



FY 2023 Results

23 April 2024

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



Rahul Mathur, Chief Financial Officer



Agenda

Business Introduction John Lofton Holt, Founder and Executive Chair

Business Highlights Tony Pialis, Founder and CEO

Financial Review and Outlook Rahul Mathur, Chief Financial Officer

QA Session





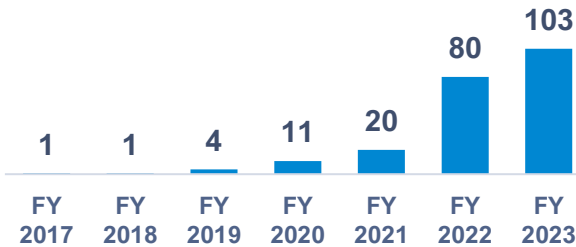
Business Introduction

John Lofton Holt, Founder and Executive Chair

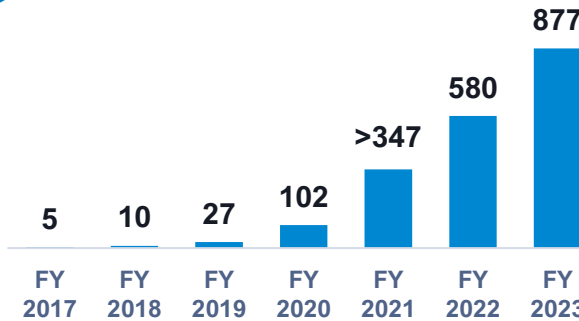
Focused on Delivering Results Since IPO...



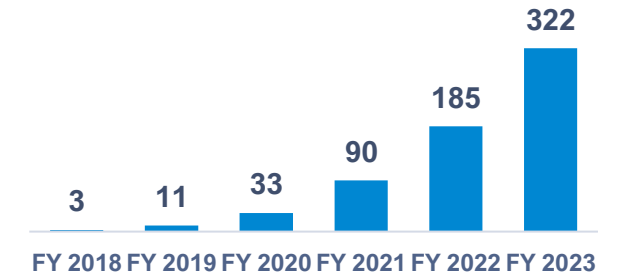
End Customers^{1,2}



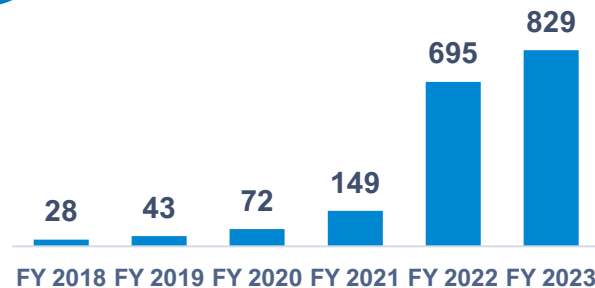
Cumulative Bookings² (US\$m)



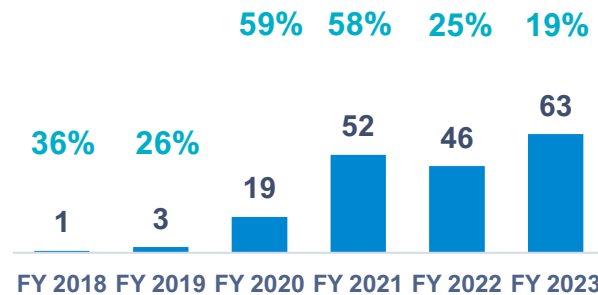
Revenue (US\$m)²



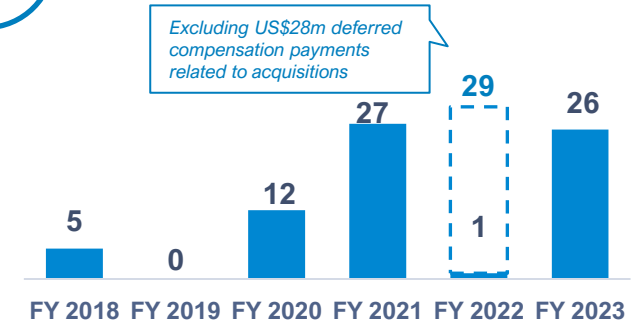
Employees²



Adjusted EBITDA² (US\$m) & Margin



Cash generated from Operations^{2,3} (US\$m)



1 Revenue generating customers.
 2 FY 2017 and FY 2018 as per IPO prospectus. FY 2023 includes backlog adjustment
 3 FY 2022 has been restated

A Year of Significant Progress

- Increased financial expertise with appointments of David Reeder (NED) and Rahul Mathur (CFO)
- Appointment of Chief Revenue Officer, Charlie Roach
- ESG Steering Committee driving improvements in ESG activities and ratings
- Acquisitions consolidated – custom silicon already delivering strong bookings in advanced nodes

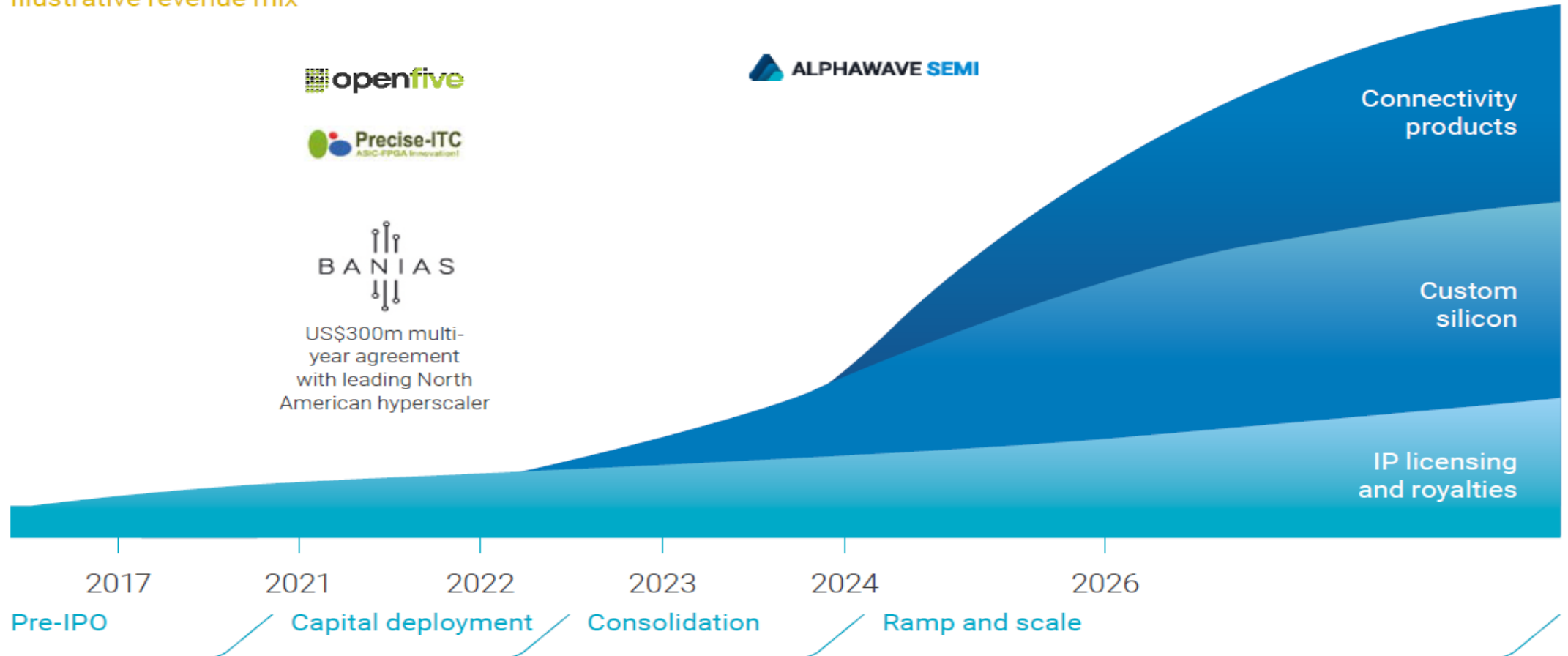


Leading Connectivity Technology for AI and Digital Infrastructure

IP licence business

Vertically integrated business – IP licence and silicon

Illustrative revenue mix





Business Update

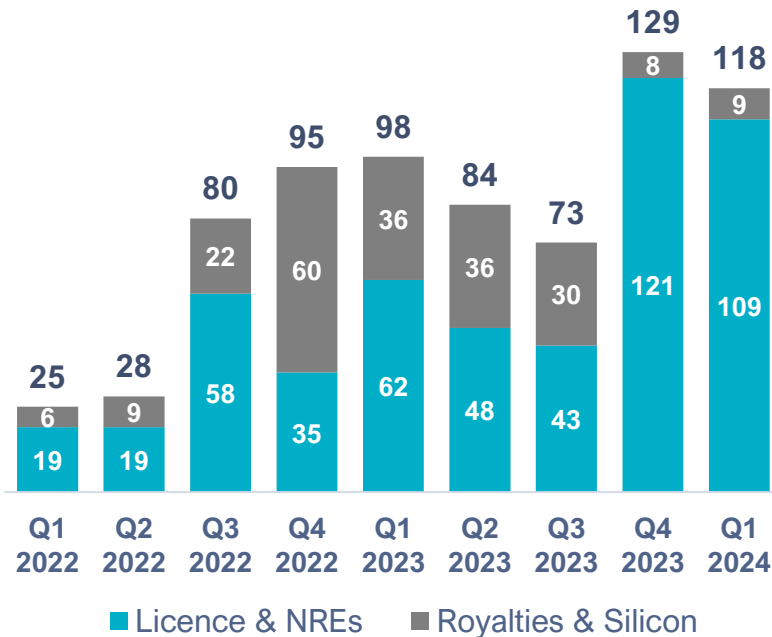
Tony Pialis, Founder and CEO

Q1 2024 Bookings – Strong Start to 2024

Licence and NRE Bookings up 75% Year-on-Year

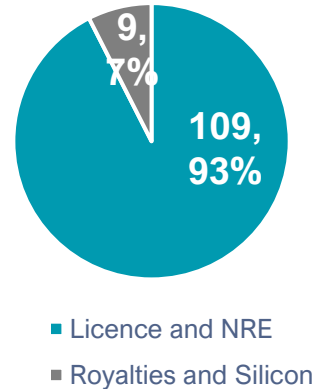


Bookings (US\$m)

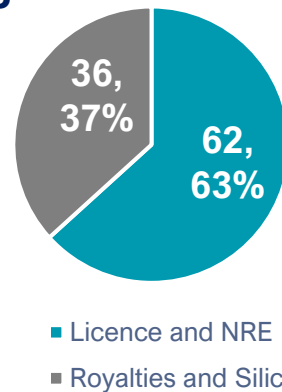


Split by Business (US\$m)

Q1 2024



Q1 2023



US\$118m bookings in Q1 2024

Licence & NRE

- Two 5nm AI-related custom silicon design wins (Korea and North America)
- 4nm licencing IP deal with leading North American automotive company

Royalties & Silicon

- Accelerated transition away from low margin legacy business from Chinese customers



FY 2023 Highlights

Backlog¹

US\$355m

FY 2022: US\$380m

Revenue

US\$322m

FY 2022: US\$185m

Adjusted EBITDA¹

US\$63m

FY 2022: US\$47m

Design Wins

34

FY 2022: 28

End-Customers

103

FY 2022: 80

Employees

829

FY 2022: 695



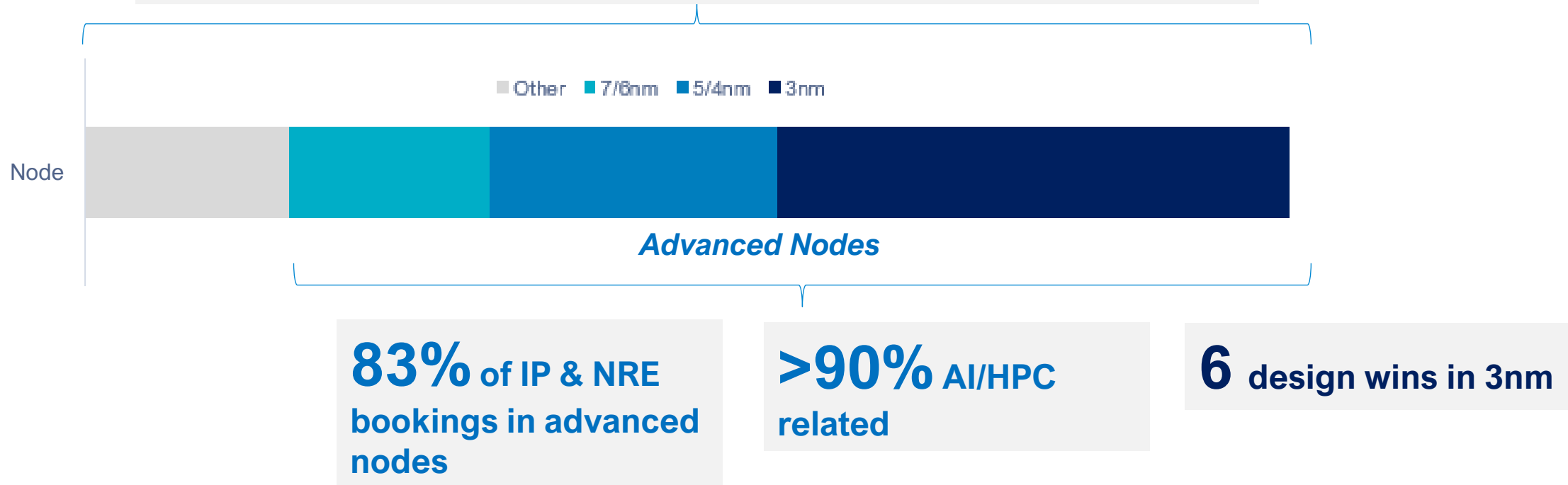
¹ Backlog excluding royalties. FY 2022 Restated. For the definition of non-IFRS measures see Alternative Performance Measures on slide 26

Changing The Business Mix Towards Advanced Nodes

Licence & NRE Bookings – Leading Indicator of Business Mix

- Focus on high-growth markets and high value opportunities

FY 2023 Bookings Licence & NRE US\$274.0m up 109% over FY 2022



Building the Next Leader in Advanced Connectivity for AI

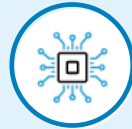
Key Achievements in 2023

Connectivity Silicon IP



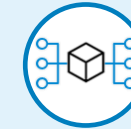
- Full portfolio of connectivity solutions for AI
- Next generation interfaces 200G, PCIe7, HBM, UCIe

Custom Silicon



- Transformed business from low margin to advanced node data center/AI business
- Arm Total Design Ecosystem - expands addressable market
- US\$500m potential lifetime silicon revenue based on 2023 design wins

Connectivity Products

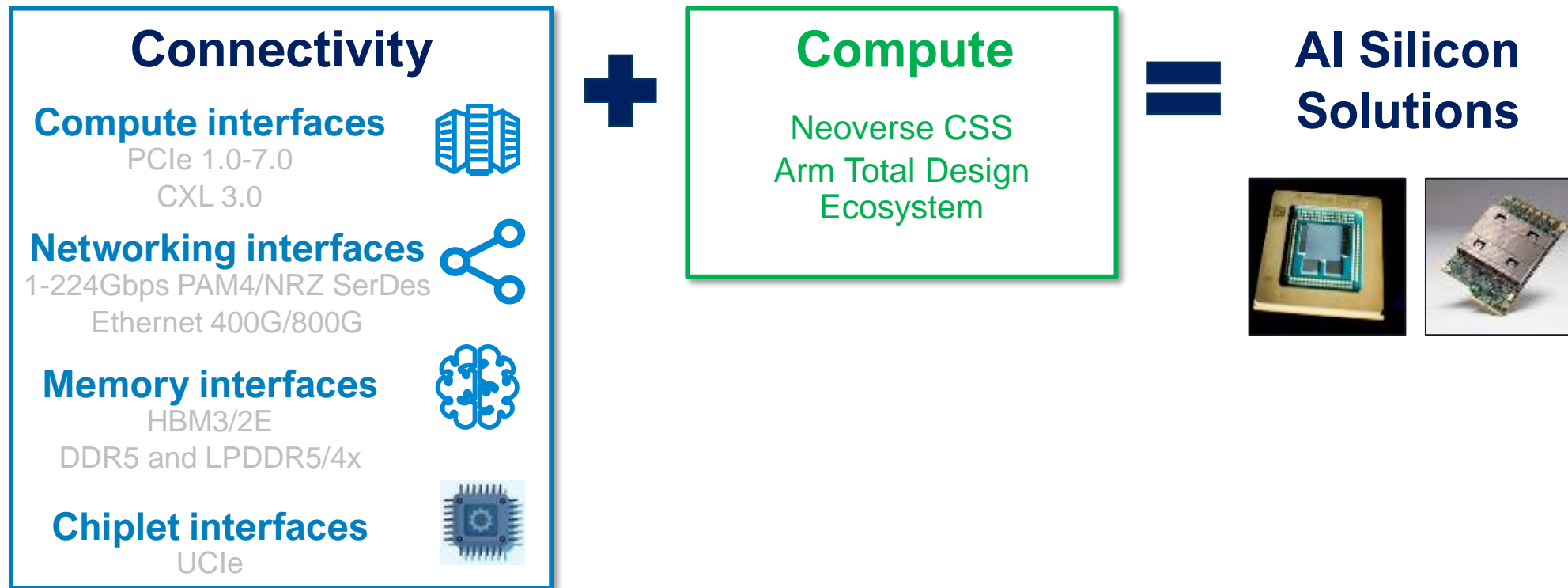


- On track to generate first time revenue in 2024
- Tape outs on third evaluation at hyperscaler
- Prototype second generation opto-electronics
- Second customer, a Leading networking North American company



Leveraging a Full Portfolio of Technologies for AI

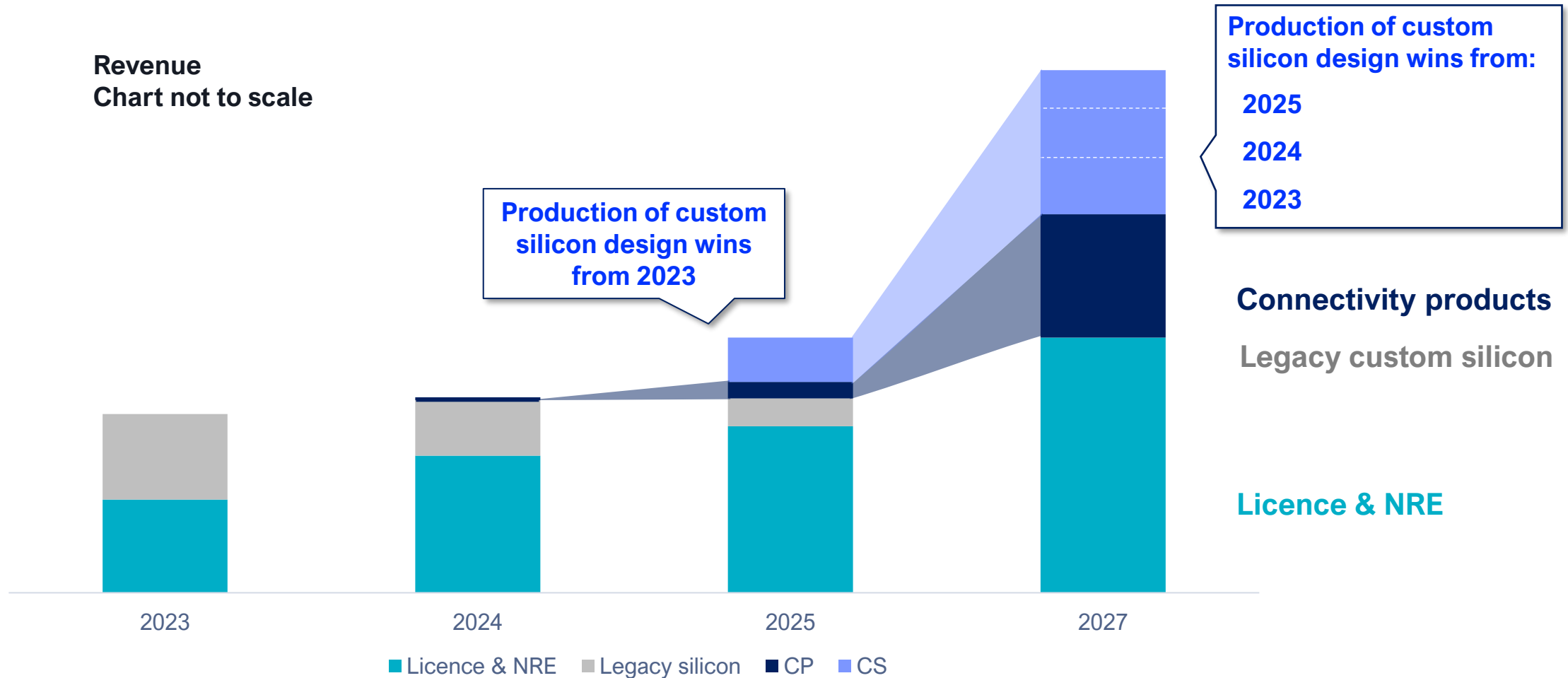
- Custom silicon and chiplets solutions optimized for AI workloads are essential to affordably scale compute and connectivity performance, achieve lower power, and faster time to market
- The move to disaggregated computing and geographically distributed data centers to efficiently scale compute resources, is driving new demand for optics and low-latency connectivity solutions



Silicon Products Provide Increased Scale and Predictability

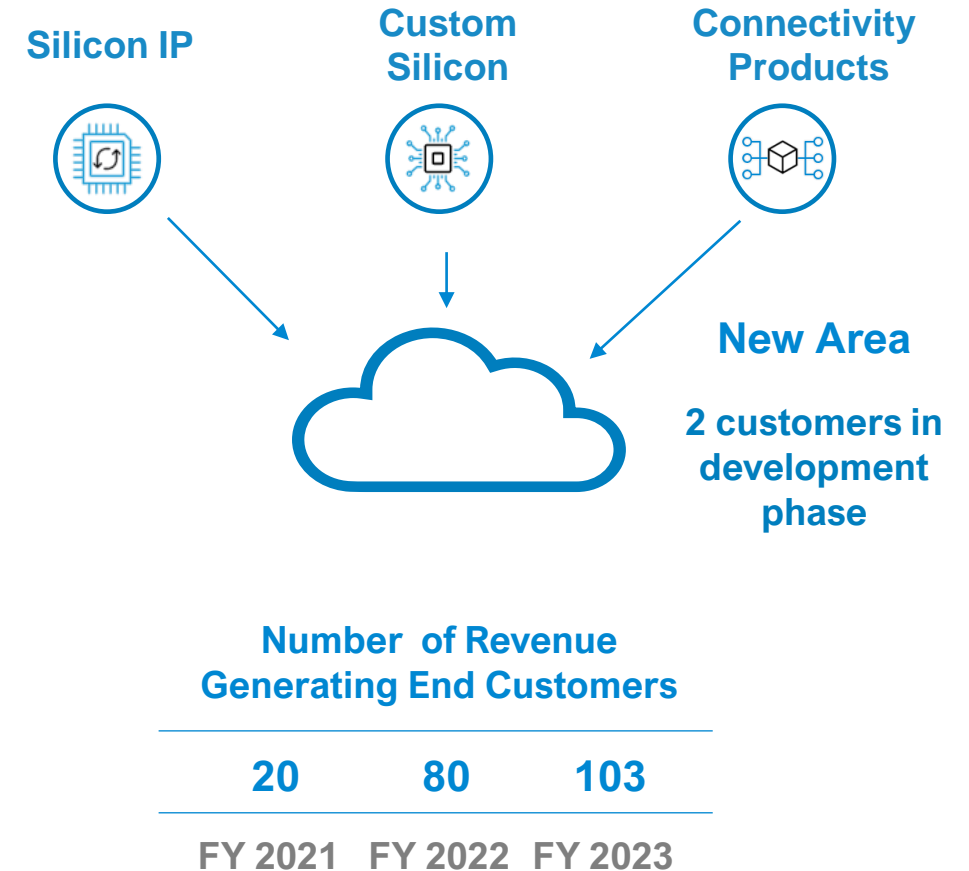
Visibility to US\$500m Lifetime Production Revenue from Custom Silicon 2023 Design Wins

Revenue
Chart not to scale



Winning Business in Advanced Connectivity and AI Solutions

- Investing in R&D to support our pipeline and future revenue growth
- Servicing our customers with a full offering of connectivity silicon IP, compute expertise, and custom silicon capabilities
- Transformed custom silicon business into an AI/data centre business
- On track to deliver first revenue of Connectivity Products in 2024





Financial Overview

Rahul Mathur, Chief Financial Officer

Key Messages

US\$m	FY 2023	FY 2022	Change	Comments
Closing backlog	354.9	379.7	(7)%	Lower but enriched backlog reflects higher contribution from bookings in advanced nodes
Revenue	321.7	185.4	74%	Growth with North American and APAC customers. Significant contribution from legacy OpenFive backlog
Gross profit	165.4	124.6	33%	Change in business mix from delivery of OpenFive legacy backlog
<i>Gross margin</i>	<i>51%</i>	<i>67%</i>	<i>(16)ppts</i>	
R&D, S&M, G&A	(131.8)	(89.5)	47%	Annualised impact of increased headcount from the 2022 acquisitions and ongoing investment in the business to support growth
Adjusted EBITDA	62.6	46.8	34%	
<i>Adjusted EBITDA %</i>	<i>19%</i>	<i>25%</i>	<i>(6)ppts</i>	
Other expenses	(52.9)	2.5	nm	Share based payments increased year-on-year with increased headcount; substantial exchange gains in 2022
Depreciation and amortisation	(29.1)	(11.7)	150%	Annualised impact from assets acquired and additions



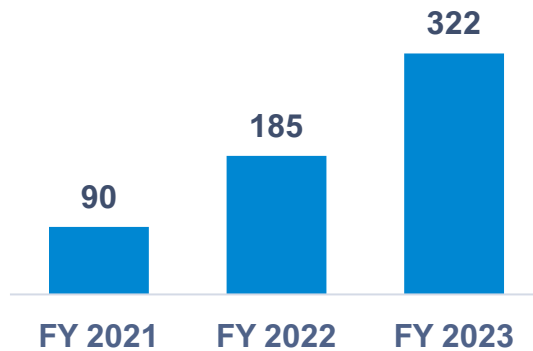
Due to rounding, numbers presented in the chart may not add up to the totals provided.

FY 2023 Revenue up 74% Year-on-Year

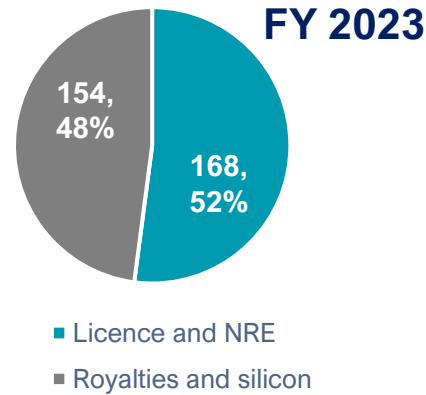
Revenue Outside of China US\$131m up 63% Year-on-Year



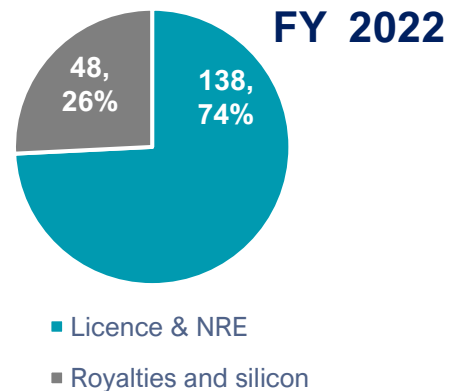
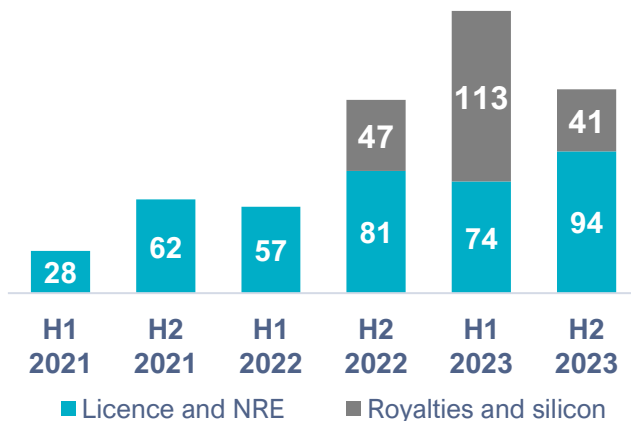
Revenue (US\$m)



Revenue (US\$m)



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



Licence & NRE

- Growth mainly driven by multi-year contracts and APAC customers

Royalties & Silicon

- Approximately 2/3 from Chinese customers related to pre-existing custom designs in production

APAC + 97% YoY

North America +60% YoY

FY 2023 Gross margin at 51%
reflects business mix including legacy revenue



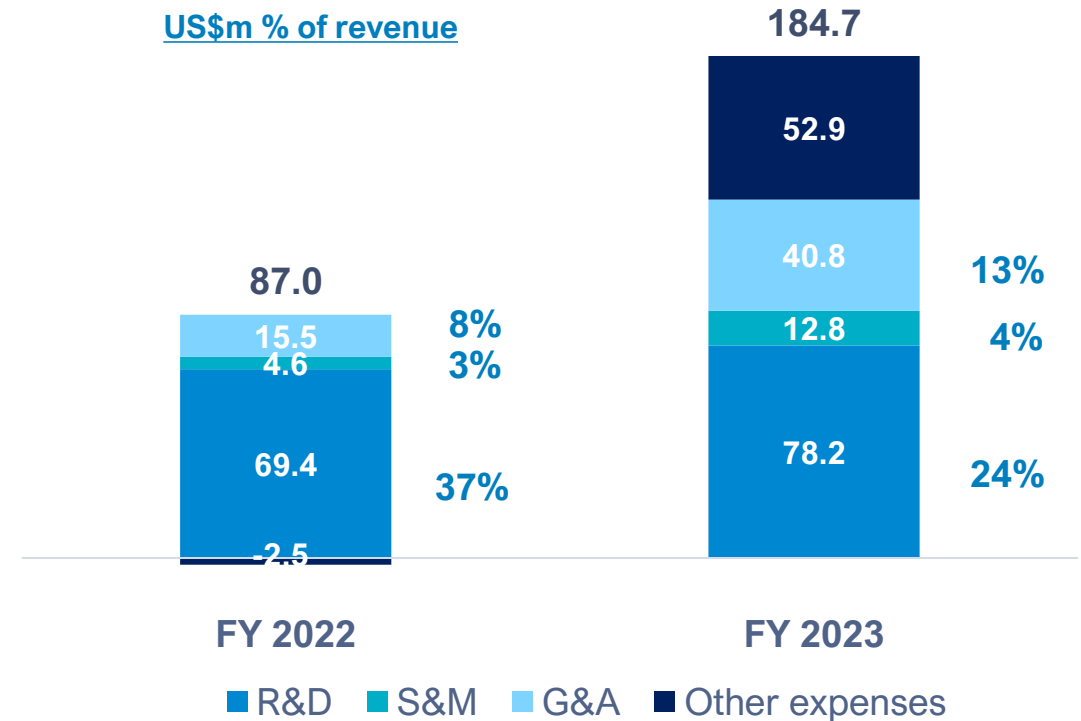
Investing In Future Revenue Growth

Operating Expenses Reflect Increased Headcount

- Increased average headcount from 361 to 758
- R&D - increased average headcount and some additional IT/SW tooling required
 - US\$54.5m development capitalised in FY 2023 (FY 2022: US\$7.2m) of which US\$46.2m were R&D expenses
- S&M and G&A – increased average headcount and further investment to upscale our finance, legal and HR functions
- Other expenses/(income)¹
 - FY 2023 SBP US\$40.7m (FY 2022: US\$15.7m)
 - US\$3.0m exchange loss (FY 2022: exchange gain US\$36.8m)

Closing Headcount	FY 2022	FY 2023
R&D	621	741
S&M	17	30
G&A	57	58
Total	695	829

US\$m % of revenue



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

1. There has been a change to the grouping of operating expenses in 2022, specifically relating to the compensation element of Banias deferred cash rights. This is shown within other operating expenses/(income) in 2023 so we have changed 2022 operating expenses/(income) to be presented on the same basis (see notes 6 and 30).

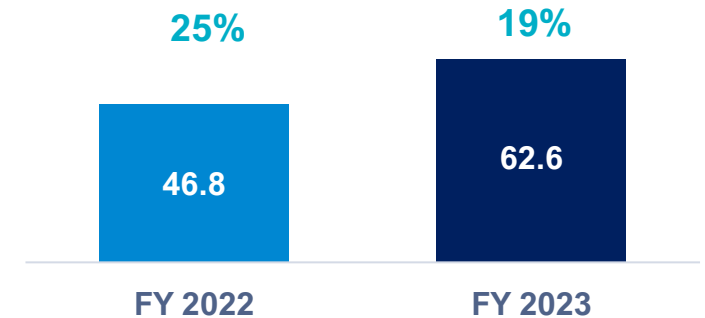


Higher Adjusted EBITDA Reflects Increasing Scale

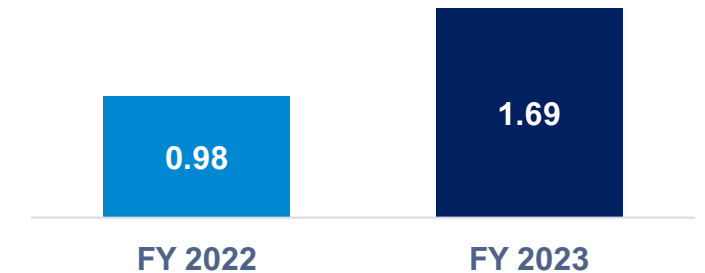
Adjusted EBITDA Margin Reflects Business Mix and Investment in Growth

- **Adjusted EBITDA¹ of US\$62.6m, 34% over FY 2022**
- Adjusted EBITDA margin of 19% reflects:
 - Increased contribution from legacy custom silicon revenue at low margin
 - Investment to support our pipeline of opportunities
- Adjusted diluted EPS of \$1.69, up 72% over FY 2022

Adjusted EBITDA (US\$m) and margin



Adjusted Diluted EPS US\$



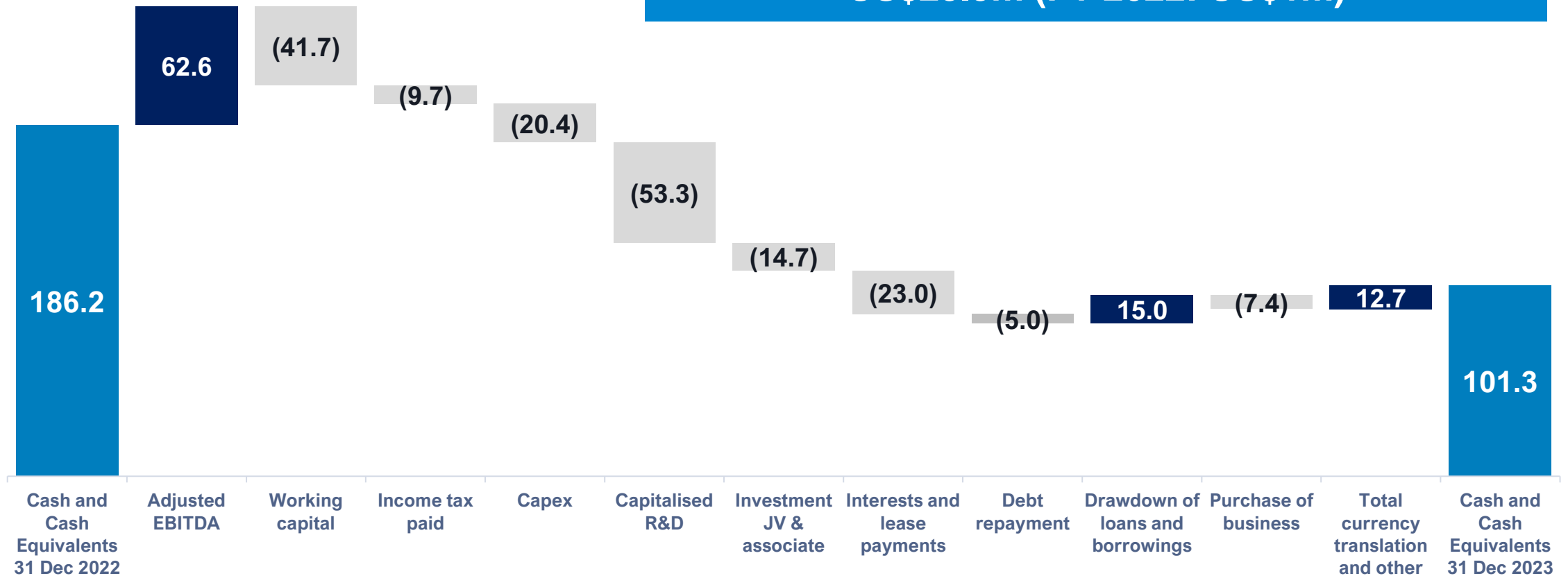
¹ See slide 26 and 27 for reconciliation of non-GAAP metrics



FY 2023 Cash Flow Bridge

US\$m

Cash generated from operations in 2023 was US\$25.5m (FY 2022: US\$1m)



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



FY 2024 Outlook

US\$	2024 Outlook
Revenues	\$345m to \$365m
Adjusted EBITDA	~\$70m
Adjusted EBITDA %	20%

- This reflects the deliberate decision to materially reduce China as a proportion of revenue.
- We expect the revenue profile in 2024 to be back end loaded and H1 2024 revenue to be below H1 2023, which saw a significant contribution from the legacy OpenFive backlog.
- In H1 2024 we expect to invest in capital and R&D expenses as we continue to invest in our product business





QA Session



Thank You!

Non-GAAP Metrics

See Alternative Performance Measures section in FY 2023 Results at <https://awavesemi.com/financial-results/>

Bookings and backlog

Management monitors bookings and backlog as indicators of future revenue from contracts with customers.

Bookings

Bookings is a non-IFRS measure and represents legally binding and largely non-cancellable commitments by customers. Bookings comprise licence fees, non-recurring engineering support, orders for silicon products, financing components and estimated future royalties (based on contractually committed royalty prepayments or on volume estimates provided by customers).

Bookings are recorded at the point the contract has been signed by both Alphawave and the customer. These are released to the market each quarter within our quarterly trading update. Infrequently, customers request to cancel bookings. At the time of cancellation, these are recorded as debookings after taking into account any pertinent cancellation charges.

Bookings during the year were as follows:

	Year ended 31 December	
	2023 US\$m	2022 US\$m
Preliminary bookings (including royalties)	364.4	247.6
Adjustment	19.5	(19.5)
Bookings ¹	383.9	228.1
Royalties	–	(15.1)
Bookings (excluding royalties)	383.9	213.0

1. 2022 bookings exclude a contract of US\$19.5m that was signed by the acquired OpenFive business, but not considered a booking until 2023 when project viability was established.

Backlog

Backlog is a non-IFRS measure that represents cumulative bookings (excluding royalties) that have not yet been recognised as revenue and which we expect to be recognised in future periods.

Backlog at the end of the year is calculated based on our backlog as at the beginning of the year, plus new bookings during the year and backlog acquired in business combinations, less revenue recognised during the year.

Movements on backlog during the year were as follows:

	Year ended 31 December	
	2023 US\$m	Restated ¹ 2022 US\$m
Backlog at the beginning of the year	379.7	183.8
Add: Bookings during the year (excluding royalties)	383.9	213.0
Add: Backlog acquired in business combinations	–	168.3
Less: Net adjustments/debookings during the year (excluding royalties)	(87.3)	–
Less: Revenue recognised during the year (excluding royalties)	(321.4)	(185.4)
Backlog at the end of the year	354.9	379.7

1. 2022 opening backlog figure restated to include a WiseWave booking of US\$15.2m previously omitted.

Our closing backlog at the end of 2023 is US\$354.9m (2022: US\$379.7m) and includes US\$87.3m of net adjustments/debookings. Nearly half of this balance includes debookings related to the acquired backlog from OpenFive.

EBITDA may be reconciled to net income/(loss) for the period determined in accordance with IFRS as follows:

	Year ended 31 December	
	2023 US\$'000	2022 US\$'000
Net loss	(51,002)	(1,086)
Add/(deduct):		
Finance income	(3,448)	(1,684)
Finance expense	8,836	3,588
Loss from joint venture	14,730	18,481
Income tax expense	11,532	18,328
Depreciation of property and equipment – owned	11,212	2,472
Depreciation of property and equipment – leased	4,612	3,036
Amortisation of intangible assets	13,294	6,159
EBITDA	9,766	49,294

Adjusted EBITDA

Adjusted EBITDA may be reconciled to EBITDA as follows:

	Year ended 31 December	
	2023 US\$'000	2022 US\$'000
EBITDA	9,766	49,294
Add/(deduct):		
Acquisition-related costs	831	12,713
Compensation element of Banias Labs deferred cash rights	8,352	1,703
Remeasurement of contingent consideration payable for Precise-ITC	–	4,260
Share-based compensation expense	40,691	15,695
Currency translation (loss)/gain	2,983	(36,838)
Adjusted EBITDA	62,623	46,827



Non-GAAP Metrics

See Alternative Performance Measures section in FY 2023 Results at <https://awavesemi.com/financial-results/>

Adjusted earnings per share

We monitor basic and diluted earnings per share (EPS) on an IFRS basis and on an adjusted basis. We consider that adjusted EPS measures are useful to investors in assessing our ability to generate earnings and provide a basis for assessing the value of the Company's shares (for example, by way of price earnings multiples).

Adjusted net income/(loss) for calculating adjusted EPS measures may be reconciled to net income/(loss) determined in accordance with IFRS as follows:

	Year ended 31 December	
	2023 US\$'000	2022 US\$'000
Net loss	(51,002)	(1,086)
Add/(deduct):		
Acquisition-related costs	831	12,713
Compensation element of Banias Labs deferred cash rights	8,352	1,703
Remeasurement of contingent consideration payable for Precise-ITC	—	4,260
Amortisation of acquired intangible assets	12,657	5,519
Share-based compensation expense	40,691	15,695
Currency translation (loss)/gain	2,983	(36,838)
Tax effect of above adjustments	(2,623)	4,708
Adjusted net income	11,889	6,674

Adjusted basic and diluted earnings per share were as follows:

	Year ended 31 December	
	2023 US\$ cents	2022 US\$ cents
Adjusted basic earnings per share	1.69	0.98
Adjusted diluted earnings per share	1.69	0.98

Adjusted basic and diluted earnings per share have been calculated by taking the adjusted net income/(loss) for the year and dividing it by the weighted average number of common shares that are used in calculating the equivalent measures under IFRS as presented in note 27 to the consolidated financial statements.

