



H1 2023 Results

25 September 2023



Forward-Looking Statement

Certain statements included herein may constitute forward-looking statements within the meaning of the securities laws of certain jurisdictions. Certain such forward-looking statements can be identified by the use of forward-looking terminology such as “believes”, “expects”, “may”, “are expected to”, “intends”, “will”, “will continue”, “should”, “would be”, “seeks”, “anticipates” or similar expressions or the negative thereof or other variations thereof or comparable terminology. These forward-looking statements include all matters that are not historical facts. They include statements regarding Alphawave IP Group Plc’s (“Alphawave IP”) intentions, beliefs or current expectations concerning, amongst other things, its results in relation to operations, financial condition, prospects, growth, strategies and the industry in which it operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and Alphawave IP’s actual results of operations, financial condition, and the development of the industry in which it operates, may differ materially from those made in or suggested by the forward-looking statements contained in this Presentation. In addition, even if Alphawave IP’s results of operations, financial condition, or the development of the industry in which it operates are consistent with the forward-looking statements contained in this Presentation, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause those differences include, but are not limited to customer demand, Alphawave IP’s innovation and R&D and technology capabilities, target market trends, industry trends, customer activities and end-market trends, market acceptance of Group technologies; increased competition; macroeconomic conditions; changes in laws, regulations or regulatory policies; and timing and success of strategic actions. These forward-looking statements speak only as of the date of this Presentation. As such, undue reliance should not be placed on forward-looking statements. Other than in accordance with legal and regulatory obligations, Alphawave IP undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.



On The Call Today



John Lofton Holt, Founder and Executive Chair



Tony Pialis, Founder and Chief Executive Officer



Christian Bowsher, Acting Chief Financial Officer



Agenda

Governance Update	John Lofton Holt, Founder and Executive Chair
Business Highlights	Tony Pialis, Founder and CEO
Financial Review and Outlook	Christian Bowsher, Acting Chief Financial Officer
QA Session	





Introduction

John Lofton Holt, Founder and Executive Chair

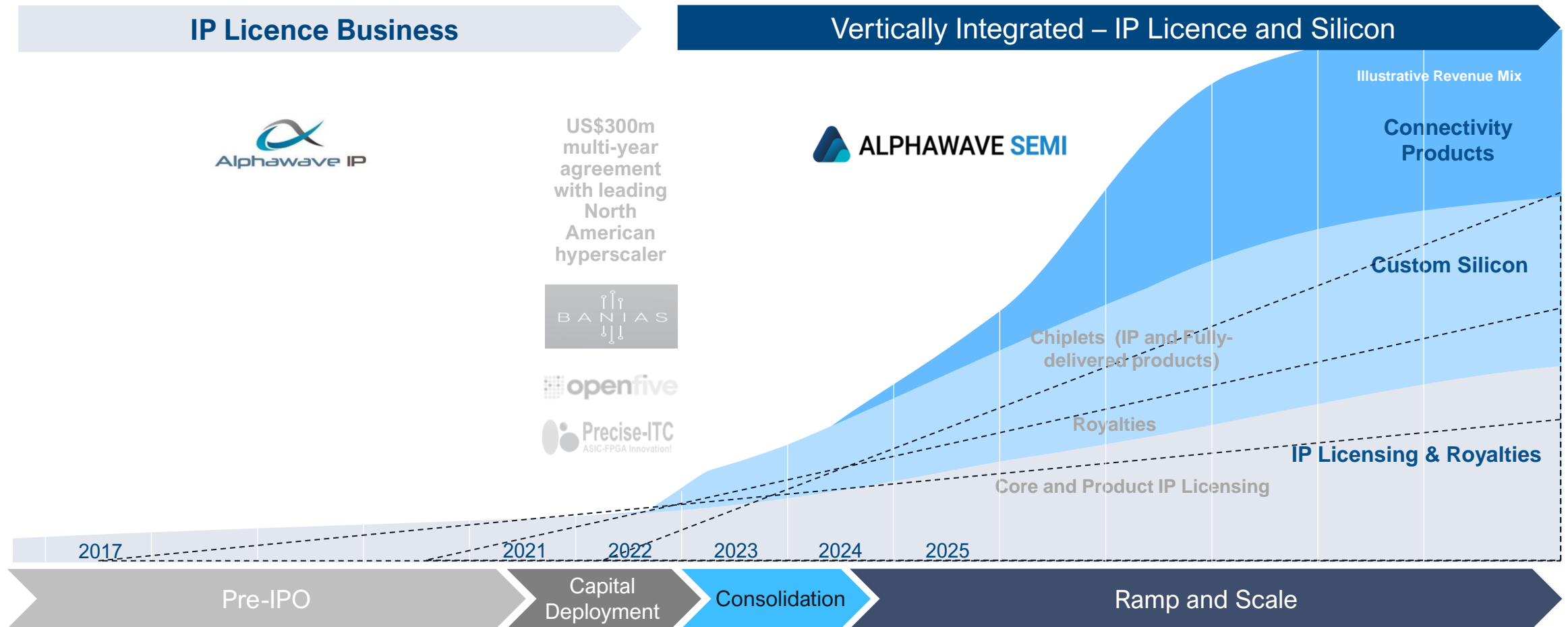
Governance Update

- Additional governance on finance operations with the appointment of David Reeder to the Board
- Good progress made on multiple fronts:
 - Detailed review of FY 2022 audit findings
 - Internal controls
 - ERP implementation project
 - Finance organisation structure



Leading Connectivity Technology for Digital Infrastructure

First Six Months of the Consolidation Period





Business Update

Tony Pialis, Founder and CEO

H1 2023 Highlights

Bookings

US\$187m

H1 2022: US\$53m

Revenue

US\$187m

H1 2022: US\$57m

Adjusted EBITDA¹

US\$32m

H1 2022: US\$23m

Design Wins

16

H1 2022: 13

End-Customers

85

FY 2022: 80
H1 2022: 28

Employees

744

FY 2022: 695
H1 2022: 251

¹ See slide 26 for reconciliation of non-GAAP metrics



AI-Centric Data Centers - Custom Silicon for AI Workloads

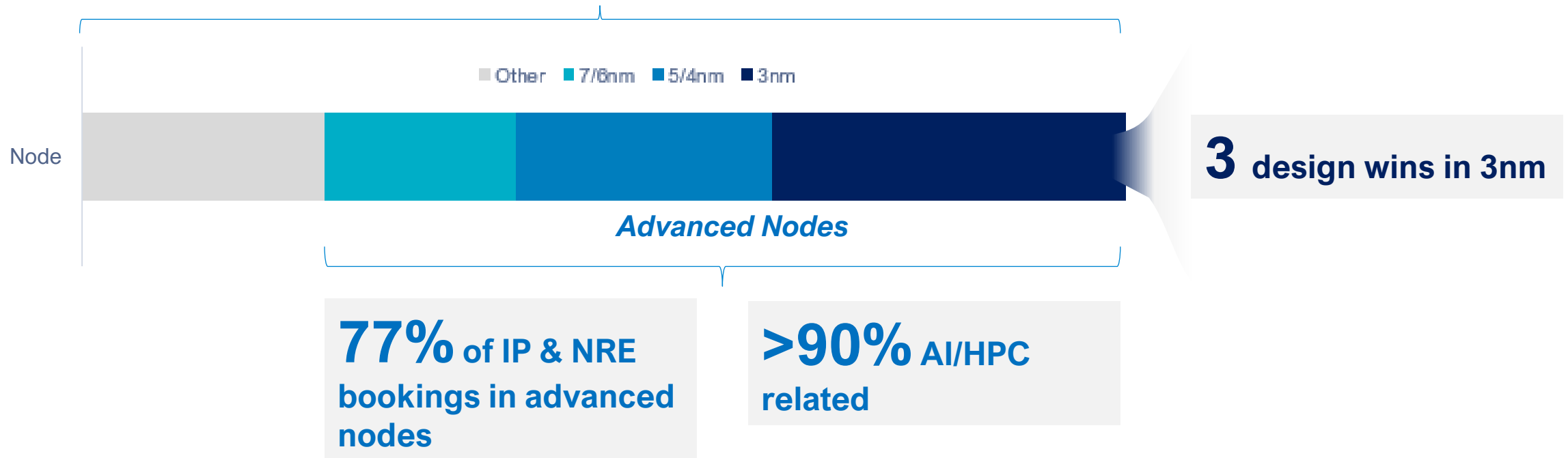


Changing The Business Mix Towards Advanced Nodes

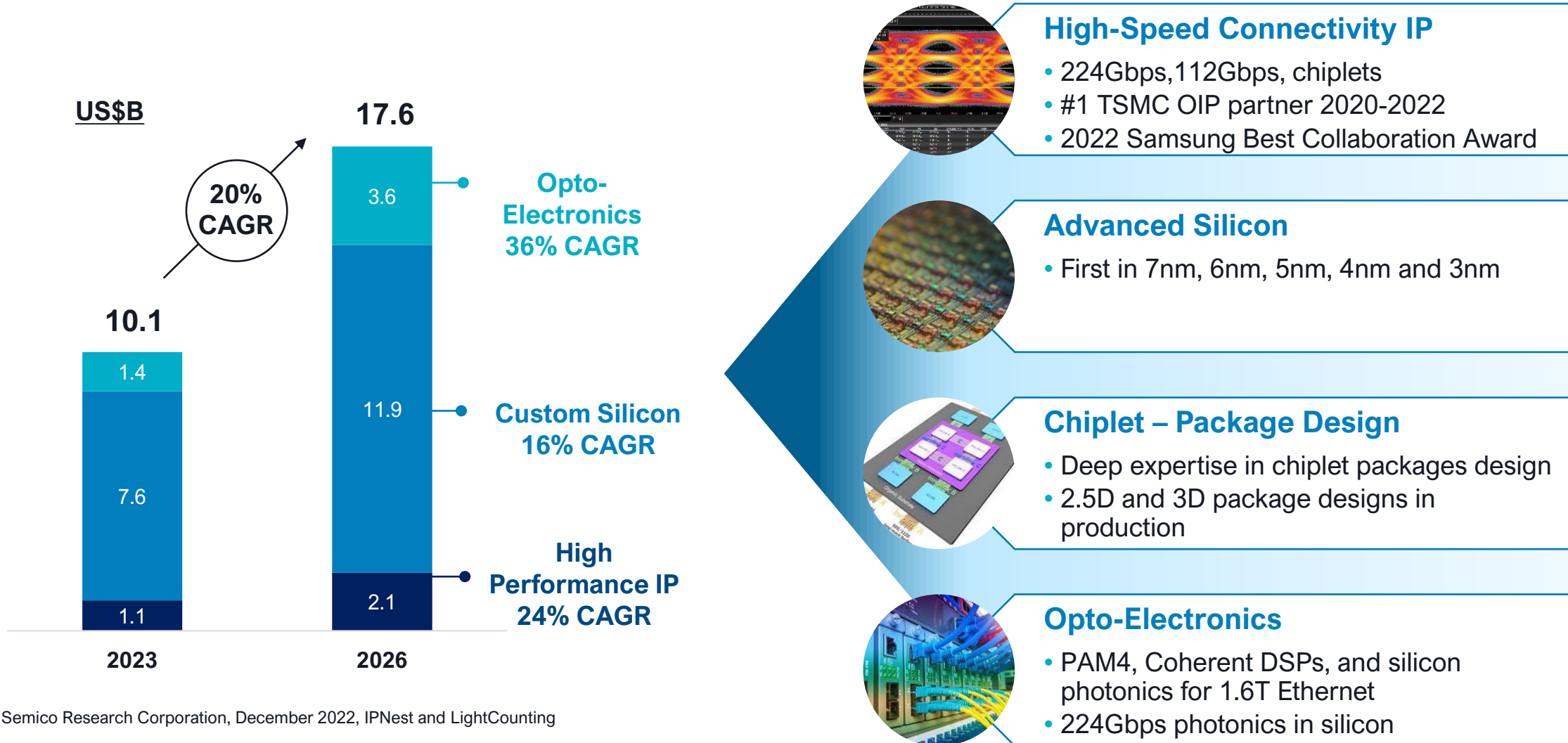
IP & NRE Bookings – Leading Indicator of Business Mix

- Focus on high-growth markets and high value opportunities

H1 2023 Bookings IP & NRE US\$114.9m



Addressing a Growing Market With Leading Edge Capabilities



Semico Research Corporation, December 2022, IPNest and LightCounting



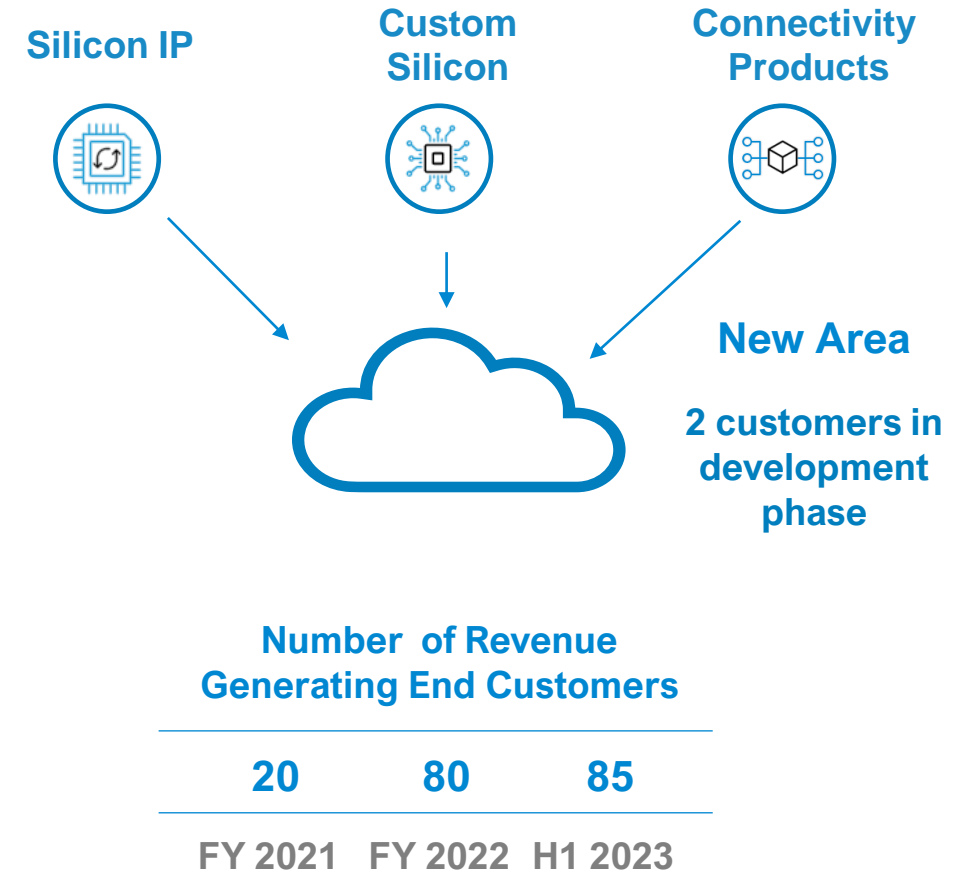
Growth Strategy Built on a Broad Product Portfolio

Leading Connectivity IP and Silicon



Winning Business in Advanced Connectivity Solutions

- Different business mix of H1 2023 bookings and revenue reflect consolidation period
- Investing in R&D to support our pipeline and future revenue growth
- On track to deliver first revenue of Connectivity Products in 2024
- Servicing our customers with a wider offering of connectivity silicon IP, custom silicon and opto-electronic products focused on data centers and wireless infrastructure
- 2023 and medium-term outlook for the business remains unchanged





Financial Overview

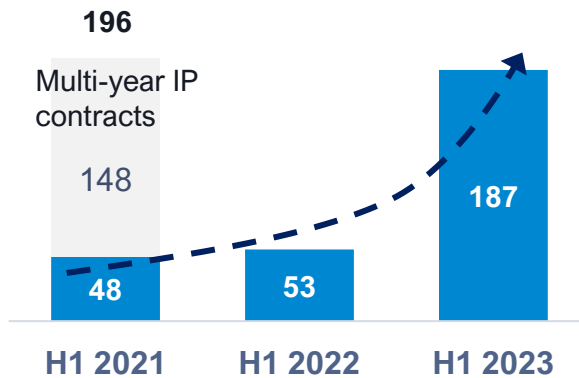
Chris Bowsher, Acting Chief Financial Officer

H1 2023 Bookings up 251% Year-on-Year

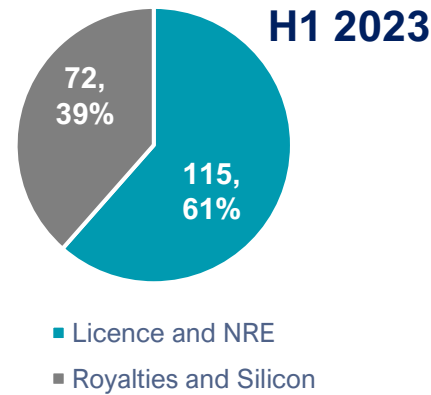
77% of IP & NRE Bookings in Advanced Nodes



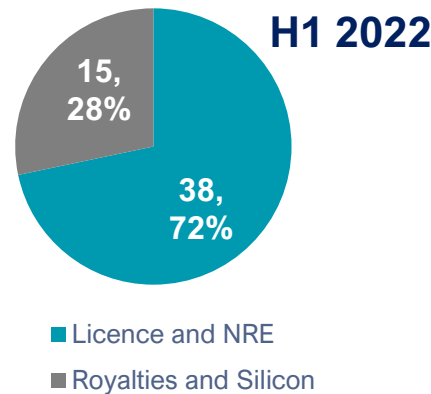
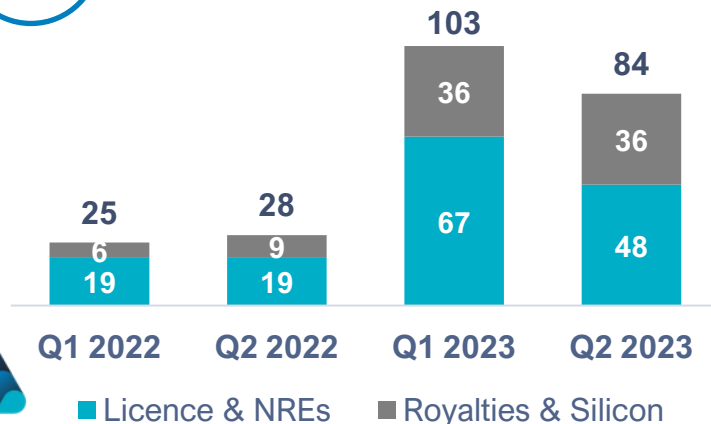
Bookings (US\$m)



Split by Business



By Quarter (US\$m)



Licence & NRE

- Main contribution from North American customers
- Increased contribution from EMEA and APAC
- First 3nm custom silicon design win with 224G Ser-Des IP enabling 800G/1.6T connectivity
- Design win with a leading APAC customer for our leading Gen6 PCIe SerDes and Controller IP

Royalties & Silicon

- Mainly driven by orders from Chinese and North American customers

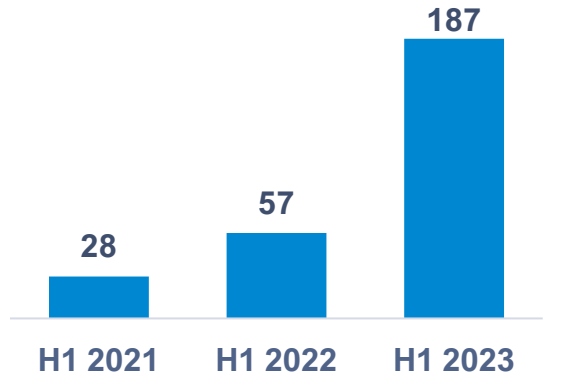


H1 2023 Revenue up 228% Year-on-Year

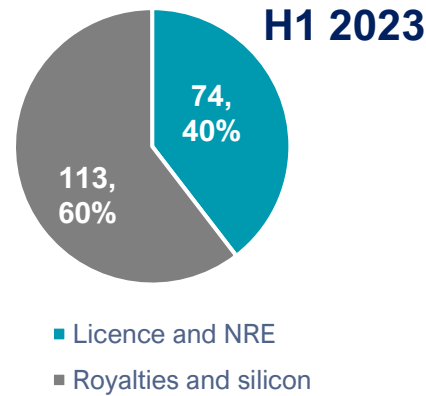
Revenue Outside of China US\$63m up 79% Year-on-Year



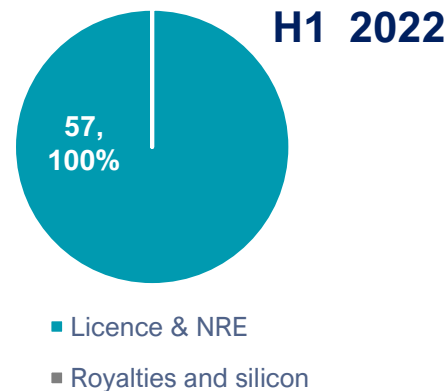
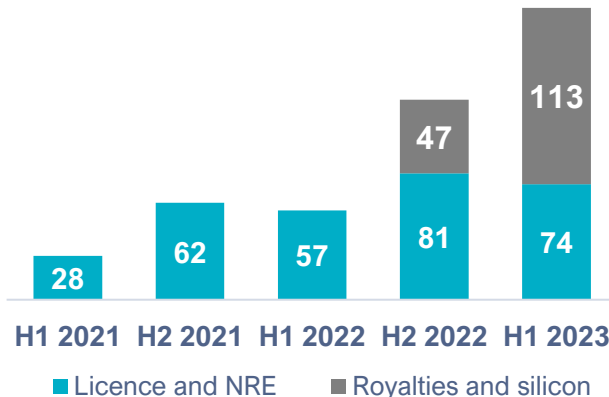
Revenue (US\$m)



Revenue (US\$m)



H1/H2 Split by Business (US\$m)



Licence & NRE

- Growth mainly driven by multi-year contracts

Royalties & Silicon

- Approximately $\frac{3}{4}$ from Chinese customers related to pre-existing custom designs in production

North America +134% YoY

H1 2023 Gross margin at 44% reflects business mix including legacy silicon revenue from OpenFive

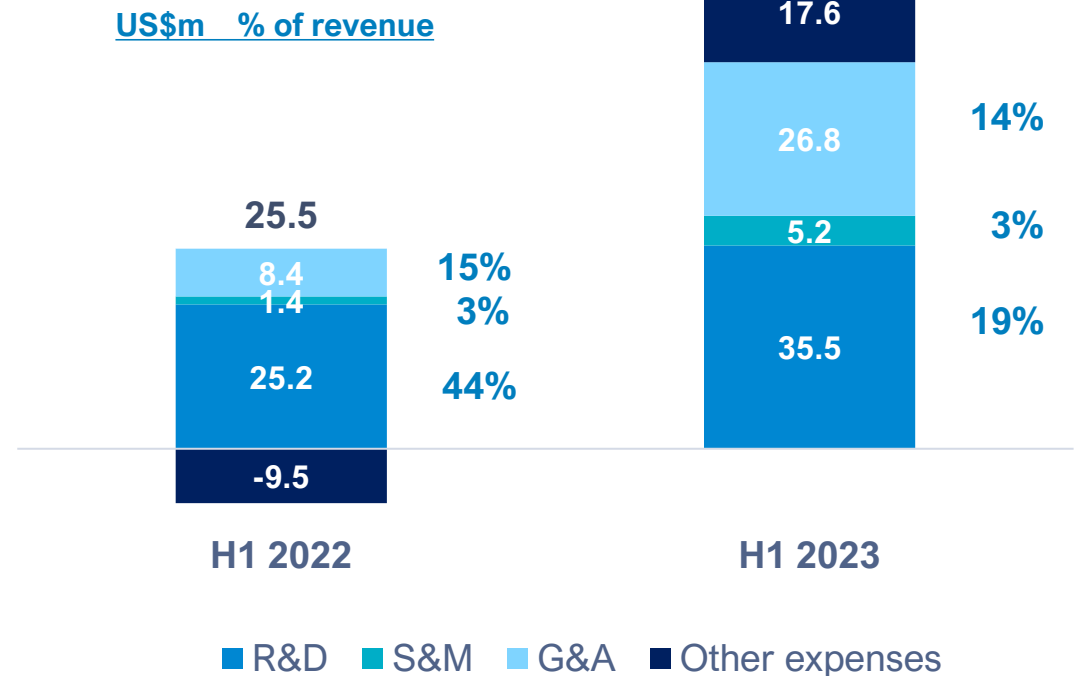


Investing In Future Revenue Growth

Operating Expenses Reflect Increased Headcount

- Increased headcount from 251 to 744
 - Approximately 350 employees from the acquisitions of OpenFive and Banias Labs
- R&D - increased headcount and some additional IT/SW tooling required
 - US\$24.7m R&D expenses capitalised in H1 2023 (H1 2022: US\$nil)
 - US\$6.3m amortisation of acquired intangibles
- G&A – building finance, legal and HR functions
 - Includes US\$4.1m of deferred compensation payments related to acquisitions
- Other expenses/(income) in H1 2022 included a US\$19.3m exchange gain
 - H1 2023 SBP US\$18.5m (H1 2022: US\$7.2m)

Closing HC	H1 2023	H1 2022
R&D/Engineering	662	220
G&A	60	22
S&M	22	9
Total	744	251



Due to rounding, numbers presented in the chart may not add up to the totals provided.



Higher Adjusted EBITDA Reflects Increasing Scale

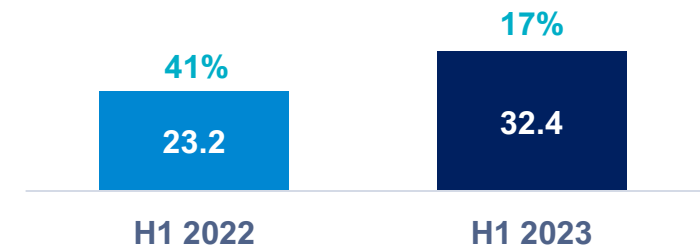
Adjusted EBITDA Margin Reflects Business Mix and Investment in Growth

- EBITDA¹ in H1 2022 included US\$19m exchange gain
- **Adjusted EBITDA of US\$32.4m, 40% over H1 2022**
- Adjusted EBITDA margin of 17% reflects:
 - Acquired legacy custom silicon revenue at low margin
 - Investment in capabilities to support our pipeline of opportunities
- Adjusted diluted EPS of \$2.20
 - Higher adjusted operating profit
 - Higher share count

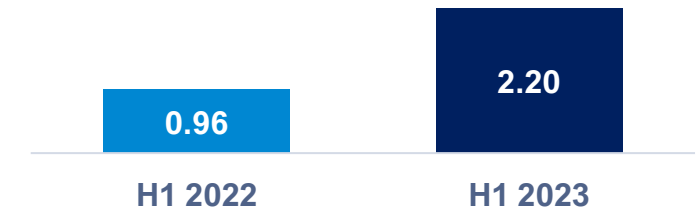
EBITDA (US\$m)



Adjusted EBITDA (US\$m) and margin



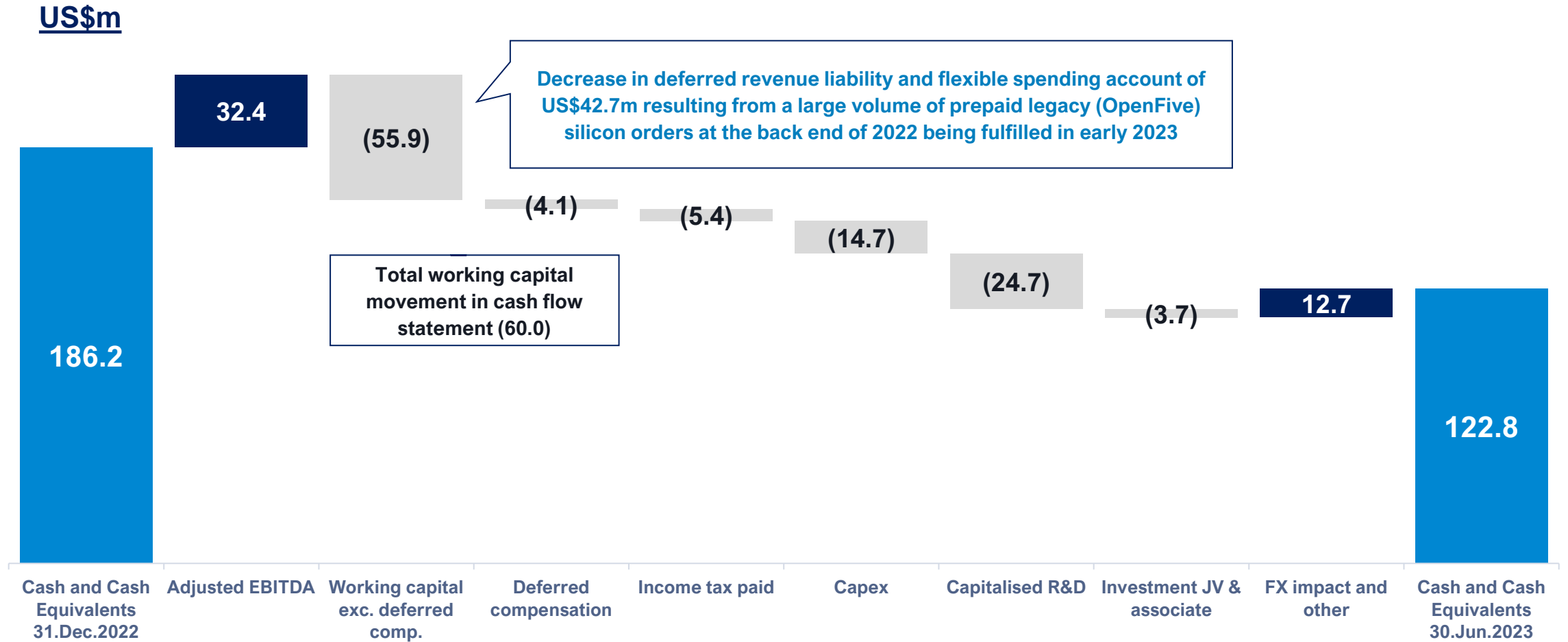
Adjusted Diluted EPS US\$



¹ See slide 26 for reconciliation of non-GAAP metrics



H1 2023 Cash Flow Bridge



Due to rounding, numbers presented in the chart may not add up to the totals provided.



Debt Covenants

- Fixed charges coverage ratio was below 1.25x mostly due to:
 - Higher working capital requirement as a result of a significant reduction in deferred revenue
 - Higher proportion of lower-margin silicon revenue at the beginning of the year
 - Increased investment in research and development activities
- Long-term waiver established for the period to the quarter ending 30 June 2024
- Net leverage covenant remains unchanged
- New minimum liquidity requirement until 30 September 2025



Outlook Unchanged

US\$	2023 ¹	2025
Revenues	\$340-360m	\$500m
Gross margin		c.60%
Opex %		c.30%
R&D %		Below 20%
Adjusted EBITDA¹	Approx. \$87m	Approx. \$150m
Adjusted EBITDA %	c. 25%	c.30%
Capex (exc. Cap R&D)	c. 12%	c. 10%

H1 2023

- Depreciation and amortisation US\$13.3m
- Share-based payments US\$18.5m
- Deferred compensation US\$4.1m
- Capex US\$14.6m or 8% of revenue
- Capitalised R&D of US\$24.7m or 13% of revenue

¹ 2023 assumes mid-point of the guidance range and 25% adjusted EBITDA margin; 2025 assumes US\$500m revenue and 30% adjusted EBITDA margin





QA Session



Thank You!

Non-GAAP Metrics

See note 4 to the accounts Alternative Performance Measures H1 2023 Results Report at <https://www.awaveip.com/en/investors/results-reports-presentations/>

	Six months ended 30 June 2023 US\$m	Year ended 31 December 2022 US\$m
Backlog (end of the prior year)	364.5	168.6
Add: New bookings excluding IP royalties	187.2	213.0
Add: Backlog acquired with OpenFive and Precise-ITC	-	168.3
Less: Revenues recognised in the period ¹	(187.2)	(185.4)
Backlog (end of the period)	364.5	364.5

Operating profit to EBITDA reconciliation

(US\$'000)	Six months ended 30 June 2023	Six months ended 30 June 2022
Operating (loss)/profit	(2,580)	29,898
Add backs:		
Depreciation and amortisation	13,307	2,839
EBITDA	10,727	32,737

EBITDA to adjusted EBITDA reconciliation

(US\$'000)	Six months ended 30 June 2023	Six months ended 30 June 2022
EBITDA	10,727	32,737
Add backs:		
Non-recurring M&A-related (income)/costs	(263)	2,537
Share-based payment	18,502	7,192
Exchange gain	(592)	(19,271)
Retention payments	4,069	-
Adjusted EBITDA	32,443	23,195

Profit after tax to adjusted profit after tax reconciliation

(US\$'000)	Six months ended 30 June 2023	Six months ended 30 June 2022
Profit after tax	(13,431)	16,252
Add backs:		
Non-recurring M&A-related (income)/costs	(263)	2,537
Share-based payment	18,502	7,192
Exchange gain	(592)	(19,271)
Retention payments	4,069	-
Amortisation of acquired intangibles	6,328	-
Tax effect of above adjustments	823	-
Adjusted profit after tax	15,436	6,710

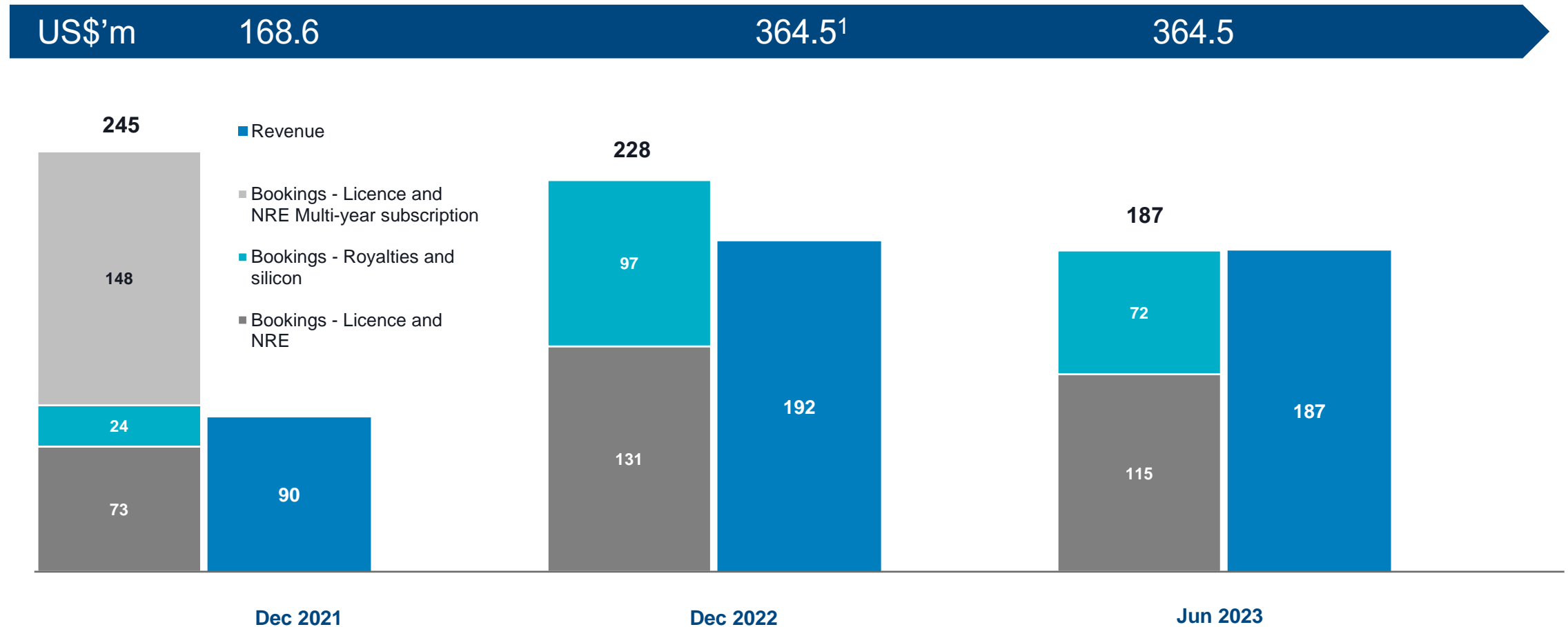
Adjusted profit per ordinary share attributable to the shareholders (expressed in cents per ordinary share)

	Note	Six months ended 30 June 2023	Six months ended 30 June 2022
Adjusted basic earnings per share	13	2.20	1.00
Adjusted diluted earnings per share	13	2.20	0.96



Backlog US\$366m

Large Diverse Backlog Drives Stability and Predictability With 18+ Months of Visibility



¹ Including backlog from OpenFive and Precise-ITC of approximately over US\$100m

