



## Q4 2023 Trading and Business Update

- Record quarterly bookings of US\$128.7m
- Record quarterly licence and NRE bookings of US\$121.1m up 245% over Q4 2022
- Approximately 90% of licence & NRE bookings in advanced nodes, 7nm and below
- Major extension of IP development and licencing deal with leading APAC customer including UCle, PCIeGen7, 224G and 2nm technology
- 3nm HPC<sup>1</sup> chiplet-based custom silicon design win for a leading European HPC supplier
- 7 new design wins, mainly in APAC, Europe and North America
- Partnership with ARM expands addressable market
- Strong pipeline of opportunities in Q1 2024 and FY 2024
- Management remains confident in the outlook for the business

**LONDON, United Kingdom and TORONTO, Ontario, Canada 22 January 2024** – 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 December 2023.

US\$m	Q4 2023	Q4 2022	Change
Licence and NRE	121.1	35.1	245%
Royalties and Silicon Orders	7.6	59.7	(87)%
New Bookings	128.7	94.8	36%
Additional design win activity - FSA drawdowns and China re-sale licences <sup>2</sup>	0.4	-	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:** “In the past quarter we achieved record quarterly bookings of US\$128.7m, predominantly in our high margin IP and custom silicon NRE business. We continued to increase our market share in advanced nodes with a major IP extension with a leading APAC customer and our second 3nm custom silicon design win. Our Q1 2024 pipeline remains strong with continued high demand from customers for our high-performance IP and products. We are excited about the long-term growth potential of our business.”

**John Lofton Holt, Executive Chairman of Alphawave Semi said:** “Our technology leadership in the most advanced technologies is driving the ongoing momentum of design wins and record quarterly bookings. This momentum is driven by the leading hyperscalers and AI companies in

<sup>1</sup> High Performance Computing

<sup>2</sup> 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.

North America. We enter 2024 with strong business momentum and remain focused on execution and long-term value creation.”

## Key Highlights

New bookings in Q4 2023 were 36% above the prior period at US\$128.7m (Q4 2022: US\$94.8m).

Licence and Non-recurring Engineering (“NRE”) bookings in Q4 2023 were 245% above Q4 2022 at a quarterly record of US\$121.1m. EMEA, APAC (excluding China) and North American customers represented 99% of these bookings and approximately 90% of the licence & NRE bookings were in advanced nodes, 7nm and below.

As anticipated, Royalties and Silicon orders were down significantly over Q4 2022 at US\$7.6m, as we actively de-prioritised the legacy lower margin silicon business from Chinese customers. Silicon orders in the quarter were from EMEA and North American customers. We expect further silicon orders from Chinese customers in 2024, albeit at a lower level than in 2023.

Our pipeline of opportunities in Q1 2024 remains strong. The level of bookings in the quarter and our growing pipeline reflects the scalability of our technology through IP licensing and custom silicon.

Our Connectivity Products Group continues to make good progress toward our plan to start generating revenue in 2024.

The combined custom silicon design wins in 2023 will support our mid- and long-term revenue targets as we start to generate revenue from the production phase. These wins currently have a potential lifetime revenue from silicon production of approximately US\$500m which is not yet reflected in our bookings or backlog. The first silicon production orders are expected in 2025 which is when they will start contributing to revenue<sup>3</sup>.

## Expanding Technology Leadership and Strong Customer Traction

Alphawave Semi’s customers include leading semiconductor device companies, as well as data center module makers and hyperscalers.

Overall, design win activity in the quarter was strong with 7 new design wins, mainly from existing end-customers. These wins reflect Alphawave Semi’s continued strength in AI and the data infrastructure markets that require the world’s most advanced connectivity technology.

Since 2017, Alphawave Semi has demonstrated connectivity technology leadership in leading-edge technologies. In Q4 2023 we signed a major IP licence deal extension with a leading APAC customer, including UCIe, PCIeGen7, 224G and 2nm technology and a 5nm IP Licence deal with a leading North American customer. These design wins reflect the ongoing market momentum of leading-edge connectivity. The Company expects further design wins in 3nm and continues to work with its foundry partners in 3nm, 2nm and beyond.

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<sup>3</sup> Silicon orders typically convert to revenue in 3-6 months

With our expanded IP portfolio and silicon expertise, we are strongly positioned to deliver the most advanced connectivity solutions for our custom silicon customers. In Q4 2023, we won further 3nm custom silicon business. We signed an HPC<sup>4</sup> chiplet-based custom silicon design win with a leading European HPC company driving an EU-wide HPC initiative driven by Alphawave Semi's next generation 32G UCIe and HBM3 technologies. Furthermore, during the quarter we won additional 3nm business with a leading North American module maker.

In Q4 2023, there were US\$nil Flexible Spending Accounts<sup>5</sup> ("FSA") drawdowns (Q4 2022: US\$nil) and US\$0.4m China (VeriSilicon) reseller deals<sup>6</sup> (Q4 2022: US\$nil). Both FSA and reseller deals represent the conversion of customer commitments to design wins.

During the quarter Alphawave Semi announced that it had joined [Arm Total Design](#), an ecosystem to make specialised solutions based on Arm® Neoverse™ Compute Subsystems (CSS) widely available across the infrastructure. Generative AI has fundamentally transformed data center compute and connectivity by creating a surge in demand for compute, memory bandwidth, I/O speeds, and energy efficiency. Customers gain a significant time to market advantage by integrating Alphawave Semi's Universal Chiplet Express (UCIe™) enabled custom silicon and pre-built connectivity chiplets with Arm Neoverse CSS compute.

## 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 AI-centric connectivity solutions. This, combined with our talented team and strong balance sheet, give us confidence in our future.

The Company will report audited results for the year ended 31 December 2023, in April 2024. Further details will be provided near the time.

## 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,

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<sup>4</sup> High Performance Computing

<sup>5</sup> 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.

<sup>6</sup> 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.

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](http://awavesemi.com)

### Related Party Disclosures

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

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