other than loans made by Non-Obligors to Obligors), Shareholder Loans, all pension provisions and all accounts payable in the ordinary course of business save as provided in paragraph (g) above; and
 - (ii) without any double counting.

“**Financial Statements**” means, in respect of any Person, the cashflow statement, balance sheet, profit and loss account and disclosure of material liabilities relating to such person.

“**Financial Year**” means a financial year of the Guarantor.

“**First Drawing**” means the first drawing made by the Company under the Term Loan Facility.

“**Fixed Productive Assets**” means the Module 7H Facility land, buildings and infrastructure and tools and other related assets for the Module 7H Facility which are subject to Transaction Security.

“**Fixed Productive Assets Event**” has the meaning given to that term in Clause 10.3(a) (*Fixed Productive Assets Disposal, Insurance Proceeds and LTV Test*).

“**Fixed Productive Assets Prepayment Date**” has the meaning given to that term in Clause 10.3(a) (*Fixed Productive Assets Disposal, Insurance Proceeds and LTV Test*).

“**Fourth Common Terms Agreement**” means the common terms agreement dated 23 April 2020 (as amended and/or restated from time to time) between (amongst others) GLOBALFOUNDRIES Singapore Pte. Ltd. as lessee and the original guarantors.

“**Government Approval**” means any consent, license, approval, registration, permit, sanction, filing or registration with or other authorisation or other action of any nature that is required to be granted or taken by or with any Governmental Authority.

“**Governmental Authority**” means any national, state, county, city, town, village, municipal or other local governmental department, commission, board, bureau, agency, authority or instrumentality of any relevant nation or any political subdivision thereof, and any person or entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to any of the foregoing entities, including, without limitation, all commissions, boards, bureaus, arbitrators and arbitration panels, and any authority or other person or entity controlled by any of the foregoing.

“**Grace Period**” has the meaning set out in Clause 2 (*Term Loan Facility*).

“**Group**” means the Guarantor and its Subsidiaries and “member of the Group” shall be construed accordingly.

“**Head Lessor**” means the JTC Corporation, a body corporate incorporated under the Jurong Town Corporation Act, Chapter 150 of Singapore and having its office at The JTC Summit, 8 Jurong Town Hall Road, Singapore 609434.

“**IFRS**” means International Financial Reporting Standards (formerly International Accounting Standards) as issued by the International Accounting Standards Board or any variation thereof with which each member of the Group are, or may be, required to comply, as in effect on the date of First Drawing, provided that:

- (a) except as otherwise set forth in this Agreement, all ratios and calculations based on IFRS contained in this Agreement shall be computed in accordance with IFRS as in effect on the date of First Drawing;
- (b) at any time after the date of First Drawing, the Guarantor may elect to implement any amendments or other changes to IFRS in effect on or prior to the date of such election, provided further that the Guarantor shall give notice of any such election made in accordance with this definition to the Board; and
- (c) notwithstanding any of the foregoing, the impact of IFRS 16 (*Leases*) and any successor standard thereto (or any equivalent measure under any other generally accepted accounting standards) shall be disregarded with respect to all ratios, calculations and determinations based upon IFRS (or, as applicable, such other generally accepted accounting standards) to be calculated or made, as the case may be, pursuant to this Agreement (other than, for the avoidance of doubt, the representations set out in Clause 12.9 (*Financial Statements*)), provided that the Guarantor may make an irrevocable election once to establish that “IFRS” shall include the impact of IFRS 16 (*Leases*) and any successor standard thereto (or any equivalent measure under any other generally accepted accounting standards).

“**Independent Construction Consultant**” means Hatch Associates Ltd. or any other independent construction consultant which is reasonably acceptable to the Company and the Board appointed for the purposes of monitoring the progress of the Project.

“**Independent External Auditor**” means Assentsure PAC, One Partnership PAC or OneStop Assurance PAC or any other independent and reputable auditor firm which is appointed by the Company with the approval of the Board (acting reasonably).

“**Initial Valuation Report**” means an independent appraisal of the Fair Market Value of the Acceptable Fixed Productive Assets prepared by the relevant Valuers dated no more than thirty (30) Business Days prior to the Project Completion Date.

“**Insurances**” means:

- (a) the Contractor’s All Risk Insurance; and
- (b) the Property All Risk Insurance,

but does not include any public liability, workmen’s compensation insurances or third party liability insurances.

“**Interest Period**” means, in relation to a Drawing, each period starting on a Repayment Date and ending on the date immediately preceding the next Repayment Date except that (1) the first interest period in relation to a Drawing shall start on the date of the Drawing and end on the date immediately preceding the Repayment Date first occurring after the date of that Drawing; and (2) no Interest Period shall extend beyond the Final Maturity Date.

“**Interest Rate**” means an interest rate of 1.40 per cent. per annum.

“**IPO Event**” means the listing and/or admission of the share capital of the Guarantor to trading on any recognized stock exchange.

“**IRS**” means the U.S. Internal Revenue Service.

“**Land**” means the land of the Head Lessor known as PTE Lot Nos A7006569, A7006570 and A7006571 at MK13-05367Vpt, MK13-02793Vpt and MK13-03690Mpt in Woodlands Wafer Fab Park and referenced as “the Property” in the Building Agreement.

“**Legal Reservation**” means:

- (a) the principle that equitable remedies may be granted or refused at the discretion of a court and the limitation of enforcement by laws relating to insolvency, reorganisation and other laws generally affecting the rights of creditors;
- (b) the time barring of claims under the Limitation Acts, the possibility that an undertaking to assume liability for or indemnify a person against non-payment of UK stamp duty may be void and defences of set-off or counterclaim;
- (c) similar principles, rights and defences under the laws of any relevant jurisdiction; and
- (d) any other matters which are set out as qualifications or reservations as to matters of law of general application in any legal opinion delivered in connection with this Agreement.

“**Leverage Ratio**” means, in relation to any Calculation Date, the ratio of Senior Debt to Total Capitalisation on such date.

“**Limitation Acts**” means the Limitation Act (Chapter 163) of Singapore and the Foreign Limitation Periods Act (Chapter 111A) of Singapore.

“**Linde’s Supply System**” means all equipment and facilities that will be installed, owned, and operated by Linde Gas Singapore Pte. Ltd. on the Land for the production, compression, storage and vaporization and/or delivery of bulk gases in accordance with the bulk gases supply agreement made or to be made between the Company and Linde Gas Singapore Pte. Ltd.. For the avoidance of doubt, this shall not include the Land on which any of the equipment and facilities are installed, owned or operated by Linde Gas Singapore Pte. Ltd..

“**Loan Period**” has the meaning set out in Clause 2 (*Term Loan Facility*).

“**LTV**” means, as at the applicable date, the aggregate principal amounts of the Drawings outstanding under the Term Loan Facility on such date divided by the Fair Market Value of the Acceptable Fixed Productive Assets at such date, expressed as a percentage and, where applicable, as adjusted in accordance with Clause 10.3 (*Fixed Productive Assets Disposal, Insurance Proceeds and LTV Test*).

“**LTV Test Certificate**” has the meaning given to that term in Clause 10.3(a) (*Fixed Productive Assets Disposal, Insurance Proceeds and LTV Test*).

“**LTV Test Date**” has the meaning given to that term in Clause 10.3(a) (*Fixed Productive Assets Disposal, Insurance Proceeds and LTV Test*).

“**LTV Test Prepayment Date**” has the meaning given to that term in Clause 10.3(a) (*Fixed Productive Assets Disposal, Insurance Proceeds and LTV Test*).

“**LTV Threshold**” means:

- (a) on the Project Completion Date, fifty per cent. (50%);
- (b) immediately following the Project Completion Date until and including the first anniversary after the Project Completion Date, fifty-five per cent. (55%);
- (c) immediately after the first anniversary after the Project Completion Date until and including the second anniversary after the Project Completion Date, sixty-five per cent. (65%); and

(d) immediately after the second anniversary after the Project Completion Date and thereafter, seventy per cent. (70%).

“**Main Construction Contract**” means an agreement to be entered into between the Company and Exyte Singapore Pte. Ltd. for the provision of design and construction services in relation to the Project by Exyte Singapore Pte. Ltd. (as may be amended, varied, modified, supplemented or replaced from time to time, and includes any document which amends, varies, modifies, supplements or replace the same).

“**Material Adverse Effect**” means any event or circumstance which in each case after taking into account all mitigating factors or circumstances (including any warranty, indemnity, insurance or other resources available to the Group or right of recourse against any third party with respect to the relevant event or circumstance and any obligation of any person in force to provide any additional equity investment) has a material adverse effect on:

- (a) the Company’s and the Guarantor’s ability (taken together) to pay any amounts due under the Finance Documents; or
- (b) the business and financial condition of the Group taken as a whole.

“**Module 7H Facility**” means the fabrication facilities identified as Module 7H and located on the Land.

“**Month**” or “**month**” means a calendar month.

“**Mortgage**” means a Singapore law governed first-ranking legal mortgage over the Property entered or to be entered into between the Company and the Board.

“**Net Interest**” means, in respect of the Adjusted Group on a consolidated basis, interest expense to the extent paid in cash less interest income to the extent received in cash during the relevant Calculation Period, determined in accordance with the Approved Accounting Principles.

“**Non-Obligors**” means a member of the Group that is neither an Obligor nor an Excluded Company.

“**Obligor**” means the entities listed in Appendix XII (*The Obligors*), subject to the addition or removal of any member of the Group as an Obligor by the Guarantor subject to prior notice to, but without the consent of, the Board provided that the Guarantor and the Company may not be removed as an Obligor.

“**Participating Member State**” means any member state of the European Union that has the Euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union.

“**Permitted Disposal**” means:

- (a) in respect of Acceptable Fixed Productive Assets, dispositions of Acceptable Fixed Productive Assets by the Company (other than the Property) provided that the provisions of Clause 10.3(b) (*Fixed Productive Assets Disposal, Insurance Proceeds and LTV Test*) relating to a Fixed Productive Assets Event is satisfied; and
- (b) in respect of any other asset which is not an Acceptable Fixed Productive Asset, any of the following sales, leases, transfers or other disposals (each, a “**disposition**”) by the Company:
 - (i) sales of inventory and product;
 - (ii) leases of or other agreements relating to unused or underutilised production capacity in the ordinary course of business;
 - (iii) agreements relating to dedication of production capacity to customers, in the form of leases or otherwise, or the licensing or other disposition of intellectual property or other property in connection with joint development or co-development arrangements or agreements or other licensing or disposition of intellectual property, in each case in the ordinary course of business;

- (iv) (A) dispositions of any of its assets that are (1) uneconomic or obsolete; (2) no longer used or useful or necessary in connection with the operation of its business; or (3) at the end of their useful life and that, to the extent necessary for the operation of its business, are replaced by other property or assets of equal value and utility as at the beginning of its useful life or (B) dispositions of any intellectual property rights or interests provided that the aggregate consideration for such dispositions by members of the Group shall not exceed US\$50,000,000 (or its equivalent in any other currency or currencies) in any Financial Year;
- (v) dispositions of cash or Cash Equivalent Investments not otherwise prohibited under the Finance Documents;
- (vi) dispositions of assets in exchange for other assets comparable or superior as to type, value and quality;
- (vii) dispositions made with the prior consent of the Board;
- (viii) without limiting any other restrictions on any such transaction set forth herein, dispositions of receivables or inventory pursuant to (1) any securitisation, factoring or other working capital financing or (2) any financing permitted under paragraph (h) of the definition of "Permitted Indebtedness" and any disposition required as part of a transaction permitted under paragraphs (f) or (j) of the definition of "Permitted Indebtedness";
- (ix) dispositions of the shares of, or other ownership interests in, any Obligor or other asset where the net proceeds of that disposition are applied within three (3) months (A) in permanent repayment of Financial Indebtedness secured on the asset which has been disposed of and/or (B) in permanent prepayment of the Term Loan Facility or, at the option of the Company, the Term Loan Facility and other Financial Indebtedness (other than Shareholder Loans) of an Obligor or Obligors on a pro rata basis and/or (C) in reinvestment, if the asset comprises shares of, other ownership interests in, or assets of, an Obligor, in an Obligor or its assets or business and otherwise in any member of the Group or its assets or business, **provided that** if the disposing entity is a member of the Group that is not an Excluded Company and the asset being disposed of is not an ownership interest in an Excluded Company, such reinvestment shall not be permitted in the ownership interests in or the assets or business of an Excluded Company;
- (x) dispositions (A) from an Obligor to another Obligor, (B) from a Non-Obligor to another Non-Obligor, (C) from a Non-Obligor to an Obligor or (D) from an Obligor to a Non-Obligor;
- (xi) dispositions which are permitted by Clause 15.6 (*Acquisitions; Investments*);
- (xii) dispositions constituting Security or Quasi-Security which are not prohibited under Clause 15.1 (*Negative Pledge*); or
- (xiii) dispositions where the higher of the market value or consideration receivable (when aggregated with the higher of the market value or consideration receivable for any other dispositions, other than any disposition falling under any other paragraph of this definition of Permitted Disposal) does not exceed one per cent. (1.00%) of Total Assets of the Group in such Financial Year,

provided that no material disposition shall be a Permitted Disposal for the purposes of this definition unless made on arm's length terms or better except for the following:

- (A) dispositions permitted under paragraphs (x)(A) or (x)(B) above and paragraph (x)(D) above;
- (B) dispositions permitted under paragraph (xi) to the extent comprising a Permitted Investment under paragraph (b) of such definition; and
- (C) an intra-Group Reorganisation permitted under Clause 15.3 (*Merger*),

provided further that the aggregate of the difference between the market value of the assets disposed of pursuant to transactions under paragraphs (x)(D) and (xi) which are not on arm's length terms or better and the aggregate consideration therefor shall not exceed US\$50,000,000 (or its equivalent in any other currency or currencies) in any Financial Year.

"Permitted Indebtedness" means any Financial Indebtedness:

- (a) incurred under or pursuant to the Finance Documents;
- (b) owed by a member of the Group which is fully subordinated to the amounts owing to the Board under the Finance Documents in accordance with the provisions of the Subordination Deed or otherwise on terms acceptable to the Board;
- (c) incurred under or pursuant to (A) the Existing Facilities or (B) Finance Leases existing prior to the date of this Agreement to the extent that the aggregate Financial Indebtedness under such Finance Leases does not exceed the relevant amount described in Appendix VII (*Existing Finance Leases and Capital Leases*);
- (d) incurred for the purpose of refinancing Financial Indebtedness then existing provided that:
 - (i) the Weighted Average Life to Maturity of the new Financial Indebtedness is not shorter than that of the Financial Indebtedness being refinanced; and
 - (ii) if the existing Financial Indebtedness being refinanced is or was amortising, then the amount of the relevant refinancing Financial Indebtedness permitted pursuant to this paragraph (d) shall be up to the original principal amount of such existing Financial Indebtedness prior to any amortisation payments;
- (e) consisting of revolving working capital indebtedness up to a maximum aggregate amount in respect of all of the Obligors of US\$750,000,000 (or its equivalent in any other currency or currencies) (less any Permitted Indebtedness outstanding under paragraph (h) below only, at such time) outstanding at any time and maturing not later than three hundred and sixty-five (365) days after the date incurred (although any such revolving working capital facility availability period may be longer than one (1) year);
- (f) incurred within ninety (90) days of the completion of the acquisition of fixed or capital assets to finance or refinance the acquisition of such asset provided that such Financial Indebtedness only relates to the assets so acquired and the aggregate amount of all such Financial Indebtedness does not exceed US\$250,000,000 (or its equivalent in any other currency or currencies) at any time;
- (g) which is incurred pursuant to the operation of cash pooling, net balance or balance transfer arrangements made available to members of the Group provided that the aggregate amount owing by Non-Obligors to Obligors pursuant to such arrangements shall not exceed US\$200,000,000 (or its equivalent in any other currency or currencies) at any time;

- (h) arising in relation to the sale or disposal of receivables or inventory permitted under paragraph (b)(viii) of the definition of “Permitted Disposal” or secured on receivables or inventory provided that the aggregate amount of Financial Indebtedness outstanding at any time under all such securitisation, factoring and other working capital or other financing shall not exceed US\$750,000,000 (or its equivalent in any other currency or currencies) at any time;
- (i) arising under Treasury Transactions entered into on arm’s length terms and for non-speculative purposes in the ordinary course of business;
- (j) under Finance Leases including sale and leaseback transactions in the ordinary course of business, provided that the aggregate capital value of all such assets so leased under outstanding leases by members of the Group does not exceed US\$750,000,000 (or its equivalent in any other currency or currencies) at any time (less any Permitted Indebtedness outstanding under paragraph (f) of this definition only, at such time);
- (k) arising under any Permitted Investment;
- (l) consisting of guarantees, indemnities or counter-indemnity obligations incurred by an Obligor given in connection with Permitted Indebtedness or Financial Indebtedness that is otherwise permitted under Clause 15.5 (*Financial Indebtedness*) (including any guarantee, indemnity or counter-indemnity obligation which is within paragraphs (f) or (g) of the definition of “Financial Indebtedness” in respect of Financial Indebtedness of another Obligor) but, if in respect of a Non-Obligor, only as permitted under paragraph (b) of the definition of “Permitted Investment”;
- (m) consisting of counter-indemnity obligations falling within paragraph (f) of the definition of “Financial Indebtedness” arising in the ordinary course of business and where the relevant guarantee, indemnity, bond, standby or documentary letter of credit or other instrument does not support or relate to Financial Indebtedness;
- (n) incurred in connection with any financing or refinancing by or, insured, guaranteed or otherwise supported by, any export credit agency, any other governmental, quasi-governmental, multi-lateral, federal institution or agency, or any similar institution or agency where the terms of such financing or refinancing provide for the incurrence of such Financial Indebtedness by a subsidiary of the Guarantor, provided that the aggregate amount of all such Financial Indebtedness does not exceed US\$500,000,000 (or its equivalent in any other currency or currencies) at any time;
- (o) incurred in connection with any financing or refinancing by or, insured guaranteed or otherwise supported by the European Investment Bank’s on-lending programme where the terms of such financing or refinancing provide for the incurrence of such Financial Indebtedness by a subsidiary of the Guarantor, provided that the aggregate amount of all such Financial Indebtedness does not exceed EUR100,000,000 (or its equivalent in any other currency or currencies) at any time;
- (p) incurred by a wholly-owned direct Subsidiary of the Guarantor as a co-borrower of Financial Indebtedness provided that: (A) such Financial Indebtedness is also incurred by the Guarantor as a co-borrower, (B) the incurrence of such Financial Indebtedness by the Guarantor is permitted pursuant to this Agreement, and (C) such Subsidiary does not carry out any manufacturing or trade activities or any other business activities (other than any activities reasonably necessary for maintaining its existence), does not have any material liabilities (other than as co-borrower of such Financial Indebtedness and obligations pursuant to the foregoing permitted business activities), and does not own any material assets (including Capital Stock, shares or other ownership interests in any company, corporation, partnership or other entity) other than as reasonably necessary for maintaining its existence; and

- (q) (other than Financial Indebtedness described in paragraphs (a) to (p) above) which in aggregate does not exceed US\$350,000,000 (or its equivalent in any other currency or currencies) at any time outstanding.

“**Permitted Investment**” means any of the following:

- (a) any acquisition or investment to the extent financed by Equity;
- (b) without limiting Clause 14.7 (*Obligor Coverage*), any acquisition from or investment (including any loan to, or guarantee in respect of, Financial Indebtedness of any other member of the Group) in another member of the Group provided that:
- (i) the aggregate of (1) loans by Obligors to Non-Obligors and (2) guarantees by Obligors of Financial Indebtedness of Non-Obligors shall not exceed US\$50,000,000 (or its equivalent in any other currency or currencies); and
 - (ii) the aggregate of other investments made in Non-Obligors by Obligors after the date of this Agreement (other than the China Investment) shall not exceed the aggregate of US\$50,000,000 (or its equivalent in any other currency or currencies) in any Financial Year plus the aggregate of Equity contributed to the Group after the date of this Agreement and applied in such investments;
- (c) any acquisition of or investments in cash or Cash Equivalent Investments;
- (d) any acquisition of additional equity ownership interests in any existing Affiliate Investment;
- (e) loans made to an employee or director of any member of the Group whether pursuant to a share option scheme or otherwise; provided that the amount of that loan when aggregated with the amount of all loans to employees and directors by any member of the Group shall not exceed US\$10,000,000 (or its equivalent in any other currency or currencies) at any time;
- (f) a loan, which does not constitute Financial Indebtedness, which is given or made in the ordinary course of business;
- (g) any investment in an entity engaged in business reasonably related to the core business of the Group if such entity is made or becomes an Obligor within ninety (90) days of such investment occurring;
- (h) any acquisitions or investment which is provided for in paragraph (b)(vi) of the definition of “Permitted Disposals” or results from a transaction permitted under Clause 15.3 (*Merger*) (provided that such transaction is also in compliance with paragraph (b) of this definition);
- (i) any refinancing, renewal or replacement of a loan or other investment outstanding on the date of this Agreement (up to the maximum amount thereof outstanding or committed as at the date of this Agreement); or
- (j) acquisitions and investments not otherwise permitted by this definition, which will not cause a breach of Clause 15.9 (*Nature of Business*), where the relevant consideration does not exceed in aggregate, for each Financial Year, one per cent. (1%) of Total Assets of the Group.

“**Person**” shall include an individual, corporation, company, partnership, firm, trustee, executor, administrator or other legal personal representative, unincorporated association, joint venture, syndicate or other business enterprise, any governmental, administrative or regulatory authority or agency and their respective successors, legal personal representatives and assigns, as the case may be.

“**PPE Report**” means the unaudited quarterly *pro forma* property, plant and equipment gross and net book value report in respect of the Fixed Productive Assets substantially in the form set out in Appendix X (*Form of PPE Report*).

“**Project**” means the “New 300mm Fab 7H” project as described in the Company’s application for the Capital Assistance Scheme dated 1 May 2021.

“**Project Completion Date**” means the first date on which:

- (a) the first commercial production of semiconductor wafers utilising both Module A and Module B of the Module 7H Facility for its manufacturing process is completed (as determined by the Company and the Board, each acting reasonably); and
- (b) the LTV is not greater than fifty per cent. (50%).

“**Projected Leverage Ratio**” means, in relation to any Calculation Date falling on or prior to the Final Maturity Date, the ratio of projected Senior Debt to projected Total Capitalisation on such date (such projections in each case being made in the reasonable judgment of an authorised officer of the Guarantor).

“**Property**” means the Land, together with the building or buildings erected or to be erected thereon in relation to the Project (other than the Linde’s Supply System).

“**Property All Risk Insurance**” means such insurance against loss or damage covering the Fixed Productive Assets (excluding, for the avoidance of doubt, the Land but including the buildings erected thereon (other than the Linde’s Supply System)) under a property all risk insurance policy but only to the extent that it relates to the Fixed Productive Assets, excluding any public liability, workmen’s compensation insurances or third party liability insurances. For the avoidance of doubt, such part of the coverage under any such property all risk insurance policy against loss or damage over assets not constituting the Fixed Productive Assets shall not fall within the scope of the definition of “Property All Risk Insurance”.

“**Prudent Industry Practice**” means those practices, methods, equipment, specifications and standards of safety and performance, as the same may change from time to time, as are commonly used by foundries comparable to the relevant foundry operated by the Group as good, safe and prudent engineering practices in connection with the operation, maintenance, repair and use of electricity generation and other equipment and facilities, with commensurate standards of safety, performance, dependability, efficiency and economy.

“**Qualifying Period**” means the period from 1 January 2021 to and including 31 December 2026.

“**Quasi-Security**” has the meaning given to that term in Clause 15.1(b) (*Negative Pledge*).

“**Ready For Equipment Date**” means the date that the contractor completes the construction for the Project at the Module 7H Facility.

“**Recipient**” has the meaning given to that term in Clause 25.7 (*Miscellaneous*).

“**Relevant Event**” means a Fixed Productive Assets Event, an Insurance Event, an LTV Test Date or an Additional LTV Test Date.

“**Relevant Period**” means, each period commencing on an LTV Test Date and ending on the day before the immediately succeeding LTV Test Date.

“**Reorganisation**” means a corporate reorganisation of one or more members of the Group whereby all or substantially all of the assets of one or more members of the Group are transferred to other members of the Group and the transferring entity or entities ceases or cease business or is or are dissolved.

“Repayment Dates” means

- (a) with respect to payments of interest in accordance with Clause 7 (*Interest*), 01 June and 01 December in each year; and
- (b) with respect to repayments of principal in accordance with Clause 8 (*Repayment of Principal*), each 01 June and 01 December in each year as specified in Appendix IV (*Repayment Schedule*),

in each case, subject to adjustment in accordance with Clause 9.2 (*Payment Provisions*).

“Repeating Representations” means the representations set out in Clause 12 (*Warranties and Representations*) other than those set out in Clauses 12.4 (*No Proceedings*), 12.6 (*No Default*), 12.7 (*Provision of Information*), 12.8 (*Solvency*), 12.9 (*Financial Statements*), 12.11 (*Applicable Laws*), 12.13 (*Taxes*), 12.15 (*Anti-Money Laundering*), 12.16 (*Immunity*), 12.18 (*Pari Passu Ranking*) and 12.20 (*Projections*).

“Revenues” means, in respect of a Calculation Period:

- (a) in respect of the Guarantor, the net revenues of the Guarantor on a consolidated basis for that Calculation Period, as demonstrated by the consolidated Financial Statements for that period; and
- (b) in respect of any other member of the Group, the net revenues of that member of the Group on an unconsolidated basis for that Calculation Period as demonstrated by the relevant consolidating Financial Statements for that period (but excluding intra-Group items and investments in Subsidiaries).

“Sanctions” means any international economic or trade sanctions adopted, administered or enforced from time to time by any of:

- (a) the United Nations Security Council (the Council as a whole and not its individual members);
- (b) the Office of Foreign Assets Control of the US Department of Treasury;
- (c) the US Department of Commerce Bureau of Industry and Security;
- (d) the US Department of State;
- (e) the European Union (the Union as a whole and not its individual member states); or
- (f) Her Majesty’s Treasury of the United Kingdom.

“Schedule of Project Milestones and Drawings” has the meaning given to that term in Clause 3(e) (*Conditions Precedent and Availability*).

“Second Common Terms Agreement” means the common terms agreement dated 21 December 2016 (and as amended and/or restated from time to time) between, among others, the Company, ING Bank, N.V. as Global Facility Agent and Atradius Facility Agent and Société Générale SA as Tied Commercial Facility Agent.

“Security” means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

“Security Documents” means:

- (a) the Mortgage;

- (b) the Assignment of Building Agreement;
- (c) the Assignment of Contractor's All Risk Insurances;
- (d) the Assignment of Project Documents;
- (e) the Charge over Equipment;
- (f) the Charge over Property All Risk Insurance Amounts; and
- (g) any other security document that may at any time be given as security or assurance for the Financial Indebtedness pursuant to or in connection with any Finance Document.

"Senior Debt" means, at any time, the aggregate outstanding principal or capital amount of all external, unsubordinated Financial Indebtedness of the Adjusted Group, calculated on a consolidated basis, except that:

- (a) only the capitalized value of Finance Leases shall be included;
- (b) the amount of a guarantee shall not be included, to the extent it relates to indebtedness already included in the calculation of Senior Debt;
- (c) the aggregate amount of Cash and Cash Equivalent Investments held at such time shall be deducted other than any such Cash or Cash Equivalent Investments which would need to be counted to satisfy the covenant set out in Clause 13.5(a)(ii) (*Financial Covenants*) if it were to be tested at such time, in which case to the extent it would need to be so counted it will not be a deduction under this paragraph (c);
- (d) Financial Indebtedness arising under paragraph (e) of the definition of "Financial Indebtedness" shall be excluded (except to the extent that it represents actual close out or early termination amounts due from the Guarantor or another member of the Adjusted Group which has not been paid when due (or within any applicable grace period) and which are outstanding);
- (e) Financial Indebtedness arising under paragraph (g) of the definition of "Financial Indebtedness" shall be excluded (but only in relation to Financial Indebtedness arising under paragraph (e) of the definition of "Financial Indebtedness"); and
- (f) the aggregate outstanding principal amount of all loans from Non-Obligors to Obligors shall be included,

and so that no amount shall be included or excluded more than once.

"Senior Debt Service" means the aggregate of:

- (a) Net Interest for the relevant Calculation Period; and
- (b) all scheduled repayments of principal under the terms of any external Financial Indebtedness of the Adjusted Group (other than any subordinated Financial Indebtedness payable solely from the proceeds of an issue of Capital Stock or Financial Indebtedness subordinated to at least the same extent as a Shareholder Loan or from the proceeds of a permitted Distribution made by the Guarantor) falling due during that testing period:
 - (i) including, without limitation, all capital payments falling due in respect of any Finance Leases (to the extent not already included);
 - (ii) excluding any repayment or prepayment of any overdraft or revolving credit facility falling due during that period and which is either capable of being simultaneously redrawn under the terms of the relevant facility or refinanced or replaced by drawings under another credit facility; and

- (iii) excluding any repayment representing a lump-sum balloon repayment upon the maturity of any term Financial Indebtedness to the extent refinanced or replaced during that period by new Financial Indebtedness, Equity or other cash available to a member or members of the Group (provided that the repayment thereof would not cause the Guarantor to breach its obligation under Clause 13.5(a)(ii) (*Financial Covenants*)).

“Shareholder Loans” means funding provided to the Guarantor by its shareholders or their affiliates (other than members of the Group) in the form of subordinated shareholder debt or subordinated convertible debt, subject to one or more subordination agreements among the provider of such funding, the Board and the Guarantor substantially in the form of the Subordination Deed or otherwise on terms acceptable to the Board, whether by way of cash or other assets.

“Shareholders’ Equity” means “Shareholders’ Equity” as described in the Financial Statements of the Group.

“Standard Discounting Provisions” means representations, warranties, covenants, indemnities and guarantees of performance (excluding, for the avoidance of doubt, guarantees of Financial Indebtedness) entered into on arm’s length terms by the Guarantor or any other member of the Group which the Guarantor or such member of the Group has reasonably determined are customary in a non-recourse receivables financing (including, without limitation, those relating to origination, sale and the servicing of the assets of a securitisation entity), it being understood that any obligation to repurchase receivables or indemnify in respect of receivables as a result of a breach of the foregoing or as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, offset or counterclaim of any kind as a result of any action taken by, any failure to take action by, or any other event relating to the seller (or any affiliate of seller) of such receivable, shall be deemed to be a Standard Discounting Provision.

“Statement of Expenditure” has the meaning given to that term in Clause 5.2(c) (*Drawings of the Term Loan Facility*).

“Subordinated Creditor” has the meaning given to such term in the Subordination Deed.

“Subordination Deed” means the subordination deed to be entered into on or about the date of this Agreement in connection with the incurrence of any Shareholder Loans.

“Subsequent Valuation Report” means an independent appraisal of the Fair Market Value of the Acceptable Fixed Productive Assets (undertaken in respect of the current year only) prepared by the relevant Valuers in the form of the Initial Valuation Report or otherwise in a form agreed by the Company and the Board.

“Subsidiary” means, as to any person, any other person that, at any time of determination (i) such first person owns directly, or indirectly through one or more intermediaries, capital stock or other ownership interests having (in the absence of contingencies) ordinary voting power to elect at least a majority of the board of directors (or, persons performing similar functions) of such second person or (ii) is Controlled by such first person (save where the level of Control does not result in the second person being treated as a consolidated subsidiary in accordance with the Approved Accounting Principles and consolidated with the Guarantor for the purposes of its consolidated audited financial statements).

“Tax” means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or delay in paying any of the same).

“Tax Deduction” means a deduction or withholding for or on account of Tax from a payment under a Finance Document, other than a FATCA Deduction.

“**Term Loan Facility**” means the loan facility in the aggregate principal amount of S\$1,541,000,000 to be made available to the Company by the Board in accordance with the terms and conditions set out in this Agreement and shall also be deemed to include the whole or any part thereof.

“**Third Common Terms Agreement**” means the common terms agreement dated 2 March 2018 (as amended and/or restated from time to time) between (amongst others) GLOBALFOUNDRIES Singapore Pte. Ltd. as lessee and the original guarantors.

“**Top-Up Valuation Report**” has the meaning given to that term in Clause 10.3(a) (*Fixed Productive Assets Disposal, Insurance Proceeds and LTV Test*).

“**Total Assets**” means at any time:

- (a) in respect of the Group, the value of the Group’s gross assets on a consolidated basis, as shown in the latest consolidated financial statements of the Guarantor provided pursuant to Clause 13.1 (*Financial Statements*); and
- (b) in respect of any member of the Group, the value of its gross assets on an unconsolidated basis, as shown in the latest consolidating financial statements of the Guarantor provided pursuant to Clause 13.1 (*Financial Statements*) (but excluding intra-Group items and investments in Subsidiaries).

“**Total Loss**” means any of the following in relation to the Fixed Productive Assets:

- (a) the destruction of or damage to the Fixed Productive Assets which renders repair uneconomic or which renders such Fixed Productive Assets unfit for its intended use;
- (b) any damage to the Fixed Productive Assets that the relevant insurance carrier, based on expert evidence, determines to have resulted in a total loss or a constructive or compromised total loss; and
- (c) its sequestration, detention, seizure or theft or any similar event, in any case resulting in loss of possession by the Company for a period being the least of (i) over thirty (30) consecutive days, (ii) the period to the date when the proceeds of insurance are paid to the Company and (iii) the remaining tenor until the Final Maturity Date.

“**Total Capitalisation**” means, at any date of determination, the sum of the following for the Adjusted Group on a consolidated basis, determined in accordance with the Approved Accounting Principles and, for the purposes of the Leverage Ratio, as determined from the latest consolidated financial statements of the Guarantor delivered pursuant to Clause 13.1 (*Financial Statements*) but adjusted to reflect (i) the amount of Senior Debt immediately prior to the date of determination and the amount of any Shareholders’ Equity (including Shareholder Loans) contributed or advanced to the Guarantor since the date of such latest consolidated financial statements (to the extent not taken into account therein) and (ii) any transactions committed on the date of determination for the incurrence (in accordance with the definition of “Permitted Indebtedness”) and/or prepayment or repayment of Senior Debt (and which shall include the transaction which has required, in accordance with the definition of “Permitted Indebtedness”, the relevant determination of Total Capitalisation to be made):

- (a) Shareholders’ Equity (including Shareholder Loans); plus
- (b) the amount of surplus and retained earnings of the Adjusted Group (or, in the case of a surplus or retained earnings deficit, minus the amount of such deficit); plus
- (c) the Senior Debt.

“**Total Project Costs**” has the meaning given to that term in Clause 14.16 (*Total Project Costs Statement of Expenditure*).

“**Total Project Costs Statement of Expenditure**” has the meaning given to that term in Clause 14.16 (*Total Project Costs Statement of Expenditure*).

“**Transaction Security**” means the Security created or expressed to be created pursuant to the Security Documents.

“**Treasury Transaction**” means any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price.

“**US GAAP**” the generally accepted accounting principles in the United States with which each member of the Group are, or may be, required to comply, as in effect on the date of First Drawing, provided that:

- (a) except as otherwise set forth in this Agreement, all ratios and calculations based on US GAAP contained in this Agreement shall be computed in accordance with US GAAP as in effect on the date of First Drawing;
- (b) at any time after the date of First Drawing, the Guarantor may elect to implement any amendments or other changes to US GAAP in effect on or prior to the date of such election, provided further that the Guarantor shall give notice of any such election made in accordance with this definition to the Board; and
- (c) notwithstanding any of the foregoing, the impact of US GAAP ASC 842 (*Leases*) and any successor standard thereto (or any equivalent measure under any other generally accepted accounting standards) shall be disregarded with respect to all ratios, calculations and determinations based upon US GAAP (or, as applicable, such other generally accepted accounting standards) to be calculated or made, as the case may be, pursuant to this Agreement (other than, for the avoidance of doubt, the representations set out in Clause 12.9 (*Financial Statements*)), provided that the Guarantor may make an irrevocable election once to establish that “US GAAP” shall include the impact of US GAAP ASC 842 (*Leases*) and any successor standard thereto (or any equivalent measure under any other generally accepted accounting standards).

“**Unpaid Sum**” means any sum due and payable but unpaid by the Company under the Finance Documents.

“**Valuation Report**” means the Initial Valuation Report or any Subsequent Valuation Report.

“**Valuer**” means:

- (a) (in relation to the Acceptable Fixed Productive Assets constituting land, buildings and infrastructure) Jones Lang Lasalle and any other independent valuer proposed by the Company and approved by the Board; and
- (b) (in relation to all other Acceptable Fixed Productive Assets) each of Gordon Brothers, Twin Pillars and Robert Khan & Co. and any other independent valuer proposed by the Company and approved by the Board.

“**Weighted Average Life to Maturity**” means, when applied to any Financial Indebtedness at any date, the quotient obtained by dividing:

- (a) the sum of the products of the number of years from the date of determination to the date of each successive scheduled principal payment of such Financial Indebtedness multiplied by the amount of such payment; by
- (b) the sum of all such payments.

“Written Notice” has the meaning given to that term in Clause 5.2(b) (*Drawings of the Term Loan Facility*).

“Year” or “year” means a calendar year.

1.2 Construction

- (a) Unless a contrary indication appears a reference in this Agreement to:
- (i) words importing the singular number include the plural number and vice versa;
 - (ii) a document in “agreed form” is a document which is previously agreed in writing by or on behalf of the Company and the Board or, if not so agreed, is in the form specified by the Board;
 - (iii) the words “hereof”, “herein”, “hereon” and “hereafter” and words of similar import, when used in this Agreement, refer to this Agreement as a whole and not to any particular provision of this Agreement;
 - (iv) the headings to the Clauses hereof shall not be deemed part thereof or be taken in consideration in the interpretation or construction thereof or of this Agreement;
 - (v) “assets” includes present and future properties, revenues and rights of every description;
 - (vi) a party to this Agreement or any other person shall be construed so as to include its successors in title, permitted assigns and permitted transferees to, or of, its rights and/or obligations under the Finance Documents;
 - (vii) a “Finance Document” or any other agreement or instrument is a reference to that Finance Document or other agreement or instrument as amended (however fundamentally), novated, supplemented, extended, restated or replaced from time to time (whether or not such amendment, novation, supplement, extension, restatement or replacement was contemplated as at the date of this Agreement), and including cases where the amendments concerned involve an increase, extension or other change (however great) to any facility or the grant of any additional facility (however great);
 - (viii) “guarantee” means (other than in Clause 11 (*Guarantee and Indemnity*)) any guarantee, letter of credit, bond, indemnity or similar assurance against loss, or any obligation, direct or indirect, actual or contingent, to purchase or assume any indebtedness of any person or to make an investment in or loan to any person or to purchase assets of any person where, in each case, such obligation is assumed in order to maintain or assist the ability of such person to meet its indebtedness;
 - (ix) “include”, “includes” and “including” shall be construed without limitation;
 - (x) “indebtedness” includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;
 - (xi) a “quarter” is a reference to each consecutive period of approximately three (3) calendar months in each Financial Year commencing on or about 1 January or as otherwise agreed in accordance with the terms hereof and “quarterly” shall be construed correspondingly; and
 - (xii) a provision of law, statute or treaty is a reference to that provision as amended or re-enacted.

- (b) Reference herein to Clauses and Appendices are references to Clauses and Appendices of this Agreement.
- (c) Unless provided to the contrary in this Agreement, a person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore to enforce or to enjoy the benefit of any term of this Agreement. Notwithstanding any terms of this Agreement, the consent of any third party is not required for any variation (including any release or compromise of any liability under) or termination of this Agreement.
- (d) Except where specifically provided otherwise, each of the baskets and exceptions in this Agreement are separate and if any amount or transaction could fall within more than one of the baskets or exceptions of this Agreement then the Company shall, in its sole discretion, classify (and may from time to time reclassify) that amount or transaction to a particular basket or exception and it shall not reduce or use any other basket or exception (and, for the avoidance of doubt, an amount or transaction may, at the option of the Company, be split between different baskets or exceptions).
- (e) A Default is “**continuing**” if it has not been remedied or waived.

1.3 Currency Symbols and Definitions

- (a) “**Dollars**” or “**\$S**” means Singapore Dollars.
- (b) “**EUR**” and “**Euro**” means the single currency of the Participating Member States.
- (c) “**USD**” and “**US\$**” denote the lawful currency of the United States of America.

1.4 Fluctuations in exchange rates

For the avoidance of doubt, for the purposes of Clause 12 (*Warranties and Representations*), Clause 14 (*Affirmative Undertakings*), Clause 15 (*Negative Undertakings*) or Clause 16 (*Events of Default*) (and, in each case, the related definitions) but excluding any Event of Default resulting from a breach of Clause 13.5 (*Financial Covenants*) (and related definitions), a reference to an amount (or its equivalent in any other currency or currencies) shall be determined by reference to the rate of exchange on the date of incurrence or making of a particular disposal, acquisition, investment, lease, loan, debt or guarantee or taking any other relevant action and any subsequent exchange rate fluctuation shall not cause an Event of Default or the breach of any provision of Clause 14 (*Affirmative Undertakings*), Clause 15 (*Negative Undertakings*) or misrepresentation in respect of any provision of Clause 12 (*Warranties and Representations*).

1.5 Calculation of baskets

- (a) If any of the baskets set forth in the definitions of Permitted Disposal or Permitted Investment are exceeded solely as a result of fluctuations to Total Assets as set out in the financial statements delivered after the time when such baskets were calculated in connection with the relevant activity, such basket(s) will not be deemed to have been exceeded solely as a result of such fluctuations.
- (b) For any relevant basket set by reference to a Financial Year, fiscal year or calendar year (each an “**Annual Period**”):
 - (i) at the option of the Company, the maximum amount so permitted under such basket during such Annual Period may be increased by:
 - (A) an amount equal to 100% of the difference (if positive) between the permitted amount in the immediately preceding Annual Period and the amount thereof actually used or applied by the Group during such preceding Annual Period (the “**Carry Forward Amount**”); and/or

- (B) an amount equal to 100% of the permitted amount in the immediately following Annual Period and the permitted amount in such immediately following Annual Period shall be reduced by such corresponding amount (the “**Carry Back Amount**”); and
- (ii) to the extent that the maximum amount so permitted under such basket during such Annual Period is increased in accordance with paragraph (i) above, any usage of such basket during such Annual Period shall be deemed to be applied in the following order:
 - (A) firstly, against the Carry Forward Amount;
 - (B) secondly, against the maximum amount so permitted during such Annual Period prior to any increase in accordance with paragraph (i) above; and
 - (C) thirdly, against the Carry Back Amount.

2. **TERM LOAN FACILITY**

Subject to the provisions of this Agreement and in particular those of Clauses 3 (*Conditions Precedent and Availability*), 4 (*Purpose of the Term Loan Facility*), 7 (*Interest*), 8 (*Repayment of Principal*), 9 (*Payment Provisions*), 12 (*Warranties and Representations*), 14 (*Affirmative Undertakings*) and 15 (*Negative Undertakings*) hereof being complied with, the Board shall make available to the Company the Term Loan Facility at the times and in the manner as hereinafter provided. The Term Loan Facility shall be for a period (“**Loan Period**”) commencing from date of First Drawing and ending on the Final Maturity Date, inclusive of a grace period commencing from date of First Drawing to the date immediately before the first Repayment Date set out in the Repayment Schedule (“**Grace Period**”) for repayment of the Term Loan Facility as provided in Clause 8 (*Repayment of Principal*). Notwithstanding the Grace Period for the repayment of principal, the Company agrees that interest shall accrue during the entire Loan Period (including the Grace Period) and the Company shall be required to pay interest for each Drawing during the Grace Period.

3. **CONDITIONS PRECEDENT AND AVAILABILITY**

3.1 The Company shall only be allowed to make any Drawing or Drawings under the Term Loan Facility, and the obligations of the Board to make available the same shall be subject to the following conditions precedent to be fulfilled, observed, performed and/or discharged by the Company, namely:

- (a) there shall not exist at the date of the Drawing to be made, any Default, which is continuing;
- (b) all Repeating Representations are true and accurate in all material respects on the date of the Written Notice and on the date of the Drawing by reference to the facts and circumstances then subsisting;
- (c) on or prior to the delivery of the first Written Notice, the Company has effected, executed and/or provided, in a form, manner or substance that is to the Board’s satisfaction, the following documents:
 - (i) two original copies of a certificate of a director or the secretary of the Company and the Guarantor (as the case may be), in each case (A) attaching a copy of the constitutional documents of the Company or the Guarantor (as the case may be) and the statutory registers of the Guarantor and (B) certifying such documents to be a true copy thereof;

- (ii) a copy of a certificate of good standing of the Guarantor as issued by the Registrar of Companies in the Cayman Islands and dated within 30 days of the date of this Agreement;
- (iii) two original copies of a certificate of a director or the secretary of the Company and the Guarantor (as the case may be), in each case, (A) attaching a copy or extract of the resolution of the board of directors of the Company or the Guarantor (as the case may be) which is in full force and effect, approving the terms and conditions contained in the Finance Documents to which it is a party and authorising a person or persons to sign the Finance Documents to which it is a party and any other document to be given to the Board from time to time by the Company or the Guarantor (as the case may be) and (B) certifying such documents to be a true copy thereof;
- (iv) two original copies of a certificate of a director or the secretary of the Company and the Guarantor (as the case may be), in each case, (A) attaching a copy of the specimen signatures of the Authorised Officers authorised to sign the Finance Documents on behalf of each of the Company or the Guarantor (as the case may be), and to sign (in the case of the Company) the Written Notice and (in all cases) any other document to be given from time to time by the Company or the Guarantor (as the case may be) and (B) certifying such specimens to be the true signatures of such persons respectively;
- (v) two original copies of the duly executed and dated Security Documents (other than the Charge over Equipment, the Mortgage and the Charge over Property All Risk Insurance Amounts) and Subordination Deed;
- (vi) two original copies of the Mortgage duly executed and to be held in documentary escrow with Allen & Gledhill LLP (as the Board's Counsel) and released by Allen & Gledhill LLP, in each case, in accordance with the terms of the Assignment of Building Agreement;
- (vii) two original copies of the Charge over Property All Risk Insurance Amounts duly executed and to be held in documentary escrow with Allen & Gledhill LLP ("**Documentary Escrow**"). For the avoidance of doubt, there shall be no monetary escrow. The signed signature page of the Company to the Charge over Property All Risk Insurance Amounts is to be released on the instructions from the Company to Allen & Gledhill LLP for the purposes of satisfying its obligations under Clause 14.17 (*Charge over Property All Risk Insurance Amounts*);
- (viii) an agreed form of the Charge over Equipment subject to finalization of the details of the relevant Acceptable Fixed Productive Assets to be referenced therein and two original copies of the signed signature pages of the Charge over Equipment to be held in Documentary Escrow. For the avoidance of doubt, there shall be no monetary escrow. The signed signature page of the Company to the Charge over Equipment is to be released on the instructions from the Company to Allen & Gledhill LLP for the purposes of satisfying its obligations under Clause 14.13(a) (*Charge over Equipment*);
- (ix) two original copies of all notices signed by the Company, all as required by the relevant Security Document (other than the Charge over Equipment, the Mortgage and the Charge over Property All Risk Insurance Amounts);
- (x) two original copies of a certificate of a director or the secretary of the Company attaching a copy of the Building Agreement and certifying such document to be a true copy thereof;

- (xi) a copy of evidence that all consents required from the Head Lessor in respect of the creation of Security under the Assignment of Building Agreement and the Mortgage have been obtained;
 - (xii) a copy of the results of title searches and replies to customary legal requisitions on the Property, in such form as may be satisfactory to Allen & Gledhill LLP as the legal advisor to the Lender;
 - (xiii) a satisfactory report on title of the Property to be issued by Allen & Gledhill LLP as the legal advisor to the Lender;
 - (xiv) the agreed form statements of particulars of charge under each Security Document and an original copy of the letter of authorisation of the Company addressed to Allen & Gledhill LLP for the filing of such statements of particulars of charge with the Accounting and Corporate Regulatory Authority of Singapore;
 - (xv) a copy of the legal opinion of the following advisers to the Lender:
 - (A) Allen & Gledhill LLP as to the law of Singapore; and
 - (B) Walkers (Singapore) Limited Liability Partnership as to Cayman Islands law; and
 - (xvi) a copy of the evidence that any process agent referred to under the Subordination Deed has accepted its appointment; and
- (d) in respect of the first Drawing for the purposes of reimbursing costs and expenses referred to in Clause 4.1 (*Purpose of the Term Loan Facility*) below, on or prior to the delivery of the Written Notice for such Drawing, the Company has effected, executed and/or provided, in a form, manner or substance that is to the Board's satisfaction, the following documents:
- (i) two original copies of a certificate of a director or the secretary of the Company attaching a copy of the Main Construction Contract and certifying such document to be a true copy thereof;
 - (ii) a copy of (A) the provisional permission to carry out the Project to be granted by the Chief Planner of the Urban Redevelopment Authority of Singapore to the Company pursuant to Section 17 of the Planning Act, Chapter 232 of Singapore or (B) the written permission to carry out the Project to be granted by the Chief Planner of the Urban Redevelopment Authority of Singapore (and its successors) to the Company pursuant to Section 14(4)(a) of the Planning Act, Chapter 232 of Singapore;
 - (iii) a copy of the building plan approval to be granted by the Commissioner of Building Control to the Company pursuant to Section 5 or Section 5A of the Building Control Act, Chapter 29 of Singapore; and
 - (iv) a copy of the permit to commence work in respect of the Project granted by the Commissioner of Building Control.
- 3.2 The Company has populated a schedule of project milestones and forecast drawdowns in the form set out in Appendix V (*Schedule of Project Milestones and Drawing*) (a "**Schedule of Project Milestones and Drawings**") and such schedule provides that the Company may not make more than one Drawing in a three month period.

- 3.3 Prior to the date of this Loan Agreement, the Company delivered to the Board the following Financial Statements:
- (d) the audited and consolidated Financial Statements of the Company for the financial year ended 31 December 2018;
 - (e) the audited and consolidated Financial Statements of the Company for the financial year ended 31 December 2019;
 - (f) the audited and consolidated Financial Statements of the Company for the financial year ended 31 December 2020;
 - (g) the audited and consolidated Financial Statements of the Guarantor for the financial year ended 31 December 2018;
 - (h) the audited and consolidated Financial Statements of the Guarantor for the financial year ended 31 December 2019; and
 - (i) the audited and consolidated Financial Statements of the Guarantor for the financial year ended 31 December 2020.
- For the purposes of Clause 12.9 (*Financial Statements*), such Financial Statements have been delivered in accordance with the Loan Agreement.

4. PURPOSE OF THE TERM LOAN FACILITY

- 4.1 Subject to the terms and conditions of this Agreement and in particular to all the Conditions of this Clause 4 and Clauses 3 (*Conditions Precedent and Availability*), 5 (*Drawings of the Term Loan Facility*), 7 (*Interest*), 8 (*Repayment of Principal*), 9 (*Payment Provisions*), 12 (*Warranties and Representations*), 13 (*Information Undertakings*), 14 (*Affirmative Undertakings*) and 15 (*Negative Undertakings*) hereof being complied with, the Term Loan Facility shall be made available by the Board to the Company for the sole purpose of reimbursing:
- (a) all costs and expenses for the development and construction of the assets referred to in paragraph (a) of the definition of “Financed Fixed Productive Assets”; and
 - (b) the purchase consideration of the assets referred to in paragraph (b) of the definition of “Financed Fixed Productive Assets”, in each case, incurred during the Qualifying Period and paid by the Company, but excluding any Taxes relating thereto.
- 4.2 The Company shall apply all the proceeds from each Drawing for the purposes described in Clause 4.1 (*Purpose of the Term Loan Facility*) above and for no other purpose whatsoever. The Board is not bound but reserves the right to monitor or verify the application of any amount borrowed pursuant to this Agreement.

5. DRAWINGS OF THE TERM LOAN FACILITY

- 5.1 Subject to the terms and conditions of this Agreement and in particular to all the conditions of this Clause 5 and Clauses 3 (*Conditions Precedent and Availability*), 4 (*Purpose of the Term Loan Facility*), 7 (*Interest*), 8 (*Repayment of Principal*), 9 (*Payment Provisions*), 12 (*Warranties and Representations*), 13 (*Information Undertakings*), 14 (*Affirmative Undertakings*) and 15 (*Negative Undertakings*) hereof being complied with, the Board shall make available the Term Loan Facility for Drawing by the Company, in accordance with the terms and stipulations herein.
- 5.2 When the Company intends to make a Drawing, the Company shall be required to:
- (a) inform the Board of the intention to make a Drawing in writing;

- (b) serve on the Board the written notice of the intended Drawing (the “**Written Notice**”) at least twenty five (25) Business Days prior to the intended date of Drawing. Each Written Notice shall be substantially in the form set out in Appendix I (*Notice of Drawing*) hereto and shall:
 - (i) state the date (which must be a Business Day) and the amount of the proposed Drawing;
 - (ii) be irrevocable;
 - (iii) commit the Company to borrow the amount and on the date stated;
 - (iv) constitute a representation and warranty that at the date thereof the Repeating Representations are true in all material respects and that no Default is continuing;
 - (v) confirm that the conditions precedent set out in Clause 3 (*Conditions Precedent and Availability*) have been complied with in every respect; and
 - (vi) specify the account and bank (which must be in Singapore) to which the proceeds of the Drawing are to be credited; and
 - (c) include in the Written Notice a statement of expenditure on the Financed Fixed Productive Assets (in the form set out in Appendix II (*Statement of Expenditure*)) (a “**Statement of Expenditure**”) duly certified by an Independent External Auditor and accompanied by an auditor’s statement (in each case, in the form set out in Appendix III (*Format for External Auditors’ Statement*) or such other form as may be agreed between the Independent External Auditor, the Company and the Board, each acting reasonably) (an “**External Auditor’s Statement**”) pertaining to the amount requested under the Drawing as well as the Company’s declaration that there has not been any breach of any conditions precedent under Clause 3 (*Conditions Precedent and Availability*). The submission by the Company and the Board’s acceptance of the above shall not, in and of itself, constitute a waiver or variation of any of the terms and conditions of this Agreement, or a waiver of any breach thereof. The Board (acting reasonably) shall have the right to require the Company to submit the invoices, receipts and such other documents evidencing expenditure in support of such statement. For the avoidance of doubt, each Statement of Expenditure may only include amounts incurred, invoiced and paid at the time of delivery of the Written Notice.
- 5.3 The Company agrees that each Drawing shall be for the reimbursement of costs and expenses already incurred during the Qualifying Period and paid by the Company for the purchase of Financed Fixed Productive Assets and that it shall not make more than one Drawing in a three month period.
- 5.4 The First Drawing shall be made not later than one (1) year from the date of this Agreement or such later date as may be approved by the Chairman of the Board or his lawful representative.
- 5.5 Any Financed Fixed Productive Assets:
- (a) elected by the Company to be financed by Drawings under the Term Loan Facility may not at any time be financed by the EDB Grant; and
 - (b) elected by the Company to be financed by the EDB Grant may not at any time be financed by Drawings under the Term Loan Facility.
- 5.6 To the extent that a project milestone identified in the Schedule of Project Milestones and Drawings is achieved ahead of the dates specified in the Schedule of Project Milestones and Drawings, the Company may make a Drawing to reimburse any Project costs and expenses incurred during the Qualifying Period and paid by the Company for the purpose of achieving such project milestone in advance of the relevant date set out in the Schedule of Project Milestones and Drawings. For the avoidance of doubt, the Statement of Expenditure forming part of the Written Notice in respect of the intended Drawing may only include amounts incurred, invoiced and paid at the time of delivery of the Written Notice.

5.7 To the extent any project milestones are not achieved by the date specified under the Schedule of Project Milestones and Drawings, Drawings under the Term Loan Facility shall not be available for utilisation until the Company and the Board agree to a revised schedule of project milestones and a revised Schedule of Project Milestones and Drawings is delivered to the Board.

5.8 To the extent any amount of any forecast Drawing identified in the Schedule of Project Milestones and Drawings is not needed at the time to meet a particular project milestone as set out in the Schedule of Project Milestones and Drawings, such amount may be applied to any other project milestone.

6. **AVAILABILITY OF TERM LOAN FACILITY**

The Term Loan Facility shall be available for Drawing for a period of three (3) years from the date of the First Drawing (the “**Availability Period**”) after which date any part of the Term Loan Facility not drawn shall be cancelled. In the event that the First Drawing is not made within one (1) year from the date of this Agreement or such later date as may be approved by the Chairman of the Board or his lawful representative, the Term Loan Facility shall be cancelled.

7. **INTEREST**

7.1 The Company shall pay the Board interest for each Drawing charged at the Interest Rate for each Interest Period on each Repayment Date, commencing on the Repayment Date first occurring immediately after the expiry of 90 days from the date of the First Drawing, until full repayment of the principal and interest in respect of that Drawing. For the avoidance of doubt, the Company shall be required to pay interest for each Drawing during the Grace Period.

7.2 The obligations for principal repayments and/or interest payments, and/or overdue or delays in interest payments (in relation to monies that have been drawn down by the Company), under this Agreement shall be calculated at the Interest Rate on the basis of a year of three hundred and sixty five (365) days for the actual number of days elapsed.

7.3 The Board is entitled to charge and the Company agrees, confirms and accepts the obligation to make payment for Default Interest to be charged and that the rate of the Default Interest charged by the Board on any Unpaid Sum shall be two per cent (2%) per annum higher than the rate which would have applied if the Unpaid Sum had not become due. The Default Interest shall be charged on the Unpaid Sum from the applicable Repayment Dates up to the date of actual full repayment, compounded on a monthly basis. For the avoidance of doubt, Default Interest applies to any late or non-payment regardless of whether an Event of Default has been declared.

8. **REPAYMENT OF PRINCIPAL**

8.1 The Company shall repay all the Drawings under the Term Loan Facility herein, in equal consecutive six-monthly repayment instalments as set out in Appendix IV (*Repayment Schedule*).

8.2 The first of the aforesaid repayment instalments shall be paid on the first Repayment Date listed in Appendix IV (*Repayment Schedule*) by equal six-monthly instalments as specified in Appendix IV (*Repayment Schedule*) until full repayment on the Final Maturity Date. For the avoidance of doubt, all amounts outstanding in connection with the Term Loan Facility shall be repaid in full on the Final Maturity Date.

9. **PAYMENT PROVISIONS**

9.1 All payments to be paid by the Company under this Agreement shall be credited into the Board's Bank Account or otherwise received by the Board not later than 11 a.m. (Singapore time) (or such later time agreed by the Board) on the relevant Repayment Date. The Board may from time to time designate such other bank account or mode of payment agreed between the Company and the Board by notice in writing to the Company not less than ten (10) Business Days prior to the date of any such payment hereunder.

9.2 If any sum becomes due for payment under this Agreement on a day which is not a Business Day, such payment shall be made on the next Business Day and all calculation of interest shall be adjusted accordingly.

10. **PREPAYMENT**

10.1 **Voluntary prepayment and cancellation**

- (a) Subject to Clause 8 (*Repayment of Principal*) above, the Company may elect to prepay any part or whole of the Term Loan Facility without penalty or premium, at any time before the Final Maturity Date by giving the Board at least thirty (30) days' prior written notice of its intention to make any such prepayment(s) for any amount of the outstanding Term Loan Facility that had been drawn down by the Company. Any prepayment under this Clause 10.1(a) shall be made together with all accrued interest and other amounts payable in relation thereto under the Finance Documents and shall reduce the repayment instalments under the Term Loan Facility falling after that prepayment rateably.
- (b) The Company shall be released from all their obligations hereunder and this Agreement shall be terminated when:
 - (i) the Company has repaid all the principal monies that had been drawn down under the Term Loan Facility herein; and
 - (ii) the Company has made the relevant payments for all fees, charges and/or interest or Default Interest (where applicable) that shall be imposed on the Company in accordance with the terms and conditions set out herein.

10.2 **Change of Control**

- (a) If a Change of Control occurs, then:
 - (i) the Company shall promptly notify the Board upon becoming aware of such Change of Control (the date of such notification being, the "**Notification Date**");
 - (ii) the Board shall have the right by notice in writing to the Company within sixty (60) days of the Notification Date to elect for its commitments under the Term Loan Facility to be cancelled and its participation in all outstanding amounts drawn down under the Term Loan Facility to be prepaid ("**Change of Control Election**"); and
 - (iii) if the Board makes a Change of Control Election, the Term Loan Facility shall automatically be cancelled on and as of the date of such election without further action by any of the parties hereto and its participation in all outstanding amounts drawn down under the Term Loan Facility, together with accrued interest and all other amounts accrued under the Finance Documents in respect of such participation shall become due and payable on the date falling ninety (90) days after the Notification Date.

10.3 Fixed Productive Assets Disposal, Insurance Proceeds and LTV Test

- (a) For the purposes of this Clause 10.3:

“**Acceptable Fixed Productive Assets**” means the Module 7H Facility’s (and/or other fabrication facilities’) land, buildings and infrastructure and tools and other related assets (including, for the avoidance of doubt, semiconductor wafer fabrication equipment) for the Module 7H Facility (and/or such other fabrication facilities), in each case, located in Singapore which become subject to Transaction Security in accordance with the provisions of the Finance Documents provided that the Company provides customary corporate approvals (if required) and any required additional, or amendment to, the relevant Security Document reasonably satisfactory to the Board and any legal opinions, consents, assurances, resolutions and other documents, in each case, which are equivalent to those provided pursuant to Clause 3 (*Conditions Precedent and Availability*) as the Board may reasonably request in connection with that document (provided further that if such documents are substantially the same as the corresponding documents provided pursuant to Clause 3 (*Conditions Precedent and Availability*), they shall be deemed satisfactory to the Board).

“**Additional LTV Test Certificate**” has the meaning given to that term in Clause 13.3 (*LTV/Additional LTV Test Certificate*).

“**Additional LTV Test Date**” each date of an Additional Valuation Report.

“**Additional LTV Test Prepayment Date**” means, where an Additional LTV Test Certificate confirms that the LTV as of the relevant Additional LTV Test Date (and determined by reference to the relevant Additional Valuation Report) exceeds the LTV Threshold as of the relevant Additional LTV Test Date, the date falling forty (40) Business Days after the delivery of that Additional LTV Test Certificate.

“**Applicable Valuation Report**” means:

- (a) in respect of a Fixed Productive Assets Event, a Valuation Report dated no more than three hundred and sixty-five (365) days prior to the date of the applicable Fair Market Value calculation required in connection with such Fixed Productive Assets Event;
- (b) in respect of an Insurance Event, a Valuation Report dated no more than three hundred and sixty-five (365) days prior to the date of the applicable Fair Market Value calculation required in connection with such Insurance Event;
- (c) in respect of an LTV Test Date, a Valuation Report dated no more than thirty (30) Business Days prior to the date of the applicable Fair Market Value calculation required in connection with such LTV Test Date; and
- (d) in respect of an Additional LTV Test Date, a Valuation Report dated no more than thirty (30) Business Days prior to the date of the applicable Fair Market Value calculation required in connection with such Additional LTV Test Date.

“**Fixed Productive Assets Event**” means the release of any Acceptable Fixed Productive Assets from the Transaction Security, whether in connection with a disposal of such Acceptable Fixed Productive Asset or otherwise. For the avoidance of doubt, the Property may not be released from the Transaction Security without the approval of the Board.

“**Fixed Productive Assets Prepayment Date**” means the date on which the Fixed Productive Assets Event occurs.

“**Insurance Event**” means a Total Loss or any partial loss resulting in an insurance claim in excess of US\$10,000,000 (or its equivalent in any other currency or currencies) in respect of any Fixed Productive Assets.

“**Insurance Prepayment Date**” means, in respect of an Insurance Event, the date falling one hundred and eighty (180) days after the occurrence of such Insurance Event.

“**LTV Test Certificate**” has the meaning given to that term in Clause 13.3 (*LTV/Additional LTV Test Certificate*).

“**LTV Test Date**” means the Project Completion Date and each anniversary of the Project Completion Date, provided that if the immediately preceding Compliance Certificate and/or (as the case may be) the most recent Applicable Valuation Report demonstrates that (A) as at the most recent Calculation Date, (1) the Debt Service Coverage Ratio was less than 1.3:1.0; or (2) the Obligors held less than US\$350,000,000 (less the aggregate of available and undrawn amounts under any Committed Debt Facilities) in Cash or Cash Equivalent Investments; and (B) the LTV was equal to or more than sixty-five per cent. (65%), the LTV Test Date shall be deemed to be the date falling each six-month anniversary of the Project Completion Date until the foregoing no longer applies.

“**LTV Test Prepayment Date**” means, where an LTV Test Certificate confirms that the LTV as of the relevant LTV Test Date (and determined by reference to the relevant Applicable Valuation Report and any Top-Up Valuation Report) exceeds the LTV Threshold as of the relevant LTV Test Date, the date falling forty (40) Business Days after the delivery of that LTV Test Certificate.

“**Top-Up Valuation Report**” means, in respect to Acceptable Fixed Productive Assets not appraised in the latest Applicable Valuation Report, the Fair Market Value of such Acceptable Fixed Productive Assets as determined pursuant to an independent appraisal by the relevant Valuer(s), provided that it shall cease to be a Top-Up Valuation Report on the earliest of the date:

- (i) of disposal of such Acceptable Fixed Productive Assets;
- (ii) of the first Applicable Valuation Report after the date of the Top-Up Valuation Report; and
- (iii) falling three hundred and sixty-five (365) days after the date of such report.

(b) The Company shall on or prior to any:

- (i) Fixed Productive Assets Prepayment Date;
- (ii) Insurance Prepayment Date;
- (iii) LTV Test Prepayment Date; and
- (iv) Additional LTV Test Prepayment Date,

prepay amounts (if any such amounts are required to be prepaid to comply with the LTV as described below) drawn down under the Term Loan Facility (together with all accrued interest and other amounts payable in relation thereto under the Finance Documents) in an amount required to ensure that:

- (A) the LTV as at such date (to be determined by reference to the Applicable Valuation Report and any Top-Up Valuation Report (if applicable) and (1) in respect of an Insurance Event, excluding the Fair Market Value of the relevant Fixed Productive Assets that is the subject of the Total Loss or, as applicable, the amount of the insurance claim in respect of a partial loss for such Insurance Event, (2) in respect of an Fixed Productive Assets Event, excluding the Fair Market Value of the relevant Acceptable Fixed Productive Assets that is the subject of the disposal or release pursuant to such Fixed Productive Assets Event and (3) in each case, *pro forma* for the inclusion of the Fair Market Value of any Acceptable Fixed Productive Assets as set out in any relevant Top-Up Valuation Report which becomes subject to Transaction Security on or before such date), does not exceed,
- (B) the LTV Threshold.

10.4 **Total Project Costs**

If the Total Project Costs Statement of Expenditure delivered pursuant to Clause 14.16 (*Total Project Costs Statement of Expenditure*) confirms that the total principal amount outstanding under the Term Loan Facility exceeds forty per cent. (40%) of the Total Project Costs, the Company shall within ten (10) Business Days of delivery of the Total Project Costs Statement of Expenditure prepay amounts drawn down under the Term Loan Facility (together with all accrued interest and other amounts payable in relation thereto under the Finance Documents) in an amount required to ensure that immediately following such prepayment the total principal amount outstanding under the Term Loan Facility is equal to or less than forty per cent. (40%) of the Total Project Costs. Any prepayment under this Clause 10.4 shall reduce the repayment instalments under the Term Loan Facility falling after that prepayment rateably.

11. **GUARANTEE AND INDEMNITY**

11.1 **Guarantee and Indemnity**

The Guarantor irrevocably and unconditionally:

- (a) guarantees to the Board punctual performance by the Company of all the Company's obligations under the Finance Documents;
- (b) undertakes with the Board that whenever the Company does not pay any amount when due under or in connection with any Finance Document, the Guarantor shall immediately on demand pay that amount as if it was the principal obligor; and
- (c) agrees with the Board that if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal, it will, as an independent and primary obligation, indemnify the Board immediately on demand against any cost, loss or liability it incurs as a result of the Company not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it under any Finance Document on the date when it would have been due. The amount payable by the Guarantor under this indemnity will not exceed the amount it would have had to pay under this Clause 11 (*Guarantee and Indemnity*) if the amount claimed had been recoverable on the basis of a guarantee.

11.2 **Continuing guarantee**

This guarantee is a continuing guarantee and will extend to the ultimate balance of sums payable by the Company under the Finance Documents, regardless of any intermediate payment or discharge in whole or in part.

11.3 **Reinstatement**

If any discharge, release or arrangement (whether in respect of the obligations of the Company or any security for those obligations or otherwise) is made by the Board in whole or in part on the basis of any payment, security or other disposition which is avoided or must be restored in insolvency, liquidation, administration, judicial management or otherwise, without limitation, then the liability of the Guarantor under this Clause 11 (*Guarantee and Indemnity*) will continue or be reinstated as if the discharge, release or arrangement had not occurred.

11.4 Waiver of defences

The obligations of the Guarantor under this Clause 11 (*Guarantee and Indemnity*) will not be affected by an act, omission, matter or thing which, but for this Clause 11 (*Guarantee and Indemnity*), would reduce, release or prejudice any of its obligations under this Clause 11 (*Guarantee and Indemnity*) (without limitation and whether or not known to it or the Board) including:

- (a) any time, waiver or consent granted to, or composition with, the Company or other person;
- (b) the release of the Company or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;
- (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, the Company or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
- (d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of the Company or any other person;
- (e) any amendment, novation, supplement, extension, restatement (however fundamental and whether or not more onerous) or replacement of a Finance Document or any other document or security including without limitation any change in the purpose of, any extension of or increase in any facility or the addition of any new facility under any Finance Document or other document or security;
- (f) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or security; or
- (g) any insolvency or similar proceedings.

11.5 Guarantor intent

Without prejudice to the generality of Clause 11.4 (*Waiver of defences*), the Guarantor expressly confirms that it intends that this guarantee shall extend from time to time to any (however fundamental) variation, increase, extension or addition of or to any of the Finance Documents and/or any facility or amount made available under any of the Finance Documents for the purposes of or in connection with any of the following: business acquisitions of any nature; increasing working capital; enabling investor distributions to be made; carrying out restructurings; refinancing existing facilities; refinancing any other indebtedness; making facilities available to new borrowers; any other variation or extension of the purposes for which any such facility or amount might be made available from time to time; and any fees, costs and/or expenses associated with any of the foregoing.

11.6 Immediate recourse

The Guarantor waives any right it may have of first requiring the Board (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from that Guarantor under this Clause 11 (*Guarantee and Indemnity*). This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.

11.7 Appropriations

Until all amounts which may be or become payable by the Company under or in connection with the Finance Documents have been irrevocably paid in full, the Board (or any trustee or agent on its behalf) may:

- (a) refrain from applying or enforcing any other moneys, security or rights held or received by the Board (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and the Guarantor shall not be entitled to the benefit of the same; and

- (b) hold in an interest-bearing suspense account any moneys received from the Guarantor or on account of the Guarantor's liability under this Clause 11 (*Guarantee and Indemnity*).

11.8 **Deferral of Guarantor's rights**

Until all amounts which may be or become payable by the Company under or in connection with the Finance Documents have been irrevocably paid in full and unless the Board otherwise directs, the Guarantor will not exercise any rights which it may have by reason of performance by it of its obligations under the Finance Documents or by reason of any amount being payable, or liability arising, under this Clause 11 (*Guarantee and Indemnity*):

- (a) to be indemnified by the Company;
- (b) to claim any contribution from any other guarantor of the Company's obligations under the Finance Documents;
- (c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Board under the Finance Documents or of any other guarantee or security taken pursuant to, or in connection with, the Finance Documents by the Board;
- (d) to bring legal or other proceedings for an order requiring the Company to make any payment, or perform any obligation, in respect of which the Guarantor has given a guarantee, undertaking or indemnity under this Clause 11 (*Guarantee and Indemnity*);
- (e) to exercise any right of set off against the Company; and/or
- (f) to claim or prove as a creditor of the Company in competition with the Board.

If the Guarantor receives any benefit, payment or distribution in relation to such rights it shall hold that benefit, payment or distribution to the extent necessary to enable all amounts which may be or become payable to the Board by the Company under or in connection with the Finance Documents to be repaid in full on trust for the Board and shall promptly pay or transfer the same to the Board or as the Board may direct.

11.9 **Additional security**

This guarantee is in addition to and is not in any way prejudiced by any other guarantee or security now or subsequently held by the Board.

12. **WARRANTIES AND REPRESENTATIONS**

Each of the Company and the Guarantor (in each case, in respect of itself) hereby warrants and represents to the Board as follows:

12.1 **Status; Power**

- (a) It is duly organised, formed or incorporated and validly existing and, if applicable in the relevant jurisdiction, in good standing under the laws of its jurisdiction of formation or incorporation and has the power to conduct its business as currently conducted.
- (b) It has the power and authority and is duly authorised to enter into and comply with the Finance Documents to which it is a party.

12.2 **Legality, Validity and Enforceability**

- (a) Subject to the Legal Reservations, the obligations expressed to be assumed by it in each Finance Document to which it is a party are legal, valid, binding and enforceable obligations.
- (b) Subject to (i) the stamping of the Assignment of Building Agreement and the Mortgage, and (ii) the payment of Cayman Islands stamp duty on any of the Finance Documents that is executed in or brought into the Cayman Islands, or produced before a court of the Cayman Islands, the Finance Documents to which it is a party are admissible in evidence in its jurisdiction of incorporation

12.3 **Authorisations**

Subject to stamping and registration of the relevant Security Documents with the Singapore Land Authority and the Accounting and Corporate Regulatory Authority of Singapore, all authorisations required to enable the lawful entry into and compliance with the Finance Documents to which it is a party have been obtained or effected and are in full force and effect or will be obtained or effected and will be in full force and effect on the date such authorisations are required by the Finance Documents to which it is a party and/or as a matter of law.

12.4 **No Proceedings**

No litigation, arbitration or administrative proceedings (to the best of its knowledge and belief) have been started or are pending or threatened against it which could reasonably be expected to be adversely determined and, if adversely determined, could reasonably be expected to have a Material Adverse Effect.

12.5 **Non-Conflict**

The entry into and performance by it of, and the transactions contemplated by, the Finance Documents to which it is a party do not conflict with:

- (a) in any material respect, its constitutional documents;
- (b) in any material respect, any law, rule, regulation or order; or
- (c) to the extent such conflict has a Material Adverse Effect, any agreements binding on it or any of its assets.

12.6 **No Default**

No Default is continuing or will result from the entry into, or the performance of any transaction contemplated by, any Finance Document to which it is a party.

12.7 **Provision of Information**

- (a) To the best of its knowledge and belief after such enquiry as it considers prudent, the factual information with respect to it (and in the case of the Guarantor, the Group) set out in the Due Diligence Information (other than the information set out in (i) columns G-I of the "Template" tab, (ii) the "Interco adjustments" tab and (iii) the "GFS Debt" tab of the Due Diligence Information) was correct in all material respects as at the date that Due Diligence Information was provided.
- (b) Subject to any subsequent disclosure, to the best of its knowledge and belief after such enquiry as it considers prudent, the Due Diligence Information (other than the information set out in (i) columns G-I of the "Template" tab, (ii) the "Interco adjustments" tab and (iii) the "GFS Debt" tab of the Due Diligence Information) with respect to it (and in the case of the Guarantor, the Group) did not omit to state any material fact and no information has been given or withheld that results in the Due Diligence Information (other than the information set out in (i) columns G-I of the "Template" tab, (ii) the "Interco adjustments" tab and (iii) the "GFS Debt" tab of the Due Diligence Information) with respect to it, taken as a whole, being untrue or misleading in any material respect.

- (c) The calculation methodology for GF Singapore EBITDA of the Adjusted Group, GF Singapore Adjusted Free Cash Flow to firm, GF Singapore Leverage Ratio, GF Singapore Senior Repayment and Subordinated Repayment used to produce line items 7-39 in columns G-I of the tab “Template” of the Due Diligence Information and the result of that calculation was correct from a calculation perspective.
- (d) The calculation methodology for GF Singapore EBITDA of the Adjusted Group, Adjusted EBITDA (excluding interco), EBIT (ex-interco), Adjusted Free Cash Flow to Firm (ex-interco), Average Cash Balance, Senior Loan Amount incl. Finance Leases less excess cash, External Subordinated Loan Amount, Shareholders Equity, Total Capitalisation, Senior Loan Repayment (based on Financing Agreements definition), Subordinated Loan Repayment, Debt Service Coverage Ratio, Leverage Ratio, Available Liquidity, Projected EBITDA, Calculation of Cash flow from Operation ex-interco and Cash Flow from Operating Activities—without interco used to produce line items 5-80 in columns D-F of the tab “Interco adjustments” of the Due Diligence Information and the result of that calculation was correct from a calculation perspective.
- (e) The calculation methodology for GF Singapore Short Term Loan, Long Term Loan, Summary, Module 7H CAPEX (Commit & Cash) Schedule, Drawdown schedule and Interest expense calculation used to produce line items 2-162 in columns B-Y of the tab “GFS Debt” of the Due Diligence Information and the result of that calculation was correct from a calculation perspective.

12.8 Solvency

On the date of this Agreement no formal legal proceedings or other formal procedure or step as described in Clause 16.5(b) (*Insolvency Events*) has been taken and is current (and has not been stayed or dismissed), other than such proceedings or steps that are frivolous or vexatious.

12.9 Financial Statements

The most recent consolidated Financial Statements (which shall include, as at the date of this Agreement, all the Financial Statements delivered under Clause 3.3 (*Conditions Precedent and Availability*)) of the Company or (as the case may be) the Guarantor delivered in accordance herewith were prepared in accordance with Approved Accounting Principles, consistently applied, and fairly represent its consolidated financial position as at the end of, and consolidated results of operations for, the period to which they relate.

12.10 Sanctions

Neither it nor, to its actual knowledge, any of its directors or officers are currently subject to any Sanctions.

12.11 Applicable Laws

Without limiting Clause 12.14 (*Corrupt Practices Laws*), it has not breached any Applicable Laws which breach has or could reasonably be expected to have a Material Adverse Effect.

12.12 Choice of Law

Subject to any Legal Reservations, the choice of law under the Finance Documents to which it is a party is enforceable against it and foreign judgments rendered against it as a result of such choice of law would be recognised and enforceable in its jurisdiction of incorporation.

12.13 **Taxes**

- (a) To the best of its knowledge, it has filed or caused to be filed all Tax returns and Tax information returns that are required to have been filed by it in any jurisdiction and has paid in full all Taxes due and payable on such returns and all other Taxes payable by it, to the extent that such Taxes have become due and payable, except for filings and Taxes that are being contested by it in good faith;
- (b) all required stamp duties, registration fees, filing costs and other charges in connection with the execution, delivery, filing, recording, perfection, priority and/or admissibility in evidence of any Finance Document to which it is a party and payable as of the date that this representation is given have been paid in full or an appropriate exemption therefrom has been obtained and all such filings, recordings or other acts have been made or will be duly made within the required time periods for so doing; and
- (c) in respect of a payment made by the Company or (as the case may be) the Guarantor, no Tax Deduction is required to be made by the Company or (as the case may be) the Guarantor from any payment it may make to the Board under any of the Finance Documents to which it is a party.

12.14 **Corrupt Practices Laws**

Neither it nor, to its actual knowledge, any of its directors or officers, acting on its behalf, has used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; or made any bribe, rebate, payoff, influence payment, kickback or other payment prohibited under any Corrupt Practices Laws applicable to it concerning such payments or gifts and it has instituted and maintains policies and procedures designed to prevent violations of applicable anti-bribery and corruption laws and regulations.

12.15 **Anti-Money Laundering**

Its operations are and have been conducted at all times in compliance with the applicable financial record keeping and reporting requirements and anti-money laundering statutes in its jurisdiction of incorporation and in all other jurisdictions in which it conducts business (collectively “**Anti-Money Laundering Laws**”) and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitration involving it with respect to Anti-Money Laundering Laws is pending and, to its knowledge, no such actions, suits or proceedings are threatened or contemplated.

12.16 **Immunity**

Subject to the Legal Reservations, neither it nor its respective assets has any, or is entitled to claim or assert any, right of immunity on the grounds of sovereignty or otherwise from jurisdiction of any court, suit, set-off, legal proceedings generally, attachment before judgment, attachment in aid of execution or other attachment or execution of judgment under the applicable laws of its jurisdiction of incorporation or any other jurisdiction in which its assets are located in connection with any action to enforce any Finance Document to which it is a party.

12.17 **Private and Commercial Purposes**

The execution, delivery and performance by it of each Finance Document to which it is a party are private and commercial acts performed for private and commercial purposes.

12.18 **Pari Passu Ranking**

Its payment obligations under the Finance Documents to which it is a party rank at least *pari passu* in right of payment with all its other unsecured and unsubordinated creditors (subject to applicable law).

12.19 Pension Liabilities

It maintains and funds its pension schemes (if any) in accordance with all applicable laws in all material respects where failure to do so has or would reasonably be expected to have a Material Adverse Effect.

12.20 Projections

Each of the financial and operating projections with respect to it (and in the case of the Guarantor, the Group) set out in the Due Diligence Information (other than the information set out in (i) columns G-I of the “Template” tab, (ii) the “Interco adjustments” tab and (iii) the “GFS Debt” tab of the Due Diligence Information):

- (a) was prepared with due care and in good faith;
- (b) represents a good faith, reasonable estimate as of the date such projection was provided, based on reasonable assumptions (where such assumptions are not stated to have been provided by a third party) as to all matters affecting the estimates therein; and
- (c) was prepared on a basis substantially consistent with its Financial Statements.

12.21 Times When Representations Made

- (a) All the representations in this Clause 12 are made by the Company and the Guarantor (each in respect of itself) on the date of this Agreement to the Board.
- (b) The Repeating Representations are deemed to be made by the Company and the Guarantor (each in respect of itself) on the date of each Written Notice and each date of Drawing under this Agreement to the Board.
- (c) The Repeating Representations are deemed to be made by the Company and the Guarantor (each in respect of itself) on the last day of each Interest Period under this Agreement to the Board.
- (d) The representations set out in Clause 12.9 (*Financial Statements*) are deemed given in respect of the most recent consolidated Financial Statements of the Company or the Guarantor (as applicable) delivered in accordance with this Agreement on the date of such delivery.
- (e) Each representation deemed to be made after the date of this Agreement shall be deemed to be made by reference to the facts and circumstances existing at the date the representation is deemed to be made.

13. INFORMATION UNDERTAKINGS

13.1 Financial Statements

- (a) The Guarantor shall provide to the Board:
 - (i) as soon as they are available, but in any event, within one hundred and twenty (120) Days after the end of each of its Financial Years, the audited and consolidated Financial Statements and unaudited consolidating income statement and balance sheet for that Financial Year for the Guarantor; and
 - (ii) as soon as they are available, but in any event, within ninety (90) Days after the end of each of the first three quarters of each of its Financial Years, unaudited and consolidated Financial Statements and unaudited consolidating income statement and balance sheet for that quarter for the Guarantor.

- (b) The Company shall provide to the Board:
 - (i) as soon as they are available, but in any event, within one hundred and eighty (180) Days after the end of each of its financial years, the audited and consolidated Financial Statements for that financial year for the Company;
 - (ii) as soon as they are available, but in any event, within ninety (90) Days after the end of each of the first three quarters of each of its financial years, unaudited and consolidated Financial Statements for that quarter for the Company; and
 - (iii) as soon as it is available, but in any event, within ninety (90) Days after the end of each quarter of its financial years, the PPE Report.

13.2 Compliance Certificate and Financial Year

- (a) The Guarantor shall provide the Board, together with:
 - (i) the most recent Financial Statements delivered pursuant to Clause 13.1(a)(i) (*Financial Statements*) above; and
 - (ii) Financial Statements in respect of the second quarter of its Financial Year delivered pursuant to Clause 13.1(a)(ii) (*Financial Statements*) above,

a Compliance Certificate setting out (in reasonable detail) computations as to compliance with Clauses 13.5 (*Financial Covenants*) and 14.7 (*Obligor Coverage*) with respect to the relevant Calculation Date and the Calculation Period ending on such date.
- (b) Each Compliance Certificate shall be signed by an Authorised Officer of the Guarantor.
- (c) The Guarantor shall not change its financial year (other than changes due to it being a 52-week financial year or moving to a calendar year basis).

13.3 LTV/Additional LTV Test Certificate

Within thirty (30) Business Days of each LTV Test Date and Additional LTV Test Date, the Company shall deliver to the Board a certificate confirming whether the LTV as of the relevant LTV Test Date and/or (as the case may be) Additional LTV Test Date (and determined by reference to the relevant Applicable Valuation Report and any Top-Up Valuation Report (if applicable)) exceeds the LTV Threshold as of the relevant LTV Test Date and/or (as the case may be) Additional LTV Test Date (the “**LTV Test Certificate**” and the “**Additional LTV Test Certificate**” respectively, in each case, substantially in the form of Appendix XIII (*Form of LTV Test Certificate / Form of Additional LTV Test Certificate*)). Where the LTV as of the relevant LTV Test Date and/or (as the case may be) Additional LTV Test Date (and determined by reference to the relevant Applicable Valuation Report and any Top-Up Valuation Report (if applicable)) exceeds the LTV Threshold as of the relevant LTV Test Date and/or (as the case may be) Additional LTV Test Date, there shall be a prepayment of the Term Loan Facility in accordance with Clause 10.3(a) (*Fixed Productive Assets Disposal, Insurance Proceeds and LTV Test*).

13.4 Information: miscellaneous

The Company shall supply to the Board:

- (a) all material documents required by applicable law or regulation to be dispatched by the Company to its creditors generally at the same time as they are dispatched;
- (b) promptly upon becoming aware of them, the details of any litigation, arbitration or administrative proceedings which are current, threatened in writing or pending against any member of the Group, and which could reasonably be expected to have a Material Adverse Effect; and

- (c) as soon as reasonably practicable on request, such further information regarding the financial condition, business and operations of the Company or the Guarantor except information of a confidential nature as the Board may reasonably request.

13.5 Notification of Default

- (a) The Company shall notify the Board of any Default (and the steps, if any, being taken to remedy it) promptly (and in any event within fourteen (14) Days) upon becoming aware of its occurrence.
- (b) Promptly upon a request by the Board if it reasonably believes that a Default is continuing, the Company shall provide to the Board a certificate signed by an Authorised Officer of the Company on its behalf certifying that no Default is continuing (or if a Default is continuing, specifying the Default and the steps, if any, being taken to remedy it).

13.6 Financial Covenants

- (a) On each Calculation Date, the Guarantor shall procure that:
 - (i) the Debt Service Coverage Ratio shall be at least 1.1:1.0; and
 - (ii) the Obligors hold at least US\$350,000,000 (less the aggregate of available and undrawn amounts under any Committed Debt Facilities) in Cash or Cash Equivalent Investments.
- (b) The covenants contained in this Clause 13.6 will be tested semi-annually by reference to the consolidated Financial Statements of the Guarantor for the relevant Calculation Period with such adjustments as are necessary to determine the consolidated position of the Adjusted Group from such consolidated Financial Statements, unless the annual Financial Statements of the Guarantor for all of the relevant period are available, in which case those annual consolidated Financial Statements shall be used instead.
- (c) The components of each definition used in this Clause 13.6 will be calculated in accordance with the Approved Accounting Principles.

13.7 Applicable Valuation Report

The Company shall provide to the Board the Applicable Valuation Report prior to the entering into, or (as the case may be) the occurrence of, any Relevant Event (other than an Insurance Event, in which case the Applicable Valuation Report shall be provided prior to the relevant Insurance Prepayment Date). Save as otherwise provided in Clause 14.14(b), the costs and expenses incurred in connection with each Applicable Valuation Report shall be borne by the Company.

14. AFFIRMATIVE UNDERTAKINGS

Each of the Company and the Guarantor (to the extent expressed to do so below) (in each case, in respect of itself) hereby undertakes and agrees with the Board as follows:

14.1 Maintenance of Existence

Save in accordance with any transaction permitted under Clause 15.3 (*Merger*), it shall at all times preserve and maintain:

- (a) its legal existence under applicable laws of the jurisdiction in which it is incorporated; and

- (b) its qualifications to do business in full force and effect in the jurisdiction in which it is incorporated or in which the transaction of its business as conducted or proposed to be conducted makes such qualification necessary.

14.2 Authorisations

The Company shall promptly obtain, comply with in all material respects and do all that is necessary to maintain in full force and effect any authorisation required under any applicable law or regulation to enable it to perform its obligations under the Finance Documents and to ensure the legality, validity, enforceability or admissibility in evidence in its jurisdiction of incorporation of any Finance Document.

14.3 Compliance with Laws

It shall comply with all applicable laws to which it may be subject if failure to so comply would have or would be reasonably likely to have a Material Adverse Effect.

14.4 Books, Records and Inspections; Accounting and Audit Matters

- (a) It shall maintain adequate management information and cost control systems and shall keep proper books of record and account adequate to reflect fairly the financial condition and results of its operations and shall implement and maintain all internal management and accounting practices and controls necessary to ensure compliance with and to Corrupt Practices Laws.
- (b) It shall maintain copies of its books of records and accounts at its offices and, subject to applicable safety procedures:
 - (i) in respect of the Guarantor, upon reasonable notice at reasonable times and only when an Event of Default is continuing, shall give access to (or procure access to) the Board (and any of its officers and designated representatives) to its books of records and accounts and documents to the extent reasonably considered relevant in the context of such Event of Default; and
 - (ii) in respect of the Company, upon reasonable notice at reasonable times and no more than on two occasions per twelve month period, shall give access to (or procure access to) the Board (and any of its officers and designated representatives) to its property and its books of records and accounts and documents. The cost and expense to a party of any visit to the property of the Company shall be borne by that party and the Board (and any of its officers and designated representatives) shall comply with all safety measures put in place by the Company.

14.5 Taxes

It shall ensure payment of all Taxes when due, except where the payment of such Taxes is being contested in good faith by the Company or (as the case may be) the Guarantor with appropriate reserves established in accordance with the Approved Accounting Principles and where such contest does not and could not reasonably be expected to result in a Material Adverse Effect.

14.6 Proper Legal Form

It shall take all action within its control required to ensure that each Finance Document to which it is a party:

- (a) is in proper legal form under applicable laws of the jurisdiction in which it is incorporated and (if different) of the jurisdiction by which it is governed; and
- (b) is capable of enforcement in its jurisdiction of incorporation and such other jurisdiction (if applicable) without further action on the part of the Board.

14.7 Obligor Coverage

The Guarantor shall ensure that the aggregate EBITDA, Revenues and Total Assets of the Non-Obligors does not exceed twenty per cent. (20%) of the EBITDA, Revenues and Total Assets of the Adjusted Group, respectively, where the Revenues and Total Assets of the Adjusted Group means the Revenues and Total Assets of the Group calculated on a consolidated basis excluding the aggregate Revenues and Total Assets of the Excluded Companies.

14.8 Insurance

- (a) The Company shall obtain and maintain insurance in respect of its business and assets in relation to the Fixed Productive Assets (including, without limitation, the Contractor's All Risk Insurance and (on and from termination of the Contractor's All Risk Insurance) the Property All Risk Insurance) with a total insured value that is not less than the Drawings then outstanding for the time being, from financially sound and reputable insurers and in amounts and with coverages, deductibles and indemnities that are, in each case, consistent with Prudent Industry Practice or as required by applicable law, the Building Agreement or the Lease.
- (b) The Company shall procure that:
 - (i) each of the Contractor's All Risk Insurance and, on and from the termination of the Contractor's All Risk Insurance, the Property All Risk Insurance:
 - (A) acknowledges that the Company is the party liable to pay the premiums in respect thereof;
 - (B) provides for the insurers or underwriters to give to the Board at least 45 days' prior notice of cancellation. If such Insurance is cancelled by reason of non payment of calls, premiums or otherwise, such Insurance shall provide for the insurers or underwriters to give the Board at least 30 days' prior notice of cancellation and allow the Board an opportunity of paying such calls or premiums which may be in default;
 - (C) notes the Board's interest in that policy and names the Board as loss payee (and, for the avoidance of doubt, the Board will only be entitled to receive proceeds under the Insurance if the Board exercises its rights pursuant to Clause 16.11(a) (*Remedies following Default*)); and
 - (D) acknowledges that all proceeds paid to the Board following the Board exercising its rights pursuant to Clause 16.11(a) (*Remedies following Default*) shall, irrespective of any other provisions therein contained, be paid to the Board without deduction, set off or counterclaim in respect of any outstanding premiums or calls on it.
 - (c) If the Company fails to purchase or maintain any Insurance in accordance with paragraphs (a) and (b) above, the Board may, but only when an Event of Default is continuing, purchase such insurance as may be necessary to remedy any such failure and the Company shall indemnify the Board on demand against any costs or expenses incurred by it in purchasing any such insurance.

14.9 Rights to Property

It has and shall maintain such other rights to use the assets necessary to carry on the its business as it is currently being conducted and as conducted from time to time.

14.10 **Pari Passu Ranking**

It shall take all actions necessary to ensure that its payment obligations under the Finance Documents to which it is a party rank at least *pari passu* in right of payment with the claims of all its other unsecured and unsubordinated creditors (subject to applicable law).

14.11 **Sanctions**

The Company shall ensure that proceeds of the Term Loan Facility made available to it will not directly nor indirectly be lent, contributed or otherwise made available to any person (whether or not related to the Company):

- (a) for the purpose of financing the activity of any person currently subject to Sanctions;
 - (b) for the benefit of any country currently subject to Sanctions; or
 - (c) for the benefit of any person in any country currently subject to Sanctions,
- in a manner that would result in a violation of Sanctions applicable to the Company.

14.12 **Project**

- (a) The Company shall ensure that the Project Completion Date shall be no later than five (5) years after the date of First Drawing.
- (b) The Company shall ensure that the Final Ramp-Up Date shall be no later than five (5) years and 183 days after the date of First Drawing.
- (c) The Company shall ensure that an Independent Construction Consultant is appointed at the Company's cost and expense at all times until the occurrence of the Ready for Equipment Date.
- (d) The Company shall ensure that the Independent Construction Consultant (subject to any local authority or Company policy restrictions implemented in connection with legal or other regulatory requirements or safety measures, together with any applicable Board personnel where required by government policy and strictly to the extent necessary (and subject to a maximum of 4 persons from the Board personnel per visit)) is afforded all reasonable access to inspect any aspect or part of the Project and all material information relating to the Project reasonably requested by the Independent Construction Consultant, and shall give the Independent Construction Consultant its reasonable cooperation and assistance in connection with the foregoing, provided that (i) there shall not be more than one visit to the property of the Company per project milestone identified in the Schedule of Project Milestones and Drawings, (ii) the cost and expense to a party of any visit to the property of the Company shall be borne by that party (for the avoidance of doubt, the Independent Construction Consultant's cost and expense shall be borne by the Company as provided in paragraph (c) above) and (ii) the Independent Construction Consultant (and any applicable Board personnel) shall comply with all safety measures put in place by the Company.

14.13 **Charge over Equipment**

- (a) Subject to the Board agreeing the details of the Acceptable Fixed Productive Assets to be referenced in the Charge over Equipment at least ten Business Days' prior to the Project Completion Date, on or prior to the Project Completion Date, the Company shall (i) procure finalisation of the Charge over Equipment and (ii) provide confirmation to Allen & Gledhill LLP of the release of its signed signature page to the Charge over Equipment from Documentary Escrow with the intent that the Charge over Equipment shall be dated and take effect on or prior to the Project Completion Date.

- (b) The Company shall undertake, upon the Charge over Equipment being dated and becoming effective, to do all such acts as necessary to enable the Charge over Equipment to be perfected over such tools and other related assets for the Module 7H Facility as is required to comply with the LTV Threshold applicable on the Project Completion Date (including, if required, providing the Company's customary corporate approvals and ensuring that the Board receives all such legal opinions, consents, assurances, resolutions and other documents, in each case, which are equivalent to those provided pursuant to Clause 3 (*Conditions Precedent and Availability*) as the Board may reasonably request in connection with the Charge over Equipment (provided further that if such documents are substantially the same as the corresponding documents provided pursuant to Clause 3 (*Conditions Precedent and Availability*), they shall be deemed satisfactory to the Board).

14.14 Additional Valuation Report

- (a) If the Board (acting reasonably) believes that the LTV exceeds the LTV Threshold, the Board and the Company shall consult in good faith to agree next steps to be taken by the parties. If as a result of such consultation the Board (acting reasonably) determines that an additional valuation is required, the Company shall deliver an additional independent appraisal of the Fair Market Value of the Acceptable Fixed Productive Assets prepared by the relevant Valuers (each of the two such Valuers as selected by the Board from the list of Valuers determined in accordance with the definition of "Valuer") in the form of the Initial Valuation Report or otherwise in a form agreed by the Company and the Board as soon as reasonably practicable on request of the Board (the "**Additional Valuation Report**").
- (b) The Board may only request one Additional Valuation Report per Relevant Period. The Company shall pay the costs and expenses incurred in connection with the first Additional Valuation Report delivered to the Board only and the Board shall pay the costs and expenses incurred in connection with any other Additional Valuation Report.

14.15 Annual Progress Updates and Final Progress Update

- (a) The Company shall deliver to the Board an Annual Progress Update within two months of 1 February of each calendar year (commencing in 2022) until the Final Ramp-Up Date (or such other annual interval period as the Board may notify the Company in writing from time to time, provided that the Board cannot require more than one Annual Progress Update per calendar year and shall provide at least two months' notice of any change in the annual interval period applicable to an Annual Progress Date).
- (b) The Company shall deliver to the Board a Final Progress Update within 183 days after the Final Ramp-Up Date or, in the event of notification to the Board from the Company of an early termination of the Project (which for the avoidance of doubt, shall be without prejudice to the Board's rights and remedies under this Agreement and the other Finance Documents), within 183 days after early termination of the Project.

14.16 Total Project Costs Statement of Expenditure

Within 30 Business Days after the Final Ramp-Up Date, the Company shall deliver to the Board a statement of expenditure (substantially in the same form as the Statement of Expenditure) (the "**Total Project Costs Statement of Expenditure**") duly certified by an Independent External Auditor and accompanied by an External Auditor's Statement, pertaining to all Project costs which have been incurred by the Company (whether or not paid) as at the Final Ramp-Up Date (such amount, the "**Total Project Costs**"). The Total Project Costs Expenditure Statement may include the information provided in each Statement of Expenditure (that has been duly certified by an Independent External Auditor in accordance with Clause 5.2(c)) delivered to the Board and such information shall not require a further certification by an Independent External Auditor nor an External Auditors' Statement.

14.17 Charge over Property All Risk Insurance Amounts

- (a) Where the Company is to enter into Property All Risk Insurance, it shall use reasonable efforts (provided that the Company shall not be required to bear any additional costs or expenses or higher insurance premiums) to ensure that it is not prohibited from granting a charge of the type described in the Charge over Property All Risk Insurance Amounts.
- (b) On or prior to the termination of the Contractor's All Risk Insurance, the Company shall provide confirmation to Allen & Gledhill LLP of the release of its signed signature page to the Charge over Property All Risk Insurance Amounts from Documentary Escrow with the intent that the Charge over Property All Risk Insurance Amounts shall be dated and take effect on the date of termination of the Contractor's All Risk Insurance.
- (c) The Company shall undertake, upon the Charge over Property All Risk Insurance Amounts being dated and becoming effective, to do all such acts as necessary to enable the Charge over Property All Risk Insurance Amounts to be perfected over the amounts received or receivables by the Company under the Property All Risk Insurance (including, if required, providing the Company's customary corporate approvals and ensuring that the Board receives all such legal opinions, consents, assurances, resolutions and other documents, in each case, which are equivalent to those provided pursuant to Clause 3 (*Conditions Precedent and Availability*) as the Board may reasonably request in connection with the Charge over Property All Risk Insurance Amounts (provided further that if such documents are substantially the same as the corresponding documents provided pursuant to Clause 3 (*Conditions Precedent and Availability*), they shall be deemed satisfactory to the Board).

15. NEGATIVE UNDERTAKINGS

The Company (other than in respect of Clauses 15.5 (*Financial Indebtedness*) and 15.7 (*Distribution*)) and the Guarantor (in respect of the undertakings set out in Clauses 15.3 (*Merger*), 15.4 (*Immunity*), 15.5 (*Financial Indebtedness*), 15.7 (*Distribution*) and 15.8 (*Corporate Documents; Capital Structure*) and 15.9 (*Nature of Business*)) hereby undertakes and agrees with the Board as follows (save where agreed to or waived with the written consent of the Board, which consent shall not be unreasonably withheld):

15.1 Negative Pledge

- (a) The Company shall not create or permit to subsist any Security securing Financial Indebtedness over the Acceptable Fixed Productive Assets.
- (b) The Company shall not, in respect of the Acceptable Fixed Productive Assets only:
 - (i) sell, transfer or otherwise dispose of any of its Acceptable Fixed Productive Assets on terms whereby they are or may be leased to or re-acquired by it;
 - (ii) sell, transfer or otherwise dispose of any of its receivables on recourse terms;
 - (iii) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or
 - (iv) enter into any other preferential arrangement having a similar effect, in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset, each such arrangement being "**Quasi-Security**".
- (c) For the avoidance of doubt, the Board shall, at the cost and request of the Company, release any asset that is an Acceptable Fixed Productive Asset (other than the Property) from the Transaction Security whereupon such asset shall no longer constitute a Acceptable Fixed Productive Asset, provided that such release shall be an Fixed Productive Assets Event and subject to the regime set out in Clause 10.3 (*Fixed Productive Assets Disposal, Insurance Proceeds and LTV Test*).

15.2 Disposals

The Company shall not sell, lease, license, transfer or otherwise dispose of any asset (each, a “**disposition**”) other than Permitted Disposals.

15.3 Merger

Neither the Company nor the Guarantor shall enter into any amalgamation, demerger, merger or Reorganisation other than:

- (a) where the Company or (as the case may be) the Guarantor is the surviving entity and such transaction does not adversely affect the ability of the Company or (as the case may be) the Guarantor to perform its obligations under the Finance Documents, the validity and enforceability of the Finance Documents against the Company or (as the case may be) the Guarantor or any right or remedy of the Board in respect of the Finance Documents;
- (b) where it would be a permitted disposal under Clause 15.2 (*Disposals*) above; or
- (c) any other transaction approved by the Board.

15.4 Immunity

In any proceedings, neither the Company nor the Guarantor shall claim or assert for itself or any of its material assets any immunity (including claims of sovereign immunity) as against the Board from suit, execution, attachment or other legal process, whether through service of notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise.

15.5 Financial Indebtedness

- (a) Subject to paragraph (b) below, the Guarantor shall ensure that no member of the Adjusted Group shall incur any Financial Indebtedness, except to the extent that, on the date of the incurrence of any Financial Indebtedness (taking into account the incurrence of such Financial Indebtedness) the Leverage Ratio and Projected Leverage Ratio are not greater than forty per cent. (40%).
- (b) The incurrence of Financial Indebtedness described at paragraphs (b), (g) (but only to the extent Cash belonging to an Obligor is pooled with that of any other member of the Adjusted Group), (i), (l), or (m) of the definition of “Permitted Indebtedness” shall not require compliance with, or be included in the calculation of, the Leverage Ratio or Projected Leverage Ratio.

15.6 Acquisitions; Investments

The Company shall not acquire assets or make any investments on or after the date of this Agreement outside of the ordinary course of its business (it being understood that acquisitions or investments consisting of strategic acquisitions, joint ventures or partnerships, in each case related to the acquiror’s or investor’s business shall be deemed to be within the ordinary course of the acquiror’s or investor’s business) other than any Permitted Investment.

15.7 Distribution

Prior to the occurrence of an IPO Event, the Guarantor shall not pay any Distribution unless:

- (a) on the date of such Distribution:
 - (i) after giving effect to such Distribution, the Obligors would hold at least US\$350,000,000 (less the aggregate of available and undrawn amounts under any Committed Debt Facilities) in Cash or Cash Equivalent Investments;

- (ii) the Debt Service Coverage Ratio as at the most recent Calculation Date was at least 1.3:1.0;
 - (iii) no Default has occurred and is continuing (or would occur as a result of such Distribution); and
 - (iv) such Distribution is made in compliance with applicable law; or
- (b) such Distribution or Distributions are in amounts that are, in the aggregate, equal to or less than the proceeds received by the Guarantor from the issuance of additional equity interests in the Guarantor after the date of this Agreement, provided that the amount of any such Distribution shall not constitute “**Equity**” for the purposes of this Agreement.

15.8 Corporate Documents; Capital Structure

- (a) Neither the Company nor the Guarantor shall amend or modify its constitutional documents or modify its legal form, except for any amendment or modification:
- (i) in connection with any transaction permitted Clause 15.3 (*Merger*); or
 - (ii) that does not materially and adversely affect the rights of the Board under the Finance Documents.
- (b) Each of the Company and the Guarantor shall promptly provide the Board with written notice of any change of its name or principal place of business.

15.9 Nature of Business

No material change shall be made to the general nature of the business of the Company or the Guarantor from that carried out at the date of this Agreement.

16. EVENTS OF DEFAULT

16.1 Non-Payment

- (a) The Company does not pay on the due date any amount of principal, interest or fees payable under the Finance Documents (unless its failure to pay is caused by administrative or technical error or a Disruption Event and payment is made within three (3) Business Days of its due date).
- (b) The Company does not pay any amount (other than principal, interest or fees) payable to the Board under the Finance Documents within ten (10) Business Days after becoming due.

16.2 Breach of Other Obligations

- (a) The Company (or the Guarantor, as applicable) fails to comply with any obligation set out in Clauses 13.5 (*Financial Covenants*), 14.1 (*Maintenance of Existence*), 14.3 (*Compliance with Laws*) (to the extent relating to any Sanctions, anti-bribery or anti-money laundering laws) or 15.7 (*Distribution*) hereto.
- (b) The Company (or the Guarantor, as applicable) fails to comply with any obligation set out in Clauses 13 (*Information Undertakings*), 14 (*Affirmative Undertakings*) and 15 (*Negative Undertakings*) hereto (other than those referred to in Clause 16.1 (*Non-Payment*) and paragraph (a) above) which is not remedied within thirty (30) days after the earlier of:
- (i) the date on which the Company becomes, or reasonably should have been, aware thereof; and

- (ii) the date on which the Company receives written notice thereof from the Board.
- (c) The Company (or the Guarantor, as applicable) fails to comply with any provision of the Finance Documents (other than those referred to in Clause 16.1 (*Non-Payment*) or paragraphs (a) and (b) above) which is not remedied within forty-five (45) days after the earlier of:
 - (i) the date on which the Company becomes, or reasonably should have been, aware thereof; and
 - (ii) the date on which the Company receives written notice thereof from the Board.
- (d) A Subordinated Creditor fails to comply with any provision of the Subordination Deed which is not remedied within forty-five (45) days after the earlier of:
 - (i) the date on which such Subordinated Creditor becomes, or reasonably should have been, aware thereof; and
 - (ii) the date on which Subordinated Creditor receives written notice thereof from the Board.

16.3 **Misrepresentation**

Any representation made (or deemed to be made in accordance with Clause 12.21 (*Times When Representations Made*)) by the Company or the Guarantor under this Agreement is false or misleading in any material respect when made or repeated and, if the condition that renders such representation false or misleading is capable of being rectified, such condition is not rectified for a period of thirty (30) days after the earlier of:

- (a) the date the Company or, as applicable, the Guarantor, became aware, or reasonably should have become aware, of such misrepresentation; and
- (b) the date on which the Board gives notice thereof to the Company or the Guarantor (as applicable).

16.4 **Cross-default**

Any Financial Indebtedness of the Company or the Guarantor (other than Financial Indebtedness under the Finance Documents or the Shareholder Loans) in excess of:

- (a) US\$50,000,000 (or its equivalent in any other currency or currencies) is not paid when due (or after giving effect to any applicable grace period); or
- (b) US\$50,000,000 (or its equivalent in any other currency or currencies) is declared to be due and payable prior to its specified maturity as a result of an event of default (howsoever described).

16.5 **Insolvency Events**

- (a) The Company or the Guarantor is unable or admits inability to pay its debts as they fall due.
- (b) Any formal legal proceedings or other formal procedure or step (or any analogous procedure or step is taken in any jurisdiction) is taken in relation to:
 - (i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration, judicial management or Reorganisation of the Company or the Guarantor;

- (ii) a composition, compromise, assignment or similar arrangement with any creditor of the Company or the Guarantor (excluding the Board in its capacity as such under, and acting in accordance with this Agreement); or
- (iii) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager, judicial manager or other similar officer in respect of the Company or the Guarantor or its assets,

and, in each case, in the event such procedure or step is initiated by any person other than the Company or the Guarantor (as applicable), such procedure or step is not stayed or dismissed within sixty (60) days of commencement, provided that this shall not include an event arising as a consequence of a transaction permitted under Clause 15.3(b) (*Merger*).

- (c) The occurrence of any creditors' process affecting material assets of the Company or the Guarantor which is not discharged within sixty (60) days.

16.6 **Illegality**

It is or becomes unlawful for the Company or the Guarantor to perform or otherwise comply with one or more of its material obligations under any Finance Document.

16.7 **Invalidity; Unenforceability**

Subject to any Legal Reservations, any material obligation of the Company or the Guarantor under the Finance Documents is rendered invalid or unenforceable or is claimed by the Company or the Guarantor not to be valid or enforceable and, such event is not remedied within thirty (30) days after the earlier of (i) the date the Company or, as applicable, the Guarantor, became aware, or reasonably should have become aware, thereof and (ii) the date on which the Board gives notice thereof to the Company or the Guarantor (as applicable).

16.8 **Consents**

Any authorisation required to be maintained pursuant to the Finance Documents is not obtained or effected, is revoked or is not renewed, and any such circumstance has or would be reasonably likely to have a Material Adverse Effect.

16.9 **Judgment**

A judgment against the Company or the Guarantor in excess of US\$50,000,000 (or its equivalent in any other currency or currencies) is rendered by a court or tribunal, is not subject to appeal and is not paid within ninety (90) days of the date of its entry (subject to an extension of thirty (30) days beyond any stay of the execution of such judgment within sixty (60) days of its entry).

16.10 **Repudiation**

The Company or the Guarantor repudiates any of its respective material obligations under any Finance Document to which it is a party.

16.11 **Remedies following Default**

- (a) On and at any time after the occurrence of an Event of Default that is continuing, the Board may, by notice in writing to the Company:
 - (i) declare the whole of the principal sum drawn down and owing under the Term Loan Facility, interest thereon and all fees, charges and/or interest or Default Interest (where applicable) and any other sums agreed to be paid under this Agreement and the other Finance Documents be immediately become due and payable without any demand or notice of any kind by the Board to the Company, whereupon they shall become immediately due and payable;

- (ii) exercise all or any rights, powers or remedies under this Agreement and the other Finance Documents in any order it deems fit, including without limitation its right to call on any Security Document or Security given to the Board in any order or any one or more of them; and/or
 - (iii) cancel the Term Loan Facility whereupon it shall immediately be cancelled.
- (b) After the declaration by the Board under Clause 16.11(a) above, all monies received or recovered by the Board (whether such monies shall have been received or recovered as a result of or arising from its exercise of all or any rights, powers or remedies under this Agreement and the other Finance Documents, upon calling of any Security Document or any Security provided under this Agreement or any one or more of them or by way of a set-off or otherwise) shall be held by it and shall be applied as follows:
- (i) firstly, in or towards payment of all costs charges and expenses (including without limitation legal costs on a solicitor and client basis), if any, incurred in enforcing this Agreement and the other Finance Documents, any Security Document, any Security provided under this Agreement or any one or more of them;
 - (ii) secondly, in or towards payment to the Board of all monies and liabilities due, owing or outstanding under any Finance Document and where such monies and liabilities are of a contingent nature, in or towards making full and adequate provisions for payment of such monies and liabilities as and when they become due and payable; and
 - (iii) thirdly, any surplus thereafter shall be paid to the Company.

17. THIRD PARTY SECURITY ARRANGEMENTS

The Board shall promptly do all such acts or execute all such documents as the Company may reasonably specify in order to facilitate the Company (a) granting Security or Quasi-Security over any assets of the Company (other than the Acceptable Fixed Productive Assets) securing any Financial Indebtedness or (b) entering into such Financial Indebtedness, including entering into documentation to allow any third party finance provider reasonable access to such assets and the Module 7H Facility (including for the purpose of exercising its rights under such Financial Indebtedness and any associated Security or Quasi-Security), provided that (i) incurring such Financial Indebtedness and granting such Security and/or Quasi-Security is not prohibited under the Finance Documents; (ii) the Board shall not be required to do anything or execute any document which could be materially prejudicial to the validity, ranking or priority of any Transaction Security and (iii) the pre-agreed legal expenses of the Board that are properly incurred in connection with complying with this Clause 17 shall be for the account of the Company.

18. NOTICES

- 18.1 Subject to Clause 18.2 below and except as otherwise expressly provided herein, any notice, request, demand or other communication to be given or served under or in connection with the Finance Documents by one of the parties hereto to or on the other or others may be delivered at or sent by prepaid registered post, email or by facsimile to the address or addresses specified below of the parties and shall be deemed to be duly received:
- (a) if it is delivered by way of email or facsimile, at the time of delivery; or
 - (b) if it is sent by prepaid registered post, one (1) Day after posting thereof.

Contact Information**The Board**

Address: 250 North Bridge Road
#28-00 Raffles City Tower
Singapore 179101
Email: EDB_General_Counsel@edb.gov.sg
Attention to: General Counsel

The Company

Address in Singapore: 60 Woodlands Industrial Park D Street 2
Singapore 738406
Address in United States: 400 Stonebreak Rd. Ext.
Malta
NY 12020
USA
Email: legal.notices@globalfoundries.com
Attention to: General Counsel

The Guarantor

Address: c/o Maples Corporate Services Limited
P.O. Box 309, Ugland House
Grand Cayman KY1-1104
Cayman Islands
Facsimile: +1 345 949 8080

With a copy to:

GLOBALFOUNDRIES U.S. Inc.

Address: 400 Stonebreak Rd. Ext.
Malta
NY 12020
USA
Email: legal.notices@globalfoundries.com
Attention to: General Counsel

- 18.2 Unless otherwise notified by the Board to the Company, an original copy of each of the Written Notice, Statement of Expenditure, Total Project Costs Statement of Expenditure and External Auditor's Statement shall be sent by prepaid registered post. If the Board's policy regarding the receipt of an original of any of the above listed documents changes during the term of the Term Loan Facility such that it is able to accept other modes of delivery of any such documents, the Board shall as soon as reasonably practicable notify the Company of the change of policy and following receipt of such notification, the Company may as its own option elect to deliver any such document using such alternative mode of delivery in lieu of the requirement to deliver an original of the relevant document by prepaid registered post.
- 18.3 For the purpose of this Clause 18 (*Notices*) each of the parties hereto shall from time to time notify the other party in writing of the applicable address in Singapore where such notice, request, demand or other communications as aforesaid can be given or served and such notification shall be effective only when it is actually received. In the absence of such notification, the notice, request, demand or other communication aforesaid may be given or served at the addresses or the respective parties as stated above.

- 18.4 Any communication or document to be made or delivered to the Board will be effective only when actually received by the Board and then only if it is expressly marked for the attention of the department or officer (if any is specified) (or any substitute department or officer as the Board shall specify for this purpose).
- 18.5 Any notice and all other documents given under or in connection with the Finance Documents must be in English, or if not in English, and if so required by the Board, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.
19. **WAIVER NOT TO PREJUDICE RIGHT OF BOARD**
- 19.1 All the rights of the Board under the Finance Documents or otherwise are cumulative and the exercise of any such right shall not be considered a waiver of or an estoppel against the exercise of any other right by the Board.
- 19.2 The Board may from time to time and at any time waive either unconditionally or on such terms and conditions as it may deem fit any breach by the Company or the Guarantor of any of the undertakings stipulations terms and conditions herein contained and any modification thereof but without prejudice to its powers rights and remedies for enforcement thereof, provided always that:
- (a) no neglect or forbearance of the Board to require and enforce payment of any monies hereunder or the performance and observance of any undertaking stipulation term or condition herein contained, nor any time which may be given to the Company or the Guarantor shall in any way prejudice or affect any of the rights, powers or remedies of the Board at any time afterwards to act strictly in accordance with the provisions hereof; and
 - (b) no such waiver of any such breach as aforesaid shall prejudice the rights of the Board in respect of any other or subsequent breach of any of the undertakings stipulations terms or conditions aforesaid.
20. **INDULGENCE OF THE BOARD**
- The liability of the Company and the Guarantor hereunder shall not be impaired or discharged by reason of any time or other indulgence being granted by or with the consent of the Board to any person who or which may be in any way liable to pay any of the monies secured hereby by any security not given pursuant to this Agreement in favour of the Board or by reason of any arrangement being entered into or composition accepted by the Board which has the effect of modifying the operation of law or otherwise its rights and remedies under the provisions of the Agreement.
21. **SEVERABILITY**
- In case any provision in the Finance Documents shall be, or at any time shall become invalid, illegal or unenforceable in any respect under any law, such invalidity, illegality or unenforceability shall not in any way affect or impair the other provisions of the Finance Documents but the Finance Documents shall be construed as if such invalid or illegal or unenforceable provision contained herein or therein did not form a part of the Finance Documents.
22. **GOVERNING LAW**
- This Agreement shall be governed by and construed in all respects in accordance with the laws of the Republic of Singapore.

23. **ENFORCEMENT**

- 23.1 The courts of Singapore have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute regarding the existence, validity or termination of this Agreement) (a “**Dispute**”).
- 23.2 The Company, the Guarantor and the Board agree that the courts of Singapore are the most appropriate and convenient courts to settle Disputes and accordingly, no party shall argue to the contrary.
- 23.3 This Clause 23 (*Enforcement*) is for the benefit of the Board only. As a result, the Board shall not be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Board may take concurrent proceedings in any number of jurisdictions.

24. **NO SET-OFF BY THE COMPANY OR THE GUARANTOR**

All payments to be made by the Company and the Guarantor under the Finance Documents shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

25. **MISCELLANEOUS**

- 25.1 All reasonable and documented pre-agreed legal fees on a solicitor-and client basis and other reasonable and documented pre-agreed professional fees, out-of-pocket expenses, charges, costs and expenses incurred by the Board and charged to the Board by its solicitors in connection with the negotiation and preparation of the Finance Documents and any documentation concerning the creation and perfection of any security required for the Term Loan Facility shall be paid by the Company (and failing payment by the Company, the Guarantor) within ten (10) Business Days of the Board’s demand.
- 25.2 If the Company or the Guarantor requests an amendment, waiver or consent, the Company (and failing payment by the Company, the Guarantor) shall, within ten (10) Business Days of demand, reimburse the Board for the amount of all pre-agreed reasonable and documented costs and expenses (including legal fees on a solicitor-and-client basis) incurred by the Board in responding to, evaluating, negotiating or complying with that request or requirement.
- 25.3 The Company (and failing payment by the Company, the Guarantor) shall further pay all legal fees on a solicitor and client basis, and other costs and disbursements incurred in connection with or demanding and enforcing payment of monies due under this Agreement, any Security Document and any Security provided pursuant to this Agreement in enforcing the performance of any other undertakings stipulations terms conditions or provisions of hereof and thereof.
- 25.4 A certificate signed by a duly authorised officer for the time being of the Board as to the amount of interest, principal, monies and/or liabilities for the time being due to the Board or incurred by the Board under this Agreement, any Security Document and any Security provided pursuant to this Agreement shall, in the absence of manifest, clerical or computational error be conclusive and binding on the Company and the Guarantor.
- 25.5 The Company or the Guarantor may not assign any of its rights or transfer any of its rights or obligations under the Finance Documents.
- 25.6 The Finance Documents shall be binding upon the successor of the Company and the Guarantor and shall inure to the benefit of the Board and its successors and assigns, which shall be the relevant body and/or entity and applies in the event that the Capital Assistance Scheme is to be transferred or is to be handed over to be administered by another statutory body and/or legal entity under the control of the Government of the Republic of Singapore and the Company and the Guarantor hereby agree and undertake to execute any documents necessary to effect any assignments or novations (where applicable and if required by the Board) in order to facilitate the transferring and handing over to such other above-mentioned statutory body and/or legal entity.

25.7 The terms and conditions of the Finance Documents shall be kept confidential by the Company, the Guarantor and the Board (each a “**Recipient**”) and may be disclosed to an affiliate (which in relation to the Board, shall include any other authority, agency or similar body of the Singapore government) of the Recipient, a director, officer or employee of the Recipient or a director, officer or employee of an affiliate of the Recipient only to the extent that the disclosure is necessary for the said affiliate’s, director’s, officer’s or employee’s, as the case may be, performance of his duties. Said information shall not be disclosed to any third parties, including but not limited to the general public and the press, except with the prior written approval of the other party to this Agreement, provided that such party shall not unreasonably withhold approval and the Recipient shall ensure that any such third party provides or enters into a non-disclosure agreement with the Recipient prior to any such disclosure. Notwithstanding the generality of the foregoing, the Recipient may (a) release said information, on a strictly confidential and need to know basis, to auditors, tax consultants and legal advisors as may be necessary for the purposes of obtaining professional advice PROVIDED the Recipient ensures that such third parties are first informed of, and acknowledge in writing, the confidential nature of the disclosed information, except there shall be no such requirement to so inform if the recipient is subject to professional obligations to maintain the confidentiality of the information or is otherwise bound by requirements of confidentiality in relation to the terms and conditions of the Finance Documents and (b) release and disclose the details of the keys terms of the Finance Documents for publication in its financial statements, provided that where such information is not required or requested to be disclosed by any governmental, banking, taxation or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law or regulation such disclosure shall be on an unidentifiable and/or aggregated basis. The relevant Recipient may also release the said information (i) to the Inland Revenue Authority of Singapore (IRAS) where the release is made pursuant to a statutory obligation owed to IRAS; and (ii) to whom information is required or requested to be disclosed by any governmental, banking, taxation or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law or regulation. For the avoidance of doubt, the existence of the Term Loan Facility shall be regarded as a term and condition of the Finance Documents for the purpose of this clause.

25.8 No term of any of the Finance Documents may be amended or waived without the prior consent of the Company, the Guarantor (to the extent it is a party to such Finance Document) and the Board and any such amendment or waiver will be binding on both parties.

26. **SERVICE OF PROCESS**

Without prejudice to any other mode of service allowed under any relevant law, the Guarantor:

- (a) irrevocably appoints the Company (and the Company hereby irrevocably accepts such appointment) as its agent for service of process in relation to any proceedings before the Singapore courts in connection with any Finance Document to which it is a party; and
- (b) agrees that failure by a process agent to notify the Guarantor of the process will not invalidate the proceedings concerned.

IN WITNESS WHEREOF this Agreement has been signed by or on behalf of the parties hereto the day and year first before written.

EXECUTION PAGES

THE COMPANY

Signed by: /s/ Theodore Jimenez Castro)
Designation: Director)
for and on behalf of)
GLOBALFOUNDRIES SINGAPORE PTE. LTD.:)

[EDB Loan Agreement – Signature Pages]

THE GUARANTOR

Signed by: /s/ David Reeder

Designation: Chief Financial Officer, Authorised Signatory

for and on behalf of

GLOBALFOUNDRIES INC.

)
)
)
)

[EDB Loan Agreement – Signature Pages]

THE BOARD

Signed by /s/ Dr. Marvin Lee

Vice President, Economic Development Board
for and on behalf of

ECONOMIC DEVELOPMENT BOARD

)
)
)
)
)

[EDB Loan Agreement – Signature Pages]

APPENDIX I

NOTICE OF DRAWING

ECONOMIC DEVELOPMENT BOARD
250 North Bridge Road
#28-00 Raffles City tower
Singapore 179101

Dear Sirs,

NOTICE OF DRAWING
TERM LOAN FACILITY OF S\$1,541,000,000 (THE "EDB LOAN AGREEMENT")

Pursuant to Clause 5 (*Drawings of the Term Loan Facility*) of the EDB Loan Agreement dated [DD/MM/YYYY] in respect of the above Term Loan Facility we hereby give you notice for a Drawing of Dollars [] (\$\$) on [DD/MM/YYYY] for the period of expenditure from [DD/MM/YYYY] to [DD/MM/YYYY].

We confirm —

- (a) that the conditions precedent under Clause 3 (*Conditions Precedent and Availability*) of the EDB Loan Agreement have been complied with in every respect;
- (b) that each of the Repeating Representations are true and accurate in all material respects as though made on the date of this Notice with reference to facts and circumstances presently subsisting and will be true and accurate in all respects on the date of the intended Drawing as though made on the date of the intended Drawing with reference to facts and circumstances then subsisting; and
- (c) that as at the date hereof no Default is continuing, and we undertake that no Default will be continuing at the date of the intended Drawing.

Please credit the amount of S\$ into our bank account as follows:

Account Name:
Account Number:
Bank Name / Number:
Bank Branch Name / Number:
SWIFT Code if applicable:

This request is irrevocable.

Dated this ____ day of _____ 20_____

Yours faithfully

Authorised Officer
of
GLOBALFOUNDRIES SINGAPORE PTE. LTD.

APPENDIX II

STATEMENT OF EXPENDITURE

Company name: [company name] Project title: [project title]
 Statement of Expenditure for [actual drawing] for the period [DD/MM/YYYY] to [DD/MM/YYYY]

S/N	Item Description	Vendor's Name	Invoice No	For actual drawing		
				Invoice Date	Amount paid (S\$) *	Payment date
A. <Category of Financed Fixed Productive Assets e.g. Process Equipment>						
1						
2						
						Total for A
B. <Category of Financed Fixed Productive Assets>						
1						
2						
						Total for B
C. <Category of Financed Fixed Productive Assets>						
1						
2						
						Total for C
D. <Category of Financed Fixed Productive Assets>						
1						
2						
						Total for D
						Grant total

Note:
 *: GST to be excluded

We certify and declare that:

1. The above information is true and correct.
2. All expenditure incurred and listed in the statement is for the project.

_____ [signature] _____
 _____ [stamp of audit firm] _____

Name of authorised signatory: [name]
 Designation of authorised signatory: [designation]
 Date: [DD/MM/YYYY]

APPENDIX III

FORMAT FOR EXTERNAL AUDITORS' STATEMENT

The Managing Director
Economic Development Board
250 North Bridge Road
#28-00 Raffles City Tower
Singapore 179101

We have performed the procedures in accordance with the Terms of Reference on the Statement of Expenditure incurred by _____ (name of company) (the "Company") for the drawdown period from _____(date) to _____(date). This is in connection with the development of _____ (project name or description and reference number) under the Capital Assistance Scheme ("CAS") of the Economic Development Board ("EDB") for the qualifying period from _____ (date) to _____ (date). Our engagement was undertaken in accordance with the Singapore Standard on Related Services SSRS 4400 *Engagements to Perform Agreed-upon Procedures Regarding Financial Information*.

The procedures were performed solely for the purpose of the Company's submission of the aforementioned Statement of Expenditure to EDB in accordance with the terms and conditions of the Loan Agreement dated _____ (as may have been amended and/or restated from time to time) (the "Loan Agreement"). With reference to item 1 of the Terms of Reference, we have ensured that such procedures cover at least 85% of the value claimed in the statement.

We report our findings below:

- (a) With respect to item 1 of the Terms of Reference, we found no exceptions from performing the procedures (a) to (k).
- (b) With respect to item 2 of the Terms of Reference, we have enquired and are *not aware of any* sale/lease/disposal/transfer of Financed Fixed Productive Assets that is funded by EDB during the execution of the project.
- (c) With respect to item 3 of the Terms of Reference, we confirm that there is no going concern matter included in the latest audit report of the company.

(Detail the exceptions if any)

Our report is solely for the purpose set forth in the second paragraph of this report and for your information, and is not to be used for any other purpose or to be distributed to any other parties other than EDB. This report relates only to the accounts and items specified above and do not extend to any financial statements of _____ (name of company), taken as a whole.

_____ (firm)
Certified Public Accountants
Singapore

_____ (date)

TERMS OF REFERENCE FOR THE EXTERNAL AUDITOR

- 1) Check that:
 - a) Items and amount drawn are in accordance with the Statement of Expenditure
 - b) Items and amounts drawn are in accordance with all terms and conditions of the Loan agreement.
 - c) Items stated in the Statement of Expenditure are used for the project as stated in the Loan agreement, unless otherwise stated.
 - d) Items are accurately recorded in the Statement of Expenditure and schedules, if applicable, and in accordance with the books and records maintained by the Company.
 - e) Description and authenticity of items stated in the Statement of Expenditure are valid by agreeing to appropriate source documents and other records.
 - f) Amount drawn agree to the appropriate source documents, e.g. invoices, payment vouchers, bank statements, etc.
 - g) Items are included only upon disbursement of cash by the Company, and do not include those that are purely accounting entries without cash outlays (e.g. accruals, depreciation).
 - h) All items stated in the Statement of Expenditure are incurred within the qualifying period and paid by the Company as per the terms and conditions of the Loan agreement.
 - i) All items included in the Statement of Expenditure are capitalized under the Singapore Financial Reporting Standards and/or the International Financial Reporting Standards.

Exception:

For final drawing, items may be paid after the qualifying period, but before date of audit report. Notwithstanding this, all items have to be incurred within the qualifying period.

- j) There is no duplication of items submitted i.e. items submitted were not drawn in previous drawings

The procedures as listed above from (a) to (j) should cover at least 85% of the value claimed in the statement.
- 2) The auditors shall enquire and report on any sale/lease/disposal/transfer of the Financed Fixed Productive Assets, if applicable, that is funded by EDB during the execution of the project.
- 3) The auditors shall highlight any going concern issues raised in the latest audit report of the Company.
- 4) In the event that there are errors and deviations found, the auditors shall report accordingly and provide details.

APPENDIX IV

REPAYMENT SCHEDULE

Repayment Date (or, if not a Business Day, the next Business Day)	Repayment Instalment (rounded up to the nearest cent) of all Drawings as at the last day of the Availability Period
01 December 2026	31/3%
01 June 2027	31/3%
01 December 2027	31/3%
01 June 2028	31/3%
01 December 2028	31/3%
01 June 2029	31/3%
01 December 2029	31/3%
01 June 2030	31/3%
01 December 2030	31/3%
01 June 2031	31/3%
01 December 2031	31/3%
01 June 2032	31/3%
01 December 2032	31/3%
01 June 2033	31/3%
01 December 2033	31/3%
01 June 2034	31/3%
01 December 2034	31/3%
01 June 2035	31/3%
01 December 2035	31/3%
01 June 2036	31/3%
01 December 2036	31/3%
01 June 2037	31/3%
01 December 2037	31/3%
01 June 2038	31/3%
01 December 2038	31/3%
01 June 2039	31/3%
01 December 2039	31/3%
01 June 2040	31/3%
01 December 2040	31/3%
01 June 2041	31/3%
	100.00%

SCHEDULE OF PROJECT MILESTONES AND DRAWINGS

FORM OF COMPLIANCE CERTIFICATE

To: Economic Development Board

From: GLOBALFOUNDRIES Inc.

Dated:

Dear Sirs

**GLOBALFOUNDRIES Inc. – S\$1,541,000,000 Economic Development Board Term Loan Facility Agreement
dated [•] 2021 (the “EDB Loan Agreement”)**

1. We refer to the EDB Loan Agreement. This is a Compliance Certificate. Terms defined in the EDB Loan Agreement have the same meaning when used in this Compliance Certificate unless given a different meaning in this Compliance Certificate.
2. [We confirm that as at *[specify test date]*, the Company is in compliance with the financial covenants set out in Clause 13.5 (*Financial Covenants*) of the EDB Loan Agreement and the Schedule hereto attaches calculations confirming this.]
3. [We confirm that as at *[specify test date]*, the Company is in compliance with Clause 14.7 (*Obligor Coverage*) of the EDB Loan Agreement and the Schedule hereto attaches calculations confirming this.]
4. We confirm that the Group’s current Committed Debt Facilities are as follows:

<u>Ref.</u>	<u>Committed Debt Facilities</u>	<u>Available and Undrawn Amounts as at <i>[specify test date]</i></u>
	[•]	[•]
	[•]	[•]

Signed

Authorised Officer
of
GLOBALFOUNDRIES Inc.

APPENDIX VII

EXISTING FINANCE LEASES AND CAPITAL LEASES

APPENDIX VIII

FORMS OF ANNUAL PROGRESS UPDATE

PART I. – INDEPENDENT CONSTRUCTION CONSULTANT FINAL REPORT

Section	Heading
1	Executive Summary
2	Introduction
3	Construction Progress
4	Project Delivery and Schedule comparison to milestones
5	Project Commitment, Expenditure, comparison to budget
6	Vendor Completion, Testing and Handover
7	Operational Readiness Planning
8	Critical Issues

ANNUAL PROGRESS UPDATE FOR INCENTIVES

Name of Incentive Recipient

Reporting Period

EDB Incentive Ref.

Submission Deadline

Declaration of Progress in Meeting Incentive Terms and Conditions

I refer to the letter of award read with any subsequent amendment letter(s) for this incentive application.

All the terms and conditions that are due within this reporting period Yes No Not applicable, as there are no conditions that are due within this reporting period. ¹

All the terms and conditions that are to be maintained during this reporting period are being met. Yes No Not applicable, as there are no conditions that are to be maintained during this reporting period. ¹

If any of the indicators below has been set as part of the incentive conditions, you are required to track and report the actual achievements on an annual basis, regardless of whether the condition is due. Indicate N.A. only if there is no condition to this effect. For conditions which are due within this reporting period, the “As At Date” should be the condition due date stated for each condition. For conditions which are due before this reporting period and are to be maintained during this reporting period, or conditions which are to be met prospectively, the “As At Date” can be any date within this reporting period.²

Fixed Asset Investment (FAI) (S\$) ³

Annual Total Business Expenditure (TBE) (S\$) ³

Annual Total Business Spending (TBS) (S\$) ³

Total Employment ⁴

No. of Skilled Employees

No. of Research Scientists & Engineers

Actual Achievement As At Date

Declaration of Operational Status

The following declaration is regardless of the reporting period, and must be based on to-date information.

The Incentive Recipient’s external auditors have not raised any going concern issue in its latest audited financial report.

Yes, no going concern issue raised / solvent / able to pay its debts as and when they fall due.

No, a going concern issue has been raised / insolvent / unable to pay its debts as and when they fall due.

Not applicable, as the Incentive Recipient is exempt from statutory audit, and is neither a Small Company, a Small Company that is part of a small group (as defined in the Companies Act), nor a Limited Liability Partnership.

OR

For a Small Company, a Small Company that is part of a small group (as defined in the Companies Act), or a Limited Liability Partnership, the Incentive Recipient has in its latest annual return or declaration filed with ACRA, EITHER declared itself as solvent OR through the Statement of Directors declared itself as able to pay its debts as and when they fall due.

The Incentive Recipient is not intending to cease operations, nor facing any impending action by its creditors to liquidate the Incentive Recipient. Yes No *Intentionally left blank*

If required by EDB, the Incentive Recipient undertakes to submit additional information and supporting documents to substantiate the information provided in this report. ⁵

The submission and acceptance of this report shall not, in and of itself, constitute a waiver or variation of any of the terms and conditions of this incentive, or a waiver of any breach thereof.

Upon the submission of this form, a copy will be sent to all the email contacts listed in the system.

If necessary, please update the list of email contacts via the "Manage Email Contacts" icon at the top right hand corner of this page **before** submitting this form.

Name of Contact Person: _____

Designation of Contact Person: _____

Email address of Contact Person: _____

¹ Refer to the Reporting Period stated in the table above.

² Refer to the relevant incentive letter(s) for the definitions of the terms "Fixed Asset Investment", "Annual Total Business Expenditure", "Annual Total Business Spending", "Skilled Employees" and "Research Scientists & Engineers". Where the definition is not prescribed in the incentive letter(s) or unless otherwise specified in the incentive letter(s):

- "FAI" refers to fixed assets (at cost), excluding land, as at the "As At Date" specified, net of sale or disposal of assets.
- "Annual TBE" refers to the following expenditure incurred during the relevant twelve-month period immediately preceding the "As At Date" specified: Remuneration, Rental for Land, Rental for Building, Interest Expense in Singapore, Royalties & Know-How Fees in Singapore, Expenses for Work Subcontracted Out in Singapore and Other Expenses in Singapore.
- "Annual TBS" refers to the following expenditure incurred during the relevant twelve-month period immediately preceding the "As At Date" specified: Remuneration, Rental for Land, Rental for Building, Depreciation, Interest Expense in Singapore, Royalties & Know-How Fees in Singapore, Expenses for Work Subcontracted Out in Singapore and Other Expenses in Singapore.
- "Skilled Employees" refer to "Professionals", "Managers", "Associate Professionals and Technicians" and "Skilled Production Craftsmen".

³ Actual achievements for FAI, TBE and TBS must be stated in SGD. If the Incentive Recipient's functional currency is not SGD or if the relevant condition is set in other than SGD, please convert to SGD using an appropriate exchange rate.

⁴ If there are other employment-related conditions in the letter of award (such as Professionals), there is no need for the Incentive Recipient to provide the actual achievement of such conditions in this progress update.

⁵ The Incentive Recipient is required to meet all terms and conditions in the letter of award, even though this progress update does not require the Incentive Recipient to provide the actual achievement of terms and conditions other than those listed above. The Incentive Recipient should maintain proper documentation to substantiate the progress in meeting incentive terms and conditions, and shall provide them if requested by EDB or if required for the submission of external auditor's report on incentive conditions. Where an external auditor's report is required, EDB may specify the deadline and that it follows the Agreed-Upon Procedures Report Template ("AUP Template") as published on the website of the Institute of Singapore Chartered Accountants.

APPENDIX IX

FORMS OF FINAL PROGRESS UPDATE

PART I. – INDEPENDENT CONSTRUCTION FINAL REPORT

Section	Heading
1	Total project costs expenditure statement
2	Loan to committed funds ratios and associated capital cost data
3	Project schedule compliance and final ramp-up verification
4	Verification of all statutory requirement according to project schedule
5	Verification of ramp-up production and throughout according to the business plan in the baseline

FINAL PROGRESS UPDATE FOR INCENTIVES

Name of Incentive Recipient

Reporting Period

EDB Incentive Ref.

Submission Deadline

Declaration of Progress in Meeting Incentive Terms and Conditions

I refer to the letter of award read with any subsequent amendment letter(s) for this incentive application.

All the terms and conditions that are due within this reporting period Yes No Not applicable, as there are no conditions that are due within this reporting period. ¹

All the terms and conditions that are to be maintained during this reporting period are being met. Yes No Not applicable, as there are no conditions that are to be maintained during this reporting period. ¹

If any of the indicators below has been set as part of the incentive conditions, you are required to track and report the actual achievements on an annual basis, regardless of whether the condition is due. For conditions which are due within this reporting period, the “As At Date” should be the condition due date stated for each condition. For conditions which are due before this reporting period and are to be maintained during this reporting period, or conditions which are to be met prospectively, the “As At Date” can be any date within this reporting period.²

Fixed Asset Investment (FAI) (S\$) ³

Actual Achievement As At Date

Annual Total Business Expenditure (TBE) (S\$) ³

Annual Total Business Spending (TBS) (S\$) ³

Total Employment ⁴

No. of Skilled Employees

No. of Research Scientists & Engineers

Declaration of Operational Status

The following declaration is regardless of the reporting period, and must be based on to-date information.

The Incentive Recipient’s external auditors have not raised any going concern issue in its latest audited financial report.

Yes, no going concern issue raised / solvent / able to pay its debts as and when they fall due.

No, a going concern issue has been raised / insolvent / unable to pay its debts as and when they fall due.

Not applicable, as the Incentive Recipient is exempt from statutory audit, and is neither a Small Company, a Small Company that is part of a small group (as defined in the Companies Act), nor a Limited Liability Partnership.

OR

For a Small Company, a Small Company that is part of a small group (as defined in the Companies Act), or a Limited Liability Partnership, the Incentive Recipient has in its latest annual return or declaration filed with ACRA, EITHER declared itself as solvent OR through the Statement of Directors declared itself as able to pay its debts as and when they fall due.

The Incentive Recipient is not intending to cease operations, nor facing any impending action by its creditors to liquidate the Incentive Recipient. Yes No *Intentionally left blank*

Declaration of Capability Development Outcomes from the Project

Capabilities, Products, Processes or Applications Developed from the Project *(including e.g. any intellectual property rights developed from the Project, and any incremental investments, employment or revenues arising from the commercialisation of the Project results)*

If required by EDB, the Incentive Recipient undertakes to submit additional information and supporting documents to substantiate the information provided in this report.⁵

The submission and acceptance of this report shall not, in and of itself, constitute a waiver or variation of any of the terms and conditions of this incentive, or a waiver of any breach thereof.

Name of Contact Person: _____

Designation of Contact Person: _____

Email address of Contact Person: _____

¹ Refer to the Reporting Period stated in the table above.

² Refer to the relevant incentive letter(s) for the definitions of the terms “Fixed Asset Investment”, “Annual Total Business Expenditure”, “Annual Total Business Spending”, “Skilled Employees” and “Research Scientists & Engineers”. Where the definition is not prescribed in the incentive letter(s) or unless otherwise specified in the incentive letter(s):

- “FAI” refers to fixed assets (at cost), excluding land, as at the “As At Date” specified, net of sale or disposal of assets.
- “Annual TBE” refers to the following expenditure incurred during the relevant twelve-month period immediately preceding the “As At Date” specified: Remuneration, Rental for Land, Rental for Building, Interest Expense in Singapore, Royalties & Know-How Fees in Singapore, Expenses for Work Subcontracted Out in Singapore and Other Expenses in Singapore.
- “Annual TBS” refers to the following expenditure incurred during the relevant twelve-month period immediately preceding the “As At Date” specified: Remuneration, Rental for Land, Rental for Building, Depreciation, Interest Expense in Singapore, Royalties & Know-How Fees in Singapore, Expenses for Work Subcontracted Out in Singapore and Other Expenses in Singapore.
- “Skilled Employees” refer to “Professionals”, “Managers”, “Associate Professionals and Technicians” and “Skilled Production Craftsmen”.

³ Actual achievements for FAI, TBE and TBS must be stated in SGD. If the incentive Recipient’s functional currency is not SGD or if the relevant condition is set in other than SGD, please convert to SGD using an appropriate exchange rate.

⁴ If there are other employment-related conditions in the letter of award (such as Professionals), there is no need for the Incentive Recipient to provide the actual achievement of such conditions in this progress update.

⁵ The Incentive Recipient is required to meet all terms and conditions in the letter of award, even though this progress update does not require the Incentive Recipient to provide the actual achievement of terms and conditions other than those listed above. The Incentive Recipient should maintain proper documentation to substantiate the progress in meeting incentive terms and conditions, and shall provide them if requested by EDB or if required for the submission of external auditor’s report on incentive conditions. Where an external auditor’s report is required, EDB may specify the deadline and that it follows the Agreed-Upon Procedures Report Template (“AUP Template”) as published on the website of the Institute of Singapore Chartered Accountants.

FORM OF PPE REPORT

FORM OF ACCEPTABLE LETTER OF CREDIT

To: [Beneficiary]

IRREVOCABLE STANDBY LETTER OF CREDIT NO. [•]

We hereby establish our irrevocable standby Letter of Credit No. [•] (the “**Letter of Credit**”) in favour of [•] (the “**Beneficiary**”) at the request of [•], a company organized and existing under the laws of [•] (the “**Principal**”), in the maximum aggregate sum of [•] (such amount being the “**Stated Amount**”), effective immediately and expiring as provided in paragraph 3 of this Letter of Credit, unless otherwise extended.

1. A drawing hereunder may be made on any Business Day prior to the expiration of this Letter of Credit by delivering no later than [11:00 a.m. (London time)] on [such Business Day], to [Name and Address of Issuing Bank] (the “**Issuing Bank**”) (or at such other address as may be designated by the Issuing Bank in a written notice delivered to the Beneficiary), [(i) a drawing statement of the Beneficiary, in the form of Annex 1 (*Drawing Statement Under Irrevocable Standby Letter of Credit*) attached hereto, appropriately completed and duly signed by an authorized officer of the Beneficiary, [and (ii) a draft in the form of Annex 2 (*Draft Under Irrevocable Standby Letter of Credit*) attached hereto].
2. We hereby agree to honour a drawing hereunder made in strict conformity with the terms and conditions of this Letter of Credit by transferring in immediately available funds in the amount specified in the drawing statement delivered to us in connection with such drawing request to such account at such bank as is specified in such drawing statement delivered to us pursuant to, and in accordance with, paragraph 1 hereof, by [1:00 p.m. (London time)], on [the Business Day] following the date of receipt of such drawing request.
3. This Letter of Credit shall expire at the close of banking hours at our office in [same address of Issuing Bank as specified above], on the date which is [one (1) year] from the date hereof (the “**Stated Expiration Date**”); [provided, however, that the Stated Expiration Date shall be automatically extended for a period of [one (1) year] effective upon the Stated Expiration Date and each [annual] anniversary of the Stated Expiration Date (each such annual anniversary date being referred to herein as the “**New Stated Expiration Date**”) unless, at least [sixty (60) days] prior to the Stated Expiration Date [or any such New Stated Expiration Date, as the case may be,] we notify the Beneficiary (with a copy to the Principal) by [registered mail or similar overnight courier service at the above addresses], that this Letter of Credit shall not be extended beyond the Stated Expiration Date [or the New Stated Expiration Date, as the case may be]. If the Beneficiary is so notified, the Beneficiary may at any time on or before the Stated Expiration Date [or the applicable New Stated Expiration Date, as the case may be,] draw the full amount available hereunder.
4. If a demand for payment made hereunder does not, in any instance, conform to the terms and conditions of this Letter of Credit, we shall give prompt notice to the person delivering such drawing request that the demand for payment was not effective in accordance with the terms and conditions of this Letter of Credit, stating the reasons therefor, and that we will upon instructions from such person hold any documents at his disposal or return the same to him. Upon being notified that the drawing request was not effected in conformity with this Letter of Credit, the person who submitted the drawing request may attempt to correct any such non-conforming drawing request, provided conforming documents are presented by the Stated Expiration Date [or the applicable New Stated Expiration Date, as the case may be].
5. Partial and multiple drawings are permitted under this Letter of Credit.
6. Under no circumstances shall we be obliged to honour any drawing request which does not comply with the terms and conditions set forth herein, and the maximum liability with respect to any request for payment made hereunder shall be the Stated Amount. Upon the payment by us of the amount specified in a drawing statement presented to us in connection with any drawing request hereunder, we shall be fully discharged of our obligations in respect of such drawing request.
7. As used herein, “**Business Day**” shall mean [a day when banks are open for business in [•]].
8. This Letter of Credit is irrevocable and shall not be assigned by us or by the Beneficiary.

9. The Beneficiary shall have no obligation under or in connection with this Letter of Credit to make any payment or reimbursement to us with respect to any drawing hereunder or otherwise.
10. This Letter of Credit is subject to the International Standby Practices (ISP98), International Chamber of Commerce Publication No. 590. This Letter of Credit shall be deemed to be a contract made under the laws of [England and Wales] and shall, as to matters not governed by the International Standby Practices (ISP98), be governed by and construed in accordance with the laws of [England and Wales].
11. This is not a contract of guarantee and all payments which are to be made by us hereunder will be made free and clear of and without deduction for or as a result of any set-off or counterclaim or the raising of any defense which would be available to the Principal.
12. In the case of any drawing, as of the date any drawing is honoured, the Stated Amount shall automatically be reduced by an amount equal to 100% of such drawing. Reductions in the Stated Amount resulting from any drawing shall not be reinstated.
13. This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein, except for Annex 1 (*Drawing Statement Under Irrevocable Standby Letter of Credit*) [and Annex 2 (*Draft Under Irrevocable Standby Letter of Credit*)] hereto and the notices referred to herein, and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except for Annex 1 (*Drawing Statement Under Irrevocable Standby Letter of Credit*) [and Annex 2 (*Draft Under Irrevocable Standby Letter of Credit*)] hereto.

Yours faithfully,

[*Issuing Bank*]

By:

APPENDIX XII

THE OBLIGORS

1. GLOBALFOUNDRIES Inc.
2. GLOBALFOUNDRIES Dresden Module One LLC & Co. KG
3. GLOBALFOUNDRIES Dresden Module Two LLC & Co. KG
4. GLOBALFOUNDRIES Singapore Pte. Ltd.
5. GLOBALFOUNDRIES U.S. Inc.
6. GLOBALFOUNDRIES Netherlands Holding B.V.
7. GLOBALFOUNDRIES Management Services Limited Liability Company & Co. KG
8. GLOBALFOUNDRIES Dresden Module One LLC
9. GLOBALFOUNDRIES Dresden Module One Holding GmbH
10. GLOBALFOUNDRIES Dresden Module Two LLC
11. GLOBALFOUNDRIES Dresden Module Two Holding GmbH
12. GLOBALFOUNDRIES (Netherlands) Cooperatief U.A.
13. GLOBALFOUNDRIES U.S. 2 LLC

FORM OF LTV TEST CERTIFICATE / ADDITIONAL LTV TEST CERTIFICATE

To: Economic Development Board

From: GLOBALFOUNDRIES SINGAPORE PTE. LTD.

Dated:

Dear Sirs

**GLOBALFOUNDRIES Inc. – S\$1,541,000,000 Economic Development Board Term Loan Facility Agreement
dated [•] 2021 (the “EDB Loan Agreement”)**

1. We refer to the EDB Loan Agreement. This is an [LTV Test Certificate] / [Additional LTV Test Certificate]. Terms defined in the EDB Loan Agreement have the same meaning when used in this [LTV Test Certificate] / [Additional LTV Test Certificate] unless given a different meaning in this [LTV Test Certificate] / [Additional LTV Test Certificate].
2. We also refer to the [•] report titled ‘[•]’ dated [•] attached in the Schedule 1 hereto (being the Applicable Valuation Report for the purposes of this [LTV Test Certificate] / [Additional LTV Test Certificate]).
3. This is the [LTV Test Certificate] / [Additional LTV Test Certificate] in respect of the [LTV Test Date] / [Additional LTV Test Date] falling on [•] (the “**Applicable Test Date**”).
4. We hereby confirm, based upon the Applicable Valuation Report and the computations set out in Schedule 2 hereto, that the LTV [is less than or equal to] / [exceeds] the LTV Threshold as of the Applicable Test Date.

Signed

Authorised Officer
of
GLOBALFOUNDRIES SINGAPORE PTE. LTD.

Schedule 1

[Valuation report]

Schedule 2

Calculation LTV as per [•]

Outstanding Term Loan Facility (\$m) as per [•]

[•]

Fair Market Value of the Acceptable Fixed Productive Assets subject to Transaction Security (\$m) at [•]

[•]

Loan to Asset Value at [•]

[•]

ANNEX 1
DRAWING STATEMENT UNDER IRREVOCABLE STANDBY LETTER OF CREDIT

NO. [•]

_____, 20__

[Issuing Bank]

Attention:

Re: Irrevocable Standby Letter of Credit No. [•]

Ladies and Gentlemen:

The undersigned is making a drawing under the above-referenced Letter of Credit and hereby certifies to you as follows:

1. The person signing on behalf of the undersigned is a duly authorized officer of the undersigned.
2. The undersigned hereby makes demand under the above-referenced Letter of Credit for \$[•], which amount is not in excess of the Stated Amount. Such amount is to be transferred to [*insert wire transfer instructions for appropriate account with the Beneficiary*].
3. The undersigned has concurrently presented to you its draft drawn in the amount specified in paragraph 2 above. The date of the draft is the date of this certificate, which is not later than the Stated Expiration Date [*or the applicable New Stated Expiration Date, as the case may be*].

All terms used herein which are defined in the Letter of Credit have the same meanings when used herein.

[Beneficiary]

as Beneficiary

By:

ANNEX 2
DRAFT UNDER IRREVOCABLE STANDBY LETTER OF CREDIT

NO. [•]

_____, 20__

At sight pay to [•] at [Account Information] the amount of \$[•] drawn on [Issuing Bank], as issuer of Irrevocable Standby Letter of Credit No. [•], dated _____, 20__.

[_____]

By: _____

Authorised Signatory

**GLOBALFOUNDRIES, INC.
SHARE INCENTIVE PLAN**

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**GLOBALFOUNDRIES, INC.
SHARE INCENTIVE PLAN**

PREFACE

This Plan is divided into two separate equity programs: (1) the option grant program set forth in Section 5 under which Eligible Persons (as defined in Section 3) may, at the discretion of the Administrator, be granted Options, and (2) the share award and share unit award program set forth in Section 6 under which Eligible Persons may, at the discretion of the Administrator, be awarded Ordinary Shares or Share Units. Section 2 of this Plan contains the general rules regarding the administration of this Plan. Section 3 sets forth the requirements for eligibility to receive an Award grant under this Plan. Section 4 describes the share capital of the Company that may be subject to Awards granted under this Plan. Section 7 contains other provisions applicable to all Awards granted under this Plan. Section 8 provides definitions for certain capitalized terms used in this Plan and not otherwise defined herein.

1. PURPOSE OF THE PLAN.

The purpose of this Plan is to promote the success of the Company and the interests of its shareholders by providing a means through which the Company may grant equity-based incentives to attract, motivate and retain certain officers, employees, directors and other eligible persons and to further link the interests of Award recipients with those of the Company's shareholders generally.

2. ADMINISTRATION.

2.1 Administrator. This Plan shall be administered by, and all Awards under this Plan shall be authorized by, the Administrator. The "Administrator" means the Board or one or more committees appointed by the Board (within its delegated authority) to administer all or certain aspects of this Plan. Any such committee shall be comprised solely of one or more directors or such number of directors as may be required under applicable law and/or the Articles. The Board or a committee comprised solely of directors may also delegate, to the extent permitted by applicable law and the Articles, to one or more officers of the Company, its powers under this Plan (a) to designate the officers and employees of the Company and its Affiliates who will receive grants of Awards under this Plan, and (b) to determine the number of shares subject to, and the other terms and conditions of, such Awards. The Board may delegate different levels of authority to different committees with administrative and grant authority under this Plan. Unless otherwise provided in the Articles or the applicable appointment conditions of any Administrator: (x) a majority of the members of the acting Administrator shall constitute a quorum, and (y) the vote of a majority of the members present assuming the presence of a quorum or the unanimous written consent of the members of the Administrator shall constitute action by the acting Administrator.

2.2 Plan Awards; Interpretation; Powers of Administrator. Subject to the express provisions of this Plan, the Administrator is authorized and empowered to do all things necessary or desirable in connection with the authorization of Awards and the administration of this Plan (in the case of a committee or delegation to one or more officers, within the authority delegated to that committee or person(s)), including, without limitation, the authority to:

- (a) determine eligibility and, from among those persons determined to be eligible, the particular Eligible Persons who will receive Awards;
- (b) grant Awards to Eligible Persons, determine the price and number of securities to be offered or awarded to any of such persons, determine the other specific terms and conditions of Awards consistent with the express limits of this Plan, establish the installments (if any) in which such Awards will become exercisable or will vest (which may include, without limitation, performance and/or time-based schedules) or determine that no delayed exercisability or vesting is required, establish any applicable performance targets, and establish the events of termination or reversion of such Awards;
- (c) approve the forms of Award Agreements, which need not be identical either as to type of Award or among Participants;
- (d) construe and interpret this Plan and any Award Agreement or other agreements defining the rights and obligations of the Company, its Affiliates, and Participants under this Plan, make factual determinations with respect to the administration of this Plan, further define the terms used in this Plan, and prescribe, amend and rescind rules and regulations relating to the administration of this Plan or the Awards, including rules and regulations relating to sub-plans established for the purposes of satisfying applicable foreign laws and/or qualifying for preferred tax treatment under applicable foreign tax laws;
- (e) cancel, modify, or waive the Company's rights with respect to, or modify, discontinue, suspend, or terminate any or all outstanding Awards, subject to any required consent under Section 7.7.4;

- (f) accelerate or extend the vesting or exercisability or extend the term of any or all outstanding Awards (within the maximum ten-year term of Awards under Sections 5.4.2 and 6.4) in such circumstances as the Administrator may deem appropriate (including, without limitation, in connection with a termination of employment or services or other events of a personal nature);
- (g) determine Fair Market Value for purposes of this Plan and Awards;
- (h) determine the duration and purposes of leaves of absence that may be granted to Participants without constituting a termination of their employment for purposes of this Plan; and
- (i) determine whether, and the extent to which, adjustments are required pursuant to Section 7.3 hereof and authorize the termination, conversion, substitution or succession of awards upon the occurrence of an event of the type described in Section 7.3.

2.3 Binding Determinations. Any action taken by, or inaction of, the Company, any Affiliate, the Board or the Administrator relating or pursuant to this Plan and within its authority hereunder or under applicable law shall be within the absolute discretion of that entity or body and shall be final, binding and conclusive upon all persons. Neither the Board nor the Administrator, nor any member thereof or person acting at the direction thereof, including, without limitation, individuals to whom the Administrator has delegated its authority pursuant to Section 2.1 or Section 2.5, shall be liable for any act, omission, interpretation, construction or determination made in good faith in connection with this Plan (or any Award), and all such persons shall be entitled to indemnification and reimbursement by the Company in respect of any claim, loss, damage or expense (including, without limitation, attorneys' fees) arising or resulting therefrom to the fullest extent permitted by law and/or under any directors and officers liability insurance coverage that may be in effect from time to time.

2.4 Reliance on Experts. In making any determination or in taking or not taking any action under this Plan, the Administrator or the Board, as the case may be, may obtain and may rely upon the advice of experts, including employees of and professional advisors to the Company. No director, officer or agent of the Company or any of its Affiliates shall be liable for any such action or determination taken or made or omitted in good faith.

2.5 Delegation. The Administrator may delegate ministerial, non-discretionary functions to individuals who are officers or employees of the Company or any of its Affiliates or to third parties.

3. ELIGIBILITY.

Awards may be granted under this Plan only to those persons that the Administrator determines to be Eligible Persons. An "Eligible Person" means any person who qualifies as one of the following at the time of grant of the respective Award:

- (a) an officer (whether or not a director) or employee of the Company or any of its Affiliates;
- (b) any member of the Board; or
- (c) any director of one of the Company's Affiliates, or any individual consultant or advisor who renders or has rendered bona fide services (other than services in connection with the offering or sale of securities of the Company or one of its Affiliates, as applicable, in a capital raising transaction or as a market maker or promoter of that entity's securities) to the Company or one of its Affiliates.

An advisor or consultant may be selected as an Eligible Person pursuant to clause (c) above only if such person's participation in this Plan would not adversely affect (1) the Company's eligibility to rely on the Rule 701 exemption from registration under the Securities Act for the offering of shares issuable under this Plan by the Company, or (2) the Company's compliance with any other applicable law.

An Eligible Person may, but need not, be granted one or more Awards pursuant to Section 5 and/or one or more Awards pursuant to Section 6. An Eligible Person who has been granted an Award under this Plan may, if otherwise eligible, be granted additional Awards under this Plan if the Administrator so determines. However, a person's status as an Eligible Person is not a commitment that any Award will be granted to that person under this Plan. Furthermore, an Eligible Person who has been granted an Award under Section 5 is not necessarily entitled to an Award under Section 6, or vice versa, unless otherwise expressly determined by the Administrator.

Each Award granted under this Plan must be approved by the Administrator at or prior to the grant of the Award.

4. SHARES SUBJECT TO THE PLAN.

- 4.1 **Shares Available.** Subject to the provisions of Section 7.3.1, the shares that may be issued under this Plan will be Ordinary Shares of the Company's authorized but unissued share capital. The Ordinary Shares may be issued for any lawful consideration.
- 4.2 **Share Limits.** Subject to the provisions of Section 7.3.1 and further subject to the share counting rules of Section 4.3, the maximum number of Ordinary Shares that may be issued pursuant to Awards granted under this Plan will not exceed 80,766,301 shares (the "Share Limit") in the aggregate.
- 4.3 **Replenishment and Reissue of Unvested Awards.** No Award may be granted under this Plan unless, on the date of grant, the sum of (a) the maximum number of Ordinary Shares issuable at any time pursuant to such Award, plus (b) the number of Ordinary Shares that have previously been issued pursuant to Awards granted under this Plan, plus (c) the maximum number of Ordinary Shares that may be issued at any time after such date of grant pursuant to Awards that are outstanding on such date, does not exceed the Share Limit. Ordinary Shares that are subject to or underlie Options granted under this Plan that expire or for any reason are canceled or terminated without having been exercised (or Ordinary Shares subject to or underlying the unexercised portion of such Options in the case of Options that were partially exercised), as well as Ordinary Shares that are subject to Share Awards or Share Unit Awards made under this Plan that are forfeited to the Company or, in the case of Share Awards, otherwise repurchased by the Company prior to the lapsing of the Company's repurchase right will again, except to the extent prohibited by law or applicable listing or regulatory requirements, be available for subsequent Award grants under this Plan.

5. OPTION GRANT PROGRAM.

- 5.1 **Option Grants in General.** Each Option shall be evidenced by an Award Agreement in the form approved by the Administrator. The Award Agreement evidencing an Option shall contain the terms established by the Administrator for that Option, as well as any other terms, provisions, or restrictions that the Administrator may impose on the Option or any Ordinary Shares subject to the Option; in each case subject to the applicable provisions and limitations of this Section 5 and the other applicable provisions and limitations of this Plan and the Articles. The Administrator may require that the recipient of an Option promptly execute and return to the Company his or her Award Agreement evidencing the Option. In addition, the Administrator may require that the spouse of any married recipient of an Option also promptly execute and return to the Company the Award Agreement evidencing the Option granted to the recipient or such other spousal consent form that the Administrator may require in connection with the grant of the Option.
- 5.2 **Types of Options.** All Options granted under this Plan shall be Nonqualified Stock Options.
- 5.3 **Option Price.**
- 5.3.1 **Pricing Limits.** Subject to the following provisions of this Section 5.3.1, the Administrator will determine the purchase price per share of the Ordinary Shares covered by each Option (the "exercise price") at the time of the grant of the Option, which exercise price will be set forth in the applicable Award Agreement. In no case will the exercise price of an Option be less than the par value of the Ordinary Shares;
- 5.3.2 **Payment Provisions.** The Company will not be obligated to issue the Ordinary Shares to be purchased on exercise of an Option unless and until it receives full payment of the exercise price therefor, all related withholding obligations under Section 7.6 have been satisfied, and all other conditions to the exercise of the Option set forth herein or in the Award Agreement have been satisfied. The purchase price of any Ordinary Shares purchased on exercise of an Option must be paid in full at the time of each purchase in such lawful consideration as may be permitted or required by the Administrator, which may include, without limitation, one or a combination of the following methods:
- (a) cash, check payable to the order of the Company, or electronic funds transfer;
 - (b) notice and third party payment in such manner as may be authorized by the Administrator;
 - (c) the delivery of previously owned Ordinary Shares;
 - (d) by a reduction in the number of Ordinary Shares otherwise issueable pursuant to the Award;
 - (e) subject to such procedures as the Administrator may adopt, pursuant to a "cashless exercise".

In no event shall any shares newly-issued by the Company be issued for less than the minimum lawful consideration for such shares or for consideration other than consideration permitted by applicable law. Ordinary Shares used to satisfy the exercise price of an Option (whether previously-owned shares or shares otherwise issuable pursuant to the terms of the Option) shall be valued at their Fair Market Value on the date of exercise. Unless otherwise expressly provided in the applicable Award Agreement, the Administrator may eliminate or limit a Participant's ability to pay the purchase or exercise price of any Award by any method other than cash payment to the Company.

5.4 Vesting; Term; Exercise Procedure.

5.4.1 Vesting. Except as provided in Section 5.7, an Option may be exercised only to the extent that it is vested and exercisable. The Administrator will determine the vesting and/or exercisability provisions of each Option (which may be based on performance criteria, passage of time or other factors or any combination thereof), which provisions will be set forth in the applicable Award Agreement. Unless the Administrator otherwise expressly provides, once exercisable, an Option will remain exercisable until the expiration or earlier termination of the Option.

5.4.2 Term. Each Option shall expire not more than 10 years after its date of grant. Each Option will be subject to earlier termination as provided in or pursuant to Sections 5.5 and 7.3.

5.4.3 Exercise Procedure. Any exercisable Option will be deemed to be exercised when the Company receives written notice of such exercise from the Participant (on a form and in such manner as may be required by the Administrator), together with any required payment made in accordance with Section 5.3 and Section 7.6 and any written statement required pursuant to Section 7.5.1.

5.4.4 Fractional Shares/Minimum Issue. Fractional share interests will be disregarded, but may be accumulated. The Administrator, however, may determine that cash, other securities, or other property will be paid or transferred in lieu of any fractional share interests. No fewer than 100 shares (subject to adjustment pursuant to Section 7.3.1) may be purchased on exercise of any Option at one time unless the number purchased is the total number of shares at the time available for purchase under the Option.

5.5 Effects of Termination of Employment on Options.

5.5.1 Death or Disability. Unless otherwise provided in the Award Agreement (consistent with applicable securities laws) and subject to earlier termination pursuant to or as contemplated by Section 5.4.2 or 7.3, if a Participant's employment by or service to the Company or any of its Affiliates terminates as a result of the Participant's death or Total Disability:

- (a) the Participant (or his or her Personal Representative or Beneficiary, in the case of the Participant's Total Disability or death, respectively), will have until the date that is 12 months after the Participant's Severance Date to exercise the Participant's Option (or portion thereof) to the extent that it was vested and exercisable on the Severance Date;
- (b) the Option, to the extent not vested and exercisable on the Participant's Severance Date, shall terminate on the Severance Date; and
- (c) the Option, to the extent exercisable for the 12-month period following the Participant's Severance Date and not exercised during such period, shall terminate at the close of business on the last day of the 12-month period.

5.5.2 Other Terminations of Employment. Unless otherwise provided in the Award Agreement (consistent with applicable securities laws) and subject to earlier termination pursuant to or as contemplated by Section 5.4.2 or 7.3, if a Participant's employment by or service to the Company or any of its Affiliates terminates for any reason other than a termination because of the Participant's death or Total Disability:

- (a) the Participant will have until the date that is 3 months after the Participant's Severance Date to exercise his or her Option (or portion thereof) to the extent that it was vested and exercisable on the Severance Date; provided, however, in the event of the occurrence of the Participant's Severance Date due to termination for Cause or Poor Performance, the Option shall immediately expire and may not be exercised (if then exercisable).
- (b) the Option, to the extent not vested and exercisable on the Participant's Severance Date, shall terminate on the Severance Date; and

- (c) the Option, to the extent exercisable for the 3-month period following the Participant's Severance Date and not exercised during such period, shall terminate at the close of business on the last day of the 3-month period.

5.6 **Option Repricing/Cancellation and Regrant/Waiver of Restrictions.** Subject to Section 4, Section 7.6.2, and Section 7.7 and the specific limitations on Options contained in this Plan, the Administrator from time to time may authorize, generally or in specific cases only, for the benefit of any Eligible Person, any adjustment in the exercise price, the vesting schedule, the number of shares subject to, or the term of, an Option granted under this Plan by cancellation of an outstanding Option and a subsequent regranting of the Option, by amendment, by substitution of an outstanding Option, by waiver or by other legally valid means. Such amendment or other action may result in, among other changes, an exercise price that is higher or lower than the exercise price of the original or prior Option, provide for a greater or lesser number of Ordinary Shares subject to the Option, or provide for a longer or shorter vesting or exercise period.

5.7 **Early Exercise Options.** The Administrator may, in its discretion, designate any Option as an Early Exercise Option which, by express provision in the applicable Award Agreement, may be exercised prior to the date such Option has vested. If the Participant elects to exercise all or a portion of any Early Exercise Option before it is vested, the Ordinary Shares acquired under the Option which are attributable to the unvested portion of the Option shall be subject to additional terms and conditions, if so determined by the Administrator, including the right of the Company to repurchase such Ordinary Shares at a price determined by the Administrator. Unless otherwise expressly provided in the applicable Award Agreement, such Restricted Shares shall be subject to the provisions of Sections 6.2 through 6.7, below.

6. SHARE AWARD AND SHARE UNIT AWARD PROGRAM.

6.1 **Share Awards and Share Unit Awards in General.** Each Share Award and Share Unit Award shall be evidenced by an Award Agreement in the form approved by the Administrator. The Award Agreement evidencing a Share Award or Share Unit Award shall contain the terms established by the Administrator for that Award, as well as any other terms, provisions, or restrictions that the Administrator may impose on the Award; in each case subject to the applicable provisions and limitations of this Section 6 and the other applicable provisions and limitations of this Plan. The Administrator may require that the recipient of a Share Award or Share Unit Award promptly execute and return to the Company his or her Award Agreement evidencing the Award. In addition, the Administrator may require that the spouse of any married recipient of a Share Award or Share Unit Award also promptly execute and return to the Company the Award Agreement evidencing the Award granted to the recipient or such other spousal consent form that the Administrator may require in connection with the grant of the Award.

6.2 Provisions Applicable to Share Awards.

6.2.1 **Types of Share Awards.** The Administrator shall designate whether a Share Award shall be a Restricted Share Award, and such designation shall be set forth in the applicable Award Agreement.

6.2.2 Purchase Price.

- (a) The Administrator will determine the purchase price per Ordinary Share covered by each Share Award at the time of grant of the Award. In no case will such purchase price be less than the par value of the covered Ordinary Shares.
- (b) The Company will not be obligated to issue Ordinary Shares awarded under this Section 6 unless and until it receives full payment of the purchase price therefor and all other conditions to the purchase, as determined by the Administrator, have been satisfied. The purchase price of any shares subject to a Share Award must be paid in full at the time of the purchase in such lawful consideration as may be permitted or required by the Administrator, which may include, without limitation, one or a combination of the methods set forth in clauses (a) through (e) in Section 5.3.2 and/or past services rendered to the Company or any of its Affiliates.

6.2.3 **Share Certificates.** Any share certificates evidencing an Ordinary Share issued under a Share Award will bear a legend making appropriate reference to the restrictions imposed hereunder and will be held by the Company or by a third party designated by the Administrator until the restrictions on such shares have lapsed.

6.2.4 **Voting Rights.** A Participant receiving Restricted Shares will be entitled to voting rights, to the extent applicable, for all outstanding Restricted Shares issued to such Participant.

- 6.2.5 Dividend Rights.** A Participant receiving Restricted Shares will be entitled to cash dividends for all outstanding Restricted Shares issued to such participant; provided, however, that the Administrator may determine that any dividends paid or payable on Restricted Shares be held in escrow and be distributed when the Company's repurchase right, if any, with respect to the related Restricted Shares lapses in accordance with the schedule set forth in the applicable Award Agreement. The Administrator may further provide that any dividends paid with respect to Restricted Shares shall be due to the Company in the event the Company exercises its right, if any, to repurchase Restricted Shares.
- 6.3 Vesting.** The restrictions imposed on the exercise of an Award and the subsequent issue of Ordinary Shares or on Share Units (which may be based on performance criteria, passage of time or other factors or any combination thereof) will be set forth in the applicable Award Agreement.
- 6.4 Term.** In the case of a Share Award, the Company's right of repurchase, if any, applicable to the Ordinary Shares to be issued in connection with the Award shall lapse no later than the date 10 years after the date of grant, and (ii) in the case of a Share Unit Award, the Award shall be forfeited if the conditions necessary to trigger payment thereunder (including payment in the form of delivery of Ordinary Shares), if any, are not satisfied within 10 years from the date of grant. Each Share Award and Share Unit Award will be subject to earlier termination as provided in or pursuant to Sections 6.6 and 7.3. Any payment of cash or delivery of Ordinary Shares in payment for a Share Award or Share Unit Award may be delayed, subject to the Articles in relation to Share Awards and Share Unit Awards, until a future date if specifically authorized by the Administrator in writing and by the Participant.
- 6.5 Fractional Shares.** Fractional share interests will be disregarded, but may be accumulated. The Administrator, however, may determine that cash, other securities, or other property will be paid or transferred in lieu of any fractional share interests.
- 6.6 Termination of Employment; Return to the Company; Cancellation.** Unless the Administrator otherwise expressly provides, a Share or Share Unit Award that does not result in the issuance of Ordinary Shares or delivery of other consideration because the payment/issuance conditions have not been satisfied by the time specified in the applicable Award Agreement (which may include, without limitation, a reference to the Participant's Severance Date), will be cancelled without payment to the Participant therefor, to the extent not prohibited by law; provided, however, if Restricted Shares previously have been issued with respect to the Award, such Restricted Shares may be reacquired by the Company in such manner and on such terms as the Administrator provides, which terms shall include return or repayment at one of (a) the Fair Market Value of the Restricted Shares at the time of the termination, (b) the original purchase price of the Restricted Shares, or (c) the lower of the amounts set forth in the preceding clauses (a) and (b), without interest, to the Participant. The Award Agreement shall specify any other terms or conditions of the repurchase or cancellation if payment/issuance conditions are not satisfied. Any Share Award or Share Unit Award that has not been exercised as of a Participant's Severance Date, assuming exercise is required pursuant to the applicable Award Agreement, shall terminate on that date unless otherwise expressly provided by the Administrator in the applicable Award Agreement.
- 6.7 Waiver of Restrictions.** Subject to Sections 4, 7.6.2 and 7.7 and the specific limitations on Share Awards and Share Unit Awards contained in this Plan, the Administrator from time to time may authorize, generally or in specific cases only, for the benefit of any Eligible Person, any adjustment in the vesting schedule, or the restrictions upon or the term of, a Share Award or Share Unit Award granted under this Plan by amendment, by substitution of an outstanding Share Award or Share Unit Award, as applicable, by waiver or by other legally valid means.

7. PROVISIONS APPLICABLE TO ALL AWARDS.

7.1 Rights of Eligible Persons, Participants and Beneficiaries.

- 7.1.1 Employment Status.** No person shall have any claim or rights to be granted an Award (or additional Awards, as the case may be) under this Plan, subject to any express contractual rights (set forth in a document other than this Plan) to the contrary.
- 7.1.2 No Employment/Service Contract.** Nothing contained in this Plan (or in any other documents under this Plan or related to any Award) shall confer upon any Eligible Person or Participant any right to continue in the employ or other service of the Company or any of its Affiliates, constitute any contract or agreement of employment or other service or affect an employee's status as an employee at will, nor shall interfere in any way with the right of the Company or any Affiliate to change such person's compensation or other benefits, or to terminate his or her employment or other service, with or without cause at any time. Nothing in this Section 7.1.2, or in Section 7.3 or 7.15, however, is intended to adversely affect any express independent right of such person under a separate employment or service contract. An Award Agreement shall not constitute a contract of employment or service.

7.1.3 Plan Not Funded. Awards payable under this Plan will be payable in Ordinary Shares or from the general assets of the Company, and no special or separate reserve, fund or deposit will be made to assure payment of such Awards. No Participant, Beneficiary or other person will have any right, title or interest in any fund or in any specific asset (including Ordinary Shares, except as expressly provided) of the Company or any of its Affiliates by reason of any Award hereunder. Neither the provisions of this Plan (or of any related documents), nor the creation or adoption of this Plan, nor any action taken pursuant to the provisions of this Plan will create, or be construed to create, a trust of any kind or a fiduciary relationship between the Company or any of its Affiliates and any Participant, Beneficiary or other person. To the extent that a Participant, Beneficiary or other person acquires a right to receive payment pursuant to any Award hereunder, such right will be no greater than the right of any unsecured general creditor of the Company.

7.1.4 Constitutional Documents. The Articles, as they may lawfully be amended from time to time, provide for additional restrictions and limitations with respect to the Ordinary Shares (including additional restrictions and limitations on the voting or transfer or repurchase of Ordinary Shares) or priorities, rights and preferences as to securities and interests prior in rights to the Ordinary Shares. To the extent that these restrictions and limitations are greater than those set forth in this Plan or any Award Agreement, such restrictions and limitations shall apply to any Ordinary Shares acquired pursuant to the exercise of Awards and are incorporated herein by this reference.

7.2 No Transferability; Limited Exception to Transfer Restrictions.

7.2.1 Limit On Exercise and Transfer. Unless otherwise expressly provided in (or pursuant to) this Section 7.2, by applicable law and by the Award Agreement, as the same may be amended:

- (a) all Awards, and, prior to a Qualified IPO, Shares acquired thereunder, are non-transferable and will not be subject in any manner to sale, transfer, anticipation, alienation, assignment, pledge, encumbrance or charge;
- (b) Awards may be exercised only by the Participant; and
- (c) amounts payable or shares issuable pursuant to an Award will be issued or delivered, as applicable, only to (or for the account of) the Participant.

In addition, the Ordinary Shares shall be subject to the restrictions set forth in the applicable Award Agreement and the Articles.

7.2.2 Further Exceptions to Limits On Transfer. The exercise and transfer restrictions in Section 7.2.1 will not apply to:

- (a) transfers to, or repurchases by, the Company;
- (b) transfers by gift or domestic relations order to one or more “family members” (as that term is defined in Rule 701 promulgated under the Securities Act) of the Participant;
- (c) the designation of a Beneficiary to receive benefits if the Participant dies or, if the Participant has died, transfers to or exercises by the Participant’s Beneficiary, or, in the absence of a validly designated Beneficiary, transfers by will or the laws of descent and distribution; or
- (d) if the Participant has suffered a disability, permitted transfers or exercises on behalf of the Participant by the Participant’s duly authorized legal representative.

Notwithstanding anything else in this Section 7.2.2 to the contrary, but subject to compliance with all applicable laws, Options, Share Awards and Share Unit Awards will be subject to any and all transfer restrictions under the Code, the Securities Act, or the Exchange Act applicable to such awards or necessary to maintain the intended tax consequences or securities law compliance of such Awards. Notwithstanding clause (b) above but subject to compliance with all applicable laws, any contemplated transfer by gift or domestic relations order to one or more “family members” of a Participant as referenced in clause (b) above is subject to the condition precedent that the transfer be approved by the Administrator in order for it to be effective. The Administrator may, in its sole discretion, withhold its approval of any such proposed transfer.

7.3 *Adjustments; Changes in Control.*

7.3.1 Adjustments. Subject to Section 7.3.2 below, upon (or, as may be necessary to effect the adjustment, immediately prior to): any reclassification, recapitalization, share split (including a share split in the form of a share dividend) or reverse share split; any merger, combination, consolidation, or other reorganization; any split-up, spin-off, or similar extraordinary dividend distribution in respect of the Ordinary Shares; or any exchange of Ordinary Shares or other securities of the Company, or any similar, unusual or extraordinary corporate transaction in respect of the Ordinary Shares; the Administrator may equitably and proportionately adjust (1) the number and type of Ordinary Shares (or other securities) that thereafter may be made the subject of Awards (including the specific share limits, maximums and numbers of shares set forth elsewhere in this Plan), (2) the number, amount and type of Ordinary Shares (or other securities or property) subject to any outstanding Awards, (3) the grant, purchase, or exercise price of any outstanding Awards, and/or (4) the securities, cash or other property issuable or deliverable upon exercise or vesting of any outstanding Awards, in each case to the extent necessary to preserve (but not increase) the level of incentives intended by this Plan and the then-outstanding Awards. The Administrator also shall have the authority to provide a cash payment, in lieu of any such adjustment (in part of in full), with the combination of the adjustment and cash payment intended to preserve (but not increase) the level of incentives intended by this Plan and the then-outstanding awards. The Administrator may determine the adjustment and provision of a cash payment on a Participant-by-Participant and Award-by-Award basis.

Unless otherwise expressly provided in the applicable Award Agreement, upon (or, as may be necessary to effect the adjustment, immediately prior to) any event or transaction described in the preceding paragraph or a sale of all or substantially all of the business or assets of the Company as an entirety, the Administrator may equitably and proportionately adjust the performance standards applicable to any then-outstanding performance-based Awards to the extent necessary to preserve (but not increase) the level of incentives under this Plan and the then-outstanding performance-based Awards including, without limitation, terminating applicable performance periods and deeming performance criteria satisfied at target levels, with pro-rata payment based on the days elapsed in the performance period divided by the total number of days in the performance period.

It is intended that, if possible, any adjustments contemplated by the preceding two paragraphs shall be made in a manner that satisfies applicable U.S. legal, tax (including, without limitation and as applicable in the circumstances, Section 424 of the Code and Section 409A of the Code) and accounting (so as to not trigger any charge to earnings with respect to such adjustment) requirements.

Without limiting the generality of Section 2.3, any good faith determination by the Administrator as to whether an adjustment is required in the circumstances pursuant to this Section 7.3.1, and the extent and nature of any such adjustment, shall be final, binding and conclusive on all persons.

Unless otherwise expressly provided by the Administrator, in no event shall a conversion of one or more outstanding shares of the Company's preferred shares (if any) or any new issuance of securities by the Company for consideration be deemed, in and of itself, to require an adjustment pursuant to this Section 7.3.1.

7.3.2 Consequences of a Change in Control Event. Upon the occurrence of a Change in Control Event, the Administrator may, in its sole and absolute discretion, make provision for a cash payment in settlement of, or for the assumption, substitution or exchange of any or all outstanding Awards (or the cash, securities or other property issuable or deliverable to the holder(s) of any or all outstanding Awards) based upon, to the extent relevant in the circumstances, the distribution or consideration payable to holders of the Ordinary Shares upon or in respect of such event.

The Administrator also has the authority to accelerate the vesting of one or more Awards (as to all or only a portion of any Award) in such circumstances (including, but not limited to, a Change in Control Event) as the Administrator may determine to be appropriate.

The Administrator may adopt such valuation methodologies for outstanding Awards as it deems reasonable in the event of a cash, securities or other property settlement (which determination shall be made in good faith and shall be final, binding and conclusive on all parties). In the case of Options, but without limitation on other methodologies, the Administrator may base such settlement solely upon the excess (if any) of the amount payable upon or in respect of such event over the exercise price of the Option to the extent of the then vested and exercisable shares subject to the Option.

In any of the events referred to in this Section 7.3.2, the Administrator may take such action contemplated by this Section 7.3.2 prior to such event (as opposed to on the occurrence of such event) to the extent that the Administrator deems the action necessary to permit the Participant to realize the benefits intended to be conveyed with respect to the underlying shares. Without limiting the generality of the foregoing, the Administrator may deem an acceleration to occur immediately prior to the applicable event and/or reinstate the original terms of the Award if an event giving rise to an acceleration does not occur.

Any action taken by the Administrator under this Section 7.3.2 may be taken on a Participant-by-Participant and Award-by-Award basis.

- 7.3.3 Early Termination of Awards.** Upon the occurrence of a Change in Control Event, each then-outstanding Award shall terminate, subject to any provision that has been expressly made by the Administrator, through a plan of reorganization or otherwise, for the survival, substitution, assumption, exchange or other continuation or settlement of such Award and provided that, in the case of Options that will not survive or be substituted for, assumed, exchanged, or otherwise continued or settled in the Change in Control Event, the holder of an Award shall be given reasonable advance notice of the impending termination and a reasonable opportunity to exercise his or her outstanding Options as to all of the vested Shares covered thereby in accordance with their terms before the termination of the Awards (except that in no case shall more than ten days' notice of accelerated vesting (if any) and the impending termination be required and any acceleration and exercise may be made contingent upon the actual occurrence of the event). Unless otherwise provided by the Administrator, the holder of an Award that terminates pursuant to this Section 7.3.3 shall not be entitled to any payment or consideration in respect of such Award. For purposes of this Section 7.3, an Award shall be deemed to have been "assumed" if (without limiting other circumstances in which an Award is assumed) the Award continues after the Change in Control Event, and/or is assumed and continued by a Parent (as such term is defined in the definition of Change in Control Event) following a Change in Control Event, and confers the right to purchase or receive, as applicable and subject to vesting and the other terms and conditions of the Award, for each Ordinary Share subject to the Award immediately prior to the Change in Control Event, the consideration (whether cash, shares, or other securities or property) received in the Change in Control Event by the shareholders of the Company for each Ordinary Share sold or exchanged in such transaction (or the consideration received by a majority of the shareholders participating in such transaction if the shareholders were offered a choice of consideration); provided, however, that if the consideration offered for an Ordinary Share in the transaction is not solely the ordinary shares of a successor company or a Parent, the Board may provide for the consideration to be received upon exercise or payment of the Award, for each share subject to the Award, to be solely ordinary shares of the successor company or a Parent equal in Fair Market Value to the per share consideration received by the shareholders participating in the Change in Control Event.
- 7.3.4 Other Acceleration Rules.** The Administrator may override the provisions of this Section 7.3 as to any Award by express provision in the applicable Award Agreement and may accord any Participant a right to refuse any acceleration, whether pursuant to the Award Agreement or otherwise, in such circumstances as the Administrator may approve.

7.4 Termination of Employment or Services.

- 7.4.1 Events Not Deemed a Termination of Employment.** Unless the Administrator otherwise expressly provides with respect to a particular Award, if a Participant's employment by, or service to, the Company or an Affiliate terminates but immediately thereafter the Participant continues in the employ of or service to another Affiliate or the Company, as applicable, the Participant shall be deemed to have not had a termination of employment or service for purposes of this Plan and the Participant's Awards. Unless the express policy of the Company or the Administrator otherwise provides, a Participant's employment relationship with the Company or any of its Affiliates shall not be considered terminated solely due to any sick leave, military leave, or any other leave of absence authorized by the Company or any Affiliate or the Administrator; provided that, unless reemployment upon the expiration of such leave is guaranteed by contract or law, such leave is for a period of not more than three months. In the case of any Participant on an approved leave of absence, continued vesting of the Award while on leave from the employ of or service with the Company or any of its Affiliates will be suspended until the Participant returns to service, unless the Administrator otherwise provides or applicable law otherwise requires. In no event shall an Award be exercised after the expiration of the term of the Award set forth in the Award Agreement.
- 7.4.2 Effect of Change of Affiliate Status.** For purposes of this Plan and any Award, if an entity ceases to be an Affiliate, a termination of employment or service will be deemed to have occurred with respect to each Eligible Person in respect of such Affiliate who does not continue as an Eligible Person in respect of another Affiliate that continues as such after giving effect to the transaction or other event giving rise to the change in status.
- 7.4.3 Administrator Discretion.** Notwithstanding the provisions of Section 5.5 or 6.6, in the event of, or in anticipation of, a termination of employment or service with the Company or any of its Affiliates for any reason, the Administrator may accelerate the vesting and exercisability of all or a portion of the Participant's Award, and/or, subject to the provisions of Sections 5.4.2 and 7.3, extend the exercisability period of the Participant's Option upon such terms as the Administrator determines and expressly sets forth in or by amendment to the Award Agreement.

7.4.4 Termination of Consulting or Affiliate Services. If the Participant is an Eligible Person solely by reason of clause (c) of Section 3, the Administrator shall be the sole judge of whether the Participant continues to render services to the Company or any of its Affiliates, unless a written contract or the Award Agreement otherwise provides. If, in these circumstances, the Company or any Affiliate notifies the Participant in writing that a termination of the Participant's services to the Company or any Affiliate has occurred for purposes of this Plan, then (unless the contract or the Award Agreement otherwise expressly provides), the Participant's termination of services with the Company or Affiliate for purposes of this Plan shall be the date which is 10 days after the mailing of the notice by the Company or Affiliate or, in the case of a termination for Cause, the date of the mailing of the notice.

7.5 Compliance with Laws.

7.5.1 General. This Plan, the granting and vesting of Awards under this Plan, and the offer and issuance of Ordinary Shares and/or the payment of money under this Plan or under Awards are subject to compliance with all applicable federal and state laws, rules and regulations (including but not limited to state and federal securities laws, federal margin requirements, and the laws of the Cayman Islands to the extent applicable) and to such approvals by any listing, regulatory or governmental authority as may, in the opinion of counsel for the Company, be necessary or advisable in connection therewith. The person acquiring any securities under this Plan will, if requested by the Company, provide such assurances and representations to the Company as the Administrator may deem necessary or desirable to assure compliance with all applicable legal and accounting requirements.

7.5.2 Compliance with Securities Laws. No Participant shall sell, pledge or otherwise transfer Ordinary Shares acquired pursuant to an Award or any interest in such shares except in accordance with the express terms of this Plan and the applicable Award Agreement. Any attempted transfer in violation of this Section 7.5 shall be void and of no effect. Without in any way limiting the provisions set forth above, no Participant shall make any disposition of all or any portion of the Ordinary Shares acquired or to be acquired pursuant to an Award, except in compliance with all applicable federal and state securities laws and unless and until:

- (a) there is then in effect a registration statement under the Securities Act covering such proposed disposition and such disposition is made in accordance with such registration statement;
- (b) such disposition is made in accordance with Rule 144 under the Securities Act; or
- (c) such Participant notifies the Company of the proposed disposition and furnishes the Company with a statement of the circumstances surrounding the proposed disposition, and, if requested by the Company, furnishes to the Company an opinion of counsel acceptable to the Company's counsel, that such disposition will not require registration under the Securities Act and will be in compliance with all applicable state securities laws.

Notwithstanding anything else herein to the contrary, neither the Company or any Affiliate has any obligation to register Ordinary Shares or file any registration statement under either federal or state securities laws, nor does the Company or any Affiliate make any representation concerning the likelihood of a public offering of Ordinary Shares or any other securities of the Company or any Affiliate.

7.5.3 Share Legends. Any certificates evidencing Ordinary Shares issued or delivered under this Plan shall bear the following legends and/or any other appropriate or required legends under applicable laws:

"OWNERSHIP OF THIS CERTIFICATE, THE SHARES EVIDENCED BY THIS CERTIFICATE AND ANY INTEREST THEREIN ARE SUBJECT TO SUBSTANTIAL RESTRICTIONS ON TRANSFER UNDER APPLICABLE LAW AND UNDER AGREEMENTS WITH THE COMPANY, INCLUDING RESTRICTIONS ON SALE, ASSIGNMENT, TRANSFER, PLEDGE OR OTHER DISPOSITION. A COPY OF SUCH AGREEMENTS WILL BE FURNISHED WITHOUT CHARGE BY THE COMPANY TO THE HOLDER HEREOF UPON WRITTEN REQUEST."

"THE SHARES ARE SUBJECT TO CALL RIGHTS TO REPURCHASE THE SHARES UNDER PURSUANT TO AGREEMENTS WITH THE COMPANY, COPIES OF WHICH ARE AVAILABLE FOR REVIEW AT THE OFFICE OF THE SECRETARY OF THE COMPANY."

“THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (“ACT”), NOR HAVE THEY BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE. NO TRANSFER OF SUCH SECURITIES WILL BE PERMITTED UNLESS A REGISTRATION STATEMENT UNDER THE ACT IS IN EFFECT AS TO SUCH TRANSFER, THE TRANSFER IS MADE IN ACCORDANCE WITH RULE 144 UNDER THE ACT, OR IN THE OPINION OF COUNSEL TO THE COMPANY, REGISTRATION UNDER THE ACT IS UNNECESSARY IN ORDER FOR SUCH TRANSFER TO COMPLY WITH THE ACT AND WITH APPLICABLE STATE SECURITIES LAWS.”

7.5.4 Delivery of Financial Statements. The Company shall deliver annually to Participants such financial statements of the Company as are required to satisfy applicable securities laws.

7.5.5 Confidential Information. Any financial or other information relating to the Company obtained by Participants in connection with or as a result of this Plan or their Awards shall be treated as confidential.

7.6 ***Tax Matters.***

7.6.1 Tax Withholding. Upon any exercise, vesting, or payment of any Award, the Company or any of its Affiliates shall have the right at its option to:

- (a) require the Participant (or the Participant’s Personal Representative or Beneficiary, as the case may be) to pay or provide for payment of at least the minimum amount of any taxes which the Company or Affiliate may be required to withhold with respect to such Award event or payment;
- (b) deduct from any amount otherwise payable (in respect of an Award or otherwise) in cash to the Participant (or the Participant’s Personal Representative or Beneficiary, as the case may be) the minimum amount of any taxes which the Company or Affiliate may be required to withhold with respect to such Award event or payment; or
- (c) reduce the number of Ordinary Shares to be issued by (or otherwise reacquire shares held by the Participant, subject to such further consents as may be necessary under the Articles) the appropriate number of Ordinary Shares, valued at their then Fair Market Value, to satisfy the minimum withholding obligation.

In any case where a tax is required to be withheld in connection with the issuance of Ordinary Shares under this Plan, the Administrator may in its sole discretion (subject to Section 7.5) grant (either at the time of the Award or thereafter) to the Participant the right to elect, pursuant to such rules and subject to such conditions as the Administrator may establish, to have the Company reduce the number of shares to be issued by (or otherwise reacquire, subject to such further consents as may be necessary under the Articles) the appropriate number of shares, valued in a consistent manner at their Fair Market Value or at the sales price in accordance with authorized procedures for cashless exercises, necessary to satisfy the minimum applicable withholding obligation on exercise, vesting or payment. In no event shall the shares withheld exceed the minimum whole number of shares required for tax withholding under applicable law.

7.6.2 Section 409A of the Code. Notwithstanding other provisions of the Plan or any Award Agreement hereunder, no Award shall be granted, deferred, accelerated, extended, paid out or modified under this Plan in a manner that would result in the imposition of an additional tax under Section 409A of the Code upon a Participant. In the event that it is reasonably determined by the Administrator, in its sole and absolute discretion, that, as a result of Section 409A of the Code, payments in respect of any Award under the Plan may not be made at the time contemplated by the terms of the Plan or the relevant Award Agreement, as the case may be, without causing the Participant holding such Award to be subject to taxation under Section 409A of the Code, including as a result of the fact that the Participant is a “specified employee” under Section 409A of the Code, the Company will make such payment on the first day that would not result in the Participant incurring any tax liability under Section 409A of the Code. The Company shall use commercially reasonable efforts to implement the provisions of this Section 7.6.2 in good faith; provided that neither the Company, the Administrator nor any of the Company’s officers, employees, directors or representatives shall have any liability to Participants with respect to this Section 7.6.2.

7.7 ***Plan and Award Amendments, Termination and Suspension.***

7.7.1 Board Authorization. The Board may, at any time, terminate or, from time to time, amend, modify or suspend this Plan, in whole or in part. No Awards may be granted during any period that the Board suspends this Plan.

- 7.7.2 **Shareholder Approval.** To the extent then required by applicable law or any applicable listing agency or required under Section 162 of the Code to preserve the intended tax consequences of this Plan, or deemed necessary or advisable by the Board, any amendment to this Plan shall be subject to shareholder approval.
- 7.7.3 **Amendments to Awards.** Without limiting any other express authority of the Administrator under (but subject to) the express limits of this Plan, the Administrator, by agreement or resolution, may waive conditions of, or limitations on, Awards to Participants that the Administrator in the prior exercise of its discretion has imposed, without the consent of a Participant, and (subject to the requirements of Sections 2.2 and 7.7.4) may make other changes to the terms and conditions of Awards.
- 7.7.4 **Limitations on Amendments to Plan and Awards.** No amendment, suspension or termination of this Plan or amendment of any outstanding Award Agreement shall, without written consent of the Participant, affect in any manner materially adverse to the Participant any rights or benefits of the Participant or obligations of the Company under any Award granted under this Plan prior to the effective date of such change. Changes, settlements and other actions contemplated by Section 7.3 shall not be deemed to constitute changes or amendments for purposes of this Section 7.7.
- 7.8 **Privileges of Share Ownership.** Except as otherwise expressly authorized by the Administrator, a Participant will not be entitled to any privilege of share ownership as to any Ordinary Shares not actually issued to and held of record by the Participant. Except as expressly required by Section 7.3.1, no adjustment will be made for dividends or other rights as a shareholder for which a record date is prior to such date of issue.
- 7.9 **Share-Based Awards in Substitution for Awards Granted by Other Companies.** Awards may be granted to Eligible Persons in substitution for or in connection with an assumption of employee share options, share appreciation rights, restricted share or other share-based awards granted by other entities to persons who are or who will become Eligible Persons in respect of the Company or one of its Affiliates, in connection with a distribution, merger or other reorganization by or with the granting entity or an affiliated entity, or the acquisition by the Company or one of its Affiliates, directly or indirectly, of all or a substantial part of the shares or assets of the employing entity. The Awards so granted need not comply with other specific terms of this Plan, provided the Awards reflect only adjustments giving effect to the assumption or substitution consistent with the conversion applicable to the shares in the transaction and any change in the issuer of the security. Any shares that are delivered or issued and any Awards that are granted by, or become obligations of, the Company, as a result of the assumption by the Company of, or in substitution for, outstanding awards previously granted by an acquired company (or previously granted by a predecessor employer (or direct or indirect parent thereof) in the case of persons that become employed by the Company or one of its Affiliates in connection with a business or asset acquisition or similar transaction) shall not be counted against the Share Limit or other limits on the number of shares available for issuance under this Plan.
- 7.10 **Effective Date of the Plan.** This Plan is effective upon the Effective Date.
- 7.11 **Term of the Plan.** Unless earlier terminated by the Board, this Plan will terminate at the close of business on the day before the 10th anniversary of the Effective Date. After the termination of this Plan either upon such stated expiration date or its earlier termination by the Board, no additional Awards may be granted under this Plan, but previously granted Awards (and the authority of the Administrator with respect thereto, including the authority to amend such Awards) shall remain outstanding in accordance with their applicable terms and conditions and the terms and conditions of this Plan.
- 7.12 **Governing Law/Severability.**
- 7.12.1 **Choice of Law.** This Plan, the Awards, all documents evidencing Awards and all other related documents will be governed by, and construed in accordance with, the laws of the State of Delaware.
- 7.12.2 **Severability.** If it is determined that any provision of this Plan or an Award Agreement is invalid and unenforceable, the remaining provisions of this Plan and/or the Award Agreement, as applicable, will continue in effect provided that the essential economic terms of this Plan and the Award can still be enforced.
- 7.13 **Captions.** Captions and headings are given to the sections and subsections of this Plan solely as a convenience to facilitate reference. Such headings will not be deemed in any way material or relevant to the construction or interpretation of this Plan or any provision thereof.
- 7.14 **Non-Exclusivity of Plan.** Nothing in this Plan will limit or be deemed to limit the authority of the Board or the Administrator to grant awards or authorize any other compensation, with or without reference to Ordinary Shares, under any other plan or authority.

- 7.15** *No Restriction on Corporate Powers.* The existence of this Plan, the Award Agreements, and the Awards granted hereunder, shall not limit, affect or restrict in any way the right or power of the Board or the shareholders of the Company to make or authorize: (a) any adjustment, recapitalization, reorganization or other change in the Company's or any Affiliate's capital structure or its business; (b) any merger, amalgamation, consolidation or change in the ownership of the Company or any Affiliate; (c) any issue of bonds, debentures, capital, preferred or prior preference shares ahead of or affecting the Company's share capital or the rights thereof; (d) any dissolution or liquidation of the Company or any Affiliate; (e) any sale or transfer of all or any part of the Company or any Affiliate's assets or business; or (f) any other corporate act or proceeding by the Company or any Affiliate. No Participant, Beneficiary or any other person shall have any claim under any Award or Award Agreement against any member of the Board or the Administrator, or the Company or any employees, officers or agents of the Company or any Affiliate, as a result of any such action.
- 7.16** *Other Company Compensation or Benefit Programs.* Payments and other benefits received by a Participant under an Award made pursuant to this Plan shall not be deemed a part of a Participant's compensation for purposes of the determination of benefits under any other employee welfare or benefit plans or arrangements, if any, provided by the Company or any Affiliate, except where the Administrator or the Board expressly otherwise provides or authorizes in writing. Awards under this Plan may be made in addition to, in combination with, as alternatives to or in payment of grants, awards or commitments under any other plans or arrangements of the Company or any Affiliate.

8. DEFINITIONS.

"Administrator" has the meaning given to such term in Section 2.1.

"Affiliate" means (a) any company (other than the Company) in an unbroken chain of companies ending with the Company if, at the time of the determination, each of the companies other than the Company owns shares possessing fifty percent (50%) or more of the total combined voting power of all classes of shares in one of the other companies in such chain, or (b) any company (other than the Company) in an unbroken chain of companies beginning with the Company if, at the time of the determination, each of the companies other than the last company in the unbroken chain owns shares possessing fifty percent (50%) or more of the total combined voting power of all classes of shares in one of the other companies in such chain.

"Articles" means the memorandum and articles of association of the Company, as amended from time to time.

"ATIC Shareholders" means Advanced Technology Investment Company, ATIC International Investment Company LLC, and any Permitted Owner to which either of the foregoing two entities sells or otherwise transfers any of its direct or indirect interest in the Company or Foundry Affiliates.

"Award" means an award of any Option, Share Award or Share Unit Award, or any combination thereof, whether alternative or cumulative, authorized by and granted under this Plan.

"Award Agreement" means any writing, approved by the Administrator, setting forth the terms of an Award that has been duly authorized and approved.

"Award Date" means the date upon which the Administrator took the action granting an Award or such later date as the Administrator designates as the Award Date at the time of the grant of the Award.

"Beneficiary" means the person, persons, trust or trusts designated by a Participant, or, in the absence of a designation, entitled by will or the laws of descent and distribution, to receive the benefits specified in the Award Agreement and under this Plan if the Participant dies, and means the Participant's executor or administrator if no other Beneficiary is designated and able to act under the circumstances.

"Board" means the Board of Directors of the Company.

"Cause" with respect to a Participant means (unless otherwise expressly provided in the applicable Award Agreement, or another applicable contract with the Participant that defines such term for purposes of determining the effect that a "for cause" termination has on the Participant's stock options and/or stock awards) a finding by the Company or any of its Affiliates, acting in good faith and based on its reasonable belief at the time, that the Participant:

- (a) has been negligent in the discharge of his or her duties to the Corporation or any Affiliate, has refused to perform stated or assigned duties or is incompetent in or (other than by reason of a disability or analogous condition) incapable of performing those duties;
- (b) has been dishonest or committed or engaged in an act of theft, embezzlement or fraud, a breach of confidentiality, an unauthorized disclosure or use of inside information, customer lists, trade secrets or other confidential information;

- (c) has breached a fiduciary duty, or willfully and materially violated any other duty, law, rule, regulation or policy of the Company or any of its Affiliates; or has been convicted of, or pled guilty or nolo contendere to, a felony or misdemeanor (other than minor traffic violations or similar offenses);
- (d) has materially breached any of the provisions of any agreement with the Company or any of its Affiliates;
- (e) has engaged in unfair competition with, or otherwise acted intentionally in a manner injurious to the reputation, business or assets of, the Company or any of its Affiliates; or
- (f) has improperly induced a vendor or customer to break or terminate any contract with the Company or any of its Affiliates or induced a principal for whom the Company or any Affiliate acts as agent to terminate such agency relationship.

A termination for Cause shall be deemed to occur (subject to reinstatement upon a contrary final determination by the Administrator) on the date on which the Company or any Affiliate first delivers written notice to the Participant of a finding of termination for Cause.

“Change in Control Event” means the occurrence of any of the following:

(i) a transaction with or among any third person or group of persons, other than a Permitted Owner, on the one hand and the Company, its shareholders, or any of its subsidiaries, on the other hand, with respect to

(A) a merger, reorganization, share exchange, consolidation, business combination, recapitalization, dissolution, liquidation or similar transaction after which the Permitted Owners beneficially own (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act) less than fifty percent (50%) of the voting securities or economic interests of the Company or the corporation surviving the Company outstanding immediately after such transaction; or

(B) any purchase, in one transaction or a series of related transactions, by an entity other than a Permitted Owner, of an equity interest (including by means of a tender or exchange offer) resulting in such entity beneficially owning an amount greater than fifty percent (50%) voting or economic interest in the Company; or

(C) the approval of the Company’s shareholders of the dissolution or complete liquidation of the Company; or

(D) the sale, other than to one or more Permitted Owners, of all or substantially all of the assets of the Company.

Notwithstanding the foregoing, a transaction will not constitute a Change of Control Event if the transaction results in a Permitted Owner beneficially owning at least fifty percent (50%) of the Company’s voting securities or if its primary purpose is to change the legal jurisdiction of the Company’s incorporation or to create a holding company that will be owned in substantially the same proportions by the persons or entities who held the Company’s securities immediately before such transaction. In addition, the following shall not constitute a Change of Control Event: (a) a sale by the Company or a Company Affiliate of its securities in a public market transaction, the primary purpose of which is to raise capital for such entity’s operations and business activities including, without limitation, the closing of a public offering providing for the sale of Shares following the effectiveness of a registration statement under the Securities Act covering the offer and sale of ordinary/common shares (other than a registration statement relating solely to the sale of securities to employees of the Company or a Company Affiliate or a registration relating solely to a SEC Rule 145 transaction); provided that no person or Group (within the meaning of Section 13(d)(3) of the Exchange Act), other than a Group consisting solely of Permitted Owners, owns more than fifty percent (50%) of the voting or economic interests in the Company and (b) any merger, reorganization, share exchange, consolidation, business combination, recapitalization, dissolution or liquidation of any Permitted Owner in which the surviving or resulting entity is at least 50% beneficially owned by the Government of Abu Dhabi.

Whether or not a Change in Control Event has occurred shall be determined by the Administrator in good faith in its sole discretion; provided, however, that, the Administrator may determine that the Change in Control Event does not occur for purposes of this Plan until payment to be made at the first closing event actually have been paid to shareholders holding a majority of the outstanding Ordinary Shares.

“Code” means the Internal Revenue Code of 1986, and the rules and regulations promulgated thereunder, each as amended from time to time. Any reference to a section of the Code herein will be a reference to any successor or amended section of the Code.

“Company” means GLOBALFOUNDRIES, Inc., an exempted company under the laws of the Cayman Islands, and its successors.

“**Early Exercise Option**” shall mean an Option eligible for exercise prior to vesting in accordance with the provisions of Section 5.7 of this Plan.

“**Effective Date**” means the date the Board approved this Plan.

“**Eligible Person**” has the meaning given to such term in Section 3 of this Plan.

“**Exchange Act**” means the Securities Exchange Act of 1934, and the rules and regulations promulgated thereunder, each as amended from time to time.

“**Fair Market Value**,” for purposes of this Plan and unless otherwise determined or provided by the Administrator in the circumstances, means as follows:

- (a) If the Ordinary Shares are listed or admitted to trade on the New York Stock Exchange or other national securities exchange (the “**Exchange**”), the Fair Market Value shall equal the closing price of Ordinary Shares as reported on the composite tape for securities on the Exchange for the date in question, or, if no sales of Ordinary Shares were made on the Exchange on that date, the closing price of Ordinary Shares as reported on said composite tape for the next preceding day on which sales of Ordinary Shares were made on the Exchange. The Administrator may, however, provide with respect to one or more Awards that the Fair Market Value shall equal the closing price of Ordinary Shares as reported on the composite tape for securities listed on the Exchange on the last trading day preceding the date in question or the average of the high and low trading prices of Ordinary Shares as reported on the composite tape for securities listed on the Exchange for the date in question or the most recent trading day.
- (b) If Ordinary Shares are not listed or admitted to trade on a national securities exchange, the Fair Market Value shall be the value as reasonably determined by the Administrator for purposes of the Award in the circumstances.

The Administrator also may adopt a different methodology for determining Fair Market Value with respect to one or more Awards if a different methodology is necessary or advisable to secure any intended favorable tax, legal or other treatment for the particular Award(s) (for example, and without limitation, the Administrator may provide that Fair Market Value for purposes of one or more Awards will be based on an average of closing prices (or the average of high and low daily trading prices) for a specified period preceding the relevant date).

Any determination as to Fair Market Value made pursuant to this Plan shall be made without regard to any restriction other than a restriction which, by its terms, will never lapse, and shall be final, binding and conclusive on all persons with respect to Awards granted under this Plan.

“**Foundry Affiliate**” means the GLOBALFOUNDRIES, Inc. and any subsidiary (including through one or more intermediaries) of the Company in the semiconductor foundry business, other than GLOBALFOUNDRIES, Inc.

“**Good Reason**” with respect to a Participant means (unless otherwise expressly provided in the applicable Award Agreement, or another applicable contract with the Participant that defines such term for purposes of determining the effect that a “good reason” resignation has on the Participant’s stock options and/or stock awards) the occurrence of any of the following without the Participant’s written consent:

- (a) a material reduction in the Participant’s annual base salary other than a reduction that is applied uniformly to substantially all employees that both (i) have a principal place of employment in the same country as the Participant and (ii) are of the same job level as the Participant;
- (b) a material diminution in the Executive’s position, authority, duties or responsibilities (other than as required by applicable law or regulation or as a result of the Participant’s physical or mental incapacity which impairs his ability to materially perform his duties or responsibilities); or
- (c) the relocation of the Participant’s principal place of employment by more than fifty (50) miles;

provided, however, that an event or action shall potentially be “Good Reason” only if (i) the Participant notifies the Company of the potential Good Reason trigger within thirty (30) days of learning of such event or action, (ii) the Company fails to cure the potential Good Reason trigger within thirty (30) days of receipt of notice, and (iii) the Participant resigns within thirty (30) days following the expiration of the foregoing thirty-day cure period.

“**Involuntary Termination**” means, with respect to a Participant, the termination of the Participant’s employment with the Company and its Affiliates by the Company without Cause or by the Participant for Good Reason.

“**Nonqualified Stock Option**” means an Option that is not an “incentive stock option” within the meaning of Section 422 of the Code.

“**Option**” means an option to purchase Ordinary Shares granted under Section 5 of this Plan.

“**Ordinary Shares**” means the Ordinary Shares of the Company with a par value of \$0.01 per share, and such other securities or property as may become the subject of Awards, or become subject to Awards, pursuant to an adjustment made under Section 7.3.1 of this Plan.

“**Participant**” means an Eligible Person who has been granted and holds an Award under this Plan.

“**Permitted Owner**” means the ATIC Shareholders and any other entity 100% of the voting power and economic interest of which is directly or indirectly beneficially owned by the Government of Abu Dhabi.

“**Personal Representative**” means the person or persons who, upon the disability or incompetence of a Participant, has acquired on behalf of the Participant, by legal proceeding or otherwise, the power to exercise the rights or receive benefits under this Plan by virtue of having become the legal representative of the Participant.

“**Plan**” means this GLOBALFOUNDRIES, Inc. Share Incentive Plan, as it may hereafter be amended from time to time.

“**Poor Performance**” means (i) the demonstration of a lack of judgment or skill consistent with the level expected for the position or (ii) performance for a substantial period which does not meet the Administrator’s expectations for the position, in either case as determined by the Administrator in its sole, but reasonable, discretion.

“**Qualified IPO**” means the closing of (i) a public offering of Company ordinary/common shares pursuant to applicable securities law which results in such shares being listed on any of The New York Stock Exchange, NASDAQ, or such other national or international exchange (except that a Qualified IPO shall not include an offering of securities issuable pursuant to an employee benefit plan), or (ii) any merger with a company that has a class of shares registered under the Securities Act and is publicly traded on a national or international securities exchange that results in the surviving entity being so publicly traded; *provided* that following such potential Qualified IPO, the Company’s shareholders, immediately preceding the potential Qualified IPO, beneficially own, immediately after such potential Qualified IPO, less than ninety percent (90%) of the economic value of the Company.

“**Restricted Shares**” means Ordinary Shares awarded to a Participant under this Plan that are subject to a right of repurchase in favor of the Company as set forth in the applicable Award Agreement. The Company’s right of repurchase will lapse in accordance with the conditions determined by the Administrator (and may include, among others, the passage of time, specified performance objectives or other factors). Unless stated otherwise herein, references to “vest” and “vesting” in the context of Restricted Shares means the lapsing of the Company’s right to repurchase Restricted Shares.

“**Restricted Share Award**” means an award of Restricted Shares.

“**Securities Act**” means the Securities Act of 1933, and the rules and regulations promulgated thereunder, each as amended from time to time.

“**Severance Date**” with respect to a particular Participant means, unless otherwise provided in the applicable Award Agreement:

- (c) if the Participant is an Eligible Person under clause (a) of Section 3 and the Participant’s employment by the Company or any of its Affiliates terminates (regardless of the reason), the last day that the Participant is actually employed by the Company or such Affiliate (unless, immediately following such termination of employment, the Participant is a member of the Board or, by express written agreement with the Company or any of its Affiliates, continues to provide other services to the Company or any Affiliate as an Eligible Person under clause (c) of Section 3, in which case the Participant’s Severance Date shall not be the date of such termination of employment but shall be determined in accordance with clause (b) or (c) below, as applicable, in connection with the termination of the Participant’s other services);
- (d) if the Participant is not an Eligible Person under clause (a) of Section 3 but is an Eligible Person under clause (b) thereof, and the Participant ceases to be a member of the Board (regardless of the reason), the last day that the Participant is actually a member of the Board (unless, immediately following such termination, the Participant is an employee of the Company or any of its Affiliates or, by express written agreement with the Company or any of its Affiliates, continues to provide other services to the Company or any Affiliate as an Eligible Person under clause (c) of Section 3, in which case the Participant’s Severance Date shall not be the date of such termination but shall be determined in accordance with clause (a) above or (c) below, as applicable, in connection with the termination of the Participant’s employment or other services);

- (e) if the Participant is not an Eligible Person under clause (a) or clause (b) of Section 3 but is an Eligible Person under clause (c) thereof, and the Participant ceases to provide services to the Company or any of its Affiliates as determined in accordance with Section 7.4.4 (regardless of the reason), the last day that the Participant actually provides services to the Company or such Affiliate as an Eligible Person under clause (c) of Section 3 (unless, immediately following such termination, the Participant is an employee of the Company or any of its Affiliates or is a member of the Board, in which case the Participant's Severance Date shall not be the date of such termination of services but shall be determined in accordance with clause (a) or (b) above, as applicable, in connection with the termination of the Participant's employment or membership on the Board).

"Share Award" means an award of Ordinary Shares under Section 6 of this Plan. A Share Award may be a Restricted Share Award or an award of unrestricted Ordinary Shares.

"Share Unit Award" means an award of Share Units under Section 6 of this Plan.

"Share Unit" means a non-voting unit of measurement which is deemed for bookkeeping purposes to be equivalent to one outstanding Ordinary Share solely for purposes of determining the payment of a Share Unit Award. Share Units are not outstanding Ordinary Shares and do not entitle a Participant to any dividend, voting or other rights in respect of any Ordinary Shares represented thereby or acquirable thereunder; provided, however, that Share Units may, by express provision in the applicable Award Agreement, entitle a Participant to dividend equivalent rights, as determined by the Administrator. Share Units shall not be treated as property or as a trust fund or any kind.

"Total Disability" means a "total and permanent disability" within the meaning of Section 22(e)(3) of the Code and such other disabilities, infirmities, afflictions, or conditions as the Administrator may include.

**GLOBALFOUNDRIES, INC.
2018 SHARE INCENTIVE PLAN**

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2018 SHARE INCENTIVE PLAN

PREFACE

This Plan is divided into two separate equity programs: (1) the option grant program set forth in Section 5 under which Eligible Persons (as defined in Section 3) may, at the discretion of the Administrator, be granted Options, and (2) the share award and share unit award program set forth in Section 6 under which Eligible Persons may, at the discretion of the Administrator, be awarded Ordinary Shares or Share Units. Section 2 of this Plan contains the general rules regarding the administration of this Plan. Section 3 sets forth the requirements for eligibility to receive an Award grant under this Plan. Section 4 describes the share capital of the Company that may be subject to Awards granted under this Plan. Section 7 contains other provisions applicable to all Awards granted under this Plan. Section 8 provides definitions for certain capitalized terms used in this Plan and not otherwise defined herein.

1. PURPOSE OF THE PLAN.

The purpose of this Plan is to promote the success of the Company and the interests of its shareholders by providing a means through which the Company may grant equity-based incentives to attract, motivate and retain certain officers, employees, directors and other eligible persons and to further link the interests of Award recipients with those of the Company's shareholders generally.

2. ADMINISTRATION.

2.1 Administrator. This Plan shall be administered by, and all Awards under this Plan shall be authorized by, the Administrator. The "Administrator" means the Board or one or more committees appointed by the Board (within its delegated authority) to administer all or certain aspects of this Plan. Any such committee shall be comprised solely of one or more directors or such number of directors as may be required under applicable law and/or the Articles. The Board or a committee comprised solely of directors may also delegate, to the extent permitted by applicable law and the Articles, to one or more officers of the Company, its powers under this Plan (a) to designate the officers and employees of the Company and its Affiliates who will receive grants of Awards under this Plan, and (b) to determine the number of shares subject to, and the other terms and conditions of, such Awards. The Board may delegate different levels of authority to different committees with administrative and grant authority under this Plan. Unless otherwise provided in the Articles or the applicable appointment conditions of any Administrator: (x) a majority of the members of the acting Administrator shall constitute a quorum, and (y) the vote of a majority of the members present assuming the presence of a quorum or the unanimous written consent of the members of the Administrator shall constitute action by the acting Administrator.

2.2 Plan Awards; Interpretation; Powers of Administrator. *Subject to the express provisions of this Plan, the Administrator is authorized and empowered to do all things necessary or desirable in connection with the authorization of Awards and the administration of this Plan (in the case of a committee or delegation to one or more officers, within the authority delegated to that committee or person(s)), including, without limitation, the authority to:*

- (a) determine eligibility and, from among those persons determined to be eligible, the particular Eligible Persons who will receive Awards;
- (b) grant Awards to Eligible Persons, determine the price and number of securities to be offered or awarded to any of such persons, determine the other specific terms and conditions of Awards consistent with the express limits of this Plan, establish the installments (if any) in which such Awards will become exercisable or will vest (which may include, without limitation, performance and/or time-based schedules) or determine that no delayed exercisability or vesting is required, establish any applicable performance targets, and establish the events of termination or reversion of such Awards;
- (c) approve the forms of Award Agreements, which need not be identical either as to type of Award or among Participants;
- (d) construe and interpret this Plan and any Award Agreement or other agreements defining the rights and obligations of the Company, its Affiliates, and Participants under this Plan, make factual determinations with respect to the administration of this Plan, further define the terms used in this Plan, and prescribe, amend and rescind rules and regulations relating to the administration of this Plan or the Awards, including rules and regulations relating to sub-plans established for the purposes of satisfying applicable foreign laws and/or qualifying for preferred tax treatment under applicable foreign tax laws;
- (e) cancel, modify, or waive the Company's rights with respect to, or modify, discontinue, suspend, or terminate any or all outstanding Awards, subject to any required consent under Section 7.7.4;

- (f) accelerate or extend the vesting or exercisability or extend the term of any or all outstanding Awards (within the maximum ten-year term of Awards under Sections 5.4.2 and 6.4) in such circumstances as the Administrator may deem appropriate (including, without limitation, in connection with a termination of employment or services or other events of a personal nature);
- (g) determine Fair Market Value for purposes of this Plan and Awards;
- (h) determine the duration and purposes of leaves of absence that may be granted to Participants without constituting a termination of their employment for purposes of this Plan; and
- (i) determine whether, and the extent to which, adjustments are required pursuant to Section 7.3 hereof and authorize the termination, conversion, substitution or succession of awards upon the occurrence of an event of the type described in Section 7.3.

2.3 Binding Determinations. Any action taken by, or inaction of, the Company, any Affiliate, the Board or the Administrator relating or pursuant to this Plan and within its authority hereunder or under applicable law shall be within the absolute discretion of that entity or body and shall be final, binding and conclusive upon all persons. Neither the Board nor the Administrator, nor any member thereof or person acting at the direction thereof, including, without limitation, individuals to whom the Administrator has delegated its authority pursuant to Section 2.1 or Section 2.5, shall be liable for any act, omission, interpretation, construction or determination made in good faith in connection with this Plan (or any Award), and all such persons shall be entitled to indemnification and reimbursement by the Company in respect of any claim, loss, damage or expense (including, without limitation, attorneys' fees) arising or resulting therefrom to the fullest extent permitted by law and/or under any directors and officers liability insurance coverage that may be in effect from time to time.

2.4 Reliance on Experts. In making any determination or in taking or not taking any action under this Plan, the Administrator or the Board, as the case may be, may obtain and may rely upon the advice of experts, including employees of and professional advisors to the Company. No director, officer or agent of the Company or any of its Affiliates shall be liable for any such action or determination taken or made or omitted in good faith.

2.5 Delegation. The Administrator may delegate ministerial, non-discretionary functions to individuals who are officers or employees of the Company or any of its Affiliates or to third parties.

3. ELIGIBILITY.

Awards may be granted under this Plan only to those persons that the Administrator determines to be Eligible Persons. An "Eligible Person" means any person who qualifies as one of the following at the time of grant of the respective Award:

- (a) an officer (whether or not a director) or employee of the Company or any of its Affiliates;
- (b) any member of the Board; or
- (c) any director of one of the Company's Affiliates, or any individual consultant or advisor who renders or has rendered bona fide services (other than services in connection with the offering or sale of securities of the Company or one of its Affiliates, as applicable, in a capital raising transaction or as a market maker or promoter of that entity's securities) to the Company or one of its Affiliates.

An advisor or consultant may be selected as an Eligible Person pursuant to clause (c) above only if such person's participation in this Plan would not adversely affect (1) the Company's eligibility to rely on the Rule 701 exemption from registration under the Securities Act for the offering of shares issuable under this Plan by the Company, or (2) the Company's compliance with any other applicable law.

An Eligible Person may, but need not, be granted one or more Awards pursuant to Section 5 and/or one or more Awards pursuant to Section 6. An Eligible Person who has been granted an Award under this Plan may, if otherwise eligible, be granted additional Awards under this Plan if the Administrator so determines. However, a person's status as an Eligible Person is not a commitment that any Award will be granted to that person under this Plan. Furthermore, an Eligible Person who has been granted an Award under Section 5 is not necessarily entitled to an Award under Section 6, or vice versa, unless otherwise expressly determined by the Administrator.

Each Award granted under this Plan must be approved by the Administrator at or prior to the grant of the Award.

4. SHARES SUBJECT TO THE PLAN.

- 4.1 **Shares Available.** Subject to the provisions of Section 7.3.1, the shares that may be issued under this Plan will be Ordinary Shares of the Company's authorized but unissued share capital. The Ordinary Shares may be issued for any lawful consideration.
- 4.2 **Share Limits.** Subject to the provisions of Section 7.3.1 and further subject to the share counting rules of Section 4.3, the maximum number of Ordinary Shares that may be issued pursuant to Awards granted under this Plan will not exceed 50,000,000 shares (the "Share Limit") in the aggregate.
- 4.3 **Replenishment and Reissue of Unvested Awards.** No Award may be granted under this Plan unless, on the date of grant, the sum of (a) the maximum number of Ordinary Shares issuable at any time pursuant to such Award, plus (b) the number of Ordinary Shares that have previously been issued pursuant to Awards granted under this Plan, plus (c) the maximum number of Ordinary Shares that may be issued at any time after such date of grant pursuant to Awards that are outstanding on such date, does not exceed the Share Limit. Ordinary Shares that are subject to or underlie Options granted under this Plan that expire or for any reason are canceled or terminated without having been exercised (or Ordinary Shares subject to or underlying the unexercised portion of such Options in the case of Options that were partially exercised), as well as Ordinary Shares that are subject to Share Awards or Share Unit Awards made under this Plan that are forfeited to the Company or, in the case of Share Awards, otherwise repurchased by the Company prior to the lapsing of the Company's repurchase right will again, except to the extent prohibited by law or applicable listing or regulatory requirements, be available for subsequent Award grants under this Plan.

5. OPTION GRANT PROGRAM.

- 5.1 **Option Grants in General.** Each Option shall be evidenced by an Award Agreement in the form approved by the Administrator. The Award Agreement evidencing an Option shall contain the terms established by the Administrator for that Option, as well as any other terms, provisions, or restrictions that the Administrator may impose on the Option or any Ordinary Shares subject to the Option; in each case subject to the applicable provisions and limitations of this Section 5 and the other applicable provisions and limitations of this Plan and the Articles. The Administrator may require that the recipient of an Option promptly execute and return to the Company his or her Award Agreement evidencing the Option. In addition, the Administrator may require that the spouse of any married recipient of an Option also promptly execute and return to the Company the Award Agreement evidencing the Option granted to the recipient or such other spousal consent form that the Administrator may require in connection with the grant of the Option.
- 5.2 **Types of Options.** All Options granted under this Plan shall be Nonqualified Stock Options.
- 5.3 **Option Price.**
- 5.3.1 **Pricing Limits.** Subject to the following provisions of this Section 5.3.1, the Administrator will determine the purchase price per share of the Ordinary Shares covered by each Option (the "exercise price") at the time of the grant of the Option, which exercise price will be set forth in the applicable Award Agreement. In no case will the exercise price of an Option be less than the par value of the Ordinary Shares;
- 5.3.2 **Payment Provisions.** The Company will not be obligated to issue the Ordinary Shares to be purchased on exercise of an Option unless and until it receives full payment of the exercise price therefor, all related withholding obligations under Section 7.6 have been satisfied, and all other conditions to the exercise of the Option set forth herein or in the Award Agreement have been satisfied. The purchase price of any Ordinary Shares purchased on exercise of an Option must be paid in full at the time of each purchase in such lawful consideration as may be permitted or required by the Administrator, which may include, without limitation, one or a combination of the following methods:
- (a) cash, check payable to the order of the Company, or electronic funds transfer;
 - (b) notice and third party payment in such manner as may be authorized by the Administrator;
 - (c) the delivery of previously owned Ordinary Shares;
 - (d) by a reduction in the number of Ordinary Shares otherwise issueable pursuant to the Award;
 - (e) subject to such procedures as the Administrator may adopt, pursuant to a "cashless exercise".

In no event shall any shares newly-issued by the Company be issued for less than the minimum lawful consideration for such shares or for consideration other than consideration permitted by applicable law. Ordinary Shares used to satisfy the exercise price of an Option (whether previously-owned shares or shares otherwise issuable pursuant to the terms of the Option) shall be valued at their Fair Market Value on the date of exercise. Unless otherwise expressly provided in the applicable Award Agreement, the Administrator may eliminate or limit a Participant's ability to pay the purchase or exercise price of any Award by any method other than cash payment to the Company.

5.4 Vesting; Term; Exercise Procedure.

5.4.1 Vesting. Except as provided in Section 5.7, an Option may be exercised only to the extent that it is vested and exercisable. The Administrator will determine the vesting and/or exercisability provisions of each Option (which may be based on performance criteria, passage of time or other factors or any combination thereof), which provisions will be set forth in the applicable Award Agreement. Unless the Administrator otherwise expressly provides, once exercisable, an Option will remain exercisable until the expiration or earlier termination of the Option.

5.4.2 Term. Each Option shall expire not more than 10 years after its date of grant. Each Option will be subject to earlier termination as provided in or pursuant to Sections 5.5 and 7.3.

5.4.3 Exercise Procedure. Any exercisable Option will be deemed to be exercised when the Company receives written notice of such exercise from the Participant (on a form and in such manner as may be required by the Administrator), together with any required payment made in accordance with Section 5.3 and Section 7.6 and any written statement required pursuant to Section 7.5.1.

5.4.4 Fractional Shares/Minimum Issue. Fractional share interests will be disregarded, but may be accumulated. The Administrator, however, may determine that cash, other securities, or other property will be paid or transferred in lieu of any fractional share interests. No fewer than 100 shares (subject to adjustment pursuant to Section 7.3.1) may be purchased on exercise of any Option at one time unless the number purchased is the total number of shares at the time available for purchase under the Option.

5.5 Effects of Termination of Employment on Options.

5.5.1 Death or Disability. Unless otherwise provided in the Award Agreement (consistent with applicable securities laws) and subject to earlier termination pursuant to or as contemplated by Section 5.4.2 or 7.3, if a Participant's employment by or service to the Company or any of its Affiliates terminates as a result of the Participant's death or Total Disability:

- (a) the Participant (or his or her Personal Representative or Beneficiary, in the case of the Participant's Total Disability or death, respectively), will have until the date that is 12 months after the Participant's Severance Date to exercise the Participant's Option (or portion thereof) to the extent that it was vested and exercisable on the Severance Date;
- (b) the Option, to the extent not vested and exercisable on the Participant's Severance Date, shall terminate on the Severance Date; and
- (c) the Option, to the extent exercisable for the 12-month period following the Participant's Severance Date and not exercised during such period, shall terminate at the close of business on the last day of the 12-month period.

5.5.2 Other Terminations of Employment. Unless otherwise provided in the Award Agreement (consistent with applicable securities laws) and subject to earlier termination pursuant to or as contemplated by Section 5.4.2 or 7.3, if a Participant's employment by or service to the Company or any of its Affiliates terminates for any reason other than a termination because of the Participant's death or Total Disability:

- (a) the Participant will have until the date that is 3 months after the Participant's Severance Date to exercise his or her Option (or portion thereof) to the extent that it was vested and exercisable on the Severance Date; provided, however, in the event of the occurrence of the Participant's Severance Date due to termination for Cause or Poor Performance, the Option shall immediately expire and may not be exercised (if then exercisable).
- (b) the Option, to the extent not vested and exercisable on the Participant's Severance Date, shall terminate on the Severance Date; and

- (c) the Option, to the extent exercisable for the 3-month period following the Participant's Severance Date and not exercised during such period, shall terminate at the close of business on the last day of the 3-month period.

5.6 **Option Repricing/Cancellation and Regrant/Waiver of Restrictions.** Subject to Section 4, Section 7.6.2, and Section 7.7 and the specific limitations on Options contained in this Plan, the Administrator from time to time may authorize, generally or in specific cases only, for the benefit of any Eligible Person, any adjustment in the exercise price, the vesting schedule, the number of shares subject to, or the term of, an Option granted under this Plan by cancellation of an outstanding Option and a subsequent regranting of the Option, by amendment, by substitution of an outstanding Option, by waiver or by other legally valid means. Such amendment or other action may result in, among other changes, an exercise price that is higher or lower than the exercise price of the original or prior Option, provide for a greater or lesser number of Ordinary Shares subject to the Option, or provide for a longer or shorter vesting or exercise period.

5.7 **Early Exercise Options.** The Administrator may, in its discretion, designate any Option as an Early Exercise Option which, by express provision in the applicable Award Agreement, may be exercised prior to the date such Option has vested. If the Participant elects to exercise all or a portion of any Early Exercise Option before it is vested, the Ordinary Shares acquired under the Option which are attributable to the unvested portion of the Option shall be subject to additional terms and conditions, if so determined by the Administrator, including the right of the Company to repurchase such Ordinary Shares at a price determined by the Administrator. Unless otherwise expressly provided in the applicable Award Agreement, such Restricted Shares shall be subject to the provisions of Sections 6.2 through 6.7, below.

6. SHARE AWARD AND SHARE UNIT AWARD PROGRAM.

6.1 **Share Awards and Share Unit Awards in General.** Each Share Award and Share Unit Award shall be evidenced by an Award Agreement in the form approved by the Administrator. The Award Agreement evidencing a Share Award or Share Unit Award shall contain the terms established by the Administrator for that Award, as well as any other terms, provisions, or restrictions that the Administrator may impose on the Award; in each case subject to the applicable provisions and limitations of this Section 6 and the other applicable provisions and limitations of this Plan. The Administrator may require that the recipient of a Share Award or Share Unit Award promptly execute and return to the Company his or her Award Agreement evidencing the Award. In addition, the Administrator may require that the spouse of any married recipient of a Share Award or Share Unit Award also promptly execute and return to the Company the Award Agreement evidencing the Award granted to the recipient or such other spousal consent form that the Administrator may require in connection with the grant of the Award.

6.2 Provisions Applicable to Share Awards.

6.2.1 **Types of Share Awards.** The Administrator shall designate whether a Share Award shall be a Restricted Share Award, and such designation shall be set forth in the applicable Award Agreement.

6.2.2 Purchase Price.

- (a) The Administrator will determine the purchase price per Ordinary Share covered by each Share Award at the time of grant of the Award. In no case will such purchase price be less than the par value of the covered Ordinary Shares.
- (b) The Company will not be obligated to issue Ordinary Shares awarded under this Section 6 unless and until it receives full payment of the purchase price therefor and all other conditions to the purchase, as determined by the Administrator, have been satisfied. The purchase price of any shares subject to a Share Award must be paid in full at the time of the purchase in such lawful consideration as may be permitted or required by the Administrator, which may include, without limitation, one or a combination of the methods set forth in clauses (a) through (e) in Section 5.3.2 and/or past services rendered to the Company or any of its Affiliates.

6.2.3 **Share Certificates.** Any share certificates evidencing an Ordinary Share issued under a Share Award will bear a legend making appropriate reference to the restrictions imposed hereunder and will be held by the Company or by a third party designated by the Administrator until the restrictions on such shares have lapsed.

6.2.4 **Voting Rights.** A Participant receiving Restricted Shares will be entitled to voting rights, to the extent applicable, for all outstanding Restricted Shares issued to such Participant.

- 6.2.5 Dividend Rights.** A Participant receiving Restricted Shares will be entitled to cash dividends for all outstanding Restricted Shares issued to such participant; provided, however, that the Administrator may determine that any dividends paid or payable on Restricted Shares be held in escrow and be distributed when the Company's repurchase right, if any, with respect to the related Restricted Shares lapses in accordance with the schedule set forth in the applicable Award Agreement. The Administrator may further provide that any dividends paid with respect to Restricted Shares shall be due to the Company in the event the Company exercises its right, if any, to repurchase Restricted Shares.
- 6.3 Vesting.** The restrictions imposed on the exercise of an Award and the subsequent issue of Ordinary Shares or on Share Units (which may be based on performance criteria, passage of time or other factors or any combination thereof) will be set forth in the applicable Award Agreement.
- 6.4 Term.** In the case of a Share Award, the Company's right of repurchase, if any, applicable to the Ordinary Shares to be issued in connection with the Award shall lapse no later than the date 10 years after the date of grant, and (ii) in the case of a Share Unit Award, the Award shall be forfeited if the conditions necessary to trigger payment thereunder (including payment in the form of delivery of Ordinary Shares), if any, are not satisfied within 10 years from the date of grant. Each Share Award and Share Unit Award will be subject to earlier termination as provided in or pursuant to Sections 6.6 and 7.3. Any payment of cash or delivery of Ordinary Shares in payment for a Share Award or Share Unit Award may be delayed, subject to the Articles in relation to Share Awards and Share Unit Awards, until a future date if specifically authorized by the Administrator in writing and by the Participant.
- 6.5 Fractional Shares.** Fractional share interests will be disregarded, but may be accumulated. The Administrator, however, may determine that cash, other securities, or other property will be paid or transferred in lieu of any fractional share interests.
- 6.6 Termination of Employment; Return to the Company; Cancellation.** Unless the Administrator otherwise expressly provides, a Share or Share Unit Award that does not result in the issuance of Ordinary Shares or delivery of other consideration because the payment/issuance conditions have not been satisfied by the time specified in the applicable Award Agreement (which may include, without limitation, a reference to the Participant's Severance Date), will be cancelled without payment to the Participant therefor, to the extent not prohibited by law; provided, however, if Restricted Shares previously have been issued with respect to the Award, such Restricted Shares may be reacquired by the Company in such manner and on such terms as the Administrator provides, which terms shall include return or repayment at one of (a) the Fair Market Value of the Restricted Shares at the time of the termination, (b) the original purchase price of the Restricted Shares, or (c) the lower of the amounts set forth in the preceding clauses (a) and (b), without interest, to the Participant. The Award Agreement shall specify any other terms or conditions of the repurchase or cancellation if payment/issuance conditions are not satisfied. Any Share Award or Share Unit Award that has not been exercised as of a Participant's Severance Date, assuming exercise is required pursuant to the applicable Award Agreement, shall terminate on that date unless otherwise expressly provided by the Administrator in the applicable Award Agreement.
- 6.7 Waiver of Restrictions.** Subject to Sections 4, 7.6.2 and 7.7 and the specific limitations on Share Awards and Share Unit Awards contained in this Plan, the Administrator from time to time may authorize, generally or in specific cases only, for the benefit of any Eligible Person, any adjustment in the vesting schedule, or the restrictions upon or the term of, a Share Award or Share Unit Award granted under this Plan by amendment, by substitution of an outstanding Share Award or Share Unit Award, as applicable, by waiver or by other legally valid means.

7. PROVISIONS APPLICABLE TO ALL AWARDS.

7.1 *Rights of Eligible Persons, Participants and Beneficiaries.*

- 7.1.1 Employment Status.** No person shall have any claim or rights to be granted an Award (or additional Awards, as the case may be) under this Plan, subject to any express contractual rights (set forth in a document other than this Plan) to the contrary.
- 7.1.2 No Employment/Service Contract.** Nothing contained in this Plan (or in any other documents under this Plan or related to any Award) shall confer upon any Eligible Person or Participant any right to continue in the employ or other service of the Company or any of its Affiliates, constitute any contract or agreement of employment or other service or affect an employee's status as an employee at will, nor shall interfere in any way with the right of the Company or any Affiliate to change such person's compensation or other benefits, or to terminate his or her employment or other service, with or without cause at any time. Nothing in this Section 7.1.2, or in Section 7.3 or 7.15, however, is intended to adversely affect any express independent right of such person under a separate employment or service contract. An Award Agreement shall not constitute a contract of employment or service.

7.1.3 Plan Not Funded. Awards payable under this Plan will be payable in Ordinary Shares or from the general assets of the Company, and no special or separate reserve, fund or deposit will be made to assure payment of such Awards. No Participant, Beneficiary or other person will have any right, title or interest in any fund or in any specific asset (including Ordinary Shares, except as expressly provided) of the Company or any of its Affiliates by reason of any Award hereunder. Neither the provisions of this Plan (or of any related documents), nor the creation or adoption of this Plan, nor any action taken pursuant to the provisions of this Plan will create, or be construed to create, a trust of any kind or a fiduciary relationship between the Company or any of its Affiliates and any Participant, Beneficiary or other person. To the extent that a Participant, Beneficiary or other person acquires a right to receive payment pursuant to any Award hereunder, such right will be no greater than the right of any unsecured general creditor of the Company.

7.1.4 Constitutional Documents. The Articles, as they may lawfully be amended from time to time, provide for additional restrictions and limitations with respect to the Ordinary Shares (including additional restrictions and limitations on the voting or transfer or repurchase of Ordinary Shares) or priorities, rights and preferences as to securities and interests prior in rights to the Ordinary Shares. To the extent that these restrictions and limitations are greater than those set forth in this Plan or any Award Agreement, such restrictions and limitations shall apply to any Ordinary Shares acquired pursuant to the exercise of Awards and are incorporated herein by this reference.

7.2 No Transferability; Limited Exception to Transfer Restrictions.

7.2.1 Limit On Exercise and Transfer. Unless otherwise expressly provided in (or pursuant to) this Section 7.2, by applicable law and by the Award Agreement, as the same may be amended:

- (a) all Awards, and, prior to a Qualified IPO, Shares acquired thereunder, are non-transferable and will not be subject in any manner to sale, transfer, anticipation, alienation, assignment, pledge, encumbrance or charge;
- (b) Awards may be exercised only by the Participant; and
- (c) amounts payable or shares issuable pursuant to an Award will be issued or delivered, as applicable, only to (or for the account of) the Participant.

In addition, the Ordinary Shares shall be subject to the restrictions set forth in the applicable Award Agreement and the Articles.

7.2.2 Further Exceptions to Limits On Transfer. The exercise and transfer restrictions in Section 7.2.1 will not apply to:

- (a) transfers to, or repurchases by, the Company;
- (b) transfers by gift or domestic relations order to one or more “family members” (as that term is defined in Rule 701 promulgated under the Securities Act) of the Participant;
- (c) the designation of a Beneficiary to receive benefits if the Participant dies or, if the Participant has died, transfers to or exercises by the Participant’s Beneficiary, or, in the absence of a validly designated Beneficiary, transfers by will or the laws of descent and distribution; or
- (d) if the Participant has suffered a disability, permitted transfers or exercises on behalf of the Participant by the Participant’s duly authorized legal representative.

Notwithstanding anything else in this Section 7.2.2 to the contrary, but subject to compliance with all applicable laws, Options, Share Awards and Share Unit Awards will be subject to any and all transfer restrictions under the Code, the Securities Act, or the Exchange Act applicable to such awards or necessary to maintain the intended tax consequences or securities law compliance of such Awards. Notwithstanding clause (b) above but subject to compliance with all applicable laws, any contemplated transfer by gift or domestic relations order to one or more “family members” of a Participant as referenced in clause (b) above is subject to the condition precedent that the transfer be approved by the Administrator in order for it to be effective. The Administrator may, in its sole discretion, withhold its approval of any such proposed transfer.

7.3 *Adjustments; Changes in Control.*

7.3.1 Adjustments. Subject to Section 7.3.2 below, upon (or, as may be necessary to effect the adjustment, immediately prior to): any reclassification, recapitalization, share split (including a share split in the form of a share dividend) or reverse share split; any merger, combination, consolidation, or other reorganization; any split-up, spin-off, or similar extraordinary dividend distribution in respect of the Ordinary Shares; or any exchange of Ordinary Shares or other securities of the Company, or any similar, unusual or extraordinary corporate transaction in respect of the Ordinary Shares; the Administrator may equitably and proportionately adjust (1) the number and type of Ordinary Shares (or other securities) that thereafter may be made the subject of Awards (including the specific share limits, maximums and numbers of shares set forth elsewhere in this Plan), (2) the number, amount and type of Ordinary Shares (or other securities or property) subject to any outstanding Awards, (3) the grant, purchase, or exercise price of any outstanding Awards, and/or (4) the securities, cash or other property issuable or deliverable upon exercise or vesting of any outstanding Awards, in each case to the extent necessary to preserve (but not increase) the level of incentives intended by this Plan and the then-outstanding Awards. The Administrator also shall have the authority to provide a cash payment, in lieu of any such adjustment (in part or in full), with the combination of the adjustment and cash payment intended to preserve (but not increase) the level of incentives intended by this Plan and the then-outstanding awards. The Administrator may determine the adjustment and provision of a cash payment on a Participant-by-Participant and Award-by-Award basis.

Unless otherwise expressly provided in the applicable Award Agreement, upon (or, as may be necessary to effect the adjustment, immediately prior to) any event or transaction described in the preceding paragraph or a sale of all or substantially all of the business or assets of the Company as an entirety, the Administrator may equitably and proportionately adjust the performance standards applicable to any then-outstanding performance-based Awards to the extent necessary to preserve (but not increase) the level of incentives under this Plan and the then-outstanding performance-based Awards including, without limitation, terminating applicable performance periods and deeming performance criteria satisfied at target levels, with pro-rata payment based on the days elapsed in the performance period divided by the total number of days in the performance period.

It is intended that, if possible, any adjustments contemplated by the preceding two paragraphs shall be made in a manner that satisfies applicable U.S. legal, tax (including, without limitation and as applicable in the circumstances, Section 424 of the Code and Section 409A of the Code) and accounting (so as to not trigger any charge to earnings with respect to such adjustment) requirements.

Without limiting the generality of Section 2.3, any good faith determination by the Administrator as to whether an adjustment is required in the circumstances pursuant to this Section 7.3.1, and the extent and nature of any such adjustment, shall be final, binding and conclusive on all persons.

Unless otherwise expressly provided by the Administrator, in no event shall a conversion of one or more outstanding shares of the Company's preferred shares (if any) or any new issuance of securities by the Company for consideration be deemed, in and of itself, to require an adjustment pursuant to this Section 7.3.1.

7.3.2 Consequences of a Change in Control Event. Upon the occurrence of a Change in Control Event, the Administrator may, in its sole and absolute discretion, make provision for a cash payment in settlement of, or for the assumption, substitution or exchange of any or all outstanding Awards (or the cash, securities or other property issuable or deliverable to the holder(s) of any or all outstanding Awards) based upon, to the extent relevant in the circumstances, the distribution or consideration payable to holders of the Ordinary Shares upon or in respect of such event.

The Administrator also has the authority to accelerate the vesting of one or more Awards (as to all or only a portion of any Award) in such circumstances (including, but not limited to, a Change in Control Event) as the Administrator may determine to be appropriate.

The Administrator may adopt such valuation methodologies for outstanding Awards as it deems reasonable in the event of a cash, securities or other property settlement (which determination shall be made in good faith and shall be final, binding and conclusive on all parties). In the case of Options, but without limitation on other methodologies, the Administrator may base such settlement solely upon the excess (if any) of the amount payable upon or in respect of such event over the exercise price of the Option to the extent of the then vested and exercisable shares subject to the Option.

In any of the events referred to in this Section 7.3.2, the Administrator may take such action contemplated by this Section 7.3.2 prior to such event (as opposed to on the occurrence of such event) to the extent that the Administrator deems the action necessary to permit the Participant to realize the benefits intended to be

conveyed with respect to the underlying shares. Without limiting the generality of the foregoing, the Administrator may deem an acceleration to occur immediately prior to the applicable event and/or reinstate the original terms of the Award if an event giving rise to an acceleration does not occur.

Any action taken by the Administrator under this Section 7.3.2 may be taken on a Participant-by-Participant and Award-by-Award basis.

7.3.3 Early Termination of Awards. Upon the occurrence of a Change in Control Event, each then-outstanding Award shall terminate, subject to any provision that has been expressly made by the Administrator, through a plan of reorganization or otherwise, for the survival, substitution, assumption, exchange or other continuation or settlement of such Award and provided that, in the case of Options that will not survive or be substituted for, assumed, exchanged, or otherwise continued or settled in the Change in Control Event, the holder of an Award shall be given reasonable advance notice of the impending termination and a reasonable opportunity to exercise his or her outstanding Options as to all of the vested Shares covered thereby in accordance with their terms before the termination of the Awards (except that in no case shall more than ten days' notice of accelerated vesting (if any) and the impending termination be required and any acceleration and exercise may be made contingent upon the actual occurrence of the event). Unless otherwise provided by the Administrator, the holder of an Award that terminates pursuant to this Section 7.3.3 shall not be entitled to any payment or consideration in respect of such Award. For purposes of this Section 7.3, an Award shall be deemed to have been "assumed" if (without limiting other circumstances in which an Award is assumed) the Award continues after the Change in Control Event, and/or is assumed and continued by a Parent (as such term is defined in the definition of Change in Control Event) following a Change in Control Event, and confers the right to purchase or receive, as applicable and subject to vesting and the other terms and conditions of the Award, for each Ordinary Share subject to the Award immediately prior to the Change in Control Event, the consideration (whether cash, shares, or other securities or property) received in the Change in Control Event by the shareholders of the Company for each Ordinary Share sold or exchanged in such transaction (or the consideration received by a majority of the shareholders participating in such transaction if the shareholders were offered a choice of consideration); provided, however, that if the consideration offered for an Ordinary Share in the transaction is not solely the ordinary shares of a successor company or a Parent, the Board may provide for the consideration to be received upon exercise or payment of the Award, for each share subject to the Award, to be solely ordinary shares of the successor company or a Parent equal in Fair Market Value to the per share consideration received by the shareholders participating in the Change in Control Event.

7.3.4 Other Acceleration Rules. The Administrator may override the provisions of this Section 7.3 as to any Award by express provision in the applicable Award Agreement and may accord any Participant a right to refuse any acceleration, whether pursuant to the Award Agreement or otherwise, in such circumstances as the Administrator may approve.

7.4 Termination of Employment or Services.

7.4.1 Events Not Deemed a Termination of Employment. Unless the Administrator otherwise expressly provides with respect to a particular Award, if a Participant's employment by, or service to, the Company or an Affiliate terminates but immediately thereafter the Participant continues in the employ of or service to another Affiliate or the Company, as applicable, the Participant shall be deemed to have not had a termination of employment or service for purposes of this Plan and the Participant's Awards. Unless the express policy of the Company or the Administrator otherwise provides, a Participant's employment relationship with the Company or any of its Affiliates shall not be considered terminated solely due to any sick leave, military leave, or any other leave of absence authorized by the Company or any Affiliate or the Administrator; provided that, unless reemployment upon the expiration of such leave is guaranteed by contract or law, such leave is for a period of not more than three months. In the case of any Participant on an approved leave of absence, continued vesting of the Award while on leave from the employ of or service with the Company or any of its Affiliates will be suspended until the Participant returns to service, unless the Administrator otherwise provides or applicable law otherwise requires. In no event shall an Award be exercised after the expiration of the term of the Award set forth in the Award Agreement.

7.4.2 Effect of Change of Affiliate Status. For purposes of this Plan and any Award, if an entity ceases to be an Affiliate, a termination of employment or service will be deemed to have occurred with respect to each Eligible Person in respect of such Affiliate who does not continue as an Eligible Person in respect of another Affiliate that continues as such after giving effect to the transaction or other event giving rise to the change in status.

7.4.3 Administrator Discretion. Notwithstanding the provisions of Section 5.5 or 6.6, in the event of, or in anticipation of, a termination of employment or service with the Company or any of its Affiliates for any reason, the Administrator may accelerate the vesting and exercisability of all or a portion of the Participant's Award, and/or, subject to the provisions of Sections 5.4.2 and 7.3, extend the exercisability period of the Participant's Option upon such terms as the Administrator determines and expressly sets forth in or by amendment to the Award Agreement.

7.4.4 Termination of Consulting or Affiliate Services. If the Participant is an Eligible Person solely by reason of clause (c) of Section 3, the Administrator shall be the sole judge of whether the Participant continues to render services to the Company or any of its Affiliates, unless a written contract or the Award Agreement otherwise provides. If, in these circumstances, the Company or any Affiliate notifies the Participant in writing that a termination of the Participant's services to the Company or any Affiliate has occurred for purposes of this Plan, then (unless the contract or the Award Agreement otherwise expressly provides), the Participant's termination of services with the Company or Affiliate for purposes of this Plan shall be the date which is 10 days after the mailing of the notice by the Company or Affiliate or, in the case of a termination for Cause, the date of the mailing of the notice.

7.5 Compliance with Laws.

7.5.1 General. This Plan, the granting and vesting of Awards under this Plan, and the offer and issuance of Ordinary Shares and/or the payment of money under this Plan or under Awards are subject to compliance with all applicable federal and state laws, rules and regulations (including but not limited to state and federal securities laws, federal margin requirements, and the laws of the Cayman Islands to the extent applicable) and to such approvals by any listing, regulatory or governmental authority as may, in the opinion of counsel for the Company, be necessary or advisable in connection therewith. The person acquiring any securities under this Plan will, if requested by the Company, provide such assurances and representations to the Company as the Administrator may deem necessary or desirable to assure compliance with all applicable legal and accounting requirements.

7.5.2 Compliance with Securities Laws. No Participant shall sell, pledge or otherwise transfer Ordinary Shares acquired pursuant to an Award or any interest in such shares except in accordance with the express terms of this Plan and the applicable Award Agreement. Any attempted transfer in violation of this Section 7.5 shall be void and of no effect. Without in any way limiting the provisions set forth above, no Participant shall make any disposition of all or any portion of the Ordinary Shares acquired or to be acquired pursuant to an Award, except in compliance with all applicable federal and state securities laws and unless and until:

- (a) there is then in effect a registration statement under the Securities Act covering such proposed disposition and such disposition is made in accordance with such registration statement;
- (b) such disposition is made in accordance with Rule 144 under the Securities Act; or
- (c) such Participant notifies the Company of the proposed disposition and furnishes the Company with a statement of the circumstances surrounding the proposed disposition, and, if requested by the Company, furnishes to the Company an opinion of counsel acceptable to the Company's counsel, that such disposition will not require registration under the Securities Act and will be in compliance with all applicable state securities laws.

Notwithstanding anything else herein to the contrary, neither the Company or any Affiliate has any obligation to register Ordinary Shares or file any registration statement under either federal or state securities laws, nor does the Company or any Affiliate make any representation concerning the likelihood of a public offering of Ordinary Shares or any other securities of the Company or any Affiliate.

7.5.3 Share Legends. Any certificates evidencing Ordinary Shares issued or delivered under this Plan shall bear the following legends and/or any other appropriate or required legends under applicable laws:

"OWNERSHIP OF THIS CERTIFICATE, THE SHARES EVIDENCED BY THIS CERTIFICATE AND ANY INTEREST THEREIN ARE SUBJECT TO SUBSTANTIAL RESTRICTIONS ON TRANSFER UNDER APPLICABLE LAW AND UNDER AGREEMENTS WITH THE COMPANY, INCLUDING RESTRICTIONS ON SALE, ASSIGNMENT, TRANSFER, PLEDGE OR OTHER DISPOSITION. A COPY OF SUCH AGREEMENTS WILL BE FURNISHED WITHOUT CHARGE BY THE COMPANY TO THE HOLDER HEREOF UPON WRITTEN REQUEST."

"THE SHARES ARE SUBJECT TO CALL RIGHTS TO REPURCHASE THE SHARES UNDER PURSUANT TO AGREEMENTS WITH THE COMPANY, COPIES OF WHICH ARE AVAILABLE FOR REVIEW AT THE OFFICE OF THE SECRETARY OF THE COMPANY."

“THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (“ACT”), NOR HAVE THEY BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE. NO TRANSFER OF SUCH SECURITIES WILL BE PERMITTED UNLESS A REGISTRATION STATEMENT UNDER THE ACT IS IN EFFECT AS TO SUCH TRANSFER, THE TRANSFER IS MADE IN ACCORDANCE WITH RULE 144 UNDER THE ACT, OR IN THE OPINION OF COUNSEL TO THE COMPANY, REGISTRATION UNDER THE ACT IS UNNECESSARY IN ORDER FOR SUCH TRANSFER TO COMPLY WITH THE ACT AND WITH APPLICABLE STATE SECURITIES LAWS.”

7.5.4 Delivery of Financial Statements. The Company shall deliver annually to Participants such financial statements of the Company as are required to satisfy applicable securities laws.

7.5.5 Confidential Information. Any financial or other information relating to the Company obtained by Participants in connection with or as a result of this Plan or their Awards shall be treated as confidential.

7.6 ***Tax Matters.***

7.6.1 Tax Withholding. Upon any exercise, vesting, or payment of any Award, the Company or any of its Affiliates shall have the right at its option to:

- (a) require the Participant (or the Participant’s Personal Representative or Beneficiary, as the case may be) to pay or provide for payment of at least the minimum amount of any taxes which the Company or Affiliate may be required to withhold with respect to such Award event or payment;
- (b) deduct from any amount otherwise payable (in respect of an Award or otherwise) in cash to the Participant (or the Participant’s Personal Representative or Beneficiary, as the case may be) the minimum amount of any taxes which the Company or Affiliate may be required to withhold with respect to such Award event or payment; or
- (c) reduce the number of Ordinary Shares to be issued by (or otherwise reacquire shares held by the Participant, subject to such further consents as may be necessary under the Articles) the appropriate number of Ordinary Shares, valued at their then Fair Market Value, to satisfy the minimum withholding obligation.

In any case where a tax is required to be withheld in connection with the issuance of Ordinary Shares under this Plan, the Administrator may in its sole discretion (subject to Section 7.5) grant (either at the time of the Award or thereafter) to the Participant the right to elect, pursuant to such rules and subject to such conditions as the Administrator may establish, to have the Company reduce the number of shares to be issued by (or otherwise reacquire, subject to such further consents as may be necessary under the Articles) the appropriate number of shares, valued in a consistent manner at their Fair Market Value or at the sales price in accordance with authorized procedures for cashless exercises, necessary to satisfy the minimum applicable withholding obligation on exercise, vesting or payment. In no event shall the shares withheld exceed the minimum whole number of shares required for tax withholding under applicable law.

7.6.2 Section 409A of the Code. Notwithstanding other provisions of the Plan or any Award Agreement hereunder, no Award shall be granted, deferred, accelerated, extended, paid out or modified under this Plan in a manner that would result in the imposition of an additional tax under Section 409A of the Code upon a Participant. In the event that it is reasonably determined by the Administrator, in its sole and absolute discretion, that, as a result of Section 409A of the Code, payments in respect of any Award under the Plan may not be made at the time contemplated by the terms of the Plan or the relevant Award Agreement, as the case may be, without causing the Participant holding such Award to be subject to taxation under Section 409A of the Code, including as a result of the fact that the Participant is a “specified employee” under Section 409A of the Code, the Company will make such payment on the first day that would not result in the Participant incurring any tax liability under Section 409A of the Code. The Company shall use commercially reasonable efforts to implement the provisions of this Section 7.6.2 in good faith; provided that neither the Company, the Administrator nor any of the Company’s officers, employees, directors or representatives shall have any liability to Participants with respect to this Section 7.6.2.

7.7 ***Plan and Award Amendments, Termination and Suspension.***

7.7.1 Board Authorization. The Board may, at any time, terminate or, from time to time, amend, modify or suspend this Plan, in whole or in part. No Awards may be granted during any period that the Board suspends this Plan.

- 7.7.2 **Shareholder Approval.** To the extent then required by applicable law or any applicable listing agency or required under Section 162 of the Code to preserve the intended tax consequences of this Plan, or deemed necessary or advisable by the Board, any amendment to this Plan shall be subject to shareholder approval.
- 7.7.3 **Amendments to Awards.** Without limiting any other express authority of the Administrator under (but subject to) the express limits of this Plan, the Administrator, by agreement or resolution, may waive conditions of, or limitations on, Awards to Participants that the Administrator in the prior exercise of its discretion has imposed, without the consent of a Participant, and (subject to the requirements of Sections 2.2 and 7.7.4) may make other changes to the terms and conditions of Awards.
- 7.7.4 **Limitations on Amendments to Plan and Awards.** No amendment, suspension or termination of this Plan or amendment of any outstanding Award Agreement shall, without written consent of the Participant, affect in any manner materially adverse to the Participant any rights or benefits of the Participant or obligations of the Company under any Award granted under this Plan prior to the effective date of such change. Changes, settlements and other actions contemplated by Section 7.3 shall not be deemed to constitute changes or amendments for purposes of this Section 7.7.
- 7.8 **Privileges of Share Ownership.** Except as otherwise expressly authorized by the Administrator, a Participant will not be entitled to any privilege of share ownership as to any Ordinary Shares not actually issued to and held of record by the Participant. Except as expressly required by Section 7.3.1, no adjustment will be made for dividends or other rights as a shareholder for which a record date is prior to such date of issue.
- 7.9 **Share-Based Awards in Substitution for Awards Granted by Other Companies.** Awards may be granted to Eligible Persons in substitution for or in connection with an assumption of employee share options, share appreciation rights, restricted share or other share-based awards granted by other entities to persons who are or who will become Eligible Persons in respect of the Company or one of its Affiliates, in connection with a distribution, merger or other reorganization by or with the granting entity or an affiliated entity, or the acquisition by the Company or one of its Affiliates, directly or indirectly, of all or a substantial part of the shares or assets of the employing entity. The Awards so granted need not comply with other specific terms of this Plan, provided the Awards reflect only adjustments giving effect to the assumption or substitution consistent with the conversion applicable to the shares in the transaction and any change in the issuer of the security. Any shares that are delivered or issued and any Awards that are granted by, or become obligations of, the Company, as a result of the assumption by the Company of, or in substitution for, outstanding awards previously granted by an acquired company (or previously granted by a predecessor employer (or direct or indirect parent thereof) in the case of persons that become employed by the Company or one of its Affiliates in connection with a business or asset acquisition or similar transaction) shall not be counted against the Share Limit or other limits on the number of shares available for issuance under this Plan.
- 7.10 **Effective Date of the Plan.** This Plan is effective upon the Effective Date.
- 7.11 **Term of the Plan.** Unless earlier terminated by the Board, this Plan will terminate at the close of business on the day before the 10th anniversary of the Effective Date. After the termination of this Plan either upon such stated expiration date or its earlier termination by the Board, no additional Awards may be granted under this Plan, but previously granted Awards (and the authority of the Administrator with respect thereto, including the authority to amend such Awards) shall remain outstanding in accordance with their applicable terms and conditions and the terms and conditions of this Plan.
- 7.12 **Governing Law/Severability.**
- 7.12.1 **Choice of Law.** This Plan, the Awards, all documents evidencing Awards and all other related documents will be governed by, and construed in accordance with, the laws of the State of Delaware.
- 7.12.2 **Severability.** If it is determined that any provision of this Plan or an Award Agreement is invalid and unenforceable, the remaining provisions of this Plan and/or the Award Agreement, as applicable, will continue in effect provided that the essential economic terms of this Plan and the Award can still be enforced.
- 7.13 **Captions.** Captions and headings are given to the sections and subsections of this Plan solely as a convenience to facilitate reference. Such headings will not be deemed in any way material or relevant to the construction or interpretation of this Plan or any provision thereof.
- 7.14 **Non-Exclusivity of Plan.** Nothing in this Plan will limit or be deemed to limit the authority of the Board or the Administrator to grant awards or authorize any other compensation, with or without reference to Ordinary Shares, under any other plan or authority.

- 7.15 **No Restriction on Corporate Powers.** The existence of this Plan, the Award Agreements, and the Awards granted hereunder, shall not limit, affect or restrict in any way the right or power of the Board or the shareholders of the Company to make or authorize: (a) any adjustment, recapitalization, reorganization or other change in the Company's or any Affiliate's capital structure or its business; (b) any merger, amalgamation, consolidation or change in the ownership of the Company or any Affiliate; (c) any issue of bonds, debentures, capital, preferred or prior preference shares ahead of or affecting the Company's share capital or the rights thereof; (d) any dissolution or liquidation of the Company or any Affiliate; (e) any sale or transfer of all or any part of the Company or any Affiliate's assets or business; or (f) any other corporate act or proceeding by the Company or any Affiliate. No Participant, Beneficiary or any other person shall have any claim under any Award or Award Agreement against any member of the Board or the Administrator, or the Company or any employees, officers or agents of the Company or any Affiliate, as a result of any such action.
- 7.16 **Other Company Compensation or Benefit Programs.** Payments and other benefits received by a Participant under an Award made pursuant to this Plan shall not be deemed a part of a Participant's compensation for purposes of the determination of benefits under any other employee welfare or benefit plans or arrangements, if any, provided by the Company or any Affiliate, except where the Administrator or the Board expressly otherwise provides or authorizes in writing. Awards under this Plan may be made in addition to, in combination with, as alternatives to or in payment of grants, awards or commitments under any other plans or arrangements of the Company or any Affiliate.
- 7.17 **Notices.** Any notice to be given under the terms of an Award Agreement or any other agreement effecting the purchase or transfer of Ordinary Shares under the Plan shall be in writing and addressed to the Company at its principal office to the attention of the Secretary, and to the Participant at the address reflected or last reflected on the Company's payroll records. Any notice shall be delivered in person or shall be enclosed in a properly sealed envelope, addressed as aforesaid, registered or certified, and deposited (postage and registry or certification fee prepaid) in a post office or branch post office regularly maintained by the United States Government. Any such notice shall be given only when received, but if the Participant is no longer an Eligible Person, shall be deemed to have been duly given five business days after the date mailed in accordance with the foregoing provisions of this Section.
- 7.18 **Arbitration.** Notwithstanding any contrary provisions in the Plan, any controversy arising out of or relating to an Award Agreement, the Plan, and/or any other agreement effecting the issuance of Ordinary Shares under the Plan, their enforcement or interpretation, or because of an alleged breach, default, or misrepresentation in connection with any of their provisions, or any other controversy arising out of or related to an Award, including, but not limited to, any state or federal statutory claims, shall be submitted to arbitration in Santa Clara County, California, before a sole arbitrator selected from Judicial Arbitration and Mediation Services, Inc., or its successor ("JAMS"), or if JAMS is no longer able to supply the arbitrator, such arbitrator shall be selected from the American Arbitration Association; provided, however, that provisional injunctive relief may, but need not, be sought by either party to this Option Agreement in a court of law while arbitration proceedings are pending, and any provisional injunctive relief granted by such court shall remain effective until the matter is finally determined by the arbitrator. (A copy of the arbitration rules is available here: www.jamsadr.com/rules-employment/arbitration/). Final resolution of any dispute through arbitration may include any remedy or relief which the arbitrator deems just and equitable, including any and all remedies provided by applicable state or federal statutes. At the conclusion of the arbitration, the arbitrator shall issue a written decision that sets forth the essential findings and conclusions upon which the arbitrator's award or decision is based. Any award or relief granted by the arbitrator hereunder shall be final and binding on the Company and the Participant and may be enforced by any court of competent jurisdiction. **By accepting an Award, the Participant acknowledges and agrees that he/she is hereby waiving any rights to trial by jury in any action, proceeding or counterclaim brought in connection with any matter whatsoever arising out of or in any way connected with any of the matters referenced in the first sentence of this Section 7.18.** The Company shall be responsible for payment of the forum costs of any arbitration hereunder, including the arbitrator's fee, but each party in any such arbitration shall bear its own attorney's fees and costs (other than forum costs associated with the arbitration) incurred by it or him in connection with the resolution of the dispute.

8. DEFINITIONS.

"Administrator" has the meaning given to such term in Section 2.1.

"Affiliate" means (a) any company (other than the Company) in an unbroken chain of companies ending with the Company if, at the time of the determination, each of the companies other than the Company owns shares possessing fifty percent (50%) or more of the total combined voting power of all classes of shares in one of the other companies in such chain, or (b) any company (other than the Company) in an unbroken chain of companies beginning with the Company if, at the time of the determination, each of the companies other than the last company in the unbroken chain owns shares possessing fifty percent (50%) or more of the total combined voting power of all classes of shares in one of the other companies in such chain.

"Articles" means the memorandum and articles of association of the Company, as amended from time to time.

“ATIC Shareholders” means Advanced Technology Investment Company, ATIC International Investment Company LLC, and any Permitted Owner to which either of the foregoing two entities sells or otherwise transfers any of its direct or indirect interest in the Company or Foundry Affiliates.

“Award” means an award of any Option, Share Award or Share Unit Award, or any combination thereof, whether alternative or cumulative, authorized by and granted under this Plan.

“Award Agreement” means any writing, approved by the Administrator, setting forth the terms of an Award that has been duly authorized and approved.

“Award Date” means the date upon which the Administrator took the action granting an Award or such later date as the Administrator designates as the Award Date at the time of the grant of the Award.

“Beneficiary” means the person, persons, trust or trusts designated by a Participant, or, in the absence of a designation, entitled by will or the laws of descent and distribution, to receive the benefits specified in the Award Agreement and under this Plan if the Participant dies, and means the Participant’s executor or administrator if no other Beneficiary is designated and able to act under the circumstances.

“Board” means the Board of Directors of the Company.

“Cause” with respect to a Participant means (unless otherwise expressly provided in the applicable Award Agreement, or another applicable contract with the Participant that defines such term for purposes of determining the effect that a “for cause” termination has on the Participant’s stock options and/or stock awards) a finding by the Company or any of its Affiliates, acting in good faith and based on its reasonable belief at the time, that the Participant:

- (a) has been negligent in the discharge of his or her duties to the Corporation or any Affiliate, has refused to perform stated or assigned duties or is incompetent in or (other than by reason of a disability or analogous condition) incapable of performing those duties;
- (b) has been dishonest or committed or engaged in an act of theft, embezzlement or fraud, a breach of confidentiality, an unauthorized disclosure or use of inside information, customer lists, trade secrets or other confidential information;
- (c) has breached a fiduciary duty, or willfully and materially violated any other duty, law, rule, regulation or policy of the Company or any of its Affiliates; or has been convicted of, or pled guilty or nolo contendere to, a felony or misdemeanor (other than minor traffic violations or similar offenses);
- (d) has materially breached any of the provisions of any agreement with the Company or any of its Affiliates;
- (e) has engaged in unfair competition with, or otherwise acted intentionally in a manner injurious to the reputation, business or assets of, the Company or any of its Affiliates; or
- (f) has improperly induced a vendor or customer to break or terminate any contract with the Company or any of its Affiliates or induced a principal for whom the Company or any Affiliate acts as agent to terminate such agency relationship.

A termination for Cause shall be deemed to occur (subject to reinstatement upon a contrary final determination by the Administrator) on the date on which the Company or any Affiliate first delivers written notice to the Participant of a finding of termination for Cause.

“Change in Control Event” means the occurrence of any of the following:

(i) a transaction with or among any third person or group of persons, other than a Permitted Owner, on the one hand and the Company, its shareholders, or any of its subsidiaries, on the other hand, with respect to

(A) a merger, reorganization, share exchange, consolidation, business combination, recapitalization, dissolution, liquidation or similar transaction after which the Permitted Owners beneficially own (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act) less than fifty percent (50%) of the voting securities or economic interests of the Company or the corporation surviving the Company outstanding immediately after such transaction; or

(B) any purchase, in one transaction or a series of related transactions, by an entity other than a Permitted Owner, of an equity interest (including by means of a tender or exchange offer) resulting in such entity beneficially owning an amount greater than fifty percent (50%) voting or economic interest in the Company; or

- (C) the approval of the Company's shareholders of the dissolution or complete liquidation of the Company; or
- (D) the sale, other than to one or more Permitted Owners, of all or substantially all of the assets of the Company.

Notwithstanding the foregoing, a transaction will not constitute a Change of Control Event if the transaction results in a Permitted Owner beneficially owning at least fifty percent (50%) of the Company's voting securities or if its primary purpose is to change the legal jurisdiction of the Company's incorporation or to create a holding company that will be owned in substantially the same proportions by the persons or entities who held the Company's securities immediately before such transaction. In addition, the following shall not constitute a Change of Control Event: (a) a sale by the Company or a Company Affiliate of its securities in a public market transaction, the primary purpose of which is to raise capital for such entity's operations and business activities including, without limitation, the closing of a public offering providing for the sale of Shares following the effectiveness of a registration statement under the Securities Act covering the offer and sale of ordinary/common shares (other than a registration statement relating solely to the sale of securities to employees of the Company or a Company Affiliate or a registration relating solely to a SEC Rule 145 transaction); provided that no person or Group (within the meaning of Section 13(d)(3) of the Exchange Act), other than a Group consisting solely of Permitted Owners, owns more than fifty percent (50%) of the voting or economic interests in the Company and (b) any merger, reorganization, share exchange, consolidation, business combination, recapitalization, dissolution or liquidation of any Permitted Owner in which the surviving or resulting entity is at least 50% beneficially owned by the Government of Abu Dhabi.

Whether or not a Change in Control Event has occurred shall be determined by the Administrator in good faith in its sole discretion; provided, however, that, the Administrator may determine that the Change in Control Event does not occur for purposes of this Plan until payment to be made at the first closing event actually have been paid to shareholders holding a majority of the outstanding Ordinary Shares.

"Code" means the Internal Revenue Code of 1986, and the rules and regulations promulgated thereunder, each as amended from time to time. Any reference to a section of the Code herein will be a reference to any successor or amended section of the Code.

"Company" means GLOBALFOUNDRIES, Inc., an exempted company under the laws of the Cayman Islands, and its successors.

"Early Exercise Option" shall mean an Option eligible for exercise prior to vesting in accordance with the provisions of Section 5.7 of this Plan.

"Effective Date" means the date the Board approved this Plan.

"Eligible Person" has the meaning given to such term in Section 3 of this Plan.

"Exchange Act" means the Securities Exchange Act of 1934, and the rules and regulations promulgated thereunder, each as amended from time to time.

"Fair Market Value," for purposes of this Plan and unless otherwise determined or provided by the Administrator in the circumstances, means as follows:

- (a) If the Ordinary Shares are listed or admitted to trade on the New York Stock Exchange or other national securities exchange (the **"Exchange"**), the Fair Market Value shall equal the closing price of Ordinary Shares as reported on the composite tape for securities on the Exchange for the date in question, or, if no sales of Ordinary Shares were made on the Exchange on that date, the closing price of Ordinary Shares as reported on said composite tape for the next preceding day on which sales of Ordinary Shares were made on the Exchange. The Administrator may, however, provide with respect to one or more Awards that the Fair Market Value shall equal the closing price of Ordinary Shares as reported on the composite tape for securities listed on the Exchange on the last trading day preceding the date in question or the average of the high and low trading prices of Ordinary Shares as reported on the composite tape for securities listed on the Exchange for the date in question or the most recent trading day.
- (b) If Ordinary Shares are not listed or admitted to trade on a national securities exchange, the Fair Market Value shall be the value as reasonably determined by the Administrator for purposes of the Award in the circumstances.

The Administrator also may adopt a different methodology for determining Fair Market Value with respect to one or more Awards if a different methodology is necessary or advisable to secure any intended favorable tax, legal or other treatment for the particular Award(s) (for example, and without limitation, the Administrator may provide that Fair Market Value for purposes of one or more Awards will be based on an average of closing prices (or the average of high and low daily trading prices) for a specified period preceding the relevant date).

Any determination as to Fair Market Value made pursuant to this Plan shall be made without regard to any restriction other than a restriction which, by its terms, will never lapse, and shall be final, binding and conclusive on all persons with respect to Awards granted under this Plan.

“Foundry Affiliate” means the GLOBALFOUNDRIES, Inc. and any subsidiary (including through one or more intermediaries) of the Company in the semiconductor foundry business, other than GLOBALFOUNDRIES, Inc.

“Good Reason” with respect to a Participant means (unless otherwise expressly provided in the applicable Award Agreement, or another applicable contract with the Participant that defines such term for purposes of determining the effect that a “good reason” resignation has on the Participant’s stock options and/or stock awards) the occurrence of any of the following without the Participant’s written consent:

- (a) a material reduction in the Participant’s annual base salary other than a reduction that is applied uniformly to substantially all employees that both (i) have a principal place of employment in the same country as the Participant and (ii) are of the same job level as the Participant;
- (b) a material diminution in the Executive’s position, authority, duties or responsibilities (other than as required by applicable law or regulation or as a result of the Participant’s physical or mental incapacity which impairs his ability to materially perform his duties or responsibilities); or
- (c) the relocation of the Participant’s principal place of employment by more than fifty (50) miles;

provided, however, that an event or action shall potentially be “Good Reason” only if (i) the Participant notifies the Company of the potential Good Reason trigger within thirty (30) days of learning of such event or action, (ii) the Company fails to cure the potential Good Reason trigger within thirty (30) days of receipt of notice, and (iii) the Participant resigns within thirty (30) days following the expiration of the foregoing thirty-day cure period.

“Involuntary Termination” means, with respect to a Participant, the termination of the Participant’s employment with the Company and its Affiliates by the Company without Cause or by the Participant for Good Reason.

“Liquidity Event” means the closing of a Change in Control Event or a Qualified IPO.

“Liquid Share Value” means, on any payment date, the sum of (i) the total cash consideration actually received by the Permitted Owners in exchange for Ordinary Shares in connection with Liquidity Events, net of any such amounts that the Permitted Owners are required, as a result of a Liquidity Event, to reinvest in the Company or a successor thereto in exchange for securities that are not marketable and freely tradeable, plus (ii) the Marketable Security Value for each marketable and freely tradable security received by the Permitted Owners in exchange for Ordinary Shares in connection with Liquidity Events, with the sum then divided by the total number of Ordinary Shares sold by Permitted Owners in Liquidity Events and, to the extent the Participant has not otherwise participated in, or benefitted from, a dividend or distribution previously paid to Permitted Owners on or after January 1, 2016 in respect of Ordinary Shares (such a dividend or distribution as to which the Participant has not participated in or benefitted from referred to as a **“Pending Participation Dividend”**) such quotient shall be increased by the per Ordinary Share amount of the Pending Participation Dividends (other than amounts paid in exchange for Ordinary Shares in connection with Liquidity Events). Notwithstanding the foregoing or anything else herein to the contrary, upon a Change in Control Event as a result of clause C thereof (approval of a dissolution or complete liquidation), Liquid Share Value shall thereafter be \$0 for all purposes hereunder. The Administrator shall determine Pending Participation Dividends in its sole discretion.

“Liquidity Trigger” means the first anniversary of a Change in Control Event or the first anniversary of a Qualified IPO.

“Marketable Security Value” means, for a marketable and freely tradable security, the average daily closing price for the three-month period ending on the day immediately preceding the date on which the security becomes marketable and freely tradable (or, if shorter, due to the fact that the security is a security of an entity that recently had a public offering, the period starting on the date the class and type security was offered for sale on an established national securities exchange and ending on the day immediately preceding the date on which the security becomes marketable and freely tradable); provided, however, that if consideration received in a Liquidity Event consists of marketable and freely tradable securities, Marketable Security Value for those securities shall be the closing trading price on the last trading day immediately preceding the Liquidity Event, and, provided, further, if a Permitted Owner has previously sold a security received as consideration for Ordinary Shares in a Liquidity Event (and such security was not marketable and freely tradable immediately on or immediately following the Liquidity Event), the value of such security shall be the value of the consideration so received.

“Nonqualified Stock Option” means an Option that is not an “incentive stock option” within the meaning of Section 422 of the Code.

“**Option**” means an option to purchase Ordinary Shares granted under Section 5 of this Plan.

“**Ordinary Shares**” means the Ordinary Shares of the Company with a par value of \$0.01 per share, and such other securities or property as may become the subject of Awards, or become subject to Awards, pursuant to an adjustment made under Section 7.3.1 of this Plan.

“**Participant**” means an Eligible Person who has been granted and holds an Award under this Plan.

“**Permitted Owner**” means the ATIC Shareholders and any other entity 100% of the voting power and economic interest of which is directly or indirectly beneficially owned by the Government of Abu Dhabi.

“**Personal Representative**” means the person or persons who, upon the disability or incompetence of a Participant, has acquired on behalf of the Participant, by legal proceeding or otherwise, the power to exercise the rights or receive benefits under this Plan by virtue of having become the legal representative of the Participant.

“**Plan**” means this GLOBALFOUNDRIES, Inc. 2018 Share Incentive Plan, as it may hereafter be amended from time to time.

“**Poor Performance**” means (i) the demonstration of a lack of judgment or skill consistent with the level expected for the position or (ii) performance for a substantial period which does not meet the Administrator’s expectations for the position, in either case as determined by the Administrator in its sole, but reasonable, discretion.

“**Potential Liquid Shares**” means, with respect to any Award, that percentage of the total number of Ordinary Shares covered by the Award equal to the ratio of (x) the total number of Ordinary Shares sold by Permitted Owners since January 1, 2016 (each such sale, a “**Liquidity Event**”) over (y) the total number of Ordinary Shares held by Permitted Owners on January 1, 2016 (as adjusted to reflect recapitalizations, share splits, reverse share splits, and similar transactions effecting the Ordinary Shares). (By way of example, if the Permitted Owners held 100 Ordinary Shares on January 1, 2016, and the Permitted Owners subsequently sold 40 Ordinary Shares, 40% of the Ordinary Shares covered by Awards would be Potential Liquid Shares).

“**Qualified IPO**” means the closing of (i) a public offering of Company ordinary/common shares pursuant to applicable securities law which results in such shares being listed on any of The New York Stock Exchange, NASDAQ, or such other national or international exchange (except that a Qualified IPO shall not include an offering of securities issuable pursuant to an employee benefit plan), or (ii) any merger with a company that has a class of shares registered under the Securities Act and is publicly traded on a national or international securities exchange that results in the surviving entity being so publicly traded; *provided* that following such potential Qualified IPO, the Company’s shareholders, immediately preceding the potential Qualified IPO, beneficially own, immediately after such potential Qualified IPO, less than ninety percent (90%) of the economic value of the Company.

“**Restricted Shares**” means Ordinary Shares awarded to a Participant under this Plan that are subject to a right of repurchase in favor of the Company as set forth in the applicable Award Agreement. The Company’s right of repurchase will lapse in accordance with the conditions determined by the Administrator (and may include, among others, the passage of time, specified performance objectives or other factors). Unless stated otherwise herein, references to “vest” and “vesting” in the context of Restricted Shares means the lapsing of the Company’s right to repurchase Restricted Shares.

“**Restricted Share Award**” means an award of Restricted Shares.

“**Securities Act**” means the Securities Act of 1933, and the rules and regulations promulgated thereunder, each as amended from time to time.

“**Severance Date**” with respect to a particular Participant means, unless otherwise provided in the applicable Award Agreement:

- (c) if the Participant is an Eligible Person under clause (a) of Section 3 and the Participant’s employment by the Company or any of its Affiliates terminates (regardless of the reason), the last day that the Participant is actually employed by the Company or such Affiliate (unless, immediately following such termination of employment, the Participant is a member of the Board or, by express written agreement with the Company or any of its Affiliates, continues to provide other services to the Company or any Affiliate as an Eligible Person under clause (c) of Section 3, in which case the Participant’s Severance Date shall not be the date of such termination of employment but shall be determined in accordance with clause (b) or (c) below, as applicable, in connection with the termination of the Participant’s other services);
- (d) if the Participant is not an Eligible Person under clause (a) of Section 3 but is an Eligible Person under clause (b) thereof, and the Participant ceases to be a member of the Board (regardless of the reason), the last day that the Participant is actually a member of the Board (unless, immediately following such termination, the Participant is an

employee of the Company or any of its Affiliates or, by express written agreement with the Company or any of its Affiliates, continues to provide other services to the Company or any Affiliate as an Eligible Person under clause (c) of Section 3, in which case the Participant's Severance Date shall not be the date of such termination but shall be determined in accordance with clause (a) above or (c) below, as applicable, in connection with the termination of the Participant's employment or other services);

- (e) if the Participant is not an Eligible Person under clause (a) or clause (b) of Section 3 but is an Eligible Person under clause (c) thereof, and the Participant ceases to provide services to the Company or any of its Affiliates as determined in accordance with Section 7.4.4 (regardless of the reason), the last day that the Participant actually provides services to the Company or such Affiliate as an Eligible Person under clause (c) of Section 3 (unless, immediately following such termination, the Participant is an employee of the Company or any of its Affiliates or is a member of the Board, in which case the Participant's Severance Date shall not be the date of such termination of services but shall be determined in accordance with clause (a) or (b) above, as applicable, in connection with the termination of the Participant's employment or membership on the Board).

"Share Award" means an award of Ordinary Shares under Section 6 of this Plan. A Share Award may be a Restricted Share Award or an award of unrestricted Ordinary Shares.

"Share Unit Award" means an award of Share Units under Section 6 of this Plan.

"Share Unit" means a non-voting unit of measurement which is deemed for bookkeeping purposes to be equivalent to one outstanding Ordinary Share solely for purposes of determining the payment of a Share Unit Award. Share Units are not outstanding Ordinary Shares and do not entitle a Participant to any dividend, voting or other rights in respect of any Ordinary Shares represented thereby or acquirable thereunder; provided, however, that Share Units may, by express provision in the applicable Award Agreement, entitle a Participant to dividend equivalent rights, as determined by the Administrator. Share Units shall not be treated as property or as a trust fund or any kind.

"Total Disability" means a "total and permanent disability" within the meaning of Section 22(e)(3) of the Code and such other disabilities, infirmities, afflictions, or conditions as the Administrator may include.

September 13, 2021

Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Ladies and Gentlemen:

We have read the section titled Change in Registrant's Certifying Accountant included in GLOBALFOUNDRIES Inc.'s Form F-1 confidentially submitted to the Securities and Exchange Commission on September 13, 2021 and are in agreement with the statements contained in the second, third and fourth paragraphs on page 172 therein. We have no basis to agree or disagree with other statements of the registrant contained therein.

/s/ Ernst & Young LLP

Subsidiaries of GLOBALFOUNDRIES Inc.

<u>Name of Subsidiary</u>	<u>Jurisdiction of Incorporation</u>	<u>Ownership by GlobalFoundries Inc.</u>
GF Asia Investments Pte. Ltd.	Singapore	100%
GF Asia Sales Pte. Ltd.	Singapore	100%
GlobalFoundries Borrower LLC	Delaware	100%
GlobalFoundries Investments LLC	Delaware	100%
GlobalFoundries Netherlands Cooperatief U.A.	Netherlands	99%
GlobalFoundries Singapore Pte. Ltd.	Singapore	100%
<u>Name of Subsidiary</u>	<u>Jurisdiction of Incorporation</u>	<u>Ownership by GF Asia Investments Pte. Ltd.</u>
GlobalFoundries (Chengdu) Integrated Circuit Manufacturing Co., Ltd.	China	51%(a)
Nanjing APD Technologies Co., Ltd.	China	100%
<u>Name of Subsidiary</u>	<u>Jurisdiction of Incorporation</u>	<u>Ownership by GlobalFoundries Investments LLC</u>
GlobalFoundries Netherlands Cooperatief U.A.	Netherlands	1%
<u>Name of Subsidiary</u>	<u>Jurisdiction of Incorporation</u>	<u>Ownership by GlobalFoundries Netherlands Cooperatief U.A.</u>
GlobalFoundries Netherlands Holding B.V.	Netherlands	100%
GlobalFoundries U.S. Inc.	Delaware	100%
<u>Name of Subsidiary</u>	<u>Jurisdiction of Incorporation</u>	<u>Ownership by GlobalFoundries U.S. Inc.</u>
GlobalFoundries Engineering Private Limited	India	0.01%
GlobalFoundries Innovation Investments LLC	Delaware	100%
GlobalFoundries U.S. 2 LLC	Delaware	100%
<u>Name of Subsidiary</u>	<u>Jurisdiction of Incorporation</u>	<u>Ownership by GlobalFoundries U.S. 2 LLC</u>
Hudson Valley Research Park Sewage Works Corporation	New York	100%
<u>Name of Subsidiary</u>	<u>Jurisdiction of Incorporation</u>	<u>Ownership by GlobalFoundries Netherlands Holding B.V.</u>
GlobalFoundries Bulgaria EAD	Bulgaria	100%
GlobalFoundries Dresden Module One LLC	Delaware	6%
GlobalFoundries Dresden Module Two LLC	Delaware	100%
GlobalFoundries Engineering Private Limited	India	99.99%
GlobalFoundries Europe Sales & Support GmbH	Germany	100%
GlobalFoundries Management Services LLC & Co. KG	Germany	89.8%
<u>Name of Subsidiary</u>	<u>Jurisdiction of Incorporation</u>	<u>Ownership by GlobalFoundries Management Services LLC & Co. KG</u>
Advanced Mask Technology Center GmbH & Co. KG	Germany	50%(b)
GlobalFoundries Dresden Module One LLC	Delaware	94%
GlobalFoundries Dresden Module One Holding GmbH	Germany	100%
GlobalFoundries Dresden Module Two Holding GmbH	Germany	100%
Maskhouse Building Administration GmbH & Co. KG	Germany	50%(c)

<u>Name of Subsidiary</u>	<u>Jurisdiction of Incorporation</u>	<u>Ownership by Advanced Mask Technology Center GmbH & Co. KG</u>
Advanced Mask Technology Center Verwaltungs GmbH	Germany	100%

<u>Name of Subsidiary</u>	<u>Jurisdiction of Incorporation</u>	<u>Ownership by Maskhouse Building Administration GmbH & Co. KG</u>
Maskhouse Building Administration Verwaltungs GmbH	Germany	100%

<u>Name of Subsidiary</u>	<u>Jurisdiction of Incorporation</u>	<u>Ownership by GlobalFoundries Dresden Module One Holding GmbH</u>
GlobalFoundries Dresden Module One LLC & Co. KG	Germany	100%
GlobalFoundries Management Services LLC & Co. KG	Germany	5.1%

<u>Name of Subsidiary</u>	<u>Jurisdiction of Incorporation</u>	<u>Ownership by GlobalFoundries Dresden Module Two Holding GmbH</u>
GlobalFoundries Dresden Module Two LLC & Co. KG	Germany	100%
GlobalFoundries Management Services LLC & Co. KG	Germany	5.1%

<u>Name of Subsidiary</u>	<u>Jurisdiction of Incorporation</u>	<u>Ownership by GlobalFoundries Singapore Pte. Ltd.</u>
GlobalFoundries China (Beijing) Co., Limited	China	100%
GlobalFoundries China (Shanghai) Co., Limited	China	100%
GlobalFoundries Europe Ltd.	U.K.	100%
GlobalFoundries Japan Ltd.	Japan	100%
GlobalFoundries Taiwan Ltd.	Taiwan	100%

- (a) 49% held by Chengdu Gaoxin Industry Investment Co., Ltd.
(b) 50% held by Toppan Photomasks, Inc.
(c) 50% held by Toppan Photomasks, Inc.