Q4 2022 Trading and Business Update

- Expanded customer base with 8 new design wins, including two new top-tier semiconductor companies
- Strong Q4 design wins in the quarter reflect our hybrid business model, combining IP and silicon
- Second design win with opto-electronics products
- Tapeouts of several leading next generation products for solutions in 224G, PCI-Express Gen6, CXL3.0, HBM 3.0, and UCIE
- First full quarter consolidation of OpenFive into the Group
- Management remains confident in the outlook for the business
- Company rebrands to Alphawave Semi, reflecting the expanded business model

LONDON, United Kingdom and TORONTO, Ontario, Canada 13 January 2023 – Alphawave IP Group plc (LN:AWE, “Alphawave Semi”, “Alphawave”, the “Company”), a global leader in high-speed connectivity for the world’s technology infrastructure, is pleased to publish its trading and business update for the three months ended 31 December 2022.

<table>
<thead>
<tr>
<th>US$m</th>
<th>Q4 2022</th>
<th>Q4 2021</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Licence and NRE</td>
<td>35.1</td>
<td>18.5</td>
<td>90%</td>
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<tr>
<td>Royalties and Silicon Orders</td>
<td>59.7</td>
<td>7.0</td>
<td>nm</td>
</tr>
<tr>
<td>New Bookings (excluding VeriSilicon and WiseWave multi-year subscription licences)</td>
<td>94.8</td>
<td>25.5</td>
<td>272%</td>
</tr>
<tr>
<td>Additional design win activity - FSA drawdowns and China re-sale licences</td>
<td>-</td>
<td>-</td>
<td>nm</td>
</tr>
<tr>
<td>WiseWave multi-year subscription licences</td>
<td>-</td>
<td>-</td>
<td>nm</td>
</tr>
<tr>
<td>Number of end-customers (as at end of period)</td>
<td>69</td>
<td>20</td>
<td>nm</td>
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Due to rounding, numbers presented in the table may not add up to the totals provided and percentages may not precisely reflect the absolute figures.

Tony Pialis, President and Chief Executive Officer of Alphawave IP said: “We ended FY 2022 with strong design win momentum and a rapidly expanded customer base. Building on a broader product portfolio, our design win pipeline remains strong as we can now address more of our customers’ connectivity needs, via both silicon IP and custom silicon. In Q4 2022, we saw the benefits of our hybrid business model and the potential to further monetise our high-performance IP through silicon. We also recently completed several major tapeouts for new next generation products in the 224G, HBM, and UCIE based chiplets. All of this makes us very excited about the year ahead and we remain confident in the long-term growth potential of our business”.

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1 Both FSA (Flexible Spending Account) drawdowns and China re-sale licences convert previously announced contractual commitments included within bookings reported in prior periods to new product design wins which will be recognised as revenue over time.
2 Includes customers from OpenFive who were not already customers of Alphawave and who signed contracts over from 1st September 2022.
John Lofton Holt, Executive Chairman of Alphawave IP said: “The level of bookings in the final quarter of the year reflects the growth potential of our connectivity technology and the ongoing strong execution of our team. Our talented team and leadership in the most advanced technologies support our long-term ambition and the creation of value for shareholders and other stakeholders.”

Key Highlights

Licence and Non-recurring Engineering (“NRE”) bookings in Q4 2022 were up 90% year-on-year. Including estimates of potential future royalties and silicon orders, new bookings excluding the WiseWave multi-year subscription licence were up 272% year-on-year. License & NRE bookings in the fourth quarter were driven primarily by North American and APAC customers, with less than 10% coming from China.

In Q4 2022 we also secured our second design win for our opto-electronics products targeting next generation 800G ethernet applications. This design win leverages our strong electro-optic IP portfolio and shows the potential to create value by meeting more of our customers’ connectivity needs.

Cumulative bookings over the life of the Company exceeded US$580 million.

Expanding Technology Leadership and Strong Customer Traction

Since 2017, the Company has demonstrated connectivity technology leadership at leading edge technology, now at 3nm. Licence and NRE bookings in Q4 2022 were mostly at 7nm, 5nm and 4nm. The Company expects further design wins in 3nm and continues to work with its foundry partners in 3nm and beyond.

Furthermore, in Q4, the Company delivered silicon tapeouts for its next generation 224G, PCI-Express Gen6, HBM3 and UCle interface IP in both 5nm and 4nm processes. 224G, PCI-Express Gen6, CXL3.0, HBM3 and UCle and next generation networking, memory and chiplet interfaces that are critical for AI, server, storage and networking devices deployed heavily by hyperscalers. With our expanded IP portfolio, we are strongly positioned to deliver complete connectivity solutions for our IP and custom silicon customers.

In Q4 2022, Alphawave joined TSMC’s Open Innovation Platform (OIP) 3DFabric Alliance. As a founding member, Alphawave will support TSMC’s OIP in order to drive a new chiplet based ecosystem to accelerate next generation semiconductor developments.

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3 Our bookings comprise in some instances, our estimate of potential future royalties. Our royalties are estimated based on contractually committed royalty prepayments or, in limited instances, on sensitised volume estimates provided by customers.

4 These Chinese customers are out of scope from the WiseWave and VeriSilicon agreements.

5 Since its inception in 2017.
In line with the prior year, in Q4 2022 there were no Flexible Spending Accounts\(^6\) (“FSA”) drawdowns or China (VeriSilicon) reseller deals\(^7\). Both FSA and reseller deals represent the conversion of customer commitments to design wins.

Design win activity in the quarter was strong with 8 new design wins, including 4 from new customers and 4 from repeat customers. In the quarter we built on the advantages of the hybrid business model with four new custom silicon wins in September. Our hybrid model enables the business to generate larger revenue streams by capturing the full value embedded in our custom silicon offering.

Alphawave has now seven of the top ten semiconductor device companies as customers\(^8\), a reflection of its continued strength in the data infrastructure markets that require the world’s most advanced connectivity technology.

**Outlook**

Alphawave expects 2023 revenue of US$340m to US$360m and adjusted EBITDA of approximately US$87m at the mid-point of the revenue guidance range.

Despite the uncertain macroeconomic environment, our growing pipeline reflects positive secular growth trends in data infrastructure markets and the continued investment in next generation connectivity solutions. This combined with our talented team and strong balance sheet give us confidence in our future.

**Alphawave IP Rebrands to Alphawave Semi**

Alphawave IP has rebranded to Alphawave Semi to reflect its expansion into a vertically integrated semiconductor company. Bringing IP and silicon capabilities together adds enhanced value to customers and services more of their high-speed connectivity needs. The new identity preserves the Alphawave brand that customers have come to depend upon and trust. Alphawave Semi continues to expand the technology leadership it has built on high-speed connectivity IP, with a mission to accelerate the critical data infrastructure at the heart of a digital world.

**About Alphawave Semi**

Alphawave Semi is a global leader in high-speed connectivity for the world’s technology infrastructure. Faced with the exponential growth of data, Alphawave Semi’s technology services a critical need: enabling data to travel faster, more reliably and with higher performance at lower power. We are a vertically integrated semiconductor company, and our IP, custom silicon, and connectivity products are deployed by global tier-one customers in data centers, compute, networking, AI, 5G, autonomous

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\(^6\) FSAs or Flexible Spending Accounts represent contracts with customers who have committed to regular periodic payments. These payments are not in respect of specific licences but can be used as credit against future deliverables. FSA drawdowns represent the design win value of transactions signed during the period, against which FSA payments will be credited and will convert to revenue over time.

\(^7\) In February 2021, Alphawave IP signed a three-year exclusive subscription reseller agreement with VeriSilicon with a minimum value of US$54 million. Reseller deals represent the subsequent licensing of IP by VeriSilicon to third parties in China and do not constitute additional bookings for the Company as they are part of the US$54 million minimum commitment.

\(^8\) Semiconductor device companies ranked on market capitalisation.
vehicles, and storage. Founded in 2017 by an expert technical team with a proven track record in licensing semiconductor IP, our mission is to accelerate the critical data infrastructure at the heart of our digital world. To find out more about Alphawave Semi, visit: awavesemi.com

Related Party Disclosures
There are no new related parties disclosed in this press release.

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Trademarks
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