



## Q2 2022 Trading and Business Update

- Expanding technology leadership with first 3nm design win
- Five new end-customers including four in North America and EMEA, as well as six new design wins
- Management remains confident in the outlook for the business and reiterates mid-term and long-term guidance, despite difficult macro environment
- Management reiterates confidence in closing of OpenFive transaction in 2022, pending regulatory approval

**LONDON, United Kingdom and TORONTO, Ontario, Canada July 19, 2022** – Alphawave IP Group plc (LN:AWE, “Alphawave IP”, “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 30 June 2022.

US\$m	Q2 2022	Q2 2021	Change
Licence and related	19.0	12.7	50%
Potential future royalties	9.4	7.3	27%
New Bookings (excluding VeriSilicon and WiseWave multi-year subscription licences)	28.4	20.0	42%
Additional design win activity - FSA drawdowns and China re-sale licences <sup>1</sup>	9.5	-	n/a
WiseWave multi-year subscription licences	-	93.8	n/a
Number of end-customers (as at end of period)	28	16	

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:** “Our increased pace in design wins and our continued technology leadership in 3nm demonstrate the strong momentum of Alphawave IP. Despite an uncertain macro environment, positive secular growth trends in data infrastructure, such as data centers and 5G, underpin a growing demand for our high-performance connectivity solutions. This is why we continue to invest in the business and remain confident about its long-term prospects.”

**John Lofton Holt, Executive Chairman of Alphawave IP said:** “I am proud of our business and technology team for their continued execution, especially in North America and South Korea. Our focus on connectivity technology for our blue-chip customer base, and a strong balance sheet, provide a solid platform for continued success.”

<sup>1</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.

## Key highlights

Licence and related bookings in Q2 2022 were up 50% year-on-year. Including estimates of potential future royalties<sup>2</sup>, new bookings excluding the WiseWave multi-year subscription licence were up 42% year-on-year. Bookings in the second quarter were driven by North American, South Korean and EMEA customers. Total bookings in Q2 2022 of US\$28.4 million were below the prior year (Q2 2021: US\$113.8 million) due to the multi-year subscription licence agreement signed with WiseWave (US\$93.8 million) in Q2 2021.

Cumulative bookings over the life of the Company<sup>3</sup> exceeded US\$400 million, of which over 50% corresponds to customers outside of China.

Alphawave IP won five new end-customers in the quarter, including two top-tier North American semiconductor companies, bringing the total number of end-customers to 28.

## Expanding Technology Leadership and Strong Customer Traction

Since 2017, the Company has demonstrated connectivity technology leadership in 7nm, 6nm, 5nm, and 4nm technology. In Q2 2022, Alphawave IP extended its leadership with a new design win in 3nm technology. The Company expects further design wins in 3nm in the second half of the year and is working with its foundry partners in 3nm and beyond.

During the quarter, the Company announced the availability of two new Interconnect IP to their product portfolio. AresCORE16 is a Die-to-Die parallel interface that further extends Alphawave's chiplet leadership by enabling a new generation of chiplet products. OptiCORE100 is a 112Gbps PAM4 optical Serialiser-Deserialiser ("SerDes") that enables direct drive of optics and includes advanced DSP techniques for receiving optical waveforms. These two new products bring exciting new opportunities for Alphawave IP to continue to help its customers solve the increasingly complex connectivity challenges.

Alongside the year-on-year growth in new bookings (excluding multi-year subscription licences) and a growing customer base, two additional data points underline the strong level of customer activity during the second quarter: Flexible Spending Accounts<sup>4</sup> ("FSA") drawdowns of US\$5.6 million, and China (VeriSilicon) reseller deals<sup>5</sup> of US\$3.9 million. Both FSA and reseller deals represent the conversion of customer commitments to design wins.

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<sup>2</sup> 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.

<sup>3</sup> Since its inception in 2017.

<sup>4</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>5</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.

Design win activity in the quarter was strong with six new design wins, including five from new customers and one from a repeat customer.

Alphawave now has six of the top ten semiconductor device companies as customers<sup>6</sup>, a reflection of its continued strength in the data infrastructure markets that require the world's most advanced connectivity technology.

## Outlook

Based on current visibility, the Company expects continued customer traction during the second half of the year. The acquisition of OpenFive is proceeding as planned and is expected to close in H2 2022, pending customary regulatory approvals.

Alphawave IP reiterates its mid-term and long-term outlook communicated on 29 April 2022 in its 2021 full year results<sup>7</sup>. 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 IP Group plc (LN:AWE)

Faced with the exponential growth of data, Alphawave IP's technology services a critical need: enabling data to travel faster, more reliably and with higher performance at lower power. Alphawave IP is a global leader in high-speed connectivity for the world's technology infrastructure. Our IP solutions meet the needs of global tier-one customers in data centers, compute, networking, AI, 5G, autonomous vehicles, and storage. Founded in Toronto, Canada in 2017, by an expert technical team with a proven track record in licensing semiconductor IP, our mission is to focus on the hardest-to-solve connectivity challenges. To find out more about Alphawave IP, visit: [awaveip.com](http://awaveip.com)

## Related Party Disclosures

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

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## Trademarks

All registered trademarks and other trademarks belong to their respective owners.

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<sup>6</sup> Semiconductor device companies ranked on market capitalisation.

<sup>7</sup> Including the financial contribution from OpenFive, the Company expects to reach revenues of between US\$325m and US\$360m in 2023. Longer-term, we expect to achieve annual revenue run rates in excess of US\$500m in 2024 and in excess of US\$1bn by 2027. Near-term margins will be impacted by OpenFive as we integrate and scale that business, and we anticipate a 2023 adjusted EBITDA margin of 32% to 36% with a steady increase thereafter as we focus and integrate the business and realise the anticipated synergies. Excluding OpenFive, standalone revenues are expected to be in line with the guidance provided at IPO, namely \$210m to \$240m by 2023, with an adjusted EBITDA margin of 50% to 60%.

## Contact Information:

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<b>Alphawave IP Group plc</b>	John Lofton Holt, Executive Chairman Daniel Aharoni, CFO Jose Cano, Head of IR	ir@awaveip.com +44 (0) 20 7717 5877
<b>Brunswick Group</b>	Simone Selzer Sarah West	alphawave@brunswickgroup.com +44 (0) 20 7404 5959
<b>Gravitate PR</b>	Lisette Paras Wynton Yu	alphawave@gravitatepr.com +1 415 528 0468

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