



Accelerating Connectivity Leadership

2021 Audited Full Year Results

29 April 2022



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Presenting Team

John Lofton Holt, Founder
Executive Chairman (London)



Tony Pialis, Founder
President & CEO (Toronto/London)



Daniel Aharoni
CFO (London)



Accelerating connectivity leadership

- 1 Alphawave Overview
- 2 2021 Results/Highlights
- 3 M&A: OpenFive and Precise ITC
- 4 Business Review
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- 6 Summary & Outlook
- 7 Q&A

Alphawave: Accelerating connectivity leadership

At a Glance



Founded: 2017 – Funded exclusively by founders
IPO: 2021 – One of the largest semiconductor IPOs in history



Global HQ: London and Toronto



Mission: To be the world's leading provider of connectivity solutions for high-speed data transmission



Key Products: Connectivity solutions delivered as Silicon IP cores, full product IPs, chiplet IPs, and physical chiplets



Business Model: Technology licensing and royalties AND chiplet Silicon and custom Silicon delivery



Global Presence: Sales and support offices in North America, UK, Europe, and Asia Pacific



Diverse Global Customer Base: Over 20 customers as of Q1 2022 with Tier-One customers including four hyperscalers and five of the top eight global semiconductor companies

Key Financial Metrics – Previously Reported

>US\$244m

Bookings
(2021A)⁽¹⁾

>225%

YOY Bookings
Growth
(2020 vs 2021A)

94%

Gross Margin
(2021A)

57.6%

Adj. EBITDA Margin
(2021A)⁽²⁾

Addressing High Growth End Markets



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2021 Results – Strong performance across the board

2021 Full Year Results



Bookings⁽¹⁾

US\$244.7m

>225% YoY



Revenue

US\$89.9m

>170%YoY



Adjusted EBITDA⁽²⁾

US\$51.8m

>165% YoY



Cash & Equivalents

US\$0.5B

Delivering and executing against all expectations – While investing in future growth

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Acquisitions of Precise-ITC and OpenFive: Aligned to IPO strategy

-  Scale team globally and in UK to maintain technology leadership at 112G and establish 224G lead in new products ✓
-  Land and Expand: Win new customers in new and existing markets, and win new designs at existing customers ✓
-  Expand growth globally, including key high-growth regions such as China ✓
-  Expand subscription and royalty revenue streams ✓
-  Address emerging chiplet market (estimated \$50bn in 2024) with chiplet IPs and eventually, manufactured chiplets ✓

The acquisition of Precise-ITC, announced in December 2021, and our accelerated investments in people, are Alphawave IP's first deployments of capital against these IPO strategies

Acquisition of OpenFive accelerates Alphawave's leadership



High-Speed Connectivity Leader

World leader in the most advanced IP connectivity solutions

Established global customer base with the most advanced customers in the world

Servicing rapidly accelerating demand in most advanced technologies



SoC Connectivity & Design Leader

One of the largest global independent providers of SoC IP and design capability

300+ person proven team delivering to sophisticated global customers

Experienced in developing in the most advanced SoC technology from 7nm → 4nm



Connectivity Solutions Leader

Leading semiconductor company focused exclusively on connectivity solutions



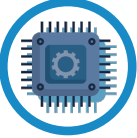

Global presence and scale to service a significant larger and expanding TAM

Full capability to deliver IP and custom silicon solutions to the most demanding global hyperscalers and semiconductor companies

Alphawave expects regulatory approvals in Q4 2022

Major regulatory approvals are all US-centric and include HSR and CFIUS

Alphawave + PreciseITC + OpenFive: Upgrading revenue growth

	Plan / Guidance at IPO	Anticipated Combined Results
	2023 Revenue (US\$m): 210-240 2024 Revenue (US\$m): Not stated	325 to 360 500 - run rate
	2023 Adj. EBITDA Margin: 50%+ 2025 Adj. EBITDA Margin: Not stated	32% to 36% 40% to 45%
	Products: >80 by end 2021 Design Wins: Chiplets wins in 2022 7nm, 6nm, 5nm	>155 by end 2021 Early chiplets shipping in 2022 7nm, 6nm, 5nm, 4nm, 3nm
	Customers 14 customers globally	75 customers including a new US hyperscaler – Expanded platform to continue “land and expand” success

Significantly improves the scale of revenue and EBITDA moving forward

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Business Execution in 2021

Business Performance and Execution



Completed IPO

US\$492m Net Proceeds Raised

- **Raised our profile** in the market, enabling us to win new business with the world's largest semiconductor companies and hyperscalers
- **Strengthened ability to recruit the best talent** to accelerate our technology leadership and expand our product offerings



Accelerated Hiring

154 Employees Globally

- **Accelerated hiring globally**, with opportunistic hiring significantly above plan
- **Expanded team well ahead of plan** to deliver on demand from customers while exceeding profitability targets and increased guidance since IPO



Bookings Explosion

>225% Increase in y-o-y Bookings with record revenues

- Expanded direct and indirect sales channel globally, to **enable accelerated pipeline conversion**
- **Delivered on non-NA business** with >US\$160m in non-NA bookings, while **demonstrating accelerating NA business** in 2021

Technical Execution in 2021

Technical Performance and Execution



Competitive Leadership

>80

Total number of IPs available today with



- First **customer products now in production** – Ahead of any other IP supplier globally – Royalties expected in 2022, ahead of schedule
- **First to demonstrate Silicon** success in 7nm, 6nm, 5nm and 4nm
- **Expanded roadmap** with products enabling 200G-1.6Tbps solutions with offerings beyond 4nm



Technology Leadership

Beyond
4nm &
200G

First to demonstrate technology and design wins: 7nm → 4nm

- First IP provider to have entire high-volume **production-ready IP portfolio** 7nm→4nm at 112Gbps in 2021: Expanding to 200G and beyond in 2022
- **Engaged at 3nm and beyond** with multiple foundry leaders globally
- **First chiplet design wins** well ahead of expectation, with early production expected in 2022



Customer Leadership

20

Total Customers

- **Continuously expanding customer engagement** both within existing customers and new customers
- Multiple **new design wins** with multiple hyperscalers globally
- **All major global hyperscalers now in pipeline**
- **Customers include five of the top eight** global semi companies

Q1 2022 – Another strong performance

First Quarter 2022 Trading Update



New Design Wins

Five New Design Wins

- Closed five new design wins with a **combination of new and existing customers**
- 2 new North American customers
- **Repeat wins** with WiseWave and a major Tier-One customer in Korea
- One **additional design win in chiplet space**, ahead of expectations



Strong Bookings

US\$25.0m

Q1 2022 New Bookings

US\$30.7m

Q1 2022 + VeriSilicon

- **Represents 20% quarter-over-quarter sequential growth in total business** with consistent quarterly growth expected throughout 2022
- **Bookings driven primarily by new licensing deals** (US\$19.4m) and future royalty estimates (US\$5.6m)
- **VeriSilicon also delivered key design wins** in China through the reseller partnership with Alphawave (US\$5.7m)

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Audited Financial Highlights

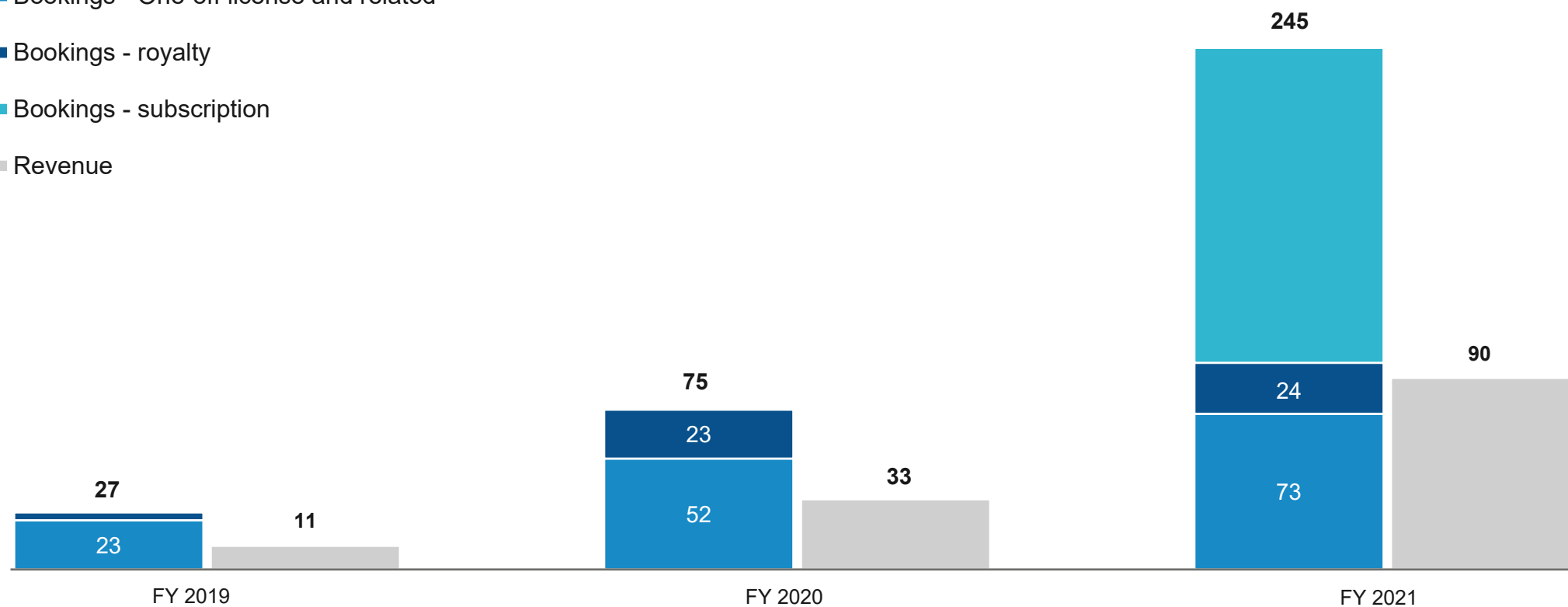
Y/e 31 December (US\$m)	FY 2021	FY 2020	Change
Bookings⁽¹⁾	244.7	75.0	226%
Bookings (ex. Royalties)	220.8	52.0	325%
Revenue	89.9	32.9	173%
Adjusted EBITDA⁽²⁾	51.8	19.3	168%
<i>Margin</i>	58%	59%	
EBITDA	39.2	17.8	121%
<i>Margin</i>	44%	54%	
Pre-tax Operating Cash Flow	26.5	11.8	124%
Net cash balance (eop)	501.0	14.0	

- Record bookings driven by China subscription licences, new customer wins and repeat business
- H2 2021 revenues include first revenue contribution from WiseWave and Verisilicon
- Pre-tax operating cashflow stated after US\$10.0m of IPO-related cash outflow
- Strong profitability maintained despite significant opex expansion
- Net cash reflects IPO proceeds and after first investment (US\$22.4m) into WiseWave

Bookings and IFRS Revenue

Bookings (US\$m) and IFRS Revenue (US\$m)

- Bookings - One-off license and related
- Bookings - royalty
- Bookings - subscription
- Revenue



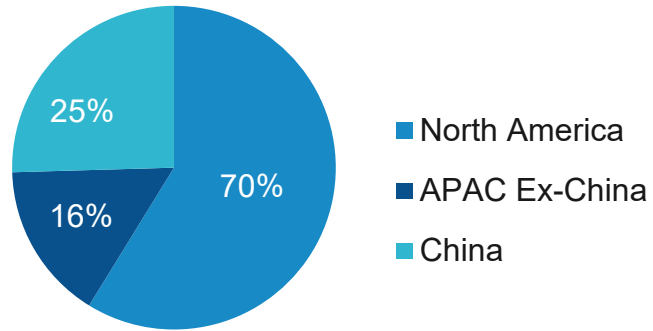
Bookings – subscription: Includes WiseWave and VeriSilicon subscription transactions

Bookings are a non-IFRS measure representing legally binding and largely non-cancellable commitments by customers to license our technology. Bookings comprise licence fees, non-recurring engineering, support and, in some instances, our estimate of potential future royalties.

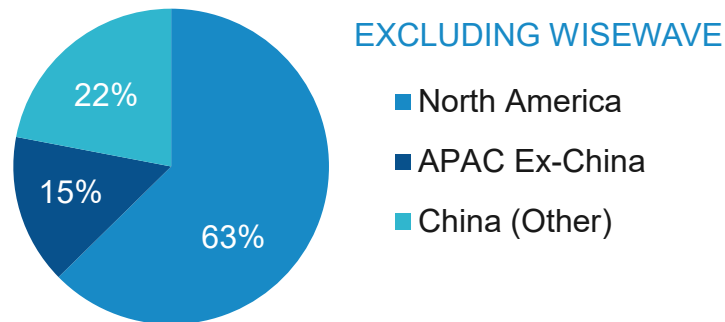
Revenue Breakdown

Revenues By Geography

FY 2020

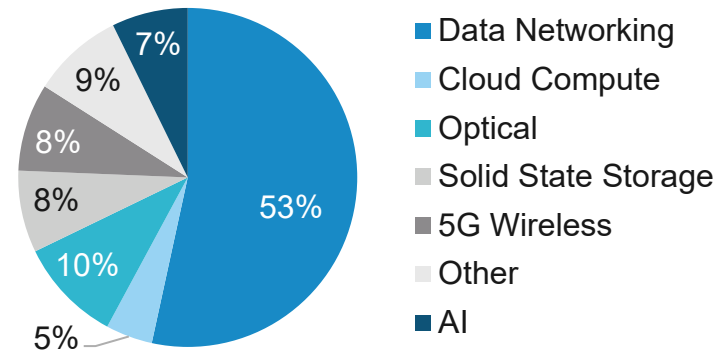
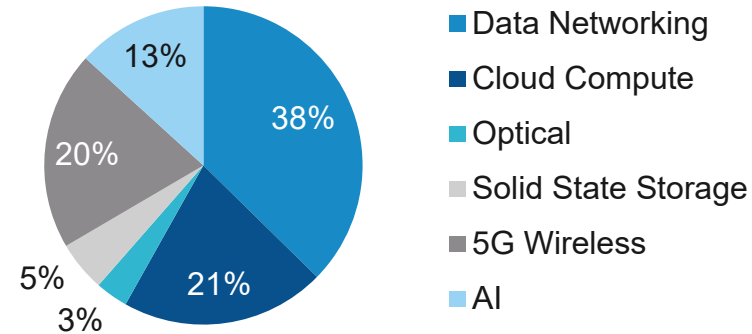


FY 2021



Including WiseWave:
North America - 42%, China - 48%, APAC (ex-China) - 10%

Revenues by Vertical



Revenues by Customer

52%

Top 3
Customers

11

Revenue
Generating

53%

Top 3 Customers

41%

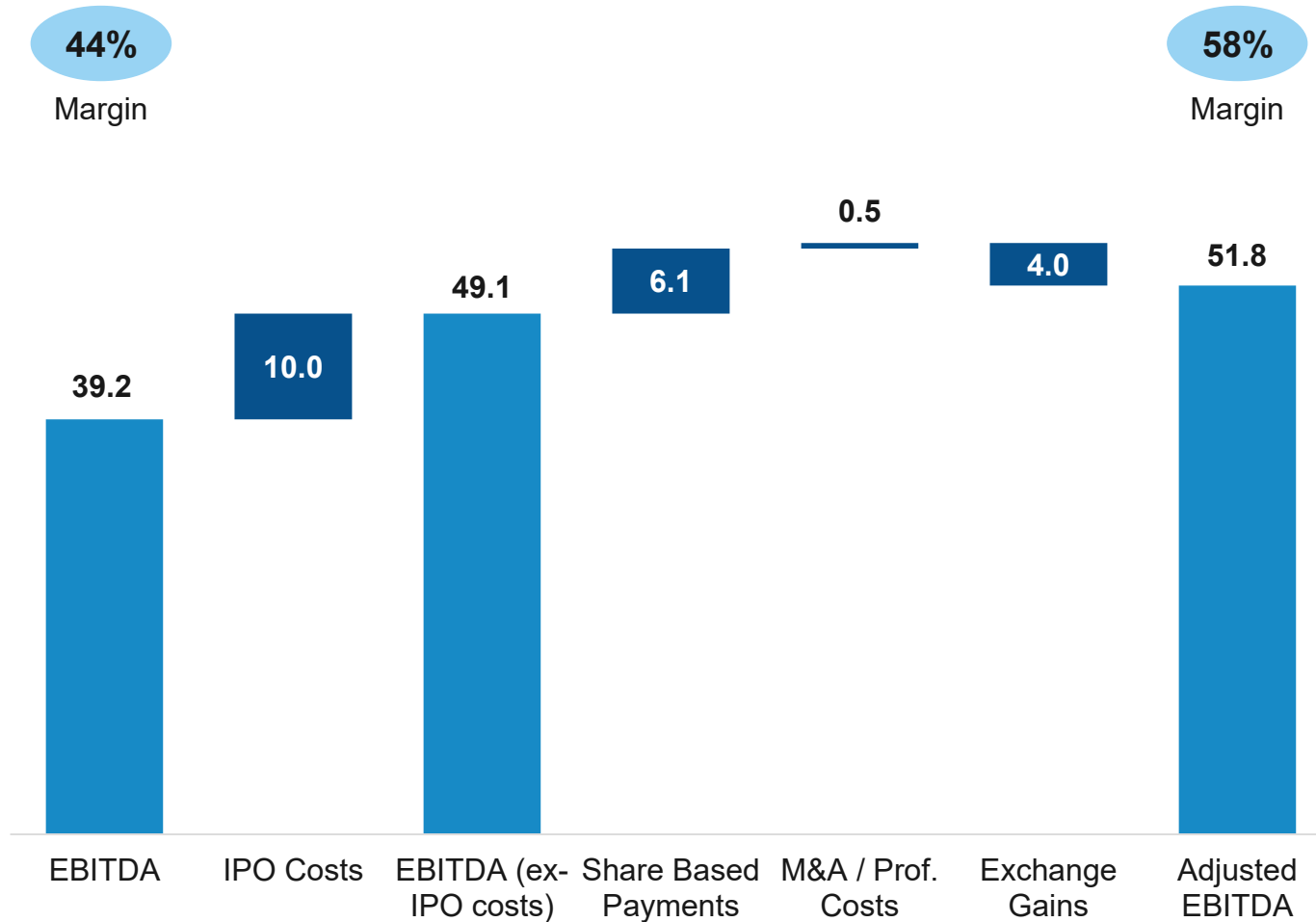
Top 3 Customers
(ex WiseWave)

20

Revenue
Generating

FY 2021 Adjusted EBITDA Bridge

US\$m

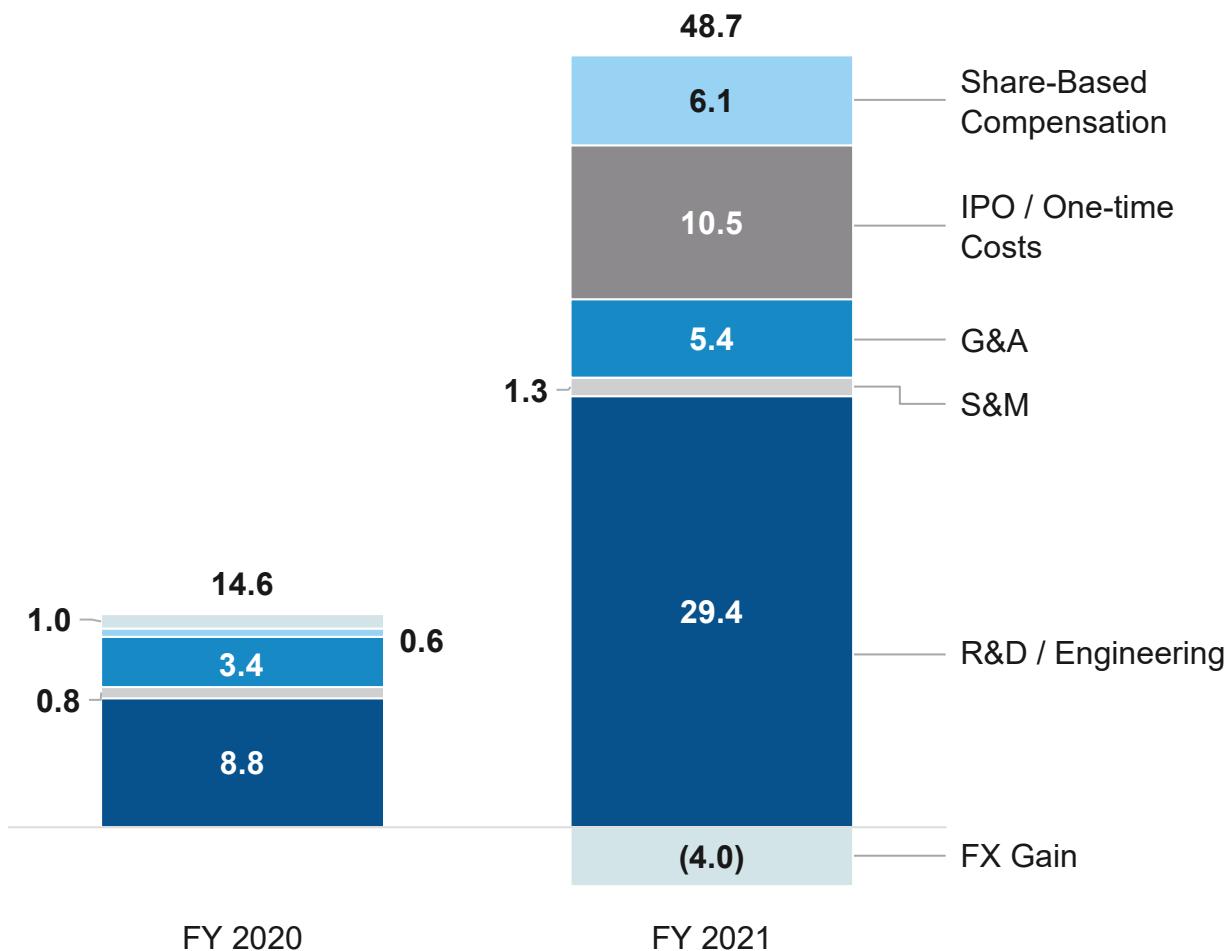


■ 58% Adjusted EBITDA Margin

- EBITDA stated after **US\$10.0m** of one-time IPO costs expensed through P&L
- **US\$6.1m** of non-cash share-based compensation reflecting option/RSU issuance. Expected to be an ongoing charge as we continue to hire
- **US\$4.0m** of exchange gain reflects unrealised gains in relation to our cash held
- **US\$0.5m** of one-time costs associated with WiseWave and M&A transaction costs

Operating Expenses

US\$m



R&D / Engineering⁽¹⁾ (32.7% of Sales)

- Scaling of R&D / Engineering headcount from 66 to 134
- Hiring significantly ahead of plan (US\$4m impact)
- Software tools spend tracks headcount
- Inflationary pressure

G&A⁽¹⁾ (6.0% of Sales)

- Reflects additional Plc-related costs
- Building out finance, legal and HR teams



S&M⁽¹⁾ (1.4% of Sales)

- Lean sales team
- Targeted customer base and direct/indirect sales model
- Proven low-friction land-and-expand sales strategy

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Mid-Term Guidance: Investing in top-line revenue growth

	Standalone	Including OpenFive
 2023 Revenue	US\$210-240m <ul style="list-style-type: none">• In line with IPO guidance• Assumes WiseWave optional extension	US\$325-360m <ul style="list-style-type: none">• Does not include WiseWave optional extension• Assumed OpenFive transaction closes by end of 2022
 2023 Adj. EBITDA Margin	50% to 60% <ul style="list-style-type: none">• Reflective of hiring ahead of plan• Assumes WiseWave optional extension	32% to 36% <ul style="list-style-type: none">• Consistent with OpenFive transaction announcement at midpoint of revenue guidance

Longer term, we expect to achieve revenue run rates of >US\$0.5bn in 2024 and >US\$1bn by 2027

Long-term Strategy – Accelerate AWE connectivity leadership

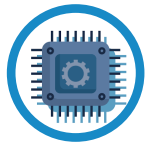
Summary and Long Term Outlook



- **Accelerate top line growth** with revenue run rate >US\$500m in 2024 and >\$1bn by 2027
- **Focus on top line growth** as number one priority, while sustaining high EBITDA and growth



- **Maintain and extend technology leadership** in all areas of connectivity – Electrical & optical, IP and Silicon
- **Expand foundry relationships** with all of the “Big Three”: TSMC, Samsung and Intel



- **Rapidly expand IP and custom Silicon product offerings** to service the total customer need in any form factor
- Enhance product offerings with **customised chiplet, silicon, and hybrid electro-optic connectivity solutions**



AlphaWave IP

Accelerating leadership in connectivity with IP and custom silicon solutions for the world's most sophisticated customers

Appendix

FY 2021 - Income Statement

Income statement

US\$'000	Year ended 31 December 2021	Year ended 31 December 2020
Revenue	89,931	32,946
Cost of Sales	(5,199)	(1,547)
Gross profit	84,732	31,399
R&D / Engineering	(29,444)	(8,816)
Sales and Marketing	(1,275)	(766)
General and Administration	(5,364)	(3,428)
Other items	(12,614)	(1,547)
<i>Exceptional items</i>	<i>(10,494)</i>	-
<i>Share-based payment</i>	<i>(6,143)</i>	<i>(565)</i>
<i>Exchange gain or loss</i>	<i>4,023</i>	<i>(982)</i>
Operating Profit	36,035	16,842
Finance Income	312	198
Finance Expense	(320)	(195)
Share of post-tax loss of equity accounted joint ventures	(12,939)	-
Profit before tax	23,088	16,845
Income tax expense	(13,657)	(4,640)
Profit after tax	9,431	12,205

EBITDA and Adjusted EBITDA

US\$'000	Year ended 31 December 2021	Year ended 31 December 2020
Operating Profit	36,035	16,842
Add backs:		
Depreciation	3,127	912
EBITDA	39,162	17,754
Add backs:		
Non-recurring IPO costs	9,961	-
Share-based payment	6,143	565
Exchange (gain) or loss	(4,023)	982
M&A/professional costs	533	-
Adjusted EBITDA	51,776	19,301

FY 2021- Balance Sheet

Balance Sheet – Assets & Liabilities

US\$'000	Audited as at 31 December 2021	Audited year ended 31 December 2020
Property, plant and equipment	1,626	412
Intangible assets	1,167	140
Right-of-use assets	7,672	6,915
Investments in equity-accounted associates	9,421	-
Non-current assets	19,886	7,467
Trade and other receivables	13,103	6,224
Accrued revenue	31,719	10,328
Taxes receivable	2,605	2,553
Cash and cash equivalents	500,964	14,039
Current assets	548,391	33,144
Total Assets	568,277	40,611
Lease liabilities	2,160	1,672
Trade and other payables	5,805	2,207
Income tax payables	6,970	3,550
Deferred revenue	12,661	7,381
Flexible spending account	6,819	2,335
Short-term debt	-	27
Current liabilities	34,415	17,172
Portion of long-term debt	-	27
Deferred income taxes	422	492
Lease liabilities	5,668	5,129
Non-current liabilities	6,090	5,648
Total Liabilities	40,505	22,820
Net Assets	527,772	17,791

Balance Sheet – Share capital and reserves

US\$'000	Unaudited as at 30 June 2021	Audited year ended 31 December 2020
Share capital*	9,399	1,881
Preference shares	-	-
Share premium account	-	-
Share based payment reserve	4,777	331
Merger reserve	(793,216)	-
Currency translation reserve	(21,718)	1,378
Retained earnings	1,328,530	14,201
Total Equity	527,772	17,791

FY 2021 - Cash Flow Statement

Statement of cash flows

US\$'000	Audited as at 31 December 2021	Audited year ended 31 December 2020
Profit for the year	9,431	12,205
<i>Adjusted for:</i>		
Income tax expense	13,731	4,379
R&D tax credit	(3,039)	(1,802)
Depreciation of property and equipment	642	172
Depreciation of right-of-use asset	2,485	740
Share of loss in joint venture	12,939	-
Share-based payment	6,143	565
Subcontracting expense obtained for common shares	-	30
Deferred income taxes	(74)	261
Finance income	(312)	(198)
Finance cost	26	113
Lease interest	294	82
Foreign exchange (gain)	(112)	-
	42,154	16,547
<i>Changes in working capital</i>		
(Increase) in trade and other receivables	(6,879)	(3,160)
(Increase) in accrued revenue	(21,391)	(9,052)
Increase in trade of other payables	2,859	1,841
Increase in def. revenue and flexible spending acc.	9,764	5,654
	(15,647)	(4,717)
Cash generated from operating activities before tax	26,507	11,830

Statement of cash flows

US\$'000	Audited as at 31 December 2021	Audited year ended 31 December 2020
Cash generated from operating activities before tax	26,507	11,830
Income tax paid	(3,383)	(582)
Withholding taxes paid	(4,232)	(935)
Net cash generated from operating activities after tax	18,892	10,313
Purchase of property, plant and equipment	(1,129)	(368)
Collection of notes receivables	-	36
Purchase of intangible assets	(1,038)	(133)
Interest received	312	198
Investment in joint venture	(22,360)	-
Net cash used in investing activities	(24,215)	(267)
Issuance of common shares – Initial Public Offering	509,003	-
Issuance of common shares	1,282	864
IPO share issuance costs	(20,308)	-
Exercise of options	5,089	-
Proceeds from IPO stabilisation	22,238	-
Interest paid	(26)	(113)
Decrease in bank indebtedness	(54)	(2,169)
Increase in long-term debt	-	52
Repayment of principal under lease liabilities	(2,494)	(1,001)
Net cash generated from financing activities	514,730	(2,367)
Net increase in cash and cash equivalent	509,407	7,679
Cash and cash equivalents at start of year	14,039	5,626
Effects of foreign exchange on cash and cash equivalents	(22,482)	734
Cash and cash equivalents at end of year	500,964	14,039

