



Q1 2023 Trading and Business Update

- Record quarterly bookings, exceeding US\$100m for the first time
- First 3nm design win with a top North American hyperscaler
- Design win with a leading APAC customer for our leading Gen6 PCIe SerDes and Controller IP
- Strong rate of quarterly design wins reflects the scalability of our technology
- Expanded customer base with 8 new design wins, including 1 new custom silicon design win and 7 IP licence design wins
- Management remains confident in the outlook for the business

LONDON, United Kingdom and TORONTO, Ontario, Canada 28 April 2023 – Alphawave IP Group plc (LN: AWE, the “Company” or “Alphawave Semi”), 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 March 2023.

US\$m	Q1 2023	Q1 2022	Change
Licence and NRE	67.3	19.4	246%
Royalties and Silicon Orders	35.8	5.6	541%
New Bookings (excluding VeriSilicon and WiseWave multi-year subscription licences)	103.1	25.0	312%
Additional design win activity - FSA drawdowns and China re-sale licences ¹	-	5.2	nm
WiseWave multi-year subscription licences	-	-	nm

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 Semi said: “We started the year with record quarterly bookings, breaking through US\$100m for the first time. We also achieved several exciting new wins during the quarter, such as a 3nm IP licence with a top North American hyperscaler and a PCI-Express Gen6 interface-based IP licence for a storage product. Customers’ demand for our high-performance IP and products remains robust and our pipeline is as strong as it has ever been. We are excited about the year ahead and the long-term growth potential of our business.”

John Lofton Holt, Executive Chairman of Alphawave Semi said: “The level of bookings in the first quarter of the year reflects the scalability of our business and our technology leadership in the most advanced technologies. Our talented team and its continued strong execution support our ambition and the creation of long-term value for all our stakeholders.”

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.

Key Highlights

New bookings quadrupled year-on-year from US\$25.0m to US\$103.1m.

Licence and Non-recurring Engineering (“NRE”) bookings in Q1 2023 were up 246% year-on-year to US\$67.3m. Licence and NRE bookings in the first quarter were primarily driven by EMEA and APAC customers, including a chiplet design win with a leading APAC customer. Chinese customers² represented less than 10%.

Royalties and Silicon orders were US\$35.8m, significantly above Q1 2022. The level of silicon orders was driven by pre-existing custom silicon designs for Chinese and North American customers still in production.

The level of bookings in the quarter reflects the scalability of our technology through IP licensing and custom silicon. Our vertically integrated business model enables the business to generate larger revenue streams and capture the full value embedded in our custom silicon offering. Additionally, in Q1 2023, we received the first samples orders for our Connectivity Products.

Expanding Technology Leadership and Strong Customer Traction

Since 2017, the Company has demonstrated connectivity technology leadership in leading-edge technologies, including 3nm process. In Q1 2023, we achieved another design win in 3nm with our ZeusCORE IP. Our IP was licenced by a top North American hyperscaler for its next-generation data centre products. Additionally, we had secured a design with our KappaCORE IP, our leading Gen6 PCIe/CXL Controller IP, with a leading APAC customer. These two design wins reflect the strength of our leading technology and the opportunity to further increase our market share. The Company expects further design wins in 3nm and continues to work with its foundry partners in 3nm and beyond.

With our expanded IP portfolio, we are strongly positioned to deliver complete connectivity solutions for our IP and custom silicon customers. In Q1 2023, through our UCIe-based interconnect IP, we won a custom silicon (chiplet) opportunity with a leading APAC customer. This design win is an indication of the increased market momentum of chiplet architectures.

In Q1 2023, there were no Flexible Spending Accounts³ (“FSA”) drawdowns or China (VeriSilicon) reseller deals⁴. Both FSA and reseller deals represent the conversion of customer commitments to design wins.

Overall, design win activity in the quarter was strong with 8 new design wins, including 1 from a new customer and 7 from repeat customers.

² These Chinese customers are out of scope from the WiseWave and VeriSilicon agreements.

³ FSAs 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.

⁴ 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.

Alphawave Semi now has more than half of the top twenty semiconductor device companies as customers⁵, a reflection of its continued strength in the data infrastructure markets that require the World's most advanced connectivity technology.

Outlook

The outlook for 2023 remains unchanged. Alphawave Semi expects 2023 revenue of US\$340m to US\$360m and adjusted EBITDA of approximately US\$87m (or approximately 25% of revenue), which is 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.

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 centres, compute, networking, AI, 5G, autonomous 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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Contact Information:

Alphawave Semi	John Lofton Holt, Executive Chairman Jose Cano, Head of IR	ir@awaveip.com +44 (0) 20 7717 5877
Brunswick Group	Simone Selzer Sarah West	alphawave@brunswickgroup.com +44 (0) 20 7404 5959
Gravitate PR	Lisette Paras Siddarth Nigam	alphawave@gravitatepr.com +1 415 420 8420

⁵ Semiconductor device companies ranked on market capitalisation as of 19.04.23.