



17 November 2010

HelloSoft Inc. – Acquisition Announcement

HelloSoft Inc, a leading global provider of Video and Voice over Internet Protocol and wireless LAN technologies, is acquired by Imagination Technologies plc, for a maximum consideration of \$47 million

Imagination Technologies Group plc (LSE: IMG, "Imagination" or "the Group"), a leading multimedia, communications and embedded processor technology company, has conditionally agreed to acquire HelloSoft, one of the world's leading providers of Video and Voice over Internet Protocol ("V.VoIP") and wireless LAN technologies, for a maximum of consideration \$47 million.

The Group has also announced today a cash placing of up to 12,208,950 new ordinary shares to new and existing shareholders and an update on current trading – see separate announcements for details.

Highlights

- Provides access to leading edge and highly respected V.VoIP technology
- Complements Imagination's existing and successful POWERVR multimedia processing IP cores to enable optimised end-to-end media-over-internet protocol solution
- Secures full control of WiFi technology and roadmap that is already used by Imagination in relation to its Universal Programmable Communication Platform
- Secures access to new channels in the telecommunications market to operators/service providers and OEMs/product companies which operate at a higher level in the overall technology value chain
- Adds a capable management team to complement Imagination's existing resources and help to further scale the company for the ongoing growth, client coverage and relationships
- HelloSoft's founder and CEO, Krishna Yarlagadda will become President, Imagination Technologies USA

Hossein Yassaie, Chief Executive Officer, Imagination said:

"Having already worked together as technology partners for a number of years, I am delighted that the HelloSoft's team has agreed to join forces with Imagination. Together we will be able to deliver a leading



edge and seamless media and connectivity proposition that will ride and drive the emerging trends, accelerate time-to-market, enhance the quality of the result and ultimately benefit our customers.

"HelloSoft has exciting technology which together with our market leading multimedia and processing capabilities will enable us to deliver media (audio, video, voice and graphics) to connected devices whether mobile, within homes or across enterprises. We expect to deliver other complementary and strategic combinations in due course."

Krishna Yarlagadda, Founder, President and Chief Executive Officer, HelloSoft said:

"I have been most impressed with Imagination's vision, technological capabilities and achievements and hugely look forward to contributing directly to one of the most exciting companies in our industry.

"I am certain the leverage that is gained by bringing HelloSoft's leading edge technology alongside Imagination's strong and well-respected offering will accelerate delivery of industry-changing solutions and will significantly benefit all of our customers."

Strategic opportunity

Delivery of media (audio, video, voice and graphics) to connected devices is increasingly becoming a key aspect of many modern businesses whether targeting mobile, home or enterprise markets.

Among the key technological changes in this area are

- the migration of many networks from circuit-switching (2G, 3G, traditional phone land lines) to packet switching, more commonly referred to as Internet Protocol ("IP") based delivery, which include WiFi, LTE and all other modern communication standards.
- the growing relevance of wireless WiFi to connectivity in the home, on the move (mobile devices and hotspots) and at work. This technology is set to evolve through further advancements and multi-antenna (MIMO) to address much higher data rates and become an even more important platform for connectivity in the future.

Driven by the above industry dynamics, Imagination expects the revenue streams for HelloSoft's products, which provide leading edge solutions to enable such changes, to build progressively as markets emerge and grow.

Given Imagination's strong position in multimedia processing cores and growing penetration in client devices using such technologies in markets across mobile, home and enterprise and also its leading



position in multi-standard programmable communication technology, the Board believes the acquisition of HelloSoft will achieve a number of Imagination's objectives by:

- providing access to leading edge V.VoIP technology that, with the migration to internet protocol networks, is of increasing importance in all key markets Imagination addresses including mobile handsets, home TVs/STBs/connected terminals, and PC/Tablets/Netbooks
- combining HelloSoft's technology and Imagination's multimedia processing cores can offer an optimised end-to-end solution for media-over-internet protocol delivery which is becoming important to all connected devices
- opening up the path for wider and deeper engagement with other parts of the telecommunications, consumer and the general technology value chain including the handset OEMs and network/service operators which can take advantage of HelloSoft's market-leading software stack in media delivery and communications
- in combination with Imagination's Enigma Universal Communications Core Processor ("UCCP") Platforms, provide a comprehensive and market-leading WiFi technology solution, and complete a fundamental part of Imagination's "connected home" roadmap. The emergence of internet connected and smart TV's and set-top boxes is dependent on easy-to-deploy and high performance home connectivity which is strengthened through this acquisition
- strengthening Imagination's R&D position in the Indian market and accessing cost-effective global talent
- adding a high quality and innovative management team, particularly in North America, to complement Imagination's existing client coverage and relationships and help to further scale the company for its ongoing growth

HelloSoft

HelloSoft (www.hellosoft.com) is one of the world's leading providers of V.VoIP and wireless LAN technologies. HelloSoft supplies both software and semiconductor connectivity intellectual property to semiconductor manufacturers, and supplies software intellectual property to major ODMs/OEMs and also to tier 1 service providers/operators who offer VoIP and Video over IP services. The HelloSoft business model is based on licensing fees and royalty payments.

HelloSoft has a workforce of 85 people including an R&D facility in Hyderabad, India with corporate and sales offices in San Jose, California in the heart of Silicon Valley, with sales distributors and representatives worldwide.



Press Release

HelloSoft is led by company founder and CEO, Krishna Yarlagadda, who is supported by an experienced and highly innovative team. Imagination expects Krishna and his team to continue to remain actively involved in developing the HelloSoft product set. In addition Krishna Yarlagadda will assume the role of President, Imagination Technologies USA.

Imagination description

Imagination Technologies Group plc (LSE: IMG) – a global leader in multimedia and communication technologies – creates and licenses market-leading processor cores for graphics, video, multi-threaded embedded processing/DSP and multi-standard communications applications. These silicon intellectual property solutions for systems-on-chip (SoC) are complemented by platform level IP and services, a strong array of software tools and drivers and extensive developer and middleware ecosystems. Target markets include mobile phone, handheld multimedia, home consumer entertainment, mobile and low-power computing, and in-car electronics. Its licensees include many of the leading semiconductor and consumer electronics companies. Imagination has corporate headquarters in the United Kingdom, with sales and R&D offices worldwide.