



Acquisition of Banias Labs & Multi-Year Agreement Framework with Leading North American Hyperscaler

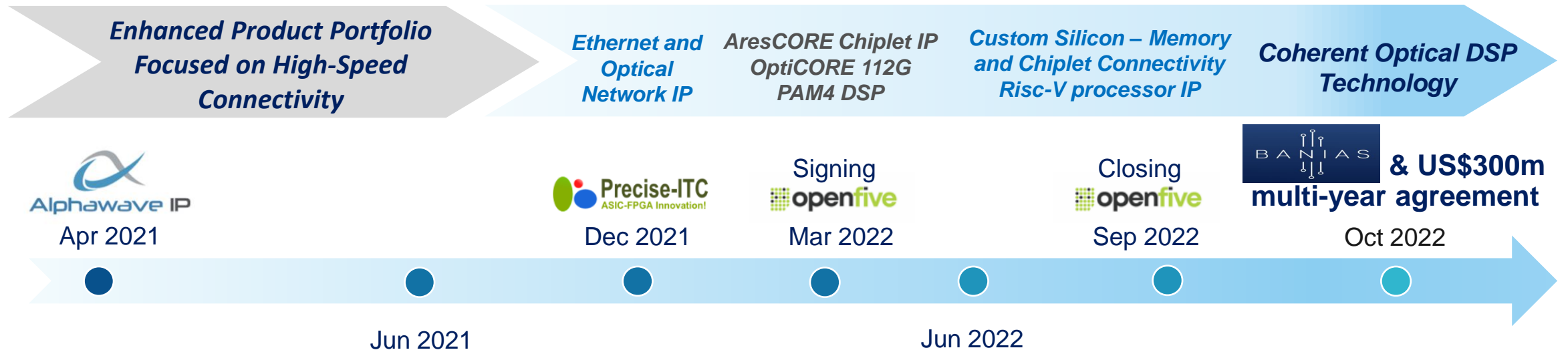
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Executing Against our Vision Since the IPO

Leading Global Provider of Connectivity for Digital Infrastructure



Headcount ----- 132 ----- 154 ----- 251 ----- c.580 ----- c.630



2021 OIP Partner of the Year award for High-Speed SerDes IP.

Production availability of new PCIe-CXL solution on TSMC N5 for storage and chiplet market



Samsung and Alphawave IP Announce Acceleration of Deep Partnership with Flagship Global Hyperscaler Design Win at 4nm



Intel and Alphawave IP Announce Partnership for Intel Foundry Services

Established Foundry Relationships

Banias Labs and Multi-Year Agreement with Hyperscaler



- Company founded in 2020 focused on the development of optical DSP products with deep expertise in coherent technology
- Israel based team of c.50 people; core technology leaders have worked together over two decades
- Products utilise proprietary technology that enables ultra-high speed communications coupled with physical layer security
- Low power, silicon proven coherent technology

Leading NA
Hyperscaler

- Non-binding purchasing framework agreement for a potential roadmap delivering over US\$300m of Optical products
- Multi-year potential roadmap to develop and sell a portfolio of optical products and DSPs, including PAM4 and coherent DSP technology from Banias Labs
- Anchor customer provides platform to scale Banias' technology and Alphawave's DSP and custom silicon expertise

Transaction Overview

Acquisition of Baniyas Labs, Based in Hod Hasharon, Israel

Financial

- US\$240m paid on closing funded of existing cash and additional financing
- Multi-year non-binding purchasing framework agreement with a leading North American hyperscaler for a potential roadmap delivering over US\$300m of Optical products.
- New Senior Secured Credit Facilities, five-year US\$110m Revolving Credit Facility and five-year US\$100m Term Loan

People and Technology

- c.50 people team based in Hod Hasharon, Israel
- Core technology leaders working together since 2001
- Company founded in 2020
- Leading Coherent DSP technology for data infrastructure market

Strategic Rationale

Enhanced Product Portfolio and Competitive Positioning

- Coherent is the technology used when PAM4 can no longer work (i.e. longer distances and higher speeds)
- Coherent optical DSP technology completes product portfolio and strengthens the product roadmap
- Creates a leading connectivity product portfolio for data centers, including PAM4 and coherent DSPs in the most advanced technologies

Market Expansion and Customer Base

- Expands addressable market into silicon Optical DSP
- Deepens commercial partnership with leading North American hyperscaler

Adds Scale and Strengthens Hybrid Business Model

- Business combination and multi-year contract provide a platform to scale Baniyas' technology, as well as Alphawave's IP and custom silicon expertise
- Adds engineering capabilities to expand Alphawave's DSP capability

Coherent Optics – Increasing Market Adoption

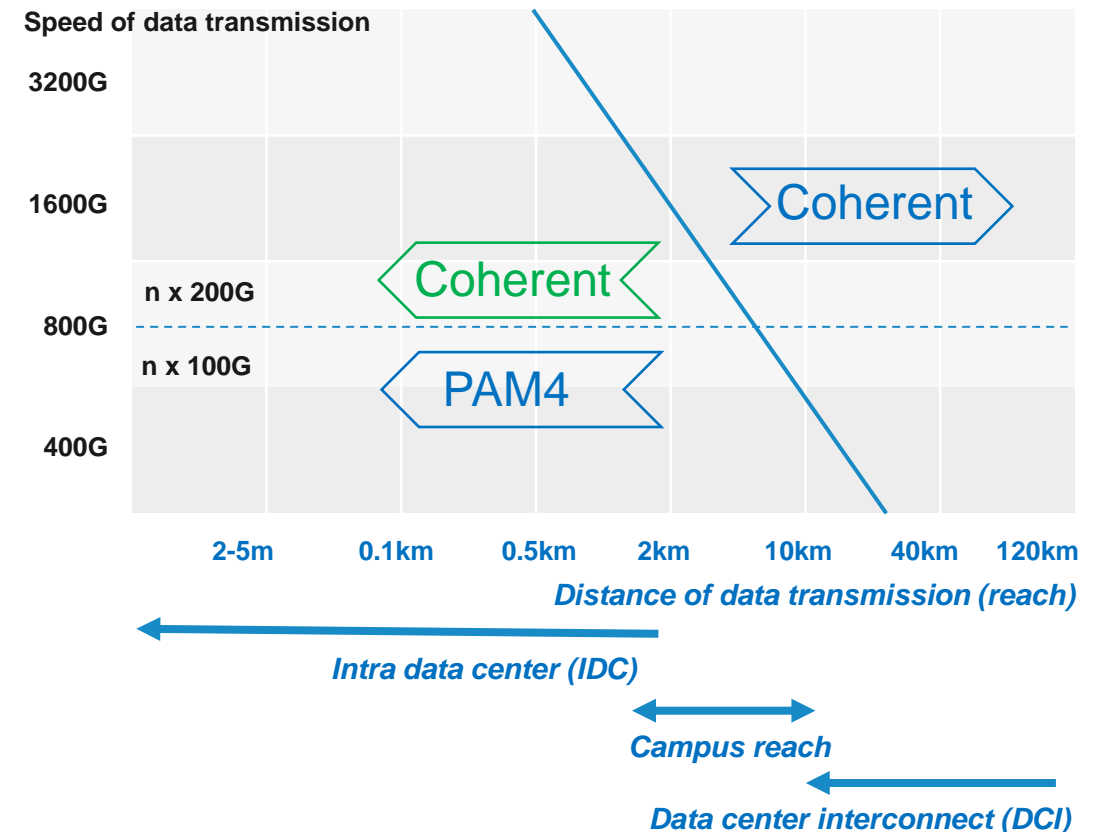
Coherent Optics – The Next Step of Evolution of Optical Solutions for Data Center Connectivity

- Coherent technology can reach much higher speeds and is now established in segments c.40+km
- PAM4 is difficult to scale beyond 200G and reach is limited to well below 2km
- Market for Coherent optics is poised to undergo significant growth as shorter reaches adopt the technology, i.e. intra data centre (IDC)

Why now?

- Cost-effective, purpose built coherent technology is competitive with PAM4 solutions on cost and power at 200G and above
- This technology can be deployed in optical and electrical and therefore utilised across the entire product portfolio
- Coherent is the path forward for optical connectivity within data centers beyond 200G PAM4

At 200G and above, Coherent offers a more robust technical solution, at a competitive cost and power consumption for inter & intra data center applications (reaches of <2km)



Outlook

- Our growing pipeline reflects positive growth trends in data infrastructure markets and the continued investment in next generation connectivity solutions
- Complementary nature of technology contributes to the development of the long-term product roadmap
- **No changes to current stand-alone outlook. Further details on 2023 pro forma outlook and long-term financial model will be communicated at the Capital Markets Day on 13th January**
 - Ramp of new Optical products to start in 2024
 - Profitability to improve from 2023 levels as new products go into production
- Cash-generative business model and new facilities in place to navigate business expansion over the period 2023-2025

Transaction Financing

New Financing

- New Senior Secured Credit Facilities, five-year US\$110m Revolving Credit Facility and five-year US\$100m Term Loan
- 200bps SOFR spread

Pro Forma Debt Position

Gross debt	US\$210m
Cash	c.US\$175m
Net debt	c.US\$35m

- Pro Forma net debt/adjusted EBITDA¹ c. x2

¹ Calculated assuming pro forma adjusted EBITDA as defined in covenants and US\$100m of cash netting

Key Takeaways

- Strengthens our competitive positioning with a leading connectivity portfolio for data centers, including PAM4 and Coherent DSPs, in the most advanced technologies
- Expands addressable market in custom silicon and Optical DSP
- Multi-year non-binding purchasing framework agreement with leading North American hyperscaler:
 - Roadmap of optical products and DSPs of over US\$300m
 - Deepens commercial relationship
- Technology combination and multi-year agreement provide a platform to scale Banias' technology, as well as Alphawave's IP and custom silicon expertise
- Cash generative business and new US\$210m facilities in place to navigate period of accelerated business expansion
- Alphawave stand-alone outlook remains unchanged
- Product ramp of Optical products to start in 2024 and profitability to improve from 2023 levels as new products go into production – further details on pro forma outlook at the Capital Markets Day on 13th January



AlphaWave

Coherent DSP: More Data, Higher Speed, Cost Effective

At 200G and above, Coherent DSP offers a more robust technical solution, at a competitive cost and power consumption for Intra Data Center applications (<2km)

Intra Data Center (IDC) <2km
 Data travels between dies, chips, servers, storage, and switches up to a maximum distance of 2km within the data center

IDC <2km
Campus reach <10km
Data Center Interconnect (DCI) <120km
 Data travels between data centers within a campus or across to data centers in different locations

Direct Detect modulation such as PAM4 DSP for speeds up to 200G

Coherent DSP for longer reaches and for shorter reaches at 200G and above

