ALPHAWAVE IP GROUP PLC
Company Number 13073661
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ALPHAWAVE SEMI AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

- Record bookings of US$515.5m up 34% year-on-year
- Revenue of US$307.6m and Adjusted EBITDA of US$51.1m in line with guidance
- Continued leadership in connectivity technology for data centres and AI

LONDON, United Kingdom and TORONTO, Ontario, Canada, 17 April 2025 – Alphawave IP Group plc (LSE: AWE) ("Alphawave Semi" or the "Company"), a global leader in high-speed connectivity for the world's technology infrastructure, has published its results for the year ended 31 December 2024.

Financial Summary and APMs[1] - US$m	**FY 2024**	**FY2023**	**Change**
License and NRE	258.8	167.6	54%
Royalties and silicon	48.8	154.1	(68%)
Total revenue	307.6	321.7	(4%)
Operating (loss) / profit	(32.8)	(19.4)	69%
Operating margin	***-11%***	***-6%***	
EBITDA[1]	1.4	9.8	(86%)
EBITDA margin	***0%***	***3%***	
Adjusted EBITDA[1]	51.1	62.6	(18%)
Adjusted EBITDA margin	***17%***	***19%***	
Net (loss)	(42.5)	(51.0)	17%
Net margin	***-14%***	***-16%***	
Cash generated from operations[2]	13.5	16.0	(16%)
Cash and cash equivalents	180.2	101.3	78%
Net cash/(debt) balance	(171.9)	(119.1)	(44%)
Bookings[3] and Design Win Activity - US$m	**FY 2024**	**FY2023**	**Change**
License and NRE	397.2	274.0	45%
Royalties and silicon	118.3	109.9	8%
New bookings	515.5	383.9	34%
Additional design win activity - FSA (Flexible Spending Account) drawdowns and China re-sale licenses[4]	0.0	3.8	(100%)
Number of revenue generating end-customers	103	103	0%

1 For definitions of non-IFRS measures see Alternative Performance Measures section.
2 FY 2023 has been restated to reflect the adjustment of the capitalisation of borrowing costs (see note 22).
3 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 and estimated future royalties (based on contractually committed royalty prepayments or on volume estimates provided by customers) and any cancellation fees not already included in de-bookings.
4 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.

Tony Pialis, President and Chief Executive Officer of Alphawave Semi, said: "In 2024, we signed a record US$515.5 million in bookings reflecting the strong demand for our technology and the deep trust our customers place in us. Throughout the year, we strengthened key partnerships, expanded our global reach, and continued to lead in next-generation connectivity and chiplet innovation. Our position at the forefront of the industry, working alongside some of the world's most respected data centre and AI partners, underscores both our leadership and growing influence. With a leading connectivity portfolio, a talented team, and a significant market opportunity ahead, we are confident in the long-term potential of our business."

Business and Technology Highlights

- In 2024, signed a record US$515.5m in bookings (up 34% from US$383.9m in FY 2023).
- Continued integration of prior acquisitions led to strong revenue growth in core license and NRE business.
- The Company's IP product portfolio increased to over 240 silicon IPs at the end of 2024.
- In 2024, launched our dedicated **chiplet group** and deepened our commitment to the ecosystem, delivering **multiple industry-first products** — including the **first multi-protocol I/O chiplet**, cementing Alphawave Semi's leadership in this space.
- Achieved **I/O chiplet design wins**, powered by leading **UCIe, PCIe, 112G, and 224G IP** for AI accelerators supporting Large Language Models (LLMs).
- Strengthened partnerships with **TSMC**, **Samsung**, and **Arm**, took leading roles in **UALink** and **OIF** consortiums, and launched **industry-first chiplets and IPs**.
- Signed a strategic partnership with **Siemens EDA** in December 2024 (announced Feb 2025), expanding sales reach to support long-term growth strategy.
- Six-year member of the TSMC IP Alliance Program and founding partner of the TSMC 3DFabric™ Alliance.
- Secured major wins in **800G/1.6T next-gen solutions** for data centres, including **multiple 3nm high-speed IP licensing deals** for AI/HPC and networking.
- Connectivity Products unit recognised irst revenues and developed **next-gen PAM4 and Coherent-lite DSPs**, enabling 800G/1.6T over **electrical and optical cabling up to 20km** (launched March 2025).
- Closing headcount increased by 162 people globally, bringing the total headcount to 991 (2022: 829)

Outlook

In 2025, we will complete our business integration and expect to start delivering silicon for AI and data centres. We are executing on our strategy and remain excited about the growth potential of our business. Due to current global economic uncertainty and the rapidly developing nature of the recently imposed tariff regimes, we are not in a position to provide guidance for full year 2025 or beyond at this point in the financial year. While timing of customer programmes is currently uncertain, we remain optimistic about the future growth opportunities of the business and will manage investments carefully through this period.

High-speed connectivity IP is the DNA of our business, and we have been recognised by the world's largest foundries as the premier leader in this space. Most importantly, we are building on these strengths to deliver long-term value for our shareholders and other stakeholders.

Analyst and Investor Webinar

Alphawave Semi's management will conduct an online presentation and Q&A session at **9.30am London time** on **Thursday 17 April 2025**. This session will cover the details of the results and offer participants the opportunity to engage with the management team.

To attend the webinar, please register via the following link:

https://us02web.zoom.us/webinar/register/WN_z44aYDLUSo2p6yzPLKoUjg

Access details will be provided upon registration.

Participants will have the chance to submit questions during the session, but questions are welcomed in advance and may be submitted to: ir@awavesemi.com

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, connectivity products, and chiplets 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

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Principal Risks and Uncertainties

The Group faces a number of risks and uncertainties that may have an impact on our operations and performance. These risks and uncertainties are regularly assessed by the Directors. The principal risks and uncertainties affecting the Group are as follows:

Risk	Description
Managing our growth	The executive management team meets formally on a weekly basis to review current and future resourcing needs and priorities. During 2024, we continued to strengthen our administrative and operational functions. We commitments, payables and receivables to ensure timing aligns with minimum liquidity requirement covenant. The successful execution of 2030 Convertible Notes has strengthened the Group's liquidity and will support the Group's ability to achieve its strategic objectives.
Competition and failure to maintain our technology leadership	We offer competitive employment packages to retain and incentivise our employees, as well as providing the opportunity to work in a dynamic and entrepreneurial culture. Our ability to compete is also driven by our track record as a trusted partner and the continued addition of new products and new functionality to our existing portfolio. Our Sales and Marketing team regularly monitor the competitive landscape to identify any new or potential technology developments or products that may directly or indirectly impact our business.
Customer dependence	To date, we have been successful in both expanding our customer base and winning repeat business from many of our customers. We strive to maintain best-in-class execution capabilities and technology to retain our customers and win new customers. As we expand our product offering by pursuing a vertically integrated model, we expand our total addressable customer base. In 2024 revenue concentration from our top three end-customers was 31%, which was below the prior year (FY 2023: 33%.)
Customer demand	We believe there is continued global appetite for data. As speeds become faster and manufacturing processes smaller, the ability of our customers to develop competing technology in-house diminishes. Increasing costs and complexity is an opportunity to drive our custom silicon and standard product offerings, including chiplets. Hyperscalers and carrier networks continue to invest in leading technology through the economic cycles.
Risks associated with WiseWave	The legal agreements governing WiseWave give us a degree of oversight over WiseWave. Our President & Chief Executive Officer and COO & CFO are currently on the Board of WiseWave. The senior team of WiseWave comprises a number of established industry professionals with a proven track record at large US and global semiconductor companies. The Group obtains regular updates on financial performance of WiseWave.
Dependence on licensing revenue	The acquisition of OpenFive has materially reduced our dependency on IP licensing revenues as we seek to monetise our IP through custom silicon. Given the costs, time and resources involved, our customers are typically incentivised to take their products into production. Our programme management teams actively manage progress on development of both custom and connectivity products.
Reliance on key personnel and ability to attract talent	Our senior management team and our employee base are incentivised with equity and also the opportunity to work within a fast-growing and dynamic environment at the leading edge of chip technology. In 2024, our headcount increased from 829 to 991 as a result of organic growth and acquisitions. See Our People section for further information.
External environment and events	We are seeing an increasing weighting of North American customers in our sales pipeline. We plan to engage with external experts to get advice on the impact of and mitigation strategies for the tariffs.
IP protection and infringement	Our designs can only be manufactured on leading-edge processes by a small number of foundry partners. Our IP embeds tagging layers, which prevent unauthorised use. We manage our R&D capabilities and seek to structure our contracts with customers to minimise the risk and impact of IP infringement claims by third parties.

Reliance on third-party manufacturing foundries	A significant part of the semiconductor industry is reliant on a small number of foundry partners with leading-edge manufacturing capabilities (TSMC, Samsung and Intel). Beyond diversifying our business and continuing to work with all leading foundry providers, our ability to mitigate this risk is limited. As we pursue a vertically integrated business model, we become more reliant on third-party foundries and if their ability to supply us with silicon products is constrained, we will be impacted more quickly and more severely.
Reliance on complex IT systems	In 2024 we continued to make further improvements to our IT systems. This included conducting network penetration testing and strengthening end user access controls. As with much of the semiconductor industry, we are reliant on design automation tools from Cadence, Synopsys and Siemens and our ability to source alternative suppliers is limited.

2024 IN REVIEW

Dear shareholder,
2024 was our third year as a publicly listed company and saw significant progress in the pursuit of our single long-term ambition: to be the leader in wired connectivity solutions for next generation AI and digital infrastructure.

Alphawave Semi works across the complete AI data centre and hyperscaler ecosystem to address their specific needs, which is expected to create value for our stakeholders on a sustained basis. Furthermore, our customers are having to cope with an unprecedented rate of growth in the data they handle. The boom in AI services means the global datasphere is set to grow by 15x during the next decade (source: Statista Digital Market Outlook – IDC, Kleiner Perkins – and UBS) and all the associated infrastructure and end applications need our connectivity technology in the form of IP, custom silicon and connectivity products.

The ability to add connectivity bandwidth to AI accelerators (xPUs) and high-performance computing is encountering a physical limit, with networking becoming a bottleneck in the growth of AI. The investments made by Alphawave Semi place us in a unique position to solve this problem through our IP, custom silicon, connectivity products and through our chiplet business announced during 2024, which provides smaller, very specialised chips that integrate like building blocks into a larger, more powerful SoC.

To enable Alphawave Semi to solve these issues, the business has fostered and strengthened partnerships with foundries such as TSMC and Samsung, as well as compute IP developers such as Arm, and is working in leading roles at consortiums such as UALink and OIF, and has launched several industry-first chiplets and IPs.

Whilst we remain mindful of the challenging global macro and geopolitical environment, we continue to lay and build on our foundations in order to deliver growth in all four areas of our business: IP licensing, custom silicon, connectivity products and chiplets.

Finally, our ability to expand our reach is demonstrated through the partnership we signed with Siemens EDA in December 2024, which was publicly announced in February 2025. This dramatically expands the reach of our sales force and supports our strategy and delivers on our long-term targets. This partnership contributed significant revenue in 2024.

Financial performance
While 2024 revenue was comparable to what was reported in 2023, the Group has seen significant growth in its core semiconductor business, replacing almost US$103m of lower-margin legacy shipments that were from the acquisition of OpenFive as well as nearly $50m of revenue from the WiseWave subscription licence agreement. In 2024 we made significant organic investments in future revenue growth through hiring and business infrastructure investment.

Bookings for the full year were US$515.5m, 34% above the prior year (FY 2023: US$383.9m).

Alongside the strong growth in bookings, we delivered another year of robust revenue, down 4% on the prior year, but with a more positive revenue mix, albeit below our guidance for the year. Adjusted EBIDTA was US$51.1m, 18% below the prior year (FY 2023: US$62.6m), although above our guidance for the year of approximately US$50.0m.

Adjusted EBITDA margin of 17% was below 2023 (FY 2023: 19%). EBITDA in 2024 was US$1.4m compared to US$9.8m in 2023.

In 2024, the business incurred a net loss of US$42.5m compared to a net loss of US$51.0m in 2023. The cash position at the end of 2024 was US$180.2m. This was higher than the prior year, reflecting the increase in financing arrangements for our ongoing investment in future revenue growth, including the development of our new opto-electronic products.

People, culture and values
Our employees have embodied our customer focus, with their commitment and passion at the core of our success. On behalf of the Board, I would like to express our sincere gratitude for their hard work during the year.

Our culture and values inform the way we conduct our business, ensuring we are mindful of the impact we have on society and the environment, helping us to build strong relationships with all our stakeholders. Throughout this report are examples of how we live these values, achieving results and maintaining a strong customer focus with an unwavering commitment to collaboration, honesty, transparency and accountability.

A strengthened senior management team

Following his appointment as CFO in 2023, Rahul Mathur has been appointed to COO, with his extensive experience in listed semiconductor companies helping to ensure the Group maintains its focus on R&D that will deliver strong financial results and shareholder value.

The Group has also welcomed Suzan Barghash as Senior Vice President and Head of Global HR. Suzan is an accomplished executive with a vast experience of HR leadership in publicly traded companies from across the semiconductor and technology sector.

Also of note is the appointment of Charlie Roach to Chief Revenue Officer. Charlie brings over 20 years of experience as a sales executive for publicly traded companies from across the semiconductor industry.

Stakeholder relationships

As a business we seek to establish strong and responsible relationships with customers, partners and the communities in the regions in which we operate. Our values extend to the way we engage with all our stakeholders.

We contribute to society by promoting diversity, fostering the next wave of innovation and innovators, promoting responsible business practices and playing our role in tackling climate change. We do this both through our own activities and in collaboration with our customers and other stakeholders, for shared success.

We are a fabless business, i.e. we do not own any manufacturing facilities, and we partner with multiple stakeholders in the supply chain, playing our role in promoting responsible business practices (see Supply chain section on page 35). As the business grows and matures, we will continue to enhance our policies and practices in this area.

Sustainability

During the year we made further progress on our sustainability strategy with an update on our materiality assessment. The ESG Steering Committee met during the year and the outcome of the materiality assessment will be presented at the first meeting of 2025. The assessment informs our ESG strategy and having up-to-date information helps us prioritise our key sustainability areas. In 2025 we will review and consider the implementation of its detailed recommendations (see ESG section on page 20).

Outlook 2025 and beyond

In 2025, we will complete our business integration and expect to start delivering silicon for AI and data centres. We are executing on our strategy and remain excited about the growth potential of our business. Due to current global economic uncertainty and the rapidly developing nature of the recently imposed tariff regimes, we are not in a position to provide guidance for full year 2025 or beyond at this point in the financial year. While timing of customer programmes is currently uncertain, we remain optimistic about the future growth opportunities of the business and will manage investments carefully through this period.

High-speed connectivity IP is the DNA of our business, and we have been recognised by the world's largest foundries as the premier leader in this space. Most importantly, we are building on these strengths to deliver long-term value for our shareholders and other stakeholders.

Business performance highlights in 2024

During 2024 we signed a record US$515.5m of bookings (FY 2023: US$383.9m), up 34% over the prior year. Of the US$397.2m of licence and NRE bookings signed in 2024, over 75% were in advanced nodes, 7nm and below. Given the complexity of this market, our success reflects the strength of our technology leadership and the business potential of the acquisitions we made in 2022. Our backlog of US$520.0m at the end of 2024 was 47% above the prior year. In 2024 we reduced our backlog by approximately US$42.8m of net adjustments. Our backlog is now enriched by more business in advanced nodes from which we expect to extract higher profitability over the long term.

We continued to integrate the business operations of prior acquisitions and delivered strong revenue; however, our financial results were at the bottom end of our revised guidance for the year. This was mainly as a result of our accelerated transition away from our legacy custom silicon business and differences in the timing of the revenue recognition of long-term contracts in advanced nodes.

We continued to invest in advanced interconnect technologies for data centres, as well as in our new semiconductor company, and this saw the first products launch in 2025.

R&D, maintaining our technology leadership

As a result, adjusted EBITDA at US$51.1m was 18% below the prior year and adjusted EBITDA margin was below 2023 at 17% (FY 2023: 19%). In 2024 the business generated a loss before tax of US$32.9m (FY 2023: loss before tax of US$39.5m).

During the year our cash and cash equivalents balance increased to US$180.2m (FY 2023: US$101.3m), as cash from operations of US$13.5m and proceeds from the US$150.0m convertible debt we issued in December was offset by capitalised investment for the development of new products and the necessary equipment to support future growth. We continue to review our capital allocation as well as available sources of capital to support our long-term growth strategy.

With an enhanced product portfolio of connectivity technology for data centres and AI, our partnership with Arm to implement their latest Neoverse cores for advanced AI and data centre compute products, plus our enhanced partnerships with Samsung and TSMC, we can further monetise our investments in the form of custom silicon, connectivity products and chiplets.

Alphawave Semi's position in the industry
High-speed connectivity IP and advanced Arm compute are the DNA of the business. We have been recognised by the world's largest foundries as the premier leader in high-speed connectivity. But we don't just develop great connectivity, we also do it in the world's most advanced nodes. Our portfolio now stands at more than 240 silicon IPs, and we can pull from it key ingredients to meet our customers' needs.

In 2024 we established ourselves as a leader in the chiplet space, which will be critical to providing the connectivity demanded by AI and hyperscale data centres.

Our competitive positioning is built on our technology leadership and a full product portfolio of leading connectivity solutions coupled with our partnership delivering Arm compute to the world's most advanced AI processors. This is what differentiates us from many of our competitors that are more focused on certain products or segments. We have been part of the TSMC IP Alliance Programme, a key component of the Open Innovation Platform®, for six consecutive years. We are a founding partner of the TSMC 3DFabric™ Alliance, and in 2024 we strengthened our commitment to a robust chiplet ecosystem, announcing multiple industry-first chiplet products.

With a unique portfolio of leading-edge connectivity technology, we are working with our customers to meet their connectivity needs across their data centres and create long-term business relationships.

This is allowing us to access a larger addressable market focused on AI, gain greater scale and enhance our competitive position. The combined custom silicon design wins in 2024 will support our mid and long-term revenue targets as we start to generate revenue from the production phase. The potential lifetime revenue from silicon production of these wins is not reflected in our bookings or backlog. The first silicon production orders are expected in 2025, which is when they will start contributing to revenue.

The world is changing to enable the increased adoption of AI
By 2035, the world's datasphere will exceed 2100 ZB (up from c.180 ZB in 2025 and 12 ZB in 2015). This trend can also be seen in the amount of compute being pointed at AI models, which has continued its exponential growth during the deep learning era (from 2010). At the start of this era, John Hopkin's 5.4 e16 FLOPS neural network was a significant outlier; as of December 2024, 13 models deploy a compute power in excess of 10^{25} FLOPS, with Anthropic's Claude 3.5 Sonnet model implementing $5 \cdot 10^{25}$ FLOPS.

As we scale the amount of compute, we need to build a faster network using leading electrical and optical connectivity solutions that can deliver the increased compute capacity with a lower energy footprint. Given that connectivity and compute scale with chip size, and that monolithic ICs cannot grow beyond the reticle limit, scaling performance demands a shift to a chiplet model.

Hyperscalers are designing and implementing their own AI engines, commonly alongside Arm processors, in addition to industry standard GPUs. These engines are optimised for their specific models and deliver higher performance using lower power. As a result, the custom silicon and chiplet markets are expected to grow at a healthy double-digit rate over the next few years.

AI and machine learning (ML) increase the bandwidth performance requirements on the network and are therefore among the major growth drivers for data centre switching over the next five years. With bandwidth in AI growing, the use of Ethernet and PCI-Express switches in AI/ML and accelerated computing hardware is already migrating from being a niche application to becoming a significant portion of the market. Our connectivity technology plays a central role in building the network connecting the switches, optics and GPUs.

Alphawave Semi's main sustainability priorities
Following our joining of the United Nations Global Compact in 2023, 2024 saw us submit our first Communication on Progress describing our efforts to implement the Ten Principles. In addition, we became members of the Responsible Business Alliance (RBA) and undertook an update for our sustainability materiality assessment, which is informing our sustainability strategy and helping us prioritise what is most critical to the long-term success of the business. The outcome of the assessment was shared with the Board.

As a provider of leading connectivity technology, our products contribute towards the deployment of a more efficient digital infrastructure, enabling the transmission of data faster, more efficiently and consuming less energy (see IP section on page 10). Our commitment to sustainability extends to our ongoing operations, as we seek to maintain high standards of business conduct across our value chain. As such, we became members of the RBA which will allow us to collaborate to improve working and environmental conditions and business performance through leading standards and practices.

We have delivered ongoing progress with our sustainability reporting (see ESG section on page 20) and we will continue to do so over the coming years.

Alphawave Semi's performance in connectivity IP and products
Our broad portfolio of high-speed connectivity IP and newly introduced industry's first flexible and composable chiplet portfolio is what sets us apart. We can bundle our IP and expertise to win larger and more complex custom silicon opportunities at leading-edge process nodes.

We have transformed our custom silicon business from a low-margin business to a highly scalable AI and data centre business, and our pipeline is built on opportunities in advanced nodes, 5nm and below.

Our custom silicon team deploys the necessary IP and chiplets from our portfolio, working closely with our customers, taking their specifications and transforming them into silicon. In 2024, we achieved key wins in next generation 800G/1.6T solutions for data centres, including multiple 3nm IP high-speed licensing deals for AI/HPC and networking applications. We also registered I/O chiplet design wins, leveraging our industry-leading portfolio of UCIe, PCIe, 112G and 224G IP for AI accelerators for LLMs. These wins were the result of our leading connectivity IP, our partnership with Arm and our design capability in advance nodes.

The Connectivity Products business unit has also developed next-generation PAM4 and Coherent-lite DSPs to deliver bandwidths of 800G and 1.6T via electrical and optical cabling over distances of up to 20km (launched March 2025).

Furthermore, our chiplet group was launched in 2024 and Alphawave Semi has become a leader in this space, taping out and demonstrating the industry's first multi-protocol I/O chiplet.

With a unique portfolio of leading-edge connectivity technology, we are working with our customers to meet their connectivity needs across their data centres and create long-term business relationships.

Chiplets
Chiplets (dedicated function system-in-package building blocks) will play a critical role in enabling the connectivity required by AI and hyperscale data centres. Alphawave Semi has emerged as a leader within this field. It is a respected voice at industry showcases and standards and has developed products based on its UCIe, PCIe, Ethernet and CXL connectivity IP, and has strengthened relationships with Samsung and TSMC to help foster a robust chiplet ecosystem.

Chiplets
See page 13

Investing in future revenue growth
In 2024, we transitioned to higher-margin IP and custom silicon engagements at advanced nodes.

Building on the strength of our technology portfolio, we have successfully transformed our custom silicon pipeline to a higher-margin business focused on AI and data centre solutions in advanced nodes. Our connectivity solutions meet the increasingly complex bandwidth, latency and power requirements critical to support the adoption of AI. With our enhanced product portfolio – including custom silicon, connectivity products and chiplets – and silicon expertise, we can access a larger and high-growth addressable market of approximately US$32.5bn by 2027, gaining greater scale and enhancing our competitive position.

Revenues
Revenues for 2024 reached US$307.6m, a 4% decrease compared to US$321.7m in 2023:

- Customers – in 2024, we recognised revenues from 103 end-customers of which over 20 were new customers in FY 2024, compared to 103 end-customers in 2023. This included new tier-one customers licensing our IP, replacing legacy lower-margin business from customers acquired in 2022.
- End-customer revenue concentration marginally decreased during the year. Our top five end-customers generated 36% of our 2024 revenues (2023: 46%).
- Regions – revenue from North America was 40% of revenue, reflecting our transition to data centre solutions in advanced nodes. Revenue from China was 18% of the total, as we successfully transitioned away from our legacy business.
- Over the long term, as silicon product revenues ramp with hyperscalers and other large, predominantly North American, customers, we expect the mix of China revenues to gradually decrease to 15% of sales or lower.

Income statement

	IFRS		Adjusted	
		Restated		
	2024	2023	**2024**	2023
	US$m	US$m	**US$m**	US$m
Revenue	**307.6**	321.7	**n/a**	n/a
Cost of sales	**(126.5)**	(156.4)	**n/a**	n/a
Gross profit	**181.1**	165.3	**n/a**	n/a
Gross margin	**59%**	51%	**n/a**	n/a
EBITDA	**1.4**	9.8	**51.1**	62.6
EBITDA margin	**0%**	3%	**17%**	19%
Operating loss	**(32.8)**	(19.4)	**n/a**	n/a
Operating margin	**(11%)**	(6%)	**n/a**	n/a
Loss before tax	**(32.9)**	(39.5)	**n/a**	n/a
Net (loss)/profit	**(42.5)**	(51.0)	**18.4**	11.9
Basic EPS (US $ cents)	**(5.78)**	(7.23)	**2.51**	1.69

Diluted EPS (US $ cents)	**(5.78)**	(7.23)	**2.51**	1.69
Cash generated from operations	**13.5**	16.0	**n/a**	n/a

ESG

Our success depends on the close collaboration of a range of stakeholders. Working together and acting responsibly can positively impact our business, while creating long-term value for our shareholders, employees, customers, partners and the communities where we live and work.

In 2024, the ESG Steering Committee continued its work to advance its sustainability and materiality assessments following its joining of the United Nations Global Compact 2023. The Group supports the UN SDGs and through our existing programmes and technologies, we contribute to progress against five of the 17 goals.

Managing our resources and relationships

We are managing our resources and relationships to create a sustainable business model, aiming to preserve and create long-term value for a wide range of stakeholders.

A sustainable business model
Vision
Embed sustainable and responsible business practices into the way we act internally and engage with external stakeholders to create and preserve long-term value for a wide range of stakeholders.

Applicable external standards
We participate in, are committed to and apply the following:

- United Nations Global Compact (since July 2023).
- ISO 9001 Quality Management System Standard for our custom silicon operations.
- Sustainability Accounting Standards – SASB Semiconductor Standard version 2023-12.

In addition, we are committed to the UN Guiding Principles on Business and Human Rights and aim to contribute to the achievement of the UN SDGs.

Management approach
The ESG Steering Committee is a multidisciplinary group chaired by the SVP of HR, with representatives from Human Resources, Executive Office, Facilities, Governance, IT, Risk Management, Supply Chain and NED. The purpose of the ESG Steering Committee is to:

- Ensure all relevant sustainability issues are identified, managed and reported upon, externally and internally.
- Co-ordinate overall ESG strategy and identify areas of improvement across the Group.
- Ensure consistency between consideration of ESG issues and the Group's main strategic decisions.

The ESG Steering Committee met three times in 2024, reviewing ESG ratings and completed actions, and proposing new initiatives. It also assessed risks, monitored KPIs, and in December 2024 reviewed the results of our first human rights risk assessment, committing to follow-up actions (see below).

Sustainability issues are managed by Human Resources, Operations, Manufacturing and IT under the oversight of the ESG Steering Committee, with critical matters escalated to the Board as needed. The Committee will continue to meet in 2025 to guide progress and strategy.

Update of our materiality assessment
Approach
In 2024 and early 2025, we worked with third-party specialists to update our materiality assessment. This was with the aim of guiding both our ESG reporting and our broader management approach.

The update built on the findings of our first formal materiality assessment (carried out in 2023) and was based on three phases:

- **Baseline research:** The review of Alphawave documentation (e.g. risk register, employee engagement survey, customer ESG enquiries, etc.) and publicly available information (e.g. media reports, ESG regulations and voluntary ESG standards, etc.) to update our dashboard of ESG issues and adjust the 2023 prioritisation scores upwards or downwards, where relevant.
- **Internal engagement:** A remote workshop with ten senior executives from across the business to discuss and interrogate the initial updated results, which were then subject to further adjustment to reflect their feedback.
- **Verification and finalisation:** The delivery of the outputs to the Alphawave project team to verify and finalise the results, as well as the provision of recommendations to inform future ESG reporting and management action.

Our ESG issues were scored on a 1-5 scale and prioritised based on a ‘double materiality’ concept which focused on:

- **Outwards materiality:** i.e. Alphawave’s actual or potential, positive or negative, direct or indirect impacts on people or the environment.
- **Inwards materiality:** i.e. ESG matters that present actual or potential risks or opportunities to Alphawave.

An issue is considered ‘material’ if it meets our threshold score of 3.5 or above, either in terms of inwards materiality, or outwards materiality[1]. Issues that appear as ‘non-material’ are nonetheless still relevant and are being actively managed.

1) In 2023, the materiality of each issue was determined by an ‘average’ of the inwards and outwards score. The methodology has been updated in this regard to bring it closer in line with emerging best practice.

Results
In the graphic below we set out the final list of ESG issues, which we have prioritised based on their inwards and outwards materiality impacts.

Material sustainability issues
These are the sustainability issues that are most important to our business and key stakeholders. Although our sustainability activities cover a wide range of topics, our efforts are particularly focused on these areas:

Focus areas in 2025
- ESG Steering Committee functional leads to review recommendations coming out of the HRRA.
- Continue to action recommendations from our first/baseline materiality assessment relating to product sustainability impacts, value-chain disruption, and responsible supply chains.
- Agree carbon emissions baseline based on 2024 data, identify actionable targets and develop a plan for 2025.
- Focus on optimising our operations to improve efficiency.
- Focus on retaining top talent with competitive compensation and career growth opportunities.

How we support the UN Sustainable Development Goals (SDGs)
As a participant in the UN Global Compact, we support the following UN SDGs through our existing programmes and technologies:

<u>Highly engaged and diverse workforce</u>
UN SDG 4 QUALITY EDUCATION
UN SDG 5 GENDER EQUALITY
UN SDG 8 DECENT WORK AND ECONOMIC GROWTH

Quality education
Alphawave Semi fosters future innovators through our support for science, technology, engineering and maths (STEM) subjects, particularly amongst female students. This includes our community engagement activities, internship programme, collaboration with universities, our partnerships with Camp Engies to provide STEM-based camps in Canada for girls in grades 5 through 8, and the Shavuot-community programme that encourages girls aged between 12–15 to go into STEM studies in Israel. We also continue to partner with Canada’s Let’s Talk Science and have committed CA$250,000 over five years to 2028 (as well as the time and expertise of our employees) to support STEM learning programmes in Canada through this educational initiative.

Gender equality
Alphawave Semi takes equality and equal opportunities for all employees very seriously. In line with our corporate values, we conduct business ethically, honestly and in full compliance with applicable laws and regulations – including in relation to gender. Our Equal Opportunities and Dignity at Work Policy and Code of Ethics and Business Conduct provide a solid framework to ensure all related activities are fully compliant.

We are working to raise awareness of the engineering career opportunities that exist both within and outside the Group. Currently, the electronic engineering workforce has a gender imbalance, with a male-to-female ratio of 11:1 in the US[1]. This trend is similarly seen in other regions, such as the UK, where the ratio is 7:1[2], with university enrolments there showing a 4:1 ratio across all engineering and technology subjects[3]. While these figures have shown gradual improvement, there is still ongoing effort to foster greater diversity in the field, ensuring that opportunities are accessible to a wider range of talent.

1) 8.2% of electrical and electronics engineering workforce are women – US Department of Labour, April 2024.
2) Women make up just 12% of the engineering workforce in the UK and only 24% of girls report that they would consider pursuing a career in the sector – EngineeringUK, August 2020.
3) 19% of students in electrical engineering and information technology are female, which is fewer than in all other STEM degree programmes – VDE Association for Electrical, Electronic & Information Technologies – November 2024.

Decent work and economic growth

As a business built on innovation and leading-edge technology, we recognise the importance of investing in the development of our employees. Alphawave Semi is committed to employing and developing those people who have the necessary skills, experience and values to excel in their roles. The Group is also making efforts to develop the talent of the future and our internship programme and learning and development activities are key to this.

Leading wired connectivity IP and products
UN SDG 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
UN SDG 13 CLIMATE ACTION

Industry, innovation and infrastructure
Innovation is at the core of our business and we seek to sustain a healthy level of investment in the development of leading-edge connectivity technology and products. Our technologies support infrastructure development and value creation from the adoption of AI. Our R&D approach and close collaboration with foundry partners, customers and ODMs ensure we remain at the forefront of connectivity technology.

Climate action
Our connectivity technology helps to reduce the power consumption of data centres and minimises the number of chips required (see pages 38 and 39).

Although fabless, we seek to reduce our carbon footprint using renewable energy in those locations where it is available and offset all travel-related CO_2 emissions. We use the below organisations and all projects are VERRA certified:

- Bullfrog Power.
- GreenPerk is TravelPerk's carbon-neutral business travel programme. We've partnered with carbon calculation and offset providers to let you compensate your CO_2 emissions directly through our platform.

Increasing long-term returns and investment in high-margin revenue with strong cash flow generation
UN SDG 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Industry, innovation and infrastructure
As part of our strategic objectives, we reinvest cash in the organic development of new connectivity technologies and products. We seek to maintain a focused and sustained investment in the R&D of leading and lower power connectivity technologies aimed at solving the hardest problems.

Responsible and long-standing relationships
UN SDG 8 DECENT WORK AND ECONOMIC GROWTH

Decent work and economic growth
We expect all of our major suppliers to comply with minimum standards relating to impacts on human and labour rights, health and safety, and the environment. The Group is committed to fair wages, healthy and safe working conditions, respect for human and labour rights, and honest relationships with both customers and partners in the supply chain.

This is in addition to our support of the Ten Principles of the United Nations Global Compact on human rights, labour, environment and anti-corruption.

Our people

In 2024, we completed the integration of our acquired teams and are in the process of growing our chiplet business. This includes an ongoing focus on the promotion of cohesion, productivity and innovation across the organisation. During the year, our headcount increased further to 991 (2023: 829) as we continued to pursue our growth strategy.

Management approach: nurturing excellence through people-centric values
We believe our people are the cornerstone of our success. Led by the Senior Vice President of Human Resources and supported by regional teams, our management approach prioritises employee wellbeing, development and engagement.

We promote open communication, fostering an environment where employees can freely share ideas and concerns without fear of reprisal. Our employee policies reflect our commitment to a supportive, inclusive workplace.

Our approach is based on the following pillars:

Customised human resource policies
Our HR team applies human resource policies tailored to reflect local legal requirements, business priorities and labour market dynamics. This means promoting universal principles, while adapting to the unique needs of different locations and employees.

Code of Ethics and Business Conduct

Our Code of Ethics and Business Conduct sets out the fundamental standards governing our behaviour. Among other things, this includes a strong commitment to labour and human rights, seeking to ensure that our employees work in an ethical and respectful environment.

Talent planning and development
Recognising that our people are our most valuable asset, we invest in talent planning and development initiatives such as training and paid internships, as well as the provision of additional training, mentorship and the identification of talented employees. By doing so, we seek to ensure that both our employees and our business are equipped with the skills and knowledge needed to thrive in a fast-evolving technological landscape. In 2024, we held our first focused leadership and manager training globally in which all managers and individual contributors in a leadership role received this customised training provided by the external adviser Fierce.

Diversity and inclusion
We recognise the benefits that a diverse workforce can offer. We actively seek to create an environment where different perspectives are not only welcomed but celebrated. Our commitment to diversity is broad, encompassing various dimensions, with emphasis on the diversity of experiences and thought. This approach is fundamental to attracting the right talent, fostering innovation and creativity within our workforce (see further information on page 71).

Closing headcount by region
North America | 41%
EMEA | 9%
APAC | 50%

Employee engagement and communication
To align our workforce with our business objectives, we implement robust engagement and communication strategies designed to ensure employees are well-informed, motivated and connected to the Group's wider vision.

Each business leader holds regular update meetings to foster open communication, improve transparency and strengthen collaboration. Additionally, we have launched a monthly newsletter to keep employees updated on key initiatives, achievements and organisational news.

We conduct annual employee satisfaction surveys to gather feedback and identify opportunities for improvement, with the most recent one presented to the Board in November 2024; our HR team is implementing actions from this across the business. The CEO regularly participates in virtual meetings with all employees, providing updates on business performance and addressing questions on a wide range of topics. These initiatives help ensure we maintain a motivated and engaged workforce (see further information on page 29).

Knowledge sharing and collaboration
We foster a culture of knowledge sharing and collaboration, recognising that collective intelligence drives innovation and continuous improvement. To support this, we have launched an internal intranet site, providing employees with a centralised platform to share ideas, access resources and stay informed. Additionally, employees have access to modern collaboration tools, enabling seamless teamwork across departments and geographies. We also host monthly Alphawave University sessions, where team members can share expertise, explore new ideas and collaborate on innovative solutions. Collectively, these initiatives empower our workforce to contribute meaningfully to our operations and to our business success.

Employee wellbeing
We strive to create a supportive environment that prioritises the physical and mental health of our workforce. This is with the aim of fostering a workplace where our employees can thrive both personally and professionally.

Reward and recognition
We recognise high performance through targeted compensation, benefits programmes and our newly launched recognition platform, which celebrates individual and team contributions.

Our entrepreneurial culture attracts top talent, fostering our ability to develop advanced technologies.

Diversity
Total employees gender diversity
2024
Male | 81%
Female | 19%

2023
Male | 81%
Female | 19%

Senior management gender diversity
2024
Male | 92%

Female | 8%

2023
Male | 91%
Female | 9%

Board gender diversity
2024
Male | 67%
Female | 33%

2023
Male | 60%
Female | 40%

Working conditions and employment rights
Our workspaces are designed to provide the highest standards of safety, comfort, technology and accessibility, with strong measures in place to support remote work as needed.

We are deeply committed to upholding and promoting internationally recognised human rights, as outlined in the Universal Declaration of Human Rights and related international human rights instruments. This includes unequivocal support for labour rights, including those relating to freedom of association/collective bargaining, freedom from discrimination, the elimination of forced labour and the elimination of child labour. Across all geographies, we strive to ensure our employees are treated fairly and ethically, and benefit from excellent working conditions.

To reinforce these commitments, we have launched a whistleblower portal, providing a secure and confidential platform for employees to report concerns, including potential human rights violations. Employees are trained on the Whistleblower Policy and provided with access to local phone numbers and an anonymous online reporting site, which is run by a third party to ensure issues can be reported with confidence. Our formal grievance escalation procedure, outlined in our Workplace Violence and Harassment Policy and Code of Ethics and Business Conduct, ensures that all concerns are addressed swiftly, transparently and in alignment with our core values. (see policies at **awavesemi.com/company/esg**).

Number of employees

FY 2024	Female	Male	Total
Board	**2**	**4**	**6**
Total employees[1]	**191**	**796**	**991**
Senior management[2]	**1**	**9**	**10**

FY 2023	Female	Male	Total
Board	4	6	10
Total employees	160	669	829
Senior management[2]	1	10	11

1) An additional four employees did not complete gender in their profile.
2) Senior management diversity reflects the composition of the leadership team, including the CEO.

Key initiatives
Employee wellbeing
The wellbeing of our employees – many of whom work under a hybrid model (i.e. remotely and in-office) – is inherently tied to the wellbeing of our business.

Number of employees (closing)
991
FY 2023: 829

Employee turnover
9%
FY 2023: 7%

Gender diversity
19%
FY 2023: 19%

We want to make sure our employees get the most out of their time in our offices, can interact with their colleagues and enjoy a healthy and supportive environment. To this end, we implement health check days, provide employee assistance programmes and offer wellness activities such as yoga and meditation. We also make it a point to hold in-office events to enable real-time collaboration, such as for Canada's anti-bullying Pink Shirt Day campaign, for which an event is held at our Toronto HQ.

We apply a Right to Disconnect Policy (see **www.awavesemi.com**), under which every employee has the right to (and should) disconnect from work outside of their normal working hours – unless there is an agreement to do so, an emergency or another legitimate reason (examples of which are provided in the policy).

Talent attraction and referral
We believe our employees are our best ambassadors. This is why we maintain an internal referral programme through which employees who refer successful candidates receive a reward. In parallel, we have social media campaigns targeting specific skills and roles.

Community Outreach with SHN Foundation
Alphawave Semi donated CA$97,500 to Toronto's Scarborough Health Network Foundation with the money to be used to help support people undergoing physical and mental health challenges.

Employee learning and development
Learning and collaboration are key aspects of employee development. Alphawave University aims to give employees the opportunity to learn about different aspects of our business and our technology. The programme consists of regular sessions held by Board members and the management team (amongst others) where a range of technical and non-technical topics are discussed.

We also apply an employee education programme that reimburses our employees upon their successful completion of relevant courses. Employees identify their learning and development needs on a regular basis (both technical and non-technical) and agree these with their line manager.

In 2024, we added Udemy to our global HR system in addition to the existing IEEE Explore resource. These cover a broad range of competencies and technical training needs and in 2024, 20,000 Udemy courses were added for employees.

Leadership development
Our Board mentoring programme aims to cultivate leadership excellence within our business. This pairs experienced Board members with the next generation of leaders, fostering a unique mentorship dynamic that transcends traditional hierarchical structures. This provides a platform for seasoned leaders to impart strategic insights, industry knowledge and leadership skills to mentees, contributing to their professional growth and development.

The mentorship programme continues to play a key role in developing and maintaining a robust leadership pipeline by instilling a strong sense of organisational culture, values and strategic vision, and transferring expertise and experience. The programme is supporting the next generation of leaders, while promoting a collaborative and forward-thinking leadership ethos that benefits our business.

Diversity and inclusion
We believe in fostering an inclusive environment where every individual, regardless of gender, background or ethnicity, can thrive. We are committed to supporting community programmes aimed at encouraging children (including, in the context of female underrepresentation in the sector, girls) to explore and pursue STEM careers. By investing in these initiatives, we hope to contribute to the development of a diverse talent pipeline that we can recruit from – and inspire the next generation of leaders.

In 2024, we:

- Continued to partner with the Let's Talk Science educational initiative in Canada.
- Extended our outreach efforts by sponsoring Camp Engies in Canada and the Shavuot STEM education programme in Israel – both of which aim to promote female participation in the STEM field.
- Launched a women's mentoring programme within our organisation, recognising the importance of empowering women to excel in their careers.

In addition:

- Our two largest locations – India and Canada – have dedicated gender diversity initiatives in place.
- We closely monitor our salary systems, regular performance reviews and processes, which have been designed to avoid any gender-based discrimination[1].
- 33% of our Board members, and 19% of employees, are women (FY 2023: 19%).

Collectively, our efforts reflect our dedication to fostering diversity, equity and inclusion. Our Diversity and Inclusion Policy is available on our website at **www.awavesemi.com.**

1) Alphawave Semi is not legally required to submit gender pay gap data as it does not have the minimum required number of employees in the UK.

Alphawave University:
A session with our independent Non-Executive Director David Reeder

David Reeder presented to the business virtually and gave attendees a run through of his background and some perspective on how his career developed, and described some unique ways in which employees can think about their careers, especially for those that have a technical background. He gave a run through of his start in the industry, which enabled his growth, and the benefit of having a mentor who can push you to do more, to think of your career as a toolbox, to not think of the position, but the skills you obtain and develop along the way.

Internship programme

Alphawave Semi has paid internship programmes in Canada and India, the two countries with the highest number of employees. The main objective of our internship programmes is to identify high potential students in their final semester or year of their undergraduate or masters degree, with a view to future employment within the Group. Similarly, we aim to encourage the next generation of engineers and innovators, giving them insight into the wide range of engineering careers and illustrating the valuable contribution they can make to the advancement of technology.

At the end of 2024, we had 68 interns in the Group (FY 2023: 12), with the increase a result of scaling within the business. Of these interns:

- 22 were in Canada (FY 2023: 11), with interns typically taken from the Universities of Toronto and Ottawa for periods of twelve to 16 months.
- 46 were in India (FY 2023: 1), with interns typically taken from universities such as KLE Tech University, the University of Burdwan and the CVR College of Engineering in Hyderabad.

As in previously years, we hired many of our previous interns during 2024.

Reward and recognition

We offer market-competitive pay and employee benefits, along with opportunities for individual and team recognition, all within a supportive working environment. We regularly benchmark our pay and benefits against the employment markets in which we operate.

Our compensation programmes include short-term cash-based bonuses and long-term share plans that allow us to differentiate levels of reward, based on critical skills and performance levels. These are informed by our annual performance appraisal process, which sets clear objectives aligned with the objectives of our business.

The majority of our employees participate in our long-term incentive programme, which helps to promote a shared sense of ownership. Similarly, in 2024 we rolled out the Equity Stock Purchase Plan (ESPP) and the majority of hires made this year were given equity incentivisation through our long-term employee share programme.

Non-financial benefits

All employees have access to a variety of non-financial benefits that contribute to their overall job satisfaction and wellbeing. These benefits include, amongst others:

- Flexible work arrangements, such as telecommuting and flexible hours.
- Professional development opportunities, such as training programmes and educational assistance.
- Health initiatives, including health insurance, access to gym memberships and on-site health check days using visiting doctors.
- Mental health initiatives, including employee assistance programmes.
- Access to financial counselling.

In addition, we also promote a positive, holistic and supportive work environment and culture, including through:

- The provision of team-building activities and workshops.
- The offering of work amenities, such as libraries, quiet rooms and massage chairs, as well as support for remote working.
- The organisation of volunteering and community support programmes.

These benefits and activities reflect geographic location, regional cultures and regulatory requirements.

Employee engagement and communication strategies

We engage with our employees through town halls, employee forums and local events, with the participation of the senior management team. Key areas of focus include the strategic progress of the Group, our financial results and our business priorities.

In 2024, we undertook our third annual employee satisfaction survey, which was conducted by ‘Great Place to Work’ and had a response rate of 86% (2023: 76%). Feedback remained positive, with employees continuing to feel they can make a difference and be committed to going the extra mile to get the job done. Its results were presented to the Board in November, with the survey suggesting the need for further action around enhanced work/life balance and employee development.

The Group has, once again, been certified as a ‘Great Place to Work’ in all its main locations.

Focus areas in 2025

- Continue to foster a workplace where our team members feel valued, motivated and empowered through our Employee Engagement Committees. These are responsible for organising initiatives that promote satisfaction, wellbeing and collaboration among employees. Ultimately, these committees ensure employees have a voice in decisions that affect their work life.
- Secure wellness certifications at larger global sites, which include minimum air quality standards be met, and a requirement for the availability of healthy food options.
- Implement Group-wide job architecture and compensation strategy that aligns and supports our business objectives. This includes a comprehensive review of global benefit programmes, to maximise the impact on employee wellbeing, cultural alignment and engagement.

Environmental responsibility

Climate strategy, risks and opportunities
Context
As a fabless semiconductor company, we have a limited carbon footprint relative to companies in other segments of the value chain. Alongside the benefit our products bring to the overall energy consumption in digital infrastructure applications (such as data centres, 5G base stations and AI), we are working towards further minimising and reducing our carbon footprint over time.

As a fabless business, this inherently involves engagement with our (largely Asia-based) foundry and OSAT partners, which we rely upon for the fabrication, testing, assembly and distribution of our products.

For this, data from 2024 forms the baseline for our carbon footprint and enables us to identify opportunities to reduce carbon emissions further.

Management approach
Environmental responsibility is managed through the application of our ESG Policy, which was approved in early 2023 and addresses our key priorities such as:

- Our commitment to reduce our carbon impact.
- The decarbonisation of digital infrastructure.
- Responsible supply chains.

The Group has committed to achieving carbon neutrality, mostly through the offset of GHG emissions in the short term. Although as a fabless business our environmental impact is relatively low, the Group is actively putting measures in place towards reducing its carbon footprint, such as investing in efficient and sustainable premises or carefully considering corporate travel.

Governance
Responsibility for environmental performance sits with the Board, which also has overall accountability for the management of climate-related risks and opportunities (pages 32 to 34).

UN SDG 13 CLIMATE ACTION

Our Chief Financial Officer is responsible for our risk management framework, including the assessment and management of climate-related risks. The ESG Steering Committee supports and guides the execution of our climate-related and environmental activities.

Our SVP of Human Resources is also responsible for leading our climate change agenda and managing our policies and practices across sustainability and ESG matters. Our Executive Office has overall responsibility for carbon reporting and our IT Director is responsible for our IT resilience and IT end-of-life policies.

Strategy
The delivery of our technology to customers is, in most instances, through virtual and not physical means. Our value chain has worked effectively through exceptional circumstances, such as the COVID-19 pandemic, to operate remotely and from alternative locations. Therefore, we regard our exposure to direct physical climate-related risks as low.

Further, the negative impact of any transitional changes upon the Group and its operations is considered to be low compared to those businesses that have more direct dependencies. However, carbon pricing policies and the cost of energy can have some impact on the running costs of our business.

In preparing the consolidated financial statements, the Directors have considered the impact of climate-related risks on the Group and have concluded that there is no material impact on financial reporting judgements and estimates (as discussed in note 3 to the financial statements). This is consistent with the assertion that risks associated with climate change did not affect the business, its strategy and financial performance in 2024, and are not expected to have a material impact on the longer-term viability of the Group.

Furthermore, the Directors do not consider there to be a material impact on the carrying value of goodwill, other intangibles or on property and equipment.

Metrics and targets

For 2024, the Group once again appointed Carbon Footprint Ltd, a carbon and energy management company, to independently assess its greenhouse gas (GHG) emissions in accordance with the UK Government's 'Environmental reporting guidelines: including Streamlined Energy and Carbon Reporting requirements'. Our GHG emissions have been assessed following the ISO 14064-1:2018 standard using the 2024 emission conversion factors published by the Department for Environment, Food and Rural Affairs and the Department for Business, Energy and Industrial Strategy.

We use Scope 1, Scope 2 and partial Scope 3 emissions as our metrics. As a fabless business, we outsource the production of semiconductors to leading foundries. In line with our fabless peers, we do not currently gather data from the foundries on the emissions relating to the manufacturing of our products; nor our IP when embedded in products, and these therefore cannot currently be calculated within the footprint. We report both the intensity ratio per employee and ratio per US$m revenue, as defined in the table below.

The assessment follows the location-based approach for assessing Scope 2 emissions from electricity usage. The financial control approach has been used.

The table below summarises the GHG emissions for the 2024 reporting year and includes all our locations in 2024. In the 2022 assessment year, the Israel site was not included, and during 2023, we moved to larger offices in both Pune and Ottawa, which means these new operations and larger facilities were not reported for a full year in the 2023 comparisons.

Scope 1 includes emissions associated with gas consumption and refrigerant gas/A/C usage. Scope 2 includes emissions associated with site electricity consumption. The increase in Scope 1 and Scope 2 emissions was mainly driven by the increase in our headcount and the square footage of our offices. Scope 3 includes those emissions associated with business travel and electricity consumption attributable to our utilisation of servers at our third-party data centre provider. As in 2023, our 2024 Scope 3 emissions also include those from outsourced logistics, commuting and computing. FY 2024 data will form the baseline of our carbon footprint and this will be analysed to identify opportunities to reduce carbon emissions further. Note, this has been delayed from 2024 due to a change in relevant personnel.

Streamlined Energy and Carbon Reporting

	2022	2023	**2024**
In metric tonnes CO_2e			
Total Scope 1 emissions (natural gas)	208.9	378.7	**330.19**
Total Scope 2 emissions (electricity consumption)	341.5	1,111.5	**2,411.64**
Total Scope 3 emissions (transmissions and distribution, non-controlled electricity, hotel stays, homeworkers, computing, upstream logistics air and road, well to tank, commuting, flights, hire car, taxi and grey fleet travel)	601.7	3,452.6	**4,123.12**
Total gross (Scope 1, 2 and 3) location-based emissions	1,152.1	4,942.8	**6,864.96**
Intensity ratios			
tCO_2e (gross Scope 1, 2 and 3) per employee	1.78	5.96	**7.53**
tCO_2e (gross Scope 1, 2 and 3) per US$m revenue[1]	nm	15.3	**22.36**
Underlying energy consumption (kWh)			
Total global energy consumed	2,618,460	5,685,827	**7,454,501**
Total UK energy consumed[2]	n/a	n/a	**3,312**
UK-based emissions	nm	nm	**nm**
UK-based energy consumption	nm	nm	**nm**

1) tCO_2e (gross Scope 1, 2 and 3) per US$m revenue reported as nm in 2024, 2023 and 2022. Group FY 2022 revenue includes revenue from the acquisition of OpenFive from 31 August 2022 (closing date), but FY 2022 emissions baseline includes annualised contribution from the related locations in India and the US. Considering the annualised contribution of these locations allowed for a more meaningful tCO_2e (gross Scope 1, 2 and 3) per employee comparison.

2) UK energy consumed in 2024, 2023 and 2022 was calculated based on the kWh for Scope 3 home-working only, representing an immaterial portion of the total energy consumed (<0.01% of total emissions). As such, this has not been extracted from the total footprint for reporting in previous assessment years.

We are gradually rolling out activities to reduce our GHG emissions. These include:

- Active management of e-waste with robust product lifecycle management programmes for our computer and IT resources.
- Monitoring business travel, as well as the offsetting of associated emissions. Please see page 23 climate action for more information.
- Where possible, the sourcing of renewable energy.

In 2024, we transitioned from a 24,000 sq. ft. office to a 70,000 sq. ft. space in Bengaluru, located within the EcoWorld campus. This state-of-the-art campus is a leader in sustainability, recognised as Asia's first net-zero development. It operates as a zero water discharge campus and ensures 100% of organic waste is recycled through composting, reinforcing our commitment to environmental responsibility.

Alongside our Bengaluru expansion, we also upgraded our Toronto and San Jose sites, enhancing workspaces to foster collaboration and employee wellbeing. All three locations are currently undergoing certification for LEED, WELL and other sustainability and wellness standards, reflecting our dedication to creating healthy, high-performance workplaces.

Our reporting is consistent with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We provide information on our approach to assessing and disclosing climate-related risks and opportunities in accordance with Listing Rule 6.6.6R(8) and the recommendations of the TCFD, except for the following matters: disclosure ('strategy c'); we have not performed a quantitative risk assessment or climate-related scenario analysis. The Directors believe this is not necessary for an understanding of the Group's business at this stage and the risk assessment process has not identified any significant risks related to climate. In 2025, we will evaluate the additional requirements and associated costs to assess the resilience of the organisation under different climate-related scenarios.

Following this evaluation, we will make a decision on whether a quantitative risk assessment should be prioritised and the timing if appropriate.

See our full compliance statement in the Appendix.

Risk management

Our process for identifying and assessing climate-related risks and opportunities follows our Group-wide risk assessment and management process. These risks, together with mitigations, are discussed by the executive management team and the Board. Given our fabless business model, the Group's exposure to climate-related risks is considered to be limited and is not currently classified as a significant risk. Our overall risk management process is described on page 75.

The Group has not identified any short-term climate-related risks that are likely to have a material and direct impact on our operations. We are potentially exposed to medium and longer-term climate-related risks of a global/macro nature that impact society in general, together with risks which may impact our end-customers and the broader semiconductor supply chain.

Short, medium and long-term time periods

Short term | 2025-2030
Medium term | 2025-2040
Long term | 2030-2050

Climate-related risks and opportunities related to the transition to a low-carbon economy

<table>
<tr><th>Risks</th><th>Opportunities</th></tr>
<tr><td>Policy and legal | low risk, medium to long term
In 2024, we updated our materiality assessment (see page 20).This found climate risks and opportunities to be relevant but not material.

As a fabless business with low capital intensity, we do not have a significant amount of assets at risk of impairment or early retirement as a result of changes in environmental legislation.</td><td>Resource efficiency | low risk, medium to long term
We are actively managing e-waste, reducing unnecessary business travel and, when necessary, relocating our offices into energy-efficient buildings, which creates an opportunity for the Group to reduce its environmental impact.</td></tr>
<tr><td>Technology | low risk, medium to long term
Alphawave Semi is at the forefront of wired connectivity technology.

Our leading-edge technology advances push the boundaries of wired connectivity capabilities, enabling data to travel faster, more reliably and using lower power.

Our focus on connectivity and R&D investment seeks to ensure we remain ahead of our competitors.

Alphawave is a fabless business, meaning we design and sell semiconductor chips but outsource manufacturing to specialised foundries. This model allows us to focus on innovation and efficiency, but it also introduces technology risks related to supply chain disruptions, quality control, and dependency on external partners. To mitigate these risks, we work closely with our supply chain to minimize its environmental impact and ensure the reliability and sustainability of our operations.</td><td>Energy source | low risk, medium to long term
Energy from renewables is not available in all our locations, but where possible, we try to improve the mix of purchased energy towards renewables.

All of our premises are leased. Our offices in Canada (Toronto and Ottawa) and the US (San Jose) are based in modern, smart buildings equipped with energy-saving systems and advanced HVAC systems. In 2024, we transitioned to larger facilities in Bengaluru's EcoWorld campus, Asia's first net-zero development, featuring zero water discharge and 100% organic waste recycling. All three locations are undergoing certification for LEED, WELL, and other sustainability and wellness standards.

In compliance with Streamlined Energy and Carbon Reporting (SECR) requirements, we are committed to disclosing our energy use and carbon emissions. This includes reporting on the environmental impact of our leased premises and the sustainability measures implemented across our global offices.</td></tr>
<tr><td>Market | low risk, medium to long term</td><td>Products and services | medium risk, medium to long term</td></tr>
</table>

As a fabless business, energy costs are not a major direct cost driver.

Higher energy costs could potentially impact the direct costs of our manufacturing partners and result in higher cost of goods sold. Our foundry partners are the leading manufacturing companies in the industry and continuously invest in the adoption of next generation manufacturing technologies.

The semiconductor industry is well placed to support the transition to a lower-carbon emission economy. Our technology enables semiconductors with lower power consumption, contributing to a more energy-efficient digital infrastructure, such as in AI data centres, 5G base stations and other highly data-intensive applications.

Our technology contributes in different ways to reduce the power consumption of data centres (see pages 38 and 39).

Reputation | low risk, long term

Although our direct carbon footprint is relatively small compared to other business activities, we seek to reduce our carbon footprint and undertake appropriate efforts to not fall short of best practice amongst fabless semiconductor companies in our sector and our largest customers.

We plan to use our FY 2024 carbon emissions data as a baseline for the setting of carbon emissions targets in FY 2025.

Markets | medium risk, long term

We work with leading semiconductor, telecommunications, technology and hyperscaler businesses. Many of these companies are focused on reducing their carbon footprint and are investing in new, related technologies. Our opto-electronics, AI and data centre IP, custom silicon and chiplet business means we are well-placed to benefit from new revenue opportunities linked to low power technology. This includes a particular focus on reducing the power demands of data centres and AI infrastructure (see pages 38 and 39).

Climate-related risks and opportunities related to the physical impact of climate change

Risks

Acute risk (event driven) | low to medium risk, medium to long term

As a fabless semiconductor company, our own operations are unlikely to face any specific material risks as a result of the physical impacts of climate change, such as property damage due to extreme weather events (i.e. changes in temperature, wind patterns or water-related).

In 2025 we intend to evaluate the requirements and costs involved in such an assessment.

Please refer to page 22 for additional details on our goals for 2025.

All our employees can work remotely and the majority of our offices are located in modern buildings in city centres located in major cities.

Our manufacturing partners have implemented multiple initiatives to understand and manage the effects of climate change on their own operations. We work with leading companies such as TSMC, Samsung and Intel which follow the recommendations of the TCFD and have initiatives in place to manage these risks.

Chronic risk (long-term shifts in climate patterns) | low to medium risk, long term

In the longer term, changes in greenhouse gas emissions regulations could result in increased costs in our supply chain due to higher compliance, raw materials or energy costs for our suppliers.

Dependency on natural, human and social capital

Climate change would not create any new direct dependencies on our natural, human or social capital.

Focus areas in 2025

- Enhance our data collection and reporting processes to support collection and monitoring across Group locations.
- Establish carbon reduction targets and supporting carbon reduction plans at our main locations, using our FY 2024 emissions data as a baseline.
- Evaluate additional requirements and costs involved in the development of climate-related scenarios.

Supply chain

Context

We outsource the production of our semiconductors to the leading companies in the industry, such as TSMC. These companies provide high-quality products, share our commitments to environmental stewardship and labour rights, and have the ability to meet both our stringent qualification requirements and tight deadlines.

Assembly and test functions are also outsourced to leading companies in the sector, such as ASE. Our main foundry and OSAT partners are leading companies in their sectors and much larger organisations than Alphawave Semi. As such, they have long-standing environmental and labour management programmes in place.

As a fabless business, our commercial success is reliant on our ability to manage our supply chain. As such, we are not only focused on minimising disruption risks (including any associated reputational, commercial or contractual harm), but also on identifying and proactively managing related sustainability impacts. These include:

- Impacts on human and labour rights (in line with national legislation).
- Health and safety impacts.
- Environmental impacts.

We still retain advanced packaging expertise in-house, such as 2.5D and 3D technologies, as this is an area of vital importance in the development of new architectures, such as system-in-package and chiplets.

Our manufacturing operations, along with those of our suppliers, are certified to ISO 9001:2015.

Management approach
Our Vice President of Custom Silicon Group is responsible for all manufacturing-related activities, including the management of our foundry, assembly and test partners. They are assisted in this role by our Silicon Operations team, which is responsible for managing the manufacturing process. Board-level responsibility for our supply chain lies with our CEO.

We manage our supply chain by:

- Requiring all our fabrication, assembly and test partners to be ISO 9001 certified.
- Categorising partners as critical or non-critical to support a risk-based approach to supply chain management.
- Screening all partners against our manufacturing partner assessment survey and undertaking annual on-site audits for critical suppliers.
- Carrying out annual audits (audit-light approach) of our major partners using a remote, self-assessment survey checklist. This includes a focus on training and development of staff, working conditions and the traceability of materials, as well as a range of topics directly related to the quality and control of suppliers' activities.
- Jointly reviewing the annual audit results with our partners, including any recommended corrective actions. Major discrepancies may require a reassessment to verify that the required corrective actions have been implemented.
- Issuing corrective action requests (CARs) in the event of significant quality non-compliance events. These identify root causes, require permanent corrective actions and are subject to follow-up monitoring.
- Engaging with those suppliers that have not met our requirements to resolve issues and to raise their level of performance to acceptable levels.
- Carrying out weekly business and performance reviews with our regular partners, as well as in-person bi-monthly business reviews and annual meetings with our major vendors.

In addition, certain customers carry out due diligence on Alphawave Semi and our suppliers to ensure adequate systems are in place to monitor ongoing performance. This helps ensure it is in line with expectations and that the products supplied meet all requirements.

Performance
In 2024, we performed a total of 16 audits (FY 2023: 14), covering the majority of our manufacturing partners as well as our main foundry partner. The average score of the audits undertaken in 2024 was 99% (FY 2023: 99%). The lowest score achieved was 95% (FY 2023: 95%). Three of the 16 audits were undertaken onsite and the remaining through remote self-assessment.

During the year, we raised two Corrective Action Requests (CARs) and sought to obtain full resolution for each. CARs provide a structured approach to problem-solving, focusing on root cause analysis and continual improvement. In one of the cases, we successfully achieved resolution through enhanced part marking, additional training, and improved instructions. This process not only mitigated risks but also ensured compliance, transparency, and enhanced customer satisfaction.

On-time delivery (OTD)
The OTD metric measures supply chain efficiency, i.e. whether or not the Group is meeting its goals in regard to agreed delivery times. It is also important for maintaining customer satisfaction. In 2024, our average OTD was 99% (FY 2023: 100%).

Conflict minerals
We support international efforts to ensure that the mining and trading of tin, tungsten, tantalum and gold (known as 3TG) do not contribute to conflict and/or serious human rights abuses including, but not limited to, the Democratic Republic of the Congo (DRC) and the Great Lakes region of Africa. We have a Conflict Minerals Policy in place which is available on our website: **awavesemi.com/wp-content/uploads/2024/10/QAP-0019-02_Responsible-Minerals-Sourcing-Policy.pdf.**

Alphawave Semi extends this obligation to our suppliers, requiring them to reasonably assure that the tin, tungsten, tantalum and gold in the products they manufacture are conflict free. The Group also expects its suppliers to establish their own due diligence programmes to achieve conflict-free supply chains.

In 2024, we did not identify any instances where tin, tungsten, tantalum and gold that are integrated into our products have supported armed groups in the DRC or adjoining countries (2022 and 2023: zero). All our 3TG minerals are from conflict minerals compliant smelters.

Environmental management
It is important that our fabrication partners demonstrate responsible environmental standards. This is why, in line with our Environmental Compliance Policy, we only work with suppliers who are committed to environmental stewardship, and who comply fully with environmental laws, regulations and industry environmental guidelines. We continue to work with our manufacturing partners to adopt advanced process technologies that aim to have an ever-decreasing impact on the environment.

It is vital that we can identify and safely manage hazardous materials. This includes the provision of relevant materials declarations under EU Directive 2011/65/EU (Restriction of Hazardous Substances or 'RoHS3') and the amendment to EU Directive 2015/863. Our products are halide free, containing very low concentrations of halogens (fluorine, chlorine, bromine and iodine) that are well below the internationally suggested limits.

Our products are also fully compliant with EU Regulation (EC) 1907/2006 (Registration, Evaluation, Authorisation and Restriction of Chemicals, or 'REACH').

Focus areas in 2025
- Continue to deliver high levels of operational performance and maintain our average OTD.

UN SDG 8 DECENT WORK AND ECONOMIC GROWTH
UN SDG 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Intellectual property

Context
The protection of intellectual property is vital for any business focused on the creation of innovative and high-value technological solutions. Any failure in this regard could have profound consequences for the value of our inventions, products and our business. Furthermore, we have access to and work with our customers' intellectual property and/or commercial and technological secrets. We recognise the high degree of trust that this requires on the part of our customers, and this reflects the value we seek to add in these relationships, which we work hard to maintain.

Management approach
We are advancing wired connectivity technology for digital infrastructure. Given the rapid evolution of technology and increasingly demanding customer requirements, the sustainability of our business relies on us staying at the cutting edge. Our engineering teams seek to innovate in ways that grow the business, help our customers and keep the Group at the forefront of the connectivity market. As a result, we invest a significant amount into R&D. In 2024, we expensed US$97.1m of R&D activities or 32% of revenue (FY 2023: US$78.2m of R&D activities or 24% of revenue).

Our Chief Technology Officer (CTO) works with Alphawave Semi innovators to define our technology vision and roadmap, and to drive innovation across the Group. The CTO chairs the Intellectual Property (IP) Committee, and its members include representatives from our engineering, marketing and legal teams.

The IP Committee, which meets on a monthly basis, is responsible for:

- Advising the CTO on how to best combine trade secrets, patents and public disclosures to lead in a competitive environment.
- Reviewing and ensuring the correct implementation of applicable policies and procedures.

We ensure that all intellectual property is safeguarded through the application of:

- A dedicated Invention Disclosure Policy, as well as related procedures. The Invention Disclosure Policy is intended to ensure all innovation is recognised and properly managed.
- An Incentive Policy for innovations submitted to the IP Committee, as well as recognition awards.
- A Public Technical Disclosure Policy, covering the regulation of public technical disclosures to standards bodies, consortia, customers, vendors, partners and other public venues.
- Related restrictive provisions in our contracts of employment.
- Robust information technology systems to prevent data leakage.
- Access controls to project-specific data for employees and third parties.

Alphawave Semi innovation award
In line with our commitment to fostering innovation and supporting the next generation of innovators, each innovation disclosure submitted to the IP Committee by employees is considered for an innovation award. Recipients of these awards are recognised at an all-hands event with a commemorative plaque and rewards shared equally among the inventors.

In 2024, we awarded seven innovation awards. These related to high-performance clocking, digital signal processing techniques, and system integration.

As a result, the inventors were awarded a total of US$13,000.

UN SDG 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
UN SDG 8 DECENT WORK AND ECONOMIC GROWTH

Key issues and initiatives

Reducing data centre energy use and emissions

The technology that we develop and market can be optimised to our customers' precise design needs, helping to bring applications to market faster. Our multi-standard silicon IP solutions enable faster, more reliable and lower power data transmission, helping address many of the world's most complex connectivity challenges. They are also playing a key role in reducing the energy use and GHG emissions associated with global digitalisation.

The data centre industry consumes (according to International Energy Agency figures[1,2]) almost 2% of global electricity produced (4% of US, 3% of China). Indeed, the annual electricity collectively used by data centres is greater than all except nine countries. Consumption is set to more than double, from 460 TWh in 2022 to 1,000 TWh by 2026, partly driven by the rise of AI and the cryptocurrency sector. At this point, the industry would collectively exceed the energy demands of all countries bar five – and be equivalent to the total energy consumption of Japan. In 2020, the data centres and data transmission networks that underpin digitalisation accounted for around 330 Mt CO_2e, equivalent to 0.9% of energy-related GHG emissions or 0.6% of total GHG emissions[3]. Connectivity accounts for 20% to 40% of the power used in data centres, and our technology is helping to reduce it by approximately 25% to 40%.

As noted by the Global Semiconductor Mobile Association in its State of the Industry on Climate Action 2022 report, AI, ML and virtualisation are helping to optimise power use in equipment, centralising network resources (enabling synergies) and avoiding unnecessary heating or air conditioning[4]. Our technology supports the flow of data necessary to enable this.

In particular, our technology reduces the number of components needed in data centres and helps reduce power consumption in multiple ways, for example:

- The required reach (or distance of data transmission) enabled by our transceivers eliminates the need for additional receivers or re-transmitters.
- Our technology helps reduce the power requirements of transceivers, reducing data centres' overall power demands.
- The achievement of higher per-lane data rates (e.g. from 112G to 224G) as well as more advanced technology nodes (e.g. from 5nm to 3nm) significantly reduces the energy-per-bit transmitted. On average, the adoption of a smaller manufacturing node achieves power savings of between 25% to over 40%[5, 6] compared to the previous node.
- The use of chiplet architectures that allow for new, low power computing architectures that can achieve power savings of approximately 40% compared to monolithic products (HBM is a less power-intensive memory standard than DDR; more in-package integrated compute replaces chip to-chip communication with ultra low-power die-to-die communication).
- Our CXL and higher-speed PCIe interconnect protocol IP allows for the aggregation or sharing of memory or storage, reducing the amount of memory required for data centre computing by approximately 30%, lowering the environmental footprint of memory manufacturing.

1) IEA (2024), Electricity 2024, www.iea.org/reports/electricity-2024.
2) IEA (2025), Electricity 2025, www.iea.org/reports/electricity-2025.
3) IEA (2022), Data Centres and Data Transmission Networks, IEA, Paris www.iea.org/reports/data-centres-and-data-transmission-networks, License: CC BY 4.0.
4) GSMA (2022) Mobile Net Zero, www.gsma.com/betterfuture/wp-content/uploads/2022/05/Moble-Net-Zero-State-of-the-Industry-on-Climate-Action-2022.pdf.
5) TSMC focuses on power and efficiency with the new 2nm node | Digital Trends: https://www.digitaltrends.com/computing/tsmc-2nm-node-revealed-30-percent-performance-increase/
6) Samsung's 3nm chips reduce power consumption by up to 45% | Inceptive Mind: https://www.inceptivemind.com/samsungs-3nm-chips-reduce-power-consumption-45-percent/25296/

Minimising the lifecycle environmental impacts of our products

The nature of our integrated circuits means that their actual and potential negative physical environmental impacts are relatively limited. Nonetheless, we design our products in a way that helps to minimise any negative impacts they might have over their lifecycle. This includes efforts to reduce the size of our integrated circuits, thus reducing the amount of input materials required.

Focus areas in 2025

- Ongoing development of technologies that enable AI and remove connectivity bottlenecks for data centres.
- Implement SVP of HR's plan to further improve collaboration across teams to foster more innovation.

Investing in the future of AI compute

In 2024, we continued to invest in key connectivity technologies for AI compute.

This included significant R&D into PAM4 and coherent-lite technologies for mid-range data transmission over AI campuses. It has also included R&D into interconnect protocols such as PCIe6 and PCIe7, CXL and UCIe (Universal Chiplet Interconnect Express), for which we have launched advanced IP during the year. These investments, in combination with our work as part of the Arm Total Design Platform (see page 13), position us to be one of very few companies able to deliver optimised custom silicon for AI compute.

Power consumption breakdown in data centre
20%-40%
of the data centre power consumption relates to connectivity.

25%-40% savings
Our connectivity technology enables power savings of between 25%–40%. This can support overall data centre power savings of up to 10%.

Business ethics

Context
We work with leading-edge technologies and seek to establish long-lasting relationships with our customers, partners and suppliers.

Any breach of our legal obligations or our customers' and partners' trust has the potential to compromise our business, either in terms of the loss of valuable commercial relationships, damage to our reputation or the application of official sanctions.

Management approach
Our Code of Ethics and Business Conduct (the 'Code') guides our adherence to relevant technical, ethical and commercial requirements; our protection of our intellectual property; and our strict compliance with the national legislation of our host societies, including relevant anti-bribery and corruption laws. The Code, which is directly informed by international, industry and customer standards, addresses a range of issues, including:

- Respect for the individual.
- Creating a culture of open and honest communication.
- Ethical and fair competition.
- Proprietary information.
- Conflicts of interest.
- Corporate record keeping.
- Protection of the Group's reputation.
- Selective disclosure.

Responsibility for reviewing and updating the Code of Ethics and Business Conduct sits with our Senior Vice President of Human Resources.

For further details, see our Code of Ethics and Business Conduct at: **awavesemi.com/wp-content/uploads/2023/04/Business-Code-of-Conduct-v2.pdf.**

Below we set out some of the additional issues we actively manage, in line with our corresponding policies.

Human and labour rights
Given the highly specialised nature of our industry, we believe our supply chain poses relatively low levels of slavery and human trafficking risk. Our Policy Against Trafficking of Persons and Slavery reflects our ongoing commitment to a work environment that is free from human trafficking and slavery, including forced labour and child labour. The Group seeks to remain vigilant through compliance monitoring and verification, especially in selecting new suppliers.

For further details, see our Policy Against Trafficking of Persons and Slavery at: **awavesemi.com/wp-content/uploads/2024/01/Policy-Against-Trafficking-of-Persons-and-Slavery-v.1.2.pdf.**

Anti-bribery and corruption
Compliance with global anti-bribery and corruption (ABC) legislation is vital to our business dealings and forms the basis of our Anti-Bribery and Corruption Policy. We uphold all laws relevant to countering bribery and corruption in all the jurisdictions in which we operate. In addition, we are bound by the laws of the UK, including the Bribery Act 2010, in respect of our conduct both in the UK and abroad. Training on this policy forms part of the induction process for all new employees. All employees are asked to formally confirm their conformance to the policy on an annual basis.

Responsibility for the implementation of this policy sits with our Chief Financial Officer.

For further details, see our Anti-Bribery and Corruption Policy at: **awavesemi.com/wp-content/uploads/2023/04/Anti-Bribery-Policy-v.1.1.pdf.**

Anti-fraud and dishonesty

Compliance with our Anti-Fraud and Dishonesty Policy ensures our administrative processes and decisions are carried out with transparency and accountability. This policy covers topics such as fraud, theft and abuse of position.

The Group seeks to foster honesty and integrity across its entire workforce. Directors and staff are expected to lead by example in adhering to relevant policies, procedures and practices. Equally, external organisations such as suppliers, contractors and customers are expected to act with integrity and without intent to commit fraud against the Group. The Group provides clear routes by which concerns may be raised by Directors, employees and associates. For further details see our Anti-Fraud and Dishonesty Policy at: **awavesemi.com/wp-content/uploads/2023/04/Anti-Fraud-and-Dishonesty-policy-v1.1.pdf.**

Whistleblowing
Employees, associates, suppliers, customers and third parties are strongly encouraged to report any suspicious activities, including bribery, facilitation of tax evasion, fraud, or other criminal activity. Reports can be made confidentially via a 24/7 independent whistleblowing hotline, accessible through a secure website or by calling one of the associated regional phone numbers. Reports can be made on an anonymous basis and are handled with the highest level of confidentiality. We proactively communicate our Whistleblowing Policy to employees, make it available to third parties and ensure it is accessible in local languages to ensure widespread understanding and inclusivity.

The Group maintains a zero tolerance stance on misconduct. Our Whistleblowing Policy means that individuals reporting concerns in good faith are protected from any form of retaliation or detrimental treatment, which is treated as a serious disciplinary offence if it occurs. Robust structures are in place to process whistleblower reports efficiently, ensuring swift action and resolution.

In 2024, zero incidents were reported through our whistleblowing channels (2023: one incident).

To further bolster integrity, the Group is implementing enhanced background checks for contractors and third-party vendors to mitigate future risks.

The Board, along with the Chief Financial Officer, have overall responsibility for ensuring all policies comply with our legal and ethical obligations, and that all those under our control comply with them. Finance has primary and day-to-day responsibility for implementing the Whistleblowing Policy, and for monitoring its use and effectiveness and dealing with any queries on its interpretation. Full details are available in our Anti-Bribery and Whistleblowing Policy, which reflects our unwavering commitment to ethical practices and operational integrity.

For further details, see our Whistleblowing Policy at: **awavesemi.com/wp-content/uploads/2024/05/Whistleblowing-Policy-1.4.pdf.**

Performance
In 2024, the Code was covered in the induction process for all new employees. In addition, all employees were required to read and acknowledge our key policies.

Focus areas in 2025
- Annual review of relevant policies.
- Review of additional training requirements.

UN SDG 8 DECENT WORK AND ECONOMIC GROWTH
UN SDG 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
UN SDG 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

IT and cybersecurity

Key areas of focus in 2024
Our IT and cybersecurity activities are managed by our IT Director, who oversees a comprehensive, multidisciplinary programme involving information security, IT and physical security. The IT Director reports directly to the Senior Vice President, Engineering and regularly updates our Board of Directors on our cybersecurity performance and risk profile.

We apply a detailed set of policies for information security management, aligned with the ISO/IEC 27001 standards. In addition, our cloud-based Software-as-a-Service (SaaS) applications are regularly audited to ensure adherence to various standards covering aspects such as security, availability, processing integrity, confidentiality and privacy.

We also engage in annual third-party penetration testing of our business and customer networks, along with continuous vulnerability scans of servers, applications, endpoints and network equipment. Any vulnerabilities categorised as critical, high or medium risks are addressed promptly. Moreover, we play an active role in global and professional groups focused on shaping future standards for a more secure, safe and privacy-conscious digital environment, such as the Institute of Electrical and Electronics Engineers.

Group-wide security policies and IT controls are regularly reviewed and updated by the Security Council, which is chaired by our IT Director. Our policies seek to address the regulatory environment, including data privacy regulations, and to mitigate the evolving cybersecurity threat.

All our existing policies and procedures are assessed regularly by our external auditors, as well as third-party consultants. We maintain cyber-liability insurance that covers certain liabilities in connection with security breaches or related incidents.

In 2024, Alphawave Semi experienced zero material information security breaches (2023: zero). We also addressed cybersecurity scenarios in our resiliency planning and documented them through business continuity plans. Our Incident Response Programme facilitates an integrated response to potential cybersecurity events.

Following our 2024 report, we have formalised a dedicated security team and implemented the Microsoft Sentinel SIEM: Security Incident Event Management System. We believe that these enhancements in our cybersecurity framework will significantly contribute to the resilience and success of our organisation in the digital era.

Security training and awareness
We are committed to regularly improving our employees' understanding and awareness of data security and privacy matters. This is in the context of a rising number of significant cyber attacks that take place globally each year. We are focused on safeguarding the confidentiality and security of our employees, customers and other interested parties. We do this by:

- Implementing quarterly email phishing exercises that encompass a large portion of our workforce, equipping them with essential skills for cyber self-defence.
- Providing mandatory training sessions for all employees on data security and privacy. These sessions include comprehensive coverage on topics such as cybersecurity, phishing, data protection and privacy concerns.

Focus areas in 2025
- Rollout and integration of enhanced security systems on non-issued company devices – including mobile devices.
- Continue to expand and incorporate training into new employees' onboarding, including increased training for phishing.
- Undertake third-party cyber risk assessments for vendors.

Raising cybersecurity awareness
In 2024, we conducted four comprehensive cybersecurity awareness training sessions to bolster employees' ability to identify and mitigate cyber threats.
These sessions focused on key areas such as phishing, ransomware and spoofing. Specifically, the training included:

- Phishing – Six Clues That Should Raise Your Suspicion.
- Phishing Awareness.
- Ransomware.
- Spoofing – How to Avoid Becoming a Victim.

A total of 1,074 employees participated in these sessions. Employees who failed phishing tests were required to undergo additional phishing awareness training to reinforce their knowledge.

To further enhance cybersecurity vigilance, we also conducted four phishing simulation campaigns throughout the year. Employees who failed these tests were assigned four additional reinforcement training sessions on phishing awareness.

Looking ahead to 2025, we plan to expand our cybersecurity awareness initiatives by rolling out six training sessions for all employees. These sessions will cover a broader range of cybersecurity threats and best practices, ensuring our workforce remains vigilant and well-prepared.

Community engagement

Context
Our community engagement activities seek to improve the welfare of the communities where we work and live, while our corporate giving programme provides additional support by matching employee donations to local charities and organisations. This creates a platform for our employees to donate their time and support to a range of local and not-for-profit organisations that are important to them.

The goal of our community engagement programme is to support local and not-for-profit organisations identified by our employees and promote the wellbeing of local residents – while also aligning with our values, such as inclusivity, integrity and collaboration (more information on Our culture is on page 66).

Management approach
Our Community Involvement Global Council includes local representatives from all our locations, who meet remotely on a bi-monthly basis. The purpose of the Council is to ensure that local engagement is aligned with our principles and values, to co-ordinate Group-wide initiatives and to share experiences.

Responsibility at Group level sits with the CEO's Executive Admin, who is part of the Executive Office.

Key areas of focus in 2024
In 2024, the Group donated approximately USD$78,828 globally to support local organisations and charities (FY 2023: US$37,000). We also continued to implement internship programmes with local universities and organisations in India and Canada to promote science, technology, engineering and mathematics (STEM) education, as well as careers in engineering. This is with the aim of supporting the next wave of innovators and expanding our own talent pipeline. For more information see the our people section.

In 2024, we continued to engage with Keen to Help, an external platform through which our employees can request and search for volunteering opportunities that are aligned with our values and community engagement goals.

For the first time in 2024, we expanded our global initiatives to include Israel through a partnership with Israeli Girl Week – Shavuot. Through this programme, Alphawave Semi will support two groups of 15 girls in Tel Aviv.

Other activities include participation in Israeli Girl's Week, Good Deeds Day and the programme graduation event.

Focus areas in 2025
- Increase employee volunteering participation.
- Expand our use of the Keen to Help platform to track employee volunteering hours across the Group.
- Broaden our positive impact to new operating regions, including via local partnerships and support for international initiatives.
- Establish partnerships with schools and universities by expanding our STEM mentorship, scholarships and internship programmes, particularly in regions with limited access to technology education.

UN SDG 4 QUALITY EDUCATION

Introducing the Bengaluru office to students
Alphawave's corporate social responsibility (CSR) team was excited to welcome approximately 25 undergraduate engineering students to its Bengaluru office for an introduction and insight into the semiconductor industry in October 2024.

Anurag Gupta, VP, CSG SoC Design Engineering; Ashish Deshpande, Director, ASIC Design; and Muralidharan Viswanathan, Senior Director, ASIC Design, guided the students through an overview of Alphawave, the products we produce, our design engineer portfolios and everything in between.

There was a tour of the office and labs, followed by a lively Q&A session, where the students asked Deepak Bharuka, Characterisation Lead, CR&D, a variety of interesting questions that included, "What electronics and communication engineering and computer science skills and concepts are required to be successful in an engineering role at Alphawave?", "How can we best prepare ourselves to get jobs at very large-scale integration (VLSI) companies?", plus many more.

This tour was organised in collaboration with the Dream School Foundation (DSF). India is home to millions of 'out-of-school' children, with girls accounting for a majority of the dropouts. Girls, children with special needs, children from low-income families and slums and rural areas, are most likely to be denied an education. The DSF strives to break the cycle of socio-economic vulnerability and help children through the power of knowledge and education.

Events like this show aspiring young minds the incredible work they can do in the STEM field, and help them forge professional relationships that will place them on the road to success.

FINANCIAL REVIEW

In 2024, we shifted from legacy business to higher-margin IP licenses and custom silicon NRE engagements at advanced technology nodes, aligning with our strategy.

Rahul Mathur
Chief Operating & Financial Officer

We are well-positioned to benefit from the long-term investment in AI and digital infrastructure.

Investing in future revenue growth
In 2024 we continued to invest in order to enable Alphawave Semi to be one of the few companies in the world bringing a full portfolio of connectivity IP and silicon that will enable the next generation of AI and cloud infrastructure.

Building on the strength of our technology portfolio, we have a custom silicon pipeline focused on AI and data centre solutions in advanced nodes. Our connectivity solutions are expected to meet the increasingly complex bandwidth, latency and power requirements critical to support the adoption of AI. With our enhanced product portfolio and silicon expertise, we can access a larger and high-growth addressable market of approximately US$35bn, gaining greater scale and enhancing our competitive position.

During the year, we achieved record bookings of US$515.5m. 90% of these bookings came from IP licensing and advanced node custom silicon NRE contracts with North American, European and APAC (non-China) customers. The remaining 10% came from the legacy lower-margin custom silicon business we acquired in 2022. The custom silicon contracts that we signed in 2024 give us visibility to potential long-term revenue from silicon production, most of which is not yet reflected in our bookings or backlog. First silicon production orders from these contracts are expected in 2025.

Our financial performance was substantially in line with our revised guidance for the year both on revenue and adjusted EBITDA[1]. Revenue guidance in the year was reduced primarily due to the timing of revenue recognition on long-term contracts in advanced nodes and consolidation among our customer base. Revenue reduced by 4% year-on-year from US$321.7m to US$307.6m and we delivered an adjusted EBITDA margin of 17%, compared to 19% in 2023. Revenue in 2023 included US$49.6m of licence revenue from WiseWave as we fulfilled our remaining obligations under the subscription licence agreement and US$102.8m of silicon revenue from our legacy OpenFive agreements. Excluding WiseWave and the legacy OpenFive agreements, revenue in 2024 would have grown 82% year-on-year, reflecting the shift from legacy business to new licensing and custom chip development agreements at more advanced technology nodes.

1) For definitions of non-IFRS measures see KPIs on page 49 and Alternative performance measures section on page 151 to 153.

In 2024 we expensed US$97.1m in the development of products which will go into production in future years and will contribute to accelerated revenue growth over the medium term.

The increased loans and borrowings balance at the end of 2024 of US$352.0m (compared with US$220.4m at the end of 2023) reflects the US$150.0m convertible debt instrument we executed in December to reduce balance sheet risk and enable critical investments.

Contracted order book and backlog

2024 bookings totalled US$515.5m excluding royalties, of which US$397.2m represented IP licensing and NRE orders and US$118.3m represented royalty and silicon orders. This compares to US$383.9m of total bookings in 2023. Bookings grew 34% year-on-year, comprising 46% growth in licensing and NRE orders and 6% growth in royalty and silicon orders, with bookings exceeding over US$100.0m each quarter during 2024.

North America was the largest contributor to bookings in 2024, representing 51% of the total. It was followed by 29% from APAC excluding China, 10% from China and 4% from EMEA.

Backlog represents the value of contracted bookings over the life of the Group not yet recognised as revenue, excluding potential royalties. At the end of 2024, our backlog was US$520.0m, 47% higher than the backlog at the end of 2023 of US$354.9m. Due to changes in the product roadmap plans of certain customers, approximately 10% of backlog was cancelled subsequent to the year end.

Revenues

Revenues for 2024 reached US$307.6m, a 4% decrease compared to US$321.7m in 2023:

- Customers – in 2024, we recognised revenues from 103 end-customers, consistent to 103 end-customers in 2023. This included new tier-one customers licensing our IP. End-customer revenue concentration remained consistent during the year. Our top five end-customers generated 36% of our 2024 revenues (2023: 46%).
- Regions – revenues from North American customers grew 51% from US$82.2m in 2023 to US$123.8m in 2024, and revenues from APAC (excluding China) customers grew 142% from US$33.5m in 2023 to US$81.2m in 2024. We also saw EMEA revenue grow 206% from US$15.7m in 2023 to US$48.1m in 2024.

  Revenue from China was 18% of the total, as we successfully transitioned away from our legacy business. This decrease in revenues from Chinese customers aligns with our strategy of increasing silicon product revenues from hyperscalers and other large, predominantly North American, customers and we expect the mix of China revenues to gradually decrease to 15% or less of total revenue.

Income statement

	IFRS		Adjusted	
US$m	**2024**	2023	**2024**	2023
Revenue	**307.6**	321.7	**n/a**	n/a
Cost of sales	**(126.5)**	(156.4)	**n/a**	n/a
Gross profit	**181.1**	165.3	**n/a**	n/a
Gross margin	**59%**	51%	**n/a**	n/a
EBITDA[1]	**1.4**	9.8	**51.1**	62.6
EBITDA margin	**0%**	3%	**17%**	19%
Operating loss	**(32.8)**	(19.4)	**n/a**	n/a
Operating margin	**(11%)**	(6%)	**n/a**	n/a
Loss before tax	**(32.9)**	(39.5)	**n/a**	n/a
Net (loss)/profit	**(42.5)**	(51.0)	**18.4**	11.9
Basic EPS (US$ cents)	**(5.78)**	(7.23)	**2.51**	1.69

Diluted EPS (US$ cents)	**(5.78)**	(7.23)	**2.51**	1.69
Cash generated from operations	**13.5**	16.0	**n/a**	n/a

1) For definitions of non-IFRS measures see KPIs on page 49 and Alternative performance measures section on page 151 to 153.

Adjusted EBITDA

	Year ended 31 December	
US$m	**2024**	2023
Net loss	**(42.5)**	(51.0)
Add/(deduct):		
Finance income	**(9.4)**	(3.4)
Finance expense	**9.5**	8.8
Loss from joint venture	**—**	14.7
Income tax expense	**9.6**	11.5
Depreciation and amortisation	**34.2**	29.2
EBITDA	**1.4**	9.8
Add/(deduct):		
Acquisition-related costs	**0.3**	0.7
Compensation element of Banias deferred cash rights	**7.6**	8.4
Leadership reorganisation	**0.7**	—
Compensation element payable for Precise-ITC	**6.2**	—
Share-based compensation expense	**27.9**	40.7
Currency translation (gain)/loss	**(2.0)**	3.0
Impairment of receivable and contract assets related to customers	**9.0**	—
Adjusted EBITDA	**51.1**	62.6

Operating expenses and profitability

Gross margin in 2024 was 59%, with cost of sales primarily reflecting silicon manufacturing costs and custom silicon development costs, as well as sales and reseller commissions on IP sales. In 2023, gross margin was 51% and the increase in gross margin in 2024 reflects lower revenues from contracts we inherited through the acquisition of OpenFive, where gross margins are below our Group targets.

EBITDA[1] in 2024 was US$1.4m (0% margin) compared to US$9.8m in 2023 (3% margin). On an adjusted basis, EBITDA in 2024 was US$51.1m (17% margin) compared to US$62.6m (19% margin) in 2023. The decrease in adjusted EBITDA margin reflects the increase in operating expenditures from US$184.7m in 2023 to US$213.9m in 2024 as we continue to scale our engineering capabilities and supporting infrastructure.

1) For definitions of non-IFRS measures see KPIs on page 49 and Alternative performance measures section on page 151 to 153.

Research and development (R&D) expenses in 2024 were US$97.1m (32% of revenue) compared to US$78.2m (24% of revenue) in 2023. In 2024, R&D expenses included US$12.7m amortisation of acquired intangibles (US$12.7m in 2023). In 2024 we capitalised US$76.0m related to our own product development activities, compared to US$54.5m in 2023, the increase reflecting the growth in investment in our own product development.

Sales and marketing (S&M) expenses in 2024 were US$13.8m (4% of revenue) compared to US$12.8m (4% of revenue) in 2023.

General and administrative (G&A) expenses in 2024 were US$53.3m (17% of revenue) compared to US$40.8m (13% of revenue) in 2023. G&A expenses in 2024 included an expected credit loss release (credit) of US$1.0m based on our assessment of our potential credit loss on overdue invoices and contract assets (loss of US$7.3m in 2023). Excluding this, our G&A expenses for 2024 were US$52.3m, or 17% of revenue (US$33.5m, or 10% of revenue in 2023).

The year-on-year increase in R&D, S&M and G&A expenses was primarily due to the increase in headcount from 829 full-time employees at the end of 2023 to 991 at the end of 2024. In addition, we invested in our support functions and continue to scale our finance, HR, legal and corporate marketing teams, reflecting the increased complexity and geographical spread of the Group to support our transition to a vertically integrated semiconductor company.

In the medium term, we anticipate modest growth in our headcount as we address the opportunities ahead.

Other expenses in 2024 totalled US$49.7m. Share-based payment costs of US$27.9m in 2024 were lower than 2023 (US$40.7m). The higher share-based payment charge in 2023 reflected one-time grants awarded to new members of the senior management team who joined us in 2023 and the payment of the 2023 employee bonus in shares rather than in cash. Exchange gains in 2024 were US$2.0m compared to an exchange loss of US$3.0m in 2023. US$7.6m of other expenses in 2024 related to deferred cash rights for the former Banias Labs employees (2023: US$8.4m). Impairment of receivable and contract assets related to customer was US$9.0m in 2024 and US$nil in 2023.

Operating loss was US$32.8m in 2024, compared to an operating loss of US$19.4m in 2023. The higher operating loss is commensurate with lower revenues and higher operating expenditures in 2024.

Finance income in 2024 was US$9.4m, compared to US$3.4m in 2023. Finance income in 2024 included a credit of US$6.2m relating to customer warrants.

Finance expense in 2024 was US$9.5m, higher than the US$8.8m in 2023 due to higher borrowings. US$13.4m of finance expense was capitalised in 2024, compared to US$9.5m in 2023 as it related to qualifying intangible assets.

Share of post-tax loss of equity-accounted joint ventures was US$nil in 2024, compared to US$14.7m in 2023.

At the end of 2024, the Group owned 35.15% of WiseWave (compared to 42.5% at the end of 2023), a company established in China in Q4 2021 to develop and sell silicon products incorporating silicon IP licensed from the Group. Our shareholding was diluted following a capital raise in 2024 that the Group didn't participate in. We equity account for the investment as a joint venture and we do not recognise our share of further losses if the Group's share of losses of WiseWave equals or exceeds our interest in the joint venture. Consequently, we recognised a US$nil loss in 2024 (US$14.7m in 2023).

Tax expense in 2024 was US$9.6m, being 29% of loss before tax of US$32.9m.

In 2024, we incurred a net loss of US$42.5m compared to US$51.0m loss for the year in 2023.

On an adjusted basis, net profit in 2024 was US$18.4m, compared to US$11.9m in 2023.

The exchange gain of US$1.0m in other comprehensive income is predominantly a result of translating the net assets of the non-USD-denominated entities in the Group to USD, our functional currency.

Balance sheet, liquidity and cash flow

At the end of 2024, we held US$180.2m in cash and cash equivalents and had borrowings of US$352.0m, comprising a Revolving Credit Facility of US$125.0m, a Term Loan of US$112.7m, convertible debt of US$112.8m and other long-term borrowings of US$1.5m. During 2024, our net debt position increased from US$119.1m to a net debt position of US$171.9m following the issuance of US$150.0m of senior unsecured convertible bonds in December. The proceeds from the bonds will finance the Group's ongoing growth plans through investment in research and development and capital expenditures.

During 2024 current trade and other receivables increased from US$78.1m to US$81.3m. This change was primarily due to an increase in trade receivables from contracts with customers, following strong bookings at the end of 2024.

Contract assets, where revenue recognition conditions are met under IFRS 15, but we have not billed or collected any amount, increased from US$65.2m at the end of 2023 to US$95.7m at the end of 2024. This increase was a function of the timing of invoicing milestones on specific contracts, primarily for our IP sales. WiseWave accounted for US$14.4m of the contract asset balance at the end of 2024 (2023: US$42.4m).

At the end of 2024, we held physical inventory of silicon devices with a value of US$6.0m (2023: US$11.6m). The decrease reflects the timing of customer orders and fulfilment of those orders.

Current income tax receivables increased from US$23.5m in 2023 to US$29.0m in 2024 and other current assets decreased from US$19.0m in 2023 to US$11.8m in 2024. The decrease in other current assets was primarily a result of a reduction in prepayments to foundries to reserve manufacturing capacity due to the timing of project tapeouts.

Goodwill of US$309.2m from the acquisitions of Precise-ITC, OpenFive and Banias Labs was unchanged.

At the end of 2024, the carrying amount of other intangible assets was US$263.2m (2023: US$203.3m). This balance is primarily due to the capitalisation of our own development expenditure.

Owned property and equipment increased from US$20.7m at the end of 2023 to US$35.9m at the end of 2024 due to increased expenditure on mask sets and prototyping. Leased property and equipment increased from US$15.3m at the end of 2023 to US$18.0m at the end of 2024.

Investments in equity-accounted associates, namely the value of the investment in WiseWave, remains US$nil, as a result of equity accounting for losses at WiseWave during the period. The value of the cumulative losses incurred by WiseWave exceeds the cumulative value of our investment in the business. The Israeli semiconductor company investment made by the Group in 2023 is valued at US$1.0m as at the end of 2024 (2023: US$1.0m).

During 2024, current trade and other payables increased from US$69.3m to US$76.8m. This increase was predominantly due to timing differences of payments to vendors.

Contract liabilities, where we have invoiced or received money for products or services where revenue recognition conditions are not met, increased from US$56.0m at the end of 2023 to US$81.6m at the end of 2024. This increase was due to the high level of bookings at the end of the year, where invoices were raised at the point of customer signature, but performance obligations were not yet completed.

Summary balance sheet

US$m	**31 December 2024**	31 December 2023
Assets		
Cash and cash equivalents	**180.2**	101.3
Other current assets	**196.2**	197.4
Total current assets	**376.4**	298.7
Goodwill	**309.2**	309.2
Other intangible assets	**263.2**	203.3
Other non-current assets	**105.1**	43.3
Deferred tax assets	**15.5**	12.1
Total non-current assets	**693.0**	567.9
Total assets	**1,069.4**	866.6
Liabilities and equity		
Total current liabilities	**172.6**	136.6
Loans and borrowings (non-current)	**342.7**	214.8
Other non-current liabilities	**64.3**	46.7
Total non-current liabilities	**407.0**	261.5
Total liabilities	**579.6**	398.1
Total equity	**489.8**	468.5
Total liabilities and equity	**1,069.4**	866.6

At the end of 2024, our current and non-current loans and borrowings were US$352.0m, an increase of US$131.7m from 2023 as a result of an additional US$175.0m debt offset by debt repayments made during the year. The additional debt in 2024 consists of US$150.0m of convertible bonds and an additional drawdown of US$25.0m against the Term Loan.

In 2024, we generated cash from operations of US$13.5m compared with cash from operations of US$16.0m in 2023. Restated working capital in 2023 decreased by US$51.3m, compared to a decrease of US$17.0m in 2024. The decrease in working capital in 2024 was primarily due to an increase in trade and other receivables and an increase in contract assets, offset by an increase in contract liabilities.

Income tax paid in 2024 was US$3.3m, compared to US$9.7m in 2023.

In 2024, the Group generated a cash inflow from operating activities of US$10.2m, compared to a restated cash inflow of US$6.3m in 2023, due to increased cash generation from operations and lower tax payments in 2024.

Capital expenditure during 2024 totalled US$90.4m (2023: US$64.1m), comprising US$30.6m of property and equipment (2023: US$18.7m), US$1.0m of intangible assets (2023: US$1.8m) and US$58.7m of capitalised development expenditure (2023: US$43.7m). US$17.6m of property and equipment relates to mask sets and prototype, compared to US$nil in 2023, as we continue to ramp our own product development capabilities.

In 2024, we made no further equity investments into WiseWave (2023: additional investment of US$14.7m) and our ownership of WiseWave was reduced from 42.5% to 35.15% following a funding round in 2024 in which the Group did not participate. As disclosed in our IPO Prospectus, Alphawave Semi has the ability to invest up to US$170.0m in total into WiseWave, although our expectation is that the Group will not make any future investment. We are seeking to exit our equity investment in WiseWave in the medium term, but we will time this exit based on market conditions to maximise return to shareholders.

During the second quarter of 2024, the Group’s net leverage ratio, one of the covenants in its borrowing arrangements, was above the maximum allowed ratio of 3.00x, principally due to low adjusted EBITDA in the first half of 2024. On 19 July 2024, the Group signed an amendment to the Credit Agreement with the lenders to increase the maximum permissible net leverage ratio applicable to Q2 2024 to 4.50x. From Q3 2024, the net leverage ratio covenant has been amended to measure net secured leverage, with a maximum permissible ratio of 3.00x for the remainder of the term of the loan. In addition to the above changes, the amendment also replaced the fixed charges coverage ratio covenant, that was due to resume in Q3 2024, with a minimum interest coverage ratio covenant, being the ratio of the last twelve months’ interest expense to the last twelve months’ consolidated adjusted EBITDA. The revised covenants are more closely aligned to the Group’s operational metrics.

In December 2024, the Group issued US$150.0m of senior unsecured convertible bonds, due in 2030. The bonds were issued at par and carry a coupon of 3.75% per annum payable semi-annually in arrears in equal instalments in March and September, commencing on 18 March 2025. The bonds will be convertible into ordinary shares of the Company. The proceeds from the convertible bonds will be used to finance our ongoing growth plans and may also include some repayment of debt obligations in the future.

The Group's capital allocation policy remains focused on investment in own product development and prototyping, critical hires and expertise to support growth opportunities, and management of our debt position in a changing interest rate environment. We do not intend to pay dividends or make significant acquisitions in the short or medium term. We continue to review our capital allocation framework and available sources of capital to support our long-term growth strategy.

Finally, as further detailed on page 76, the Directors have adopted the going concern basis of accounting.

Summary cash flow

US$m	**31 December 2024**	Restated[1] 31 December 2023
Cash generated from operations before changes in working capital	**32.5**	67.3
Changes in working capital	**(19.0)**	(51.3)
Cash generated from operations	**13.5**	16.0
Taxes paid	**(3.3)**	(9.7)
Cash flow from operating activities	**10.2**	6.3
Capital expenditure	**(90.4)**	(64.1)
Investment in joint venture	**—**	(14.7)
Purchase of businesses	**12.4**	(7.4)
Drawdown of loans and borrowings	**25.0**	15.0
Issue of convertible debt	**150.0**	—
Repayment of loans and borrowings	**(6.1)**	(5.0)
Interest paid	**(19.2)**	(18.4)
Interest received	**3.2**	3.1
Other cash flows	**(6.0)**	(3.6)
Net decrease in cash and cash equivalents	**79.1**	(88.8)
Cash and cash equivalents at the beginning of the year	**101.3**	186.2
Currency translation (loss)/gain on cash and cash equivalents	**(0.2)**	3.9
Cash and cash equivalents at the end of the year	**180.2**	101.3

1) The 2023 cash generated from operations and cash outflow from investing activities has been restated in relation to the capitalisation of borrowing costs amount for FY 2023 of US$9.5m (see cash flow statement on page 110 for more information).

Rahul Mathur
Chief Operating & Financial Officer
17 April 2025

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
Continuing operations	Note	**2024 US$'000**	2023 US$'000
Revenue	4	**307,590**	321,724
Cost of sales		**(126,500)**	(156,372)
Gross profit		**181,090**	165,352
Research and development expenses	5	**(97,112)**	(78,216)
Sales and marketing expenses		**(13,804)**	(12,810)
General and administration expenses		**(53,307)**	(40,821)
of which expected credit loss	18	**995**	(7,337)
Other operating (expense)/income	6	**(49,691)**	(52,857)
of which expected credit loss	18	**(9,000)**	—
Operating (loss)		**(32,824)**	(19,352)
Finance income	9	**9,397**	3,448
Finance expense	9	**(9,507)**	(8,836)
Loss from joint venture	16	**—**	(14,730)
Loss before tax		**(32,934)**	(39,470)
Income tax expense	10	**(9,585)**	(11,532)
Net (loss)		**(42,519)**	(51,002)
Other comprehensive (expense)/income			
Items that may be reclassified subsequently to profit or loss:			
Currency exchange (loss)/gain on translation of foreign operations		**(1,020)**	10,161
		(1,020)	10,161
Items that will not be reclassified to profit or loss:			
Currency exchange remeasurements of defined benefit obligation	25	**(505)**	(1,207)
Related income tax credit		**126**	409

		(379)	(798)
Other comprehensive income/(expense)		**(1,399)**	9,363
Total comprehensive loss		**(43,918)**	(41,639)
Loss per share (US$ cents)	11		
Basic		**(5.78)**	(7.23)
Diluted		**(5.78)**	(7.23)

The notes on pages 112 to 150 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2024	2023
	Note	**US$'000**	US$'000
Assets			
Cash and cash equivalents	17	**180,159**	101,291
Trade and other receivables	18	**81,301**	78,089
Contract assets	4	**67,696**	65,173
Inventories	19	**5,989**	11,622
Income tax receivables	10	**28,999**	23,467
Warrant payment to customer	4	**484**	—
Other current assets	20	**11,812**	19,017
Total current assets		**376,440**	298,659
Goodwill	12	**309,199**	309,199
Other intangible assets	13	**263,242**	203,314
Property and equipment – owned	14	**35,869**	20,654
Property and equipment – leased	15	**17,997**	15,262
Other investments		**1,017**	1,019
Trade and other receivables	18	**2,006**	6,392
Contract assets	4	**27,999**	—
Other assets	20	**775**	—
Warrant payment to customer	4	**19,364**	—
Deferred tax assets	10	**15,492**	12,086
Total non-current assets		**692,960**	567,926
Total assets		**1,069,400**	866,585
Liabilities and equity			
Trade and other payables	21	**76,806**	69,285
Contract liabilities	4	**81,631**	56,026
Income taxes payable	10	**952**	1,051
Lease liabilities	15	**3,834**	3,953
Loans and borrowings	22	**9,375**	5,625
Total current liabilities		**172,598**	135,940
Trade and other payables	21	**132**	1,775
Contract liabilities	4	**537**	—
Warrant liability	4	**13,671**	—
Lease liabilities	15	**15,779**	12,727
Loans and borrowings	22	**342,650**	214,750
Deferred tax liabilities	10	**34,280**	32,945
Total non-current liabilities		**407,049**	262,197
Total liabilities		**579,647**	398,137
Ordinary shares	26	**10,451**	10,011
Share premium account	26	**4,474**	1,638
Merger reserve	26	**(793,216)**	(793,216)
Share-based payment reserve	26	**32,641**	41,875
Currency translation reserve	26	**(87,566)**	(86,546)
Convertible bonds	26	**34,051**	—
Retained earnings		**1,288,918**	1,294,686
Total equity		**489,753**	468,448
Total liabilities and equity		**1,069,400**	866,585

The financial statements on pages 108 to 111 were approved and authorised for issue by the Board of Directors on 17 April 2025 and were signed on its behalf by:

Tony Pialis
Director

The notes on pages 112 to 150 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

	Note	Year ended 31 December 2024 US$'000	Restated[1] 2023 US$'000
Cash flows from operating activities			
Net (loss)		**(42,519)**	(51,002)
Non-cash items within operating profit:			
– Amortisation of intangible assets	13	**14,490**	13,294
– Depreciation of property and equipment – owned	14	**14,149**	11,212
– Depreciation of property and equipment – leased	15	**5,548**	4,612
– Share-based compensation expense	27	**27,896**	40,691
– Currency translation (gain)/loss on intercompany balances		**(1,085)**	15,466
– Disposal of PPE loss		**4,422**	—
Deferred cash rights		**7,618**	8,352
Finance income	9	**(9,397)**	(3,448)
Finance expense	9	**9,507**	8,836
Loss from joint venture	16	**—**	14,730
Income tax expense		**1,912**	4,533
Cash generated from operations before changes in working capital		**32,541**	67,276
Changes in working capital:			
(Increase) in trade and other receivables and warrant payment to customer		**(22,935)**	(22,592)
Decrease in inventories		**5,633**	6,439
(Increase) in contract assets		**(30,522)**	(8,186)
Increase in trade and other payables, R&D credit, accruals and warrant liability		**2,647**	13,969
Increase/(decrease) in contract liabilities		**26,142**	(40,907)
Cash generated from operations		**13,506**	15,999
Income taxes paid (net)		**(3,306)**	(9,699)
Cash inflow from operating activities		**10,200**	6,300
Cash flows from investing activities			
Purchase of intangible assets	13	**(1,038)**	(1,825)
Purchase of property and equipment	14	**(30,635)**	(18,568)
Capitalised development expenditure		**(58,726)**	(43,720)
Investment in joint venture	16	**—**	(14,730)
Purchase of businesses, net of acquired cash		**—**	(7,369)
Purchase price adjustment for Open Five acquisition		**12,437**	—
Interest received		**3,192**	3,118
Cash outflow from investing activities		**(74,770)**	(83,094)
Cash flows from financing activities			
Issue of ordinary shares	26	**3,276**	1,123
Interest paid		**(19,227)**	(18,390)
Lease payments	15	**(6,642)**	(4,740)
Issue of convertible debt	22	**150,000**	—
Drawdown of loans and borrowings	22	**25,000**	15,000
Transaction costs related to convertible debt		**(2,618)**	—
Repayment of loans and borrowings		**(6,094)**	(5,000)
Cash inflow/(outflow) from financing activities		**143,695**	(12,007)
Net decrease in cash and cash equivalents		**79,125**	(88,801)
Cash and cash equivalents at the beginning of the year		**101,291**	186,231
Currency translation (loss)/gain on cash and cash equivalents		**(257)**	3,861
Cash and cash equivalents at the end of the year	17	**180,159**	101,291

1) The 2023 cash generated from operations and cash outflow from investing activities has been restated in relation to the capitalisation of borrowing costs amount for FY 2023 of US$9,534,000. Paragraph 32 of IAS 7 requires the total amount of interest paid on the loan to be disclosed in the statement of cash flow whether recognised in either the statement of profit and loss, or capitalised in the statement of financial position in accordance with IAS 23-Borrowing costs. However, in FY 2023, this capitalised borrowing costs amount of US$9,534,000 was included within both the "interest paid" line in financing activities and the "Capitalised development expenditure" line within investing activities with the balancing amount included in cash generated from operations. Although paragraph 33 of IAS 7 specifies that interest paid may be classified as a cash flow from operating or

financing activities, paragraph 16 of IAS 7 permits expenditure that results in a recognised asset to be classified as investing activities. We should only have shown this amount in either investing activities or financing activities and not both. We made the decision to flow this figure through financing activities, as this kept it consistent with our H1 2024 cash flow in our interim report release. Therefore, FY 2023 has been corrected by reducing the cash outflow from capitalised development expenditure within investing activities by US$9,534,000 and reducing the “increase in trade and other payables” line within operating activities by US$9,534,000, also resulting in a reduction in cash inflow from operating activities of US$9,534,000.

A reconciliation of changes in liabilities arising from financing activities is presented in note 22.

The notes on pages 112 to 150 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Ordinary share capital US$'000	Share premium account US$'000	Merger reserve US$'000	Share-based payment reserve US$'000	Currency translation reserve US$'000	Convertible bonds US$'000	Retained earnings US$'000	Total US$'000
As at 1 January 2023		9,751	775	(793,216)	18,189	(96,707)	—	1,329,481	468,273
Net loss		—	—	—	—	—	—	(51,002)	(51,002)
Other comprehensive expense		—	—	—	—	10,161	—	(798)	9,363
Total comprehensive loss		—	—	—	—	10,161	—	(51,800)	(41,639)
Settlement of share awards:									
– Issue of ordinary shares	26	260	863	—	—	—	—	—	1,123
– Transfer of cumulative compensation expense on settled awards	26	—	—	—	(17,005)	—	—	17,005	—
– Share-based compensation expense for the year	27	—	—	—	40,691	—	—	—	40,691
Other changes in equity		260	863	—	23,686	—	—	17,005	41,814
As at 31 December 2023		10,011	1,638	(793,216)	41,875	(86,546)	—	1,294,686	468,448
Net loss for the year		**—**	**—**	**—**	**—**	**—**	**—**	**(42,519)**	**(42,519)**
Other comprehensive expense		**—**	**—**	**—**	**—**	**(1,020)**	**—**	**(379)**	**(1,399)**
Total comprehensive loss for the year		**—**	**—**	**—**	**—**	**(1,020)**	**—**	**(42,898)**	**(43,918)**
Settlement of share awards:									
– Issue of ordinary shares	26	**440**	**2,836**	**—**	**—**	**—**	**—**	**—**	**3,276**
– Transfer of cumulative compensation expense on settled awards	26	**—**	**—**	**—**	**(37,130)**	**—**	**—**	**37,130**	**—**
Share-based compensation expense for the year	27	**—**	**—**	**—**	**27,896**	**—**	**—**	**—**	**27,896**

Recognition of convertible bond	22	**—**	**—**	**—**	**—**	**—**	**34,051**	**—**	**34,051**
Other changes in equity		**440**	**2,836**	**—**	**(9,234)**	**—**	**34,051**	**37,130**	**65,223**
As at 31 December 2024		**10,451**	**4,474**	**(793,216)**	**32,641**	**(87,566)**	**34,051**	**1,288,918**	**489,753**

The notes on pages 112 to 150 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1 Background

Reporting entity

Alphawave IP Group plc (the 'Company') is a public limited company that is incorporated and domiciled in England and Wales and whose shares are listed on the main market of the London Stock Exchange. The address of the Company's registered office is Central Square, 29 Wellington Street, Leeds, United Kingdom.

The principal activities of the Company and its subsidiaries (together, the 'Group') are the development and marketing of high-speed connectivity solutions for application in data centres, data networking, data storage, AI, 5G wireless infrastructure and autonomous vehicles.

The financial information set out below does not constitute the Company's statutory accounts for the years ended 30 December 2024 or 2023, but is derived from those accounts. Statutory accounts for 2023 have been delivered to the Registrar of Companies and those for 2024 will be delivered in due course. The auditor has reported on those accounts. The reports of the auditor were unqualified, did not draw attention to any matters by way of emphasis without qualifying its reports and did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

Statement of compliance

The consolidated financial statements set out on pages 108 to 111 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the United Kingdom and those parts of the Companies Act 2006 that are applicable to companies reporting under IFRS. The consolidated financial statements also comply with IFRS as issued by the International Accounting Standards Board (IASB).

Basis of preparation

The consolidated financial statements have been prepared on a going concern basis and in accordance with the historical cost convention, except that certain investments and contingent consideration are measured at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Information about assets and liabilities that are measured at fair value is presented in note 23.

The Group's material accounting policies are set out in note 2.

Going concern

At the time of approving the financial statements, the Directors are required to form a judgement as to whether the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. In forming their judgement, the Directors consider the Group's current financial position, the Group's medium-term plan and its budget for the next financial year, and the principal risks and uncertainties that it faces.

On 1 April 2025, Qualcomm Inc. made an announcement confirming its intent to make an offer to acquire the entire issued and to be issued share capital of the Company. Should the Company and Group become subject to an acquisition, loans and borrowings and convertible bonds may be subject to change of control provisions. The Directors do not, at the date of approval of these financial statements, have full clarity on what the exact impact of such an acquisition may have on the Group's structure and financing. However, after considering whether, to the best of their knowledge, the potential acquirer has the necessary ability to address the impact of any change of control provisions through arranging any financing that would be required, the Directors are confident that the Group would be able to continue as a going concern for at least the next 12 months from the date of approval of the financial statements.

As at 31 December 2024, the Group had cash and cash equivalents of US$180.2m and had loans and borrowings totalling US$352.0m, comprised of a Term Loan of US$112.7m, US$125.0m drawn against a US$125.0m Revolving Credit Facility, US$112.8m of convertible debt and a US$1.5m loan from the Israel Innovation Authority. Both the Term Loan and the Revolving Credit Facility are scheduled to mature in the fourth quarter of 2027.

During the second quarter of 2024, the Group's net leverage ratio was above 3.00x which technically represented a breach of the bank covenant as at 30 June 2024 and resulted in the debt being presented as current as at 30 June 2024. This was principally due to low adjusted EBITDA in the first half of 2024.

On 19 July 2024, the Group signed an amendment to the Credit Agreement with the lenders to increase the maximum permissible net leverage ratio applicable to Q2 2024 to 4.50x. From Q3 2024, the net leverage ratio covenant has been amended to measure net secured leverage, with a maximum permissible ratio of 3.00x for the remainder of the term of the loan. In addition to the above changes, the amendment also replaced the fixed charges coverage ratio covenant, that was due to resume in Q3 2024, with a minimum interest coverage ratio covenant, being the ratio of the last twelve months' interest expense to the last twelve months' consolidated adjusted EBITDA. This ratio is set at a minimum of 2.50x for Q3 2024, then stepping up to 2.75x for Q4 2024 and Q1 2025, with a further step up to 3.00x from Q2 2025 for the remainder of the Term Loan. The amendment also gives the Group the option to draw an additional US$45.0m from the existing lender consortium.

The Directors based their going concern assessment on a 'base case' covering the period of at least twelve months from the date on which they approved the financial statements. The base case is derived from the updated 2025 forecast and mid-term plan.

The Directors also considered a severe but plausible downside scenario relative to the base case over the going concern period as follows:

- Group IP licensing revenue from new bookings forecasts are reduced by 27%.
- Group custom silicon NRE revenue forecasts are reduced by 5%.
- Own products revenue forecasts are reduced by 70%.

Under both the base and downside scenarios, there are no further investments forecast to be made in WiseWave. Under the base case and the downside scenario, the analysis demonstrates the Group can continue to maintain sufficient liquidity headroom with no default on debt covenants.

In the downside scenario, we would have the following mitigations available to ensure covenant compliance, if required:

- Reduction in discretionary operating expenditures leading to a reduction in total operating expenditures of 9%, which would increase adjusted EBITDA headroom in the net secured leverage ratio and the interest cover ratio covenants.
- Repayment of a portion of the Term Loan or the Revolving Credit Facility to increase headroom in the interest cover ratio covenant.

Following consideration of the Group's liquidity position and prospects for the year ahead, the Directors are confident that the Group has adequate resources for a period of at least twelve months from the date of approval of the consolidated financial statements and have therefore assessed that the going concern basis of accounting is appropriate in preparing the consolidated financial statements.

Segment information
An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses for which discrete financial information is available and whose operating results are regularly reviewed by the Chief Operating Decision Maker (CODM) to assess performance and make resource allocation decisions.

Our business model is such that our IP is leveraged across the channels through which we provide our products and services to customers, i.e. IP licensing, custom silicon or own products. Moreover, the Group's products and services are of similar nature and are provided to similar types of customers in similar locations. Our CODM, the Chief Executive Officer, therefore does not utilise disaggregated information for resource allocation decisions. Accordingly, management considers that the Group's business constitutes only one operating segment and therefore no disaggregated information is presented in the consolidated financial statements.

Functional and presentation currency
Upon issuance of the 2030 Convertible Bonds on 18 December 2024, it was determined that the functional currency of the Company had changed from pound sterling to US dollars ('US$'), being the currency in which the Company is primarily expected to incur cash flows.

The consolidated financial statements are presented in US$ because substantially all of the Group's revenues and a significant proportion of its expenses are denominated in US$. US$ is the presentation currency used by most companies in the semiconductor industry and its use by the Group therefore assists investors in making comparisons with its peers.

All US$ amounts are rounded to the nearest thousand, unless stated otherwise.

Use of estimates
The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Changes in estimates and assumptions are accounted for prospectively. Actual outcomes may differ from estimates and assumptions and affect the Group's results in future periods. Key sources of estimation uncertainty affecting the consolidated financial statements are discussed in note 3.

Approval of the consolidated financial statements
The consolidated financial statements for the year ended 31 December 2024 were authorised for issue by the Board of Directors on 17 April 2025.

Company financial statements
Separate financial statements for the Company are set out on pages 154 and 155.

Accounting standards adopted during the year
IFRS 17 Insurance Contracts
IFRS 17 requires liabilities in relation to insurance contracts to be measured at current fulfilment value and provide a more uniform measurement and presentation approach for all insurance contracts compared with the standard that it replaced, IFRS 4 Insurance Contracts.

While the Group established a captive insurance subsidiary with the intention of providing Directors' and Officers' liability insurance, it has not transacted any business. Accordingly, the adoption of IFRS 17 had no impact on the consolidated financial statements.

Classification of Liabilities as Current or Non-Current and Non-Current Liabilities with Covenants (Amendments to IAS 1)
Amendments to IAS 1 Presentation of Financial Statements were issued by the IASB in 2020 and 2022 to clarify that the classification of liabilities with an uncertain settlement date as current or non-current is based on rights that are in existence at the end of the reporting period and to introduce new disclosure requirements for non-current liabilities that are subject to covenants.

While adoption of the amendments was not mandatory for the Group until 1 January 2024, we adopted them early with effect from 1 January 2023.

As disclosed in note 22, the Group has outstanding borrowings under a Term Loan facility and a Revolving Credit Facility that are subject to financial covenants. For the period ended 30 June 2023, the fixed charges coverage ratio was below the minimum permitted level of 1.25x and for the period ended 30 June 2024, the net leverage ratio was above the maximum permitted level of 3.00x.

As a consequence of having adopted the amendments to IAS 1, since the breaches of the covenants were unresolved as at 30 June 2023 and 30 June 2024, the amounts outstanding under the Term Loan and the Revolving Credit Facility were classified wholly as current liabilities in the consolidated balance sheet as at those dates. On 22 September 2023, we agreed an amendment of the Credit Agreement with the lenders that temporarily suspended the fixed charges covenant ratio and introduced a minimum liquidity requirement. On 19 July 2024, we agreed a further amendment to the Credit Agreement with the lenders as disclosed in the going concern section of note 1 to the financial statements on page 112.

Since the Group was not in breach of the amended financial covenants as at 31 December 2024, the appropriate portion of the amounts owed under the Term Loan facility and the Revolving Credit Facility have been classified as non-current liabilities in the consolidated balance sheet as at that date.

International Tax Reform — Pillar Two Model Rules (Amendments to IAS 12)
In October 2021, the OECD published its Global Anti-Base Erosion Model Rules (Pillar Two) that seek to ensure that large multinational enterprises pay a minimum effective corporate tax rate of 15% on the income arising in each jurisdiction where they operate.

In view of the uncertainties that exist during the implementation phase, in May 2023, the IASB issued amendments to IAS 12 Income Taxes that introduce a temporary exception under which an entity does not recognise any deferred tax assets or liabilities related to Pillar Two top-up taxes together with new disclosure requirements concerning an entity's estimated exposure to them. The amendments became effective for the Group immediately following their endorsement for use in the UK in July 2023.

Since the Group does not currently operate in any jurisdiction where it expects to have a liability for Pillar Two top-up taxes, adoption of the amendments has had no impact on the consolidated financial statements.

Definition of Accounting Estimates (Amendments to IAS 8)
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors that introduce a definition of an accounting estimate to be applied where items are subject to measurement uncertainty and clarify that a change in an accounting estimate that results from new information or new developments is not the correction of an error.

Adoption of the amendments did not have a material impact on the consolidated financial statements.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
Amendments to IAS 1 to require the disclosure of 'material', rather than 'significant', accounting policies. Although adoption of the amendments did not result in any change in the Group's accounting policies themselves, they have caused management to revise the accounting policy information disclosed in the consolidated financial statements.

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
Amendments to IFRS 16 Leases that clarify how a seller-lessee measures sale and leaseback transactions. The amendments became effective for the Group on 1 January 2024.

Management will refer to the new guidance in the event that the Group enters into any sale and leaseback transactions in the future.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

Amendments to IAS 12 that have the effect that the exemption from the requirement to recognise deferred tax assets and liabilities on initial recognition of a transaction does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition, for example where a lessee recognises an asset and a liability on the commencement of a lease.

The Group previously accounted for deferred tax on leases on a net basis. Since adopting the amendments, where appropriate, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. However, there was no impact on the consolidated financial statements because the deferred tax assets and liabilities recognised qualified for offset under IAS 12.

Accounting standards issued but not adopted as at 31 December 2024

Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures that add new disclosure requirements to the nature and extent of supplier finance arrangements (also known as 'reverse factoring'). The amendments became effective for the Group on 1 January 2024.

The Group does not currently provide supplier finance arrangements.

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

Amendments to IFRS 16 Leases that clarify how a seller-lessee measures sale and leaseback transactions. The amendments became effective for the Group on 1 January 2024.

Management will refer to the new guidance in the event that the Group enters into any sale and leaseback transactions in the future.

Lack of Exchangeability (Amendments to IAS 21)

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to provide guidance to identify when a currency is exchangeable and how to determine the exchange rate to be used for accounting purposes when it is not. Subject to their endorsement for use in the UK, the amendments will become effective for the Group on 1 January 2025.

Management does not expect that adoption of the new guidance will have a material impact on the consolidated financial statements.

2 Material accounting policies

Basis of consolidation

The consolidated financial statements incorporate the results, cash flows and assets and liabilities of the Company and its subsidiaries.

A subsidiary is an entity that is controlled, either directly or indirectly, by the Company. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Generally, such power exists where the Company holds a majority of the voting rights of an entity. When the Company holds less than a majority of the voting rights of an entity, it considers all relevant facts and circumstances in assessing whether or not its voting rights are sufficient to give it power to direct the activities that significantly affect its returns from the entity, including: the size of the Company's holding of voting rights relative to the size and dispersion of the holdings of other vote holders; potential voting rights held by the Company, other vote holders or other parties; and rights arising from other contractual arrangements.

Details of the Company's subsidiaries as at 31 December 2024 are set out on page 161.

Consolidation of a subsidiary commences when the Company obtains control over the subsidiary and ceases at such time as control over the subsidiary is lost. Transactions and balances between members of the Group, and any unrealised profits or losses on such transactions, are eliminated on consolidation.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for within equity.

Joint ventures

A joint venture is a joint arrangement where the parties that have joint control of the arrangement have rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Joint control is the contractually agreed sharing of control of an arrangement which exists only when decisions about the activities that significantly affect the returns of the arrangement require the unanimous consent of the parties sharing control.

Joint ventures are accounted for using the equity method. On initial recognition the investment in a joint venture is recognised at cost and the carrying amount of the investment is increased or decreased to recognise the Group's share of the comprehensive income or loss of the joint venture after the date of acquisition. If the Group's share of losses of a joint venture equals or exceeds its interest in the joint venture, the Group does not recognise its share of further losses. After the Group's interest in a joint venture is reduced to nil, additional losses are provided for, and a liability recognised, only to the extent that it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

The Group's investment agreement in its joint venture, WiseWave Technology Co., LTD, stipulates that Alphawave can invest up to US$170,000,000 in WiseWave. Any requirement for a capital contribution is a shareholder reserved matter which requires the explicit approval of Alphawave as joint investor. As such, the Group does not have a constructive obligation to fund the joint venture and therefore additional losses recorded after the Group's interest in the joint venture have reduced to nil are not provided for and no liability is recognised.

Unrealised profits and losses arising on transactions involving assets between the Group and a joint venture are recognised only to the extent of unrelated investors' interests in the joint venture. Accordingly, the Group's share of its profit from the licensing of IP or the sale of products to a joint venture is eliminated to the extent that the resulting asset has not been utilised by the joint venture or sold on to a third party. Such elimination is made in arriving at the Group's share of the profit or loss from the joint venture and correspondingly against its interest in the joint venture. However, such elimination is made after the Group has recognised its share of the comprehensive income or loss of the joint venture and only to the extent that its interest in the joint venture is reduced to nil.

Business combinations
A business combination is a transaction or other event in which the Company obtains control over a business.

Business combinations are accounted for using the acquisition method.

Goodwill acquired in a business combination is recognised as an intangible asset and represents the excess of the aggregate of the consideration transferred, including contingent consideration, and the amount of any non-controlling interests in the acquired business over the net total of the identifiable assets and liabilities of the acquired business at the acquisition date. Any shortfall, negative goodwill, is recognised immediately as a gain in profit or loss.

Consideration transferred represents the sum of the fair values at the acquisition date of the assets given, liabilities incurred or assumed and equity instruments issued by the Group in exchange for control over the acquired business.

Acquisition-related costs are charged to profit or loss in the period in which they are incurred.

Identifiable assets and liabilities of the acquired business are measured at their fair value at the acquisition date, except for certain items that are measured in accordance with the relevant Group accounting policy, such as replacement equity-settled share-based compensation awards and deferred tax assets and liabilities.

Non-controlling interests that entitle their holders to a proportionate share of the net assets of the acquired business in the event of a liquidation are measured either at fair value or at the non-controlling interest's proportionate share of the identifiable assets and liabilities of the business. Other non-controlling interests are measured at fair value.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts are reported for the items for which the accounting is incomplete. During a measurement period of up to one year after the acquisition date, adjustments may be made to the provisional amounts as if the accounting for the business combination had been completed at the acquisition date. Thereafter, the initial accounting for a business combination may not be adjusted except to correct an error.

Foreign currency translation
Each entity within the Group has a functional currency, which is normally the currency in which the entity primarily generates and expends cash.

At entity level, a foreign currency is a currency other than the entity's functional currency. Sales, purchases and other transactions denominated in foreign currencies are recorded in the entity's functional currency at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the end of the reporting period. Currency translation differences arising at entity level are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies are not retranslated subsequent to initial recognition.

On consolidation, the results of foreign operations are translated into US dollars at the average exchange rate for the reporting period and their assets and liabilities are translated into US dollars at the exchange rate ruling at the end of the reporting period. Currency translation differences arising on consolidation are recognised in other comprehensive income and taken to the currency translation reserve. In the event that a foreign operation is sold, the related cumulative currency translation difference recognised in other comprehensive income is reclassified from equity to profit or loss and is included in calculating the gain or loss on disposal of the foreign operation.

Revenue recognition
General principles
Revenue is recognised in accordance with IFRS 15 Revenue from Contracts with Customers, upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Group expects to be entitled to in exchange for those products or services.

Revenue represents the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer, excluding sales taxes and, where applicable, including estimates of rebates, product returns and other forms of variable consideration. Variable consideration is included in revenue only to the extent that we consider that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

IP licensing
The Group enters into contracts with customers to license intellectual property (IP), which consists primarily of software files that customers use to create, integrate and operate functional building blocks within a semiconductor device. Such contracts typically include the provision of support to customers during the integration of the IP into their chip design ('integration support') and when ensuring that the IP is functional within the resulting chip ('bring up support').

The Group typically licenses its IP under standard pay-per-use licence agreements and the IP is delivered over the period its customers are developing their semiconductor devices, which can span several years.

The Group licenses two different types of IP:

- Hard IP, which has to be specifically tailored for different manufacturing process technologies, as it contains analogue circuitry whose characteristics may change depending on the manufacturing process.
- Soft IP, which typically contains only digital circuitry and where computer-aided design tools can enable the IP to work with different manufacturing processes.

Contracts to license the Group's IP specify the consideration to be paid by the customer, based on the specific IP licensed and the amount of any non-recurring engineering (NRE) required. Invoicing is typically aligned with the achievement of project milestones. Support services are generally separately priced within the contract and are invoiced on an annual basis.

Where a contract involves more than one performance obligation, we allocate the transaction price to the performance obligations based on their relative standalone selling prices.

Hard IP
Due to the complexity of the IP being delivered and the need for customers to integrate our IP with other IP building blocks in their chip designs, the Group's IP is typically delivered in multiple stages, referred to as IP views, all of which require some level of customisation and/or configuration. Although delivery of the licensed IP is split over multiple deliveries of IP views, these deliveries are not distinct because each IP view is highly dependent on or interrelated with one or more of the other IP views.

Further, we do not consider any NRE work required to configure the IP to be distinct because customers are unable to benefit from the IP views on their own or together with other resources readily available to them, due to the bespoke nature of the configuration that the Group performs on the hard IP. We therefore consider that the delivery of the IP views and the configuration of the IP represents a single performance obligation.

We recognise revenue on hard IP by reference to the stage of completion of the project, measured based on the engineering hours spent on work performed to date as a percentage of the estimated total project hours.

Some hard IP is licensed to customers without any NRE services for configuration or customisation. Such IP is available for immediate use by the licensee on delivery and revenue is recognised at a point in time when control of the licensed IP passes to the customer.

Soft IP
While the initial delivery of IP may not be to a customer's exact specification, customers are able to use the IP without significant modification and therefore benefit from it on its own or together with resources readily available to them.

We therefore consider the initial delivery of IP to be a separate performance obligation.

We consider any customisation work and subsequent IP deliveries to be a single separate performance obligation because they are distinct from the initial IP delivery but are highly dependent or interrelated with each other.

We recognise revenue on the initial IP when the IP is delivered to the customer.

We recognise revenue on customisation and subsequent IP deliveries by reference to the stage of completion of the project and achievement of specific contractual milestones when successive deliveries of customised IP are made.

Support
Support services are considered a separate performance obligation from delivery of the IP products because customers could benefit from the services on their own or with other resources that are readily available to them.

Our obligation to provide support services is a stand-ready obligation over a specified period, the timing of which is uncertain. Revenue from support services is therefore recognised on a straight-line basis over the contractual period of support provision.

IP reseller licensing

The Group enters into contracts with resellers which allows the customer to sub-license the Group's IP to third-party end-customers. Typical terms of reseller licence arrangements require/allow the reseller:

- To pay a fixed and variable consideration to the Group for IPs delivered.
- To have discretion in establishing pricing for sub-licensees.
- To bear any credit risk associated with the sub-licensees.
- To be responsible for fulfilment of the IPs to the sub-licensees.

We recognise revenue from reseller arrangements:

- for the fixed consideration upon delivery of the IP to the reseller.
- for variable/usage based consideration when the subsequent sales occur.
- support services, if included in the arrangement, are considered a separate performance obligation and recognised on a straight-line basis over the contractual period of support provision.

Custom silicon NRE
The Group enters into contracts with customers to develop custom silicon products that can include various combinations of IP provided by the Group, IP provided by third parties, other third-party costs required to prototype the device and the Group's internal engineering costs and, if those products go into production, to supply them to those customers. Custom silicon development contracts vary according to the proportion of the engineering work that the Group is required to undertake. For example, the customer may provide a specification only, with the Group designing, implementing and manufacturing the resulting chip, utilising third-party manufacturers. Alternatively, a customer may provide their own design, and only utilise the Group's supply chain infrastructure to manage the manufacturing of the chip. All custom silicon contracts specify that the Group owns the unique mask set of the chip design and, therefore, if the resulting chip goes into production, it can only be supplied to the customer by us. Equally, however, the customer controls the chip design because the Group cannot use it for any purpose other than to manufacture chips for the customer.

Custom silicon development projects are typically complex and highly customised with detailed engineering schedules and deliverables. A custom silicon project may include internal engineering services, our IP, IP support services, third-party IP, tooling costs and prototypes. While these elements are capable of being distinct, they are not distinct in the context of the contract. Each deliverable is highly dependent on or interrelated with one or more of the other goods or services in the contract and the nature of the obligation is to deliver a combined output in the form of a completed design or prototype.

We therefore consider custom silicon development to be a single performance obligation.

We consider that the supply of chips following release to production is a separate performance obligation which arises on receipt of a silicon purchase order from the customer. Custom silicon contracts do not contain purchase volume commitments and therefore the supply of chips is not only capable of being distinct, but is also distinct in the context of the contractual arrangements.

Custom silicon contracts specify the consideration receivable for the custom design work, including any third-party components, as well as pricing for any subsequent silicon orders. Pricing of the design work will depend on factors including chip complexity, manufacturing process technology and IP costs. Invoicing for development work is typically aligned with the achievement of project milestones. Contracts are typically cancellable by the customer for convenience during the design phase. In the event of cancellation, the customer will be liable to make payment corresponding to a future contract milestone or a specified fixed percentage of the contract value.

We recognise revenue on custom silicon development projects by reference to the stage of completion of the project, measured based on the costs incurred for work performed to date as a percentage of the estimated total development costs.

Supply of silicon products
The Group enters into contracts with customers for the supply of silicon devices that are developed by the Group to the customer's specification. Silicon products are physical goods held as inventory with revenue recognised at a point in time when the customer obtains control of the products. Accordingly, where products are sold on 'ex-works' incoterms, revenue is recognised when the products are released for collection by the customer. Otherwise, revenue is recognised when the products are delivered to the customer. Where products are supplied on a consignment basis, delivery takes place and revenue is recognised when the products are taken out of the consignment by the customer.

VeriSilicon reseller agreement
VeriSilicon licensed the Group's IP to third-party customers under an exclusive IP subscription reseller agreement that ended in December 2023. Under the agreement, we charged VeriSilicon exclusivity fees for each calendar year that we invoiced to them and collected on a quarterly basis.

The exclusivity fees represented minimum annual payments by VeriSilicon against which it could offset purchases of our IP for license to third parties at any time during the relevant calendar year. We carried out the necessary customisation and/or configuration of our IP to meet the requirements of the end-customers.

We recognised revenue under the agreement by reference to the stage of completion of the related customisation and/or configuration project, measured based on the engineering hours spent on work performed as a percentage of the estimated total project hours. Any unutilised exclusivity payments could not be carried forward by VeriSilicon to future calendar years.

We therefore recognised any unutilised exclusivity payments as additional revenue at the end of the relevant calendar year.

In December 2024, the Group and VeriSilicon agreed to a modification of the subscription reseller agreement where in certain commercial terms were clarified and certain additional licences were provided to VeriSilicon.

Licence agreement with joint venture
We have a subscription licence agreement that provides WiseWave with right of use over a library of our IP for a fixed fee spread over a period of five years ending in 2026. As we do not usually provide individual licences without NRE to customers, it is difficult to determine the standalone selling price of each of the IPs. Based on engineering schedules, we therefore estimated the total number of IPs that we expected to provide into the library over the duration of the agreement in order to calculate the estimated unit price of the IPs. Given that the number of IPs to be put into the library in the future was uncertain, the estimated unit price of the IPs constitutes variable consideration. We therefore exercised judgement in applying constraints to the unit price of the IPs in order to minimise the risk of significant reversals of revenue in future periods. Revenue on this agreement is recognised at a point in time when an IP is added to the library, as this is when we consider control of the IP is transferred to WiseWave. As of 31 December 2023, all IP products had been uploaded to the library and the only revenue recognised in 2024 under this arrangement was US$0.2m for support services. An additional US$3.0m revenue from WiseWave was recognised in 2024 through separate IP licence agreements.

Contract modifications
A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract.

Modifications to our IP and custom silicon development contracts with customers do not normally involve the addition of goods or services that are distinct from those already being provided under the contract. Such modifications are therefore accounted for as an adjustment to the existing contract rather than as a separate contract. Accordingly, the effect that the modification has on the transaction price and/or on the measure of progress to completion of the contract is recognised as a cumulative catch-up adjustment to revenue when the modification is approved.

Contract balances
Contract assets represent the amount of revenue recognised on IP and product development contracts that has not yet been billed to the customer.

Contract liabilities represent amounts billed to customers in excess of revenue recognised on IP and product development contracts.

Costs of obtaining contracts
Incremental costs of obtaining a contract with an expected duration of more than one year are recognised as an asset that is amortised over the period of the contract in proportion to the recognition of the revenue receivable on the contract.

As permitted by IFRS 15, the costs of obtaining contracts with an expected duration of one year or less are expensed as they are incurred.

Onerous contracts
If a contract with a customer is considered to be onerous, a provision is recognised to the extent that the remaining unavoidable costs of meeting the obligations under the contract exceed the remaining benefits to be received under it.

Research and development (R&D)
All research expenditure is expensed as it is incurred.

Development expenditure is also expensed as it is incurred until such time as it can be demonstrated that the product being developed is both technically feasible and commercially viable and that management intends to complete the development of the product and sell it to customers. Development expenditure incurred after that time and before the developed product is available to be put into full production is capitalised.

R&D expenditure credits
R&D expenditure credits principally comprise amounts claimed from the Canadian federal and provincial government under the Scientific Research and Experimental Development (SR&D) incentive programme. Claims are made annually based on assumptions and estimates made by management in determining the eligible R&D expenditure incurred during the year. Claims made are subject to review and approval by the Canadian tax authorities and may be subject to adjustment in subsequent years.

R&D expenses are stated after deducting R&D expenditure credits claimed for the year and any adjustments to amounts claimed in previous years. We recognise a corresponding receivable for R&D expenditure credits claimed. R&D expenditure credits receivable are settled by deduction from the amount of income tax payable to the Canadian tax authorities. Any excess of the R&D expenditure credits receivable over income tax payable is paid to the Group by the tax authorities.

Goodwill
Goodwill acquired in a business combination is carried at cost, less impairment losses, if any.

Internally generated goodwill is not recognised as an asset.

Other intangible assets
Other intangible assets comprise identifiable intangibles acquired in business combinations (principally customer-related assets and developed technology), licences and capitalised product development costs.

Other intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. Cost comprises the purchase price of the asset and any costs directly attributable to preparing the asset for its intended use, or, in the case of an asset acquired in a business combination, its fair value at the acquisition date.

Other intangible assets are amortised on a straight-line basis so as to charge their cost to profit or loss over their estimated useful lives as follows:

Purchased IP	– 4 to 5 years
Internally Developed IP	– 4 to 8 years
Developed technology	– not yet being amortised
Customer relationships	– 12 years
RISC-V licences	– 5 years

Note internally developed IP includes all capitalised development expenditure. Estimated useful lives are regularly reviewed and the effect of any change in estimate is accounted for prospectively by adjustment to the amortisation expense. Other intangible assets are regularly reviewed to eliminate obsolete items.

Property and equipment – owned
Property and equipment is carried at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price of the asset and any costs directly attributable to bringing the asset to the location and condition necessary to enable its intended use, or, in the case of an asset acquired in a business combination, its fair value at the acquisition date.

Repair and maintenance costs are charged to profit or loss in the period in which they are incurred.

Items of property and equipment are depreciated on a straight-line basis so as to charge their cost, less estimated residual value, to profit or loss over their expected useful lives as follows:

Computer and laboratory equipment	– 2 years
Furniture and fixtures	– 5 years
Leasehold improvements	– 2½ years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date and the effect of any change in estimate is accounted for prospectively by adjustment to the depreciation expense. Property and equipment is regularly reviewed to eliminate obsolete items.

Any gain or loss arising on disposal of property and equipment is recognised in profit or loss.

Property and equipment – leased
Where the Group is lessee in a lease arrangement, it recognises a right-of-use asset and an associated lease liability, except where the leased asset is of low value or the lease is short term (a lease term of twelve months or less).

On the commencement date of a lease, the lease liability is measured at the present value of the future lease payments discounted using the interest rate implicit in the lease, if that rate can be readily determined, or using the lessee entity's incremental borrowing rate. Future lease payments comprise fixed lease payments, less any lease incentives receivable, variable payments that depend on an index or rate (initially measured using the index or rate at the commencement date) and, where applicable, amounts expected to be paid under a residual value guarantee, a purchase option or by way of termination penalties.

Variable lease payments that do not depend on an index or rate are not reflected in the lease liability and are recognised in profit or loss in the period in which the event that triggers those payments occurs.

After the commencement date, the carrying amount of the lease liability is increased to reflect the accrual of interest, reduced to reflect lease payments made and remeasured to reflect reassessments of the future lease payments or certain lease modifications. Interest on the lease liability is recognised in profit or loss (within interest expense).

On the commencement date of a lease, the right-of-use asset is measured at cost which comprises the initial amount of the lease liability, adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of any dismantling or restoration costs (typically leasehold dilapidations).

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Where a contract contains a lease and non-lease components (for example, property maintenance services) and the contractual payments cannot be readily allocated to the lease component, the Group accounts for the entire contract as a lease.

Lease payments relating to low-value assets or to short-term leases are recognised as an expense (in arriving at operating profit) on a straight-line basis over the lease term.

Cloud-computing arrangements

Software-as-a-Service (SaaS) arrangements convey to the Group the right to access the supplier's application software rather than control over the software. SaaS arrangements are accounted for as service contracts (rather than as a lease or the purchase of an intangible asset). Accordingly, the cost of a SaaS arrangement is recognised as an expense on a systematic basis over the term of the arrangement.

Costs that we incur to configure or customise the provider's software in a SaaS arrangement are recognised as an expense as incurred or, if not distinct from the right to access the software, over the term of the arrangement.

Capitalisation of borrowing costs

Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset, being an asset that takes a substantial period of time to get ready for its intended use. Borrowing costs are considered to be directly attributable to a qualifying asset if the related borrowings would have been avoided if the expenditure on the asset had not been made.

Impairment of tangible and intangible assets

Goodwill, other intangible assets and property and equipment are tested for impairment whenever events or circumstances indicate that their carrying amounts may not be recoverable. Additionally, goodwill and intangible assets still under development are subject to an annual impairment test.

An asset is impaired to the extent that its carrying amount exceeds its recoverable amount. An asset's recoverable amount is the higher of its value-in-use and its fair value less costs of disposal. An asset's value-in-use represents the present fair value of the future cash flows expected to be derived from the asset in its current use and condition. Fair value less costs of disposal is the amount expected to be obtainable from the sale of the asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs. An asset's CGU is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Goodwill does not generate cash flows independently of other assets and is, therefore, tested for impairment at the level of the CGU or group of CGUs that are expected to benefit from the synergies of the related business combination. As the Group only has one CGU, the recoverable amount of goodwill is assessed based on the fair value less costs of disposal of the Group as a whole. Fair value less costs of disposal of the Group as a whole, is determined by reference to the Group's market capitalisation.

Value-in-use is based on pre-tax estimates of pre-tax cash flows in the periods covered by budgets and/or plans that have been approved by the Board. Such cash flow estimates are discounted at a pre-tax discount rate that reflects the current market assessments of the time value of money and specific risks.

Impairment losses are recognised in profit or loss.

Impairment losses recognised in previous periods for assets other than goodwill are reversed if there has been a change in the estimates used to determine the asset's recoverable amount, but only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in previous periods. Impairment losses in respect of goodwill are not reversed.

Inventories

Inventories comprise raw materials, work in progress and finished goods.

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the specific identification method and includes expenditure incurred in acquiring the inventories and in bringing them to their present location and condition. In the case of work in progress and finished goods, cost takes into account the normal yield at each level of manufacturing process. Net realisable value represents the estimated selling price, less estimated costs of completion and marketing, selling and distribution costs.

Financial instruments

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and bank deposits with an original maturity of 90 days or less. Cash and cash equivalents are measured at fair value on initial recognition, less an allowance for expected credit losses, and subsequently measured at amortised cost using the effective interest method.

Contract assets

Contract assets represent the amount of revenue recognised on IP and product development contracts that has not yet been invoiced to the customer, less an allowance for expected credit losses.

Trade and other receivables

Trade receivables represent the amount of revenue from customers that has been invoiced, but for which payment has not been received. Trade and other receivables are measured at fair value on initial recognition, less an allowance for expected credit losses, and subsequently measured at amortised cost.

Equity investments

Equity investments are measured at fair value through profit or loss unless we make an irrevocable election on initial recognition to measure them at fair value through other comprehensive income. Gains and losses recognised in other comprehensive income are not reclassified to profit or loss in the event that the investment is sold.

Impairment of financial assets

The Group recognises an allowance for credit losses in respect of trade receivables and contract assets measured as the amount of the lifetime expected credit losses estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the customers, and general current and forecasted economic conditions.

We recognise an allowance for credit losses in respect of other financial assets that is measured as the amount of expected credit losses over the next twelve months. If, however, the risk of default has increased significantly since initial recognition, we measure the allowance as the amount of lifetime expected credit losses.

If a financial asset has no realistic prospect of recovery, it is written off, firstly against any allowance made and then directly to profit or loss. We consider that a financial asset is not recoverable if the balance owing is 365 days past due and information obtained from the counterparty and other external factors indicate that the counterparty is unlikely to pay its creditors in full. Any subsequent recoveries are credited to profit or loss.

Trade and other payables

Trade payables represent the value of goods and services purchased from suppliers for which payment has not been made. Trade and other payables are measured at fair value on initial recognition and subsequently measured at amortised cost.

Contingent consideration liabilities

Contingent consideration that is classified as a liability is measured at fair value through profit or loss. Contingent consideration that is classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Loans and borrowings

Bank and other loans are measured at fair value on initial recognition, less any directly attributable transaction costs, and are subsequently measured at amortised cost using the effective interest method.

If a loan or borrowing is subject to covenants and the Group is in breach of one or more of the covenants at the end of the reporting period, the carrying amount of the liability is classified wholly as a current liability, irrespective of any element that would otherwise be payable more than one year after the end of the reporting period.

Facility arrangement costs are amortised as a finance expense over the term of the facility.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet where there is a currently enforceable legal right to offset the recognised amounts and management intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Convertible bonds

The Group has issued Convertible Bonds (compound financial instruments) that can be converted to share capital at the option of the holder. The number of shares to be issued is fixed and does not vary with changes in fair value. The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component.

The 2030 Convertible Bonds were issued via a cash-box structure whereby the Group received redeemable preference shares issued by a cash-box entity in exchange for the issuance of the Bonds. The preference shares were immediately redeemed for cash such that the Group received cash for the issue of the Bonds. The cash-box entity was liquidated prior to 31 December 2024.

Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured. Interest related to the financial liability is recognised in profit or loss. On conversion, the financial liability is reclassified to equity and no gain or loss is recognised.

Warrants

In September 2024, the Group issued 20.6 million warrants to a customer which vest based on total cash collected in respect of revenue over the vesting period ('Vesting Target') from the customer and its affiliates. The warrants will expire in September 2031 or in September 2034 upon occurrence of certain contingencies. As they meet the definition of financial instruments under IAS 32, the warrants were initially recorded as a derivative liability ('Warrant Liability') based on their estimated fair value on the date of the grant, with a corresponding asset captioned Warrant payment to customer ('Warrant Asset'). The fair value of the Warrant Liability will be remeasured at each reporting date with the changes in fair value being recognised as a finance expense or income. The Warrant Asset will be amortised on a pro-rata basis based on the forecast ratio of revenue from or on behalf of the customer to the Vesting Target. Amortisation of the Warrant Asset will be recognised as a reduction in revenue.

Contract liabilities

Contract liabilities represent amounts invoiced to customers in excess of revenue recognised on IP and product development contracts.

Share-based payments

As described in note 27, the Company operates share-based payment plans under which it grants options and RSUs over its ordinary shares to certain of its employees and those of its subsidiaries. Awards granted under the existing plans are classified as equity-settled awards.

We recognise a compensation expense that is based on the fair value of the awards measured at the grant date using an appropriate valuation model. Fair value is not subsequently remeasured unless relevant conditions attaching to the awards are modified.

Fair value reflects any market performance conditions and all non-vesting conditions. Adjustments are made to the compensation expense to reflect actual and expected forfeitures due to failure to satisfy service conditions or non-market performance conditions.

We recognise the resulting compensation expense on a systematic basis over the vesting period and a corresponding credit is recognised in the share-based payments reserve within equity.

In the event of the cancellation of an option or an award by the Company or by the participating employee, the compensation expense that would have been recognised over the remainder of the vesting period is recognised immediately in profit or loss.

Also described in note 27, the Company initiated an employee share purchase plan (ESPP) from 1 July 2024 running quarterly. The scheme qualifies as an option plan and is therefore accounted for as set out above due to the following key features:

- The ESPP award includes a look-back mechanism allowing participants to purchase shares of the Company at 85% of the lower of the fair market value of a share on the Offering Date or the fair market value of a share on the Purchase Date.
- The specified offering period of three months is deemed substantive, as it provides participants with adequate exposure to potential fluctuations in the share price, thereby enabling them to benefit from the volatility inherent in the shares covered under the plan.
- Participants are granted the flexibility to withdraw from the ESPP award at least 15 days prior to the Purchase Date. In such cases, any accumulated payroll deductions not utilised to purchase shares are refunded to the participants upon withdrawal.

Post-employment benefits

Defined contribution plans

Contributions to defined contribution pension plans are charged to profit or loss in the period to which they relate.

Defined benefit plans

As described in note 25, the Group operates certain unfunded post-employment benefit plans in India.

We measure the benefit obligation on an actuarial basis using the projected unit credit method and this is discounted using a discount rate derived from high-quality corporate bonds with a similar duration as the benefit obligation.

We recognise the current service cost and interest on the benefit obligation in profit or loss. The current service cost represents the increase in the present value of the benefit obligation resulting from employee service in the period. Interest on the benefit obligation is determined by applying the discount rate to the benefit obligation, both as determined at the beginning of each year, but taking into account benefit payments during the period.

We recognise the effect of remeasurements of the benefit obligation in other comprehensive income. Remeasurements comprise actuarial gains and losses arising due to changes in actuarial assumptions and experience adjustments.

Income taxes

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the amount of tax payable or recoverable in respect of the taxable profit or loss for the period. Taxable profit differs from accounting profit because it excludes income or expenses that are recognised in the period for accounting purposes but are either not taxable or not deductible for tax purposes or are taxable or deductible in earlier or subsequent periods. Current tax is calculated using tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is tax expected to be payable or recoverable on temporary differences between the carrying amount of an asset or liability in the financial statements and its tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available in the future against which they can be utilised.

Deferred tax assets and liabilities are not recognised in respect of temporary differences arising from the initial recognition of goodwill or from the initial recognition of other assets or liabilities in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit and does not give rise to equal amounts of taxable and deductible temporary differences. Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where management is able to control the reversal of the temporary difference and it is probable that it will not reverse in the foreseeable future. Deferred tax assets and liabilities are measured using the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Where there is uncertainty concerning the tax treatment of an item or group of items, the amount of current and deferred tax recognised is based on management's expectation of the likely outcome of the examination of the uncertain tax treatment by the relevant tax authorities.

Uncertain tax treatments are reviewed regularly and current and deferred tax amounts are adjusted to reflect changes in facts and circumstances, such as the expiry of limitation periods for assessing tax, administrative guidance given by the tax authorities and court decisions.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off the amounts and management intends to settle on a net basis. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Current tax and deferred tax is recognised in profit or loss unless it relates to an item that is recognised in the same or a different period outside profit or loss, in which case the related tax is also recognised outside profit or loss, either in other comprehensive income or directly in equity.

Payments by customers incorporated in certain tax jurisdictions may be subject to withholding tax. Where the country in which the sales invoice is raised has a tax treaty in place with the relevant tax jurisdiction, the tax withheld is treated as prepaid income tax and offset against current tax payable.

3 Critical judgements and key sources of estimation uncertainty

Critical judgements in applying the Group's accounting policies

Critical judgements are the judgements, apart from those involving estimates, that management has made in applying the Group's accounting policies that have had the most significant effect on the consolidated financial statements.

Revenue recognition — Identification of performance obligations

IP licensing

Hard IP products are typically delivered in multiple stages, referred to as IP views. Management considers that these deliveries are not distinct because each IP view is highly dependent on or interrelated with one or more of the other IP views.

Furthermore, management does not consider any NRE work required to configure the IP products to be distinct because customers would be unable to benefit from the IP views without configuration by Alphawave. In management's judgement, the delivery of IP views and the NRE work required to configure them represents a single performance obligation.

While the initial delivery of soft IP may not be to a customer's exact specification, they can use the IP without significant modification. In management's judgement, the initial delivery of soft IP is a separate performance obligation but any customisation work and subsequent IP deliveries are a single separate performance obligation because they are highly dependent on or interrelated with each other.

In management's judgement, support services are a separate performance obligation from the delivery of IP products because customers could benefit from the services on their own or with other resources that are readily available to them.

<u>IP reseller licensing</u>
Recognition of revenue from arrangement with resellers requires significant judgement, which includes assessing whether the reseller is the principal or agent in the transactions with its end-customer as this could impact when the performance obligation is deemed to have been fulfilled i.e. on transfer of IP to the customer or sublicensing of IP by the reseller. We have judged the resellers to be principal in the contracts and we consider that the performance obligation is met when control of IP is transferred to the customer, which as outlined in our policy is upon delivery of the IP to the reseller and not when the reseller sub-licenses specific IP cores. We have recognised revenue of US$41.1m (see note 4) in respect of resellers during the year, a material portion of which may not have been recognised if we had determined that performance obligations had not been fully satisfied upon delivery of IP cores to the reseller. We have concluded that the there is no financing component in respect of reseller contracts. Even if we had concluded that reseller contracts included a financing component, impact on revenue would not have been material.

<u>Custom silicon</u>
Custom silicon developments are typically complex and highly customised with detailed engineering schedules and deliverables.

While the various elements of the contracts are capable of being distinct, they are not distinct in the context of the contract because each delivery is highly dependent on or interrelated with one or more of the other goods or services in the contract and the nature of the obligation is to deliver a combined output in the form of a completed design or prototype. In management's judgement, therefore, a custom silicon development contract constitutes a single performance obligation.

Custom silicon contracts do not contain non-contingent purchase volume commitments and therefore the supply of custom silicon products is not only capable of being distinct, but is distinct in the context of the contractual arrangements. In management's judgement, therefore, the supply of silicon following release to production is considered a separate performance obligation which arises on receipt of a silicon purchase order from the customer.

Cash-generating units
A cash-generating unit (CGU) is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Identification of CGUs is important for determining the Group's operating segments and the level at which goodwill should be tested for impairment.

Our business model is such that our IP is leveraged across the channels through which we provide our products and services to customers, i.e. IP licensing, custom silicon and own products. Given this interdependence of the Group's operations, management considers that the Group consists of a single CGU because there is no asset or group of assets within the business that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Consequently, the Group consists of a single operating segment and goodwill is tested for impairment at Group level based on the fair value less costs of disposal or value-in-use of the Group as a whole.

Capitalisation of product development costs
Product development costs are capitalised from the time when the technical feasibility and commercial viability of the product can be demonstrated. Management is therefore required to make judgements about the technical feasibility of the product based on engineering studies and the commercial viability of the product based on expectations concerning the marketability of the product, the product's useful life and the extent of future demand from customers. During 2024, the Group capitalised development costs totalling US$75.0m (2023: US$54.5m).

Capitalisation of borrowing costs
Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset, such as capitalised development costs. To the extent that the Group borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Group determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditures on that asset. Accordingly, the Group has capitalised eligible borrowing costs to capitalised development costs.

Accounting for WiseWave
<u>Classification as a joint venture</u>
The Group owns a 35.15% equity interest in WiseWave Technology Co Ltd ('WiseWave'), down from 42.5% at the end of 2023. This dilution came about due to an investment round by WiseWave on 16 September 2024 which Alphawave did not participate in. WiseWave is a company established in China to develop and sell silicon products incorporating silicon IP licensed from Alphawave.

Management was required to exercise judgement to determine whether WiseWave is an associate (an entity over which the Group has significant influence, but not control) or a joint arrangement (an arrangement in which the Group has joint control with one or more other parties). Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about activities that significantly affect the returns of the arrangement require the unanimous consent of the parties sharing control. Management determined that Alphawave has joint control and that WiseWave is therefore a joint arrangement.

Further judgement was required to assess whether Alphawave has rights to the joint arrangement's net assets (in which case it should be classified as a joint venture), or rights to and obligations for specific assets, liabilities, expenses and revenues (in which case it should be classified as a joint operation). Having considered relevant factors including the structure, legal form and contractual agreement governing the arrangement, management determined that WiseWave should be classified as a joint venture.

<u>Share of losses in excess of interest in WiseWave</u>
If the Group's share of losses of a joint venture equals or exceeds its interest in the joint venture, the Group discontinues recognising its share of further losses. If the Group's interest in a joint venture is reduced to nil, additional losses are provided for, and a liability recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture. The Group's share of WiseWave's losses amount to US$50.7m. Since 31 December 2022, the carrying value of the Group's interest in WiseWave has been reduced to nil and no provision has been recognised on the basis that the Group does not have a constructive obligation for further investment in WiseWave.

<u>Unrealised profit on sales to WiseWave</u>
IAS 28 Investments in Associates and Joint Ventures requires that unrealised profits and losses arising on transactions between the Group and a joint venture are recognised only to the extent of unrelated investors' interests in the joint venture. Accordingly, the Group's share of its profit on 'downstream' sales to WiseWave is eliminated to the extent that the related IP has not been utilised by WiseWave. IAS 28 is, however, unclear on how this elimination should be recognised in profit or loss. Management has used judgement in determining the Group's accounting policy of making the elimination against the Group's share of WiseWave's profit or loss rather than revenue arriving at the Group's operating profit or loss and correspondingly against its interest in the joint venture. IAS 28 is also unclear about the elimination of unrealised gains on downstream sales in excess of the Group's interest in a joint venture.

Essentially, there is an accounting policy choice either to recognise the excess as deferred income or not to recognise the excess at all. Management has used judgement in deciding not to recognise the excess on the basis that it is consistent with management's intention to exit the joint venture in the medium term. If unrealised gains on sales to WiseWave had been eliminated in full, the Group's loss before tax for the year ended 31 December 2024 would have been US$4.5m lower (2023: loss before tax would have been US$12.5m higher) and there would be cumulative deferred income of US$13.0m at the end of 2024 (2023: US$14.1m). In prior periods, the elimination of downstream sales was reflected within the Loss from joint venture category. However, an alternative approach could have been to recognise this as an increase in revenue. Consequently, an amount of US$4.5m could have been allocated to either revenue or loss from joint venture.

<u>Recoverability of accounts receivables and contract asset with WiseWave</u>
At the end of 2023, the Group had completed its performance obligations under the subscription licence agreement with WiseWave relating to the provision of IP to the library of IP. A significant proportion of the consideration due under the subscription licence agreement will be invoiced and collected over the remainder of the term of the contract and, as a result, at the end of December 2024 a contract asset of US$18.2m has been recognised against the contract.

Management have considered the recoverability of this contract asset in the context of WiseWave's historic pattern of settlements of accounts receivable with the Group, the anticipated short and medium-term funding requirements of WiseWave and their prospects of securing such additional funding and actions available to Alphawave in the event of non-payment by WiseWave of the future billing milestones. Taking the above factors into account, management have judged that the accounts receivable balance and contract asset with WiseWave had become partially impaired.

Key sources of estimation uncertainty
Key sources of estimation uncertainty are those that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Revenue recognition – Percentage of completion
We recognise revenue from contracts for the provision of hard IP, customisation services and custom silicon development projects over time by reference to the stage of completion of the respective performance obligations. For hard IP and related customisation, we measure the stage of completion based on engineering hours spent on work performed to date as a percentage of the estimated total project hours. For custom silicon development projects, we measure the stage of completion based on actual cost incurred to date as a percentage of the estimated total project cost, where cost includes both external costs, such as bought-in IP and manufacturing mask sets and internal costs. Management is required to make estimates of the attributable cost per engineering hour for internal costs in custom silicon development projects and the number of hours required to complete the project in both IP delivery and customisation engagements and custom silicon development projects. These estimates vary depending on factors including the contract type, customer specifications, the maturity of the IP being licensed, the complexity of the silicon being developed, whether the IP has already been proven for integration in silicon products and whether the contract deliverables are in their early or later stages.

During 2024, we recognised revenue totalling US$105.8m by reference to the stage of completion of projects that were subject to estimation uncertainty. At the end of 2024, the carrying amount of related contract assets and contract liabilities was US$16.9m (2023: US$69.0m) and US$31.0m (2023: US$55.2m), respectively. If the estimated number of hours, or the estimated external costs required to complete these projects was to change significantly, there could be a material adjustment to the cumulative revenue recognised and the carrying amount of contract balances during the next financial year.

Revenue recognition – Licensing agreement with joint venture

We have a subscription licence agreement that provides WiseWave with right of use over a library of our IP products for a fixed fee spread over a period of five years ending in 2026.

As explained in note 2, management estimates the total number of IP products that it expects will be provided into the library in order to calculate the estimated unit price of the IP products. Moreover, since the estimated unit price of the IP products constitutes variable consideration, management is required to exercise judgement in applying constraints to the unit price in order to minimise the risk of significant reversals of revenue in future periods. Revenue on this agreement is recognised at a point in time when an IP product is added to the library, as this is when control of the IP product is transferred to WiseWave.

During 2024, the Group recognised revenue of US$0.2m (2023: US$49.6m) from the subscription licence agreement, following delivery of all remaining IP products under the agreement to the library during the year. At the end of 2024, the cumulative amount of revenue recognised from the agreement amounted to US$108.7m. All IP products have now been delivered to the library and management have judged that there will be no further IP products provided. Based on this judgement, we no longer consider there to be any estimation uncertainty associated with the subscription licence agreement.

The remaining revenue of US$0.3m to be recognised under this agreement relates to the provision of support services and associated revenue is recognised over time on a straight-line basis as it represents a stand-ready obligation.

Recoverability of trade receivables and contract assets
We recognise an allowance for credit losses in respect of trade receivables and contract assets measured as the amount of the lifetime expected credit losses estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the customers, and general current and forecasted economic conditions.

As at 31 December 2024, the Group's allowance for expected credit losses was US$10.1m on trade receivables (2023: US$3.0m) and US$5.1m (2023: US$5.1m) on contract assets. If the amount of actual credit losses differs significantly from the lifetime expected credit losses, there could be a material impact on the Group's results within the next financial year.

Climate change
In preparing the consolidated financial statements, the Directors have considered the impact of climate change on the Group and have concluded there is no material impact on financial reporting judgements and estimates. This is consistent with the assertion that risks associated with climate change did not affect the business, its strategy and its financial performance in 2024, and are not expected to have a material impact on the longer-term viability of the Group.

4 Revenue

Disaggregation of revenue

The Group has disaggregated revenue into various categories in the following tables which are intended to depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

	Year ended 31 December	
	2024	2023
	US$'000	US$'000
Revenue by type:		
IP and NRE	**214,453**	100,676
IP reseller licensing	**41,118**	—
IP and NRE — JV	**3,227**	66,891
Silicon and royalties	**48,792**	154,157
	307,590	321,724

Revenue by type broadly follows the headings described in our revenue accounting policy on page 115.

Included in revenue from our joint venture, WiseWave, is US$0.2m (2023: US$49.6m) relating to the five-year subscription licence agreement where revenue has been recognised based on deliveries of IP to WiseWave and related support services. The US$0.2m recognised in 2024 relates purely to support services, with all IP licensed under the agreement having been delivered prior to 2024. The remaining revenue from WiseWave relates to a separate agreement signed in Q4 2021 to deliver chiplet IP and revenue recognised through WiseWave acting as master reseller of IP to VeriSilicon, a reseller based in China.

	Year ended 31 December	
	2024	2023
	US$'000	US$'000
Revenue by region:		
North America	**123,770**	82,160
China	**54,546**	190,376
APAC (ex-China)	**81,178**	33,459
EMEA	**48,096**	15,729

	307,590	321,724

Revenue by region split is based on where the customer parent company headquarters is based.

Revenues from customers which comprise greater than 10% of the Group's total revenues are as follows:

	Year ended 31 December	
	2024	2023
	US$'000	US$'000
APAC (ex-China) based customer	**37,916**	—
EMEA based customer	**31,295**	—
China based customer	**—**	78,226
China based customer	**—**	66,891

US$116.7m (38% of total revenues) (2023: US$117.9m, 37%) represent revenues recognised over time. Of the US$116.7m revenue recognised over time, US$105.8m is subject to estimation uncertainty. US$16.9m of contract assets and US$31.0m of contract liabilities are also subject to estimation uncertainty. These revenues require management judgements and estimates of project hours or costs that are used in percentage of completion calculations. These revenues relate to work completed during the design phase of a customer project and include (with the exception of a limited amount of revenue relating to our soft IP) IP product licensing fees, together with related support and NRE, as well as custom silicon NRE fees.

We have applied a sensitivity to revenues subject to estimation uncertainty in 2024. If our estimates of total hours or total costs had been 10% higher, these revenues would be US$100.0m, contract assets would be US$11.2m and contract liabilities would be US$36.7m. If our estimates of total hours or total costs had been 10% lower, these revenues would be US$112.3m, contract assets would be US$23.5m and contract liabilities would be US$24.4m.

US$190.9m (62% of total revenues) (2023: US$203.8m, 63%) are recognised at a point in time. These revenues are based on IP deliverables that require no customisation or configuration and silicon shipments once our customers are in production. In the case of custom silicon, this represents revenues from shipments of physical silicon products, and for standalone IP licensing, royalties payable on usage of our IP within silicon products. Revenues from our five-year subscription licence agreement with WiseWave are also recognised at a point in time, based on the number of IP uploads during the period. In addition, a limited amount of revenue from our soft IP products is recognised at a point in time.

WiseWave — Subscription licence agreement
Revenue recognition for the WiseWave subscription licence agreement is determined with reference to the estimated total number of IP uploads to be delivered to WiseWave during the term of the agreement and the number of uploads made to WiseWave each period. All revenue associated with IP uploads was recognised prior to 2024, following completion of our IP delivery obligations and only revenue associated with support services remains to be recognised.

Contract assets and liabilities
Below is a reconciliation of the movement in contract assets during the period:

	Year ended 31 December	
	2024	2023
	US$'000	US$'000
At the beginning of the year	**65,173**	58,534
Revenue accrued in the period	**75,360**	61,182
Accrued revenue invoiced in the period	**(43,577)**	(50,681)
Expected credit loss	**(1,261)**	(3,862)
At the end of the year	**95,695**	65,173

Year over year change in the non-current contract asset balance is primarily attributable to revenue recognised in relation to the IP reseller licensing arrangements.

Below is a reconciliation of the movement in contract liabilities, excluding the flexible spending account, during the period:

	Year ended 31 December	
	2024	2023
	US$'000	US$'000
At the beginning of the year	**50,106**	91,733
Revenue recognised in the period	**(45,448)**	(90,346)
Revenue deferred in the period	**57,659**	48,743
Currency translation differences	**—**	(24)
At the end of the year	**62,317**	50,106

The deferred revenue balance is all expected to be satisfied within twelve months of the balance sheet date.

The flexible spending account, which is included with contract liabilities on the face of the balance sheet, has increased to US$19.9m as at 31 December 2024 from US$5.9m as at 31 December 2023. This represents a type of deferred income and relates to contracts with customers who have committed to regular periodic payments to us over the term of the contract. These payments are not in respect of specific licences or other deliverables, but they can be used as credit against future deliverables.

The balances related to costs to obtain contracts from customers are as follows:

	Year ended 31 December	
	2024	2023
	US$'000	US$'000
Capitalised contract costs	**3,914**	1,920

The costs to obtain contracts from customers include commissions. Amortisation of US$2.4m (2023: US$1.9m) and impairment of US$nil (2023: US$nil) was charged to the profit or loss in the period.

In September 2024, the Group issued 20.6 million warrants to a customer which vest based on total cash collected in respect of revenue over the vesting period ('Vesting Target') from the customer and its affiliates. Further details can be seen on pages 115 to 117.

During 2024, the Group recorded a reduction in revenue in the amount of US$28,000 as result of amortisation of the Warrant Asset and finance income in the amount of US$6.2m as a result of changes in estimated fair value of the Warrant Liability. For the year ended 31 December 2024, the Group had a current asset of US$0.5m and a non-current asset of US$19.4m relating to the warrant. The non-current Warrant Liability is US$13.7m at 31 December 2024.

5 Research and development expenses

Research and development expenses presented in profit or loss were derived as follows:

	Year ended 31 December	
	2024	2023
	US$'000	US$'000
Research and development costs incurred	**166,385**	131,441
Research and development expenditure credits	**(7,673)**	(6,999)
Development costs capitalised[1]	**(61,600)**	(46,226)
Total	**97,112**	78,216

1) The amount of US$46.2m capitalised in 2023 includes US$4.4m that has been capitalised in property and equipment.

6 Other operating (expense)

Other operating (expense) items were as follows:

	Year ended 31 December	
	2024	2023
	US$'000	US$'000
Acquisition-related costs	**(236)**	(831)
Compensation element of Banias Labs deferred cash rights (note 30)	**(7,618)**	(8,352)
Leadership reorganisation	**(748)**	—
Compensation element payable for Precise-ITC (note 30)	**(6,215)**	—
Share-based compensation expense (note 27)	**(27,896)**	(40,691)
Currency translation gain/(loss)	**2,022**	(2,983)
Impairment of accounts receivable and contract assets related to a customer	**(9,000)**	—
Other operating (expense)	**(49,691)**	(52,857)

7 Employee benefit costs

Employee benefit costs incurred (before deducting R&D expenditure credits and including costs that were subsequently capitalised) were as follows:

	Year ended 31 December	
	2024	2023
	US$'000	US$'000
Wages and salaries	**115,318**	84,784
Social security costs	**2,674**	2,033
Defined contribution pension costs	**5,035**	4,115

Share-based compensation expense	**27,896**	40,691
Total	**150,923**	131,623

The average number of employees during the period, analysed by category, was as follows:

	Year ended 31 December	
	2024	2023
	Number	Number
Research and development/engineering	**808**	675
General and administration	**66**	55
Sales and marketing	**33**	28
Total	**907**	758

The number of employees at the period end, analysed by category, was as follows:

	Year ended 31 December	
	2024	2023
	Number	Number
Research and development/engineering	**891**	741
General and administration	**68**	58
Sales and marketing	**32**	30
Total	**991**	829

8 Auditor's remuneration

The Group incurred the following amount to its auditor in respect of the audit of the Group's financial statements and for other non-audit services provided to the Group.

	Year ended 31 December	
	2024	2023
	US$'000	US$'000
Audit of the financial statements	**3,838**	3,472
Audit-related assurance services	**422**	268
	4,260	3,740

An amount of US$857,000 included in the 2024 cost of the 'audit of the financial statements' row relates to additional work in respect of the 2023 audit. An amount of US$1,078,000 included in the 2023 cost of the 'audit of the financial statements' row relates to additional work in respect of the 2022 audit.

9 Finance income and expense

	Year ended 31 December	
	2024	2023
	US$'000	US$'000
Finance income		
Interest income from contracts with customers containing significant financing components	**340**	275
Interest on bank deposits	**2,688**	3,173
Interest on lease deposits	**60**	—
IIA interest	**104**	—
Warrants income	**6,205**	—
	9,397	3,448
Finance expense		
Bank charges	**(1,283)**	(65)
Lease interest	**(1,725)**	(1,581)
Term Loan interest	**(19,275)**	(16,489)
Term Loan interest capitalised to the balance sheet	**13,378**	9,534
Convertible bonds related expenses	**(392)**	—
Interest under IAS 19	**(210)**	(61)
IIA interest	**—**	(174)
	(9,507)	(8,836)
Net finance expense	**(110)**	(5,388)

10 Income taxes

Income tax recognised in profit or loss

The components of the Group's income tax expense for the year were as follows:

	Year ended 31 December	
	2024	2023
	US$'000	US$'000
Current tax		
UK corporation tax	**79**	(2,642)
Adjustments to prior periods	**(607)**	3,167
Overseas tax	**12,053**	126
Total current tax	**11,525**	651
Deferred tax		
Origination and reversal of timing differences	**(1,940)**	10,881
Total deferred tax	**(1,940)**	10,881
Income tax expense	**9,585**	11,532

Factors affecting the income tax expense for the year

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income. For income tax arising on dividends, the related tax is recognised in the income statement, statement of other comprehensive income, or in equity, consistent with the transactions that generated the distributable profits.

The Group's income tax expense differed from the amount that would have resulted from applying the standard rate of UK corporation tax to the Group's loss before income taxes for the following reasons:

	Year ended 31 December	
	2024	2023
	US$'000	US$'000
Loss before tax	**(32,934)**	(39,470)
Loss before tax at the UK corporation tax rate of 25% (2023: 23.52%)	**(8,234)**	(9,283)
Effects of:		
Share-based compensation	**4,524**	7,267
Expenses not deductible for tax purposes	**3,186**	3,171
(Over)/under accrual of prior year provision	**(607)**	3,167
Different tax rates applied in overseas jurisdictions	**1,054**	667
Share of joint venture's loss	**—**	3,465
Movement in unrecognised deferred tax assets	**8,614**	2,146
Future tax rate change	**(46)**	—
Other tax items	**1,094**	932
Income tax expense	**9,585**	11,532

Factors affecting the income tax expense in future years

A UK corporation tax rate of 25% is used for 31 December 2024. For 2023, a blended UK corporation tax rate of 23.52% was used due to the change in the UK corporation tax rate to 25% from 1 April 2023, from the previously enacted 19%, announced at the Budget on 3 March 2021, and substantively enacted on 24 May 2021. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

There have been no legislative changes announced in 2024 in relation to UK, Canadian or US tax rates which will affect the Group.

Deferred tax

The movement on the deferred tax account is as shown below:

	Year ended 31 December	
	2024	2023
	US$'000	US$'000
At the beginning of the year	**20,859**	11,110
Charge to profit or loss	**(1,940)**	10,881
Credit to OCI	**(126)**	(409)
Currency translation differences	**(4)**	(2)
Other	**—**	(721)
At the end of the year	**18,789**	20,859

The deferred tax account is made up as follows:

	Year ended 31 December	
	2024	2023

	US$'000	US$'000
Accelerated capital allowances	**14,794**	5,720
Leases	**(301)**	(334)
Intangibles	**24,693**	22,429
Non-capital loss	**(9,837)**	(7,193)
Undeducted R&D expenditures	**(6,240)**	1,001
Allowance for expected credit loss	**(2,385)**	–
Other temporary differences	**(1,935)**	(764)
Total	**18,789**	20,859

The deferred tax account is in a net liability position, all positive numbers indicate an increase in the deferred tax liability.

As at 31 December 2024, the Group has a deferred tax asset of US$15.5m (2023: US$12.1m) and a deferred tax liability of US$34.3m (2023: US$32.9m). Where we have recognised a deferred tax asset and a deferred tax liability in the same taxation jurisdiction, these have been netted off, resulting in a deferred tax asset of US$15.5m (2023: US$12.1m) and a deferred tax liability of US$34.3m (2023: US$32.9m) in the consolidated balance sheet.

The Group has unrecognised deductible temporary differences of US$179.8m. This is primarily made up of US Federal losses (US$28.9m), US State losses (US$38.2m), R&D expenditure (US$26.9m), UK entity losses (US$16.9m) and stock-based compensation (US$11.7m). The Group has not recognised the deductible temporary differences due to the lack of historical and future profitability expectations within these certain entities. The Group has, however, recognised deferred tax assets in other entities that have suffered losses in the current year. The evidence relied upon to record the deferred tax assets relates to reversing taxable temporary differences and the entities which had deferred tax assets are expected to be profitable in the future.

11 Loss per share

Basic loss per share is calculated by dividing net loss for the period by the weighted average number of ordinary shares in issue during the period.

Diluted loss per share is calculated after adjusting the weighted average number of ordinary shares used in the calculation of basic loss per share to include the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares. Potential ordinary shares comprise share options, RSUs outstanding under the Company's share-based compensation plans, convertible bonds and warrants issued to a customer.

	Year ended 31 December	
(US$ thousands except number of shares)	**2024**	2023
Numerator:		
Net loss for the year	**(42,519)**	(51,002)
Denominator:		
Weighted average number of ordinary shares for basic loss per share	**735,053,019**	705,550,299
Weighted average number of ordinary shares for diluted loss per share	**735,053,019**	705,550,299
Basic loss per share (US$ cents)	**(5.78)**	(7.23)
Diluted loss per share (US$ cents)	**(5.78)**	(7.23)

Potential ordinary shares are not treated as dilutive if their conversion to ordinary shares would decrease a loss per share from continuing operations. Consequently, in both 2024 and 2023, basic loss per share and diluted loss per share were the same.

12 Goodwill

	Year ended 31 December	
	2024	2023
	US$'000	US$'000
Carrying amount		
At the beginning of the year	**309,199**	309,199
At the end of the year	**309,199**	309,199

Goodwill is denominated in US dollars and therefore there are no currency translation differences.

Goodwill is tested for impairment annually and whenever there is an indication that it may be impaired. Goodwill is tested for impairment at the level of the cash-generating unit (CGU) or group of CGUs to which it is allocated. Our business model is such that our IP is leveraged across the channels through which we provide our products and services to customers, i.e. IP licensing, custom silicon or own products. Given this interdependence of the Group's operations, management considers that the Group's business constitutes only one CGU because there is no asset or group of assets within the business that generates cash inflows that are largely independent of the cash inflows generated by other assets or groups of assets. Consequently, management has not allocated goodwill below Group level. Goodwill is therefore tested for impairment at Group level based on the fair value less costs of disposal or value-in-use of the Group as a whole.

In 2024 and 2023, the Group's fair value less estimated costs of disposal was higher than its carrying amount and therefore we concluded that no impairment of goodwill was required. Management considers that the Group comprises a single CGU and therefore goodwill is tested for impairment at the level of this single CGU, i.e. at Group level. The Group compares the estimated enterprise value to the carrying value of net assets to determine if there is a quantitative trigger requiring an impairment assessment for goodwill. The Company's shares are listed on the London Stock Exchange and its market capitalisation is therefore the most reliable measure of fair value (a 'Level 1' fair value) of its equity. The Company's convertible bonds are privately traded and quoted prices based on such trades are therefore the most reliable measure of fair value (a 'Level 2' fair value) of these bonds. The fair value of equity and convertible bonds was used to estimate the fair value of the net assets of the Group. We estimated fair value of the net assets less assumed costs of disposal of 3% as at 31 December 2024 and 29 December 2023 (the last trading day of 2024 and 2023, respectively) to test goodwill for impairment at the end of the respective years.

13 Other intangible assets

	Purchased IP US$'000	Internally developed IP US$'000	Developed technology US$'000	Customer relationships US$'000	RISC-V licences US$'000	Total US$'000
Cost						
As at 1 January 2023	48,481	4,255	83,900	25,700	5,200	167,536
Additions	1,825	54,539	—	—	—	56,364
Re-classify to property and equipment	(1,162)	—	—	—	—	(1,162)
Re-classification of intangibles	(2,947)	2,947	—	—	—	—
As at 31 December 2023	46,197	61,741	83,900	25,700	5,200	222,738
Re-classify to PPE	**—**	**(1,598)**	**—**	**—**	**—**	**(1,598)**
Re-classification within Intangibles	**800**	**(800)**	**—**	**—**	**—**	**—**
Additions	**1,038**	**74,978**	**—**	**—**	**—**	**76,016**
As at 31 December 2024	**48,035**	**134,321**	**83,900**	**25,700**	**5,200**	**297,156**
Accumulated amortisation						
As at 1 January 2023	5,069	—	—	714	347	6,130
Amortisation charge for the year	10,112	—	—	2,142	1,040	13,294
As at 31 December 2023	15,181	—	—	2,856	1,387	19,424
Amortisation charge for the year	**10,902**	**406**	**—**	**2,142**	**1,040**	**14,490**
As at 31 December 2024	**26,083**	**406**	**—**	**4,998**	**2,427**	**33,914**
Carrying amount						
As at 31 December 2023	31,016	61,741	83,900	22,844	3,813	203,314
As at 31 December 2024	**21,952**	**133,915**	**83,900**	**20,702**	**2,773**	**263,242**

Internally developed IP consists of intangible assets that are primarily still under development and are not yet available for use. The US$75.0m additions to internally developed IP is mainly made up of capitalised labour and contractor costs in the amount of US$61.6m (note 5) and Term Loan interest of US$13.4m that has been capitalised (note 9).

We have combined developed IP and other intangibles into one column, called purchased IP, for both 2023 and 2024. This is due to them being of a similar nature and both being amortised over four to five years. Purchased IP includes both IP purchased from third parties and IP purchased through business combinations.

14 Property and equipment – owned

	Computer and laboratory equipment US$'000	Furniture and fixtures US$'000	Leasehold improvements US$'000	Mask sets and prototypes US$'000	Total US$'000
Cost					
As at 1 January 2023	14,496	458	1,923	—	16,877
Additions	15,395	824	2,349	—	18,568
Re-classify from intangible assets	1,162	—	—	—	1,162
As at 31 December 2023	31,053	1,282	4,272	—	36,607
Re-classify within PPE	**(5,577)**	**—**	**—**	**5,577**	**—**
Re-classification from Intangibles	**723**	**—**	**—**	**875**	**1,598**
Additions	**8,063**	**2,806**	**5,006**	**17,604**	**33,479**
Disposals	**(1)**	**—**	**(11)**	**(4,415)**	**(4,427)**
As at 31 December 2024	**34,261**	**4,088**	**9,267**	**19,641**	**67,257**
Accumulated depreciation					
As at 1 January 2023	2,740	98	618	—	3,456

Depreciation charge for the year	10,143	259	810	—	11,212
Depreciation charged to the P&L then capitalised	1,285	—	—	—	1,285
As at 31 December 2023	14,168	357	1,428	—	15,953
Re-classify within PPE	**(726)**	**—**	**—**	**726**	**—**
Depreciation charge for the year	**10,724**	**465**	**2,524**	**436**	**14,149**
Depreciation charged to the P&L then capitalised	**1,276**	**—**	**—**	**—**	**1,276**
Disposals	**(1)**	**—**	**(4)**	**—**	**(5)**
Currency translation differences	**15**	**—**	**—**	**—**	**15**
As at 31 December 2024	**25,456**	**822**	**3,948**	**1,162**	**31,388**
Carrying amount					
As at 31 December 2023	16,885	925	2,844	—	20,654
As at 31 December 2024	**8,805**	**3,266**	**5,319**	**18,479**	**35,869**

In 2023, laboratory equipment included additions of US$5.6m of test chips used for R&D projects that are not yet being depreciated. This has been moved in 2024 to the Mask sets and prototypes column and US$4.4m was subsequently disposed of in the year.

We have combined computer equipment and lab equipment into one column for both 2023 and 2024. This is due to them being of a similar nature and both being depreciated over two years.

We have added a new column, 'Mask sets and prototypes', which are physical in nature but are purchased for specific internally developed IP projects classified within intangible assets in note 13. These items will be depreciated over a period of four to eight years in line with the internally developed IP project they relate to.

15 Property and equipment – leased

Nature of leasing activities (as lessee)

The Group leases all of its product development and office facilities in the various countries in which it operates. Property leases that have been entered into by the Group contain varied terms and conditions reflecting its business requirements and local market practices. Property leases are typically for a fixed term of approximately five years but may include extension or early termination options to provide the Group with operational flexibility. Property rentals are typically fixed on inception of the lease but may be subject to review during the lease term to reflect changes in market rental rates.

The Group also leases office and other equipment.

Right-of-use assets

Movements on right-of-use assets recognised in relation to leased property and equipment were as follows:

	Buildings US$'000	Equipment US$'000	Total US$'000
Cost			
As at 1 January 2023	15,306	5,498	20,804
Additions	5,265	608	5,873
Disposals	(551)	—	(551)
Currency translation differences	(3)	—	(3)
As at 31 December 2023	20,017	6,106	26,123
Additions	**7,807**	**644**	**8,451**
Disposals	**(1,967)**	**—**	**(1,967)**
Currency translation differences	**(10)**	**—**	**(10)**
As at 31 December 2024	**25,847**	**6,750**	**32,597**
Accumulated depreciation			
As at 1 January 2023	3,468	2,783	6,251
Depreciation charge for the year	3,006	1,606	4,612
Currency translation differences	(2)	—	(2)
As at 31 December 2023	6,472	4,389	10,861
Depreciation charge for the year	**4,013**	**1,535**	**5,548**
Disposals	**(1,804)**	**—**	**(1,804)**
Currency translation differences	**(5)**	**—**	**(5)**
As at 31 December 2024	**8,676**	**5,924**	**14,600**
Carrying amount			
As at 31 December 2023	13,545	1,717	15,262
As at 31 December 2024	**17,171**	**826**	**17,997**

Lease liabilities

Movements on the lease liabilities recognised in relation to leased property and equipment were as follows:

	US$'000
As at 1 January 2023	14,933
Additions	5,385
Interest expense	1,581
Lease payments	(4,740)
Currency translation differences	(479)
As at 31 December 2023	16,680
Additions	**8,066**
Disposals	**—**
Interest expense	**1,725**
Lease payments	**(6,642)**
Currency translation differences	**(114)**
Termination	**(102)**
As at 31 December 2024	**19,613**

Lease liabilities were presented in the balance sheet as follows:

	As at 31 December	
	2024	2023
	US$'000	US$'000
Current	**3,834**	3,953
Non-current	**15,779**	12,727
Total lease liabilities	**19,613**	16,680

Expenses recognised in relation to lease payments that were not included in the measurement of lease liabilities were as follows:

	As at 31 December	
	2024	2023
	US$'000	US$'000
Expense relating to short-term leases and low-value lease expense	**730**	716
Expense relating to variable lease payments not included in lease liabilities	**—**	—
	730	716

Cash outflow on lease payments

The total cash outflow on lease payments was as follows:

	Year ended 31 December	
	2024	2023
	US$'000	US$'000
Cash flow from financing activities		
Lease payments included in lease liabilities	**6,642**	4,740
Cash flow from operating activities		
Variable lease payments not included in lease liabilities	**—**	—
Lease payments on short-term leases and leases of low-value assets	**730**	716
Total cash outflow on lease payments	**7,372**	5,456

16 Investment in joint venture

As at 31 December 2024, the Group held 35.15% ownership interest in WiseWave Technology Co., LTD ('WiseWave'), a supplier of semiconductor devices based in China. WiseWave's registered office is at Room 105, No. 6, Baohua Road, Hengqin New District, Zhuhai, China.

Movements in the carrying amount of the Group's investment in WiseWave were as follows:

	US$'000
Carrying amount	
As at 1 January 2023	—
Additional investment	14,730
Loss from joint venture	(14,730)
As at 31 December 2023	—
Additional investment	**—**
Loss from joint venture	**—**
As at 31 December 2024	**—**

During 2024, there was no further investment by the Group in WiseWave.

As at 31 December 2024, the cumulative amount of the Group's share of WiseWave's losses amounted to US$50.7m. As a result, the Group's interest in WiseWave has been reduced to nil and no provision has been recognised for the excess of the Group's share of WiseWave's losses over the carrying amount of the investment on the basis that the Group does not have a constructive obligation.

During 2024, the Group recognised revenue of US$0.2m (2023: US$49.6m) for support relating to the subscription licence agreement with WiseWave. In accordance with the Group's accounting policy, to the extent that WiseWave has not yet utilised the IP, we have eliminated the Group's share of its profit on the licences. Such elimination is made against the carrying amount of the investment in WiseWave, but only insofar as it is reduced to nil. As at 31 December 2024, the cumulative amount of profit so eliminated was nil (2023: nil). This is due to the cumulative share of loss in itself already reducing the investment to nil. We still expect that the profit eliminated to date will be recognised during the remainder of the five-year subscription licence agreement ending in 2026.

In August 2024, the Group entered into the Second Amended and Restated Shareholders Agreement relating to its investment in WiseWave Technology Co. Ltd. which allows WiseRoad the right to purchase ('WiseWave Call Option') the entirety of the Group's interest in WiseWave at a predetermined price. The WiseWave Call Option expires in December 2027 and cannot be exercised unless, and until, all fees payable under the Subscription License Agreement, including any fees which may not yet be due at the time of such exercise, has been fully paid. Given the current performance and financial position of the joint-venture, there is a low probability of the options becoming exercisable and as a result management has assessed the fair value of these options as not material as at 31 December 2024.

The following tables summarise financial information of WiseWave taken from its own financial statements and adjusted in accordance with the Group's accounting policies:

	As at 31 December	
	2024	2023
	US$'000	US$'000
Current assets	**28,067**	23,766
Property and equipment	**3,922**	5,043
Intangible assets	**33,583**	53,774
Other non-current assets	**1,456**	2,176
Current liabilities	**44,085**	34,411
Non-current liabilities	**11,193**	24,588
Included in the above amounts are:		
Cash and cash equivalents	**5,224**	13,700
Current financial liabilities (excluding trade payables)	**580**	—
Non-current financial liabilities (excluding trade payables)	**—**	—
Net assets (100%)	**11,750**	25,759
Group share of net assets (35.15%)	**4,130**	10,948
Share of losses of joint venture recognised as a liability	**—**	—
Share of unrealised profits on IP licences to joint venture not recognised	**—**	11,910
Carrying amount of liability in joint venture	**—**	—

	As at 31 December	
	2024	2023
	US$'000	US$'000
Revenue	**6,380**	19,826
Loss from continuing operations	**(41,987)**	(35,930)
Included in loss from continuing operations are:		
Depreciation and amortisation	**(21,313)**	(20,730)
Interest expense	**(1,393)**	(2,171)
Other comprehensive income	**—**	—
Total comprehensive expense (100%)	**(41,987)**	(35,930)
Group share of total comprehensive expense (42.5% until 15 September 2024, 35.15% thereafter)	**(16,682)**	(15,270)
Reversal of share of unrealised profits on IP licences to joint venture	**16,682**	540
Loss from joint venture	**—**	(14,730)

17 Cash and cash equivalents

	As at 31 December	
	2024	2023
	US$'000	US$'000
Cash at bank and in hand	**162,159**	101,291
Short-term deposits	**18,000**	—
Total cash and cash equivalents	**180,159**	101,291

18 Trade and other receivables

	As at 31 December	
	2024	2023
	US$'000	US$'000
Current		
Trade receivables from contracts with customers	**78,903**	49,214
Less: Allowance for expected credit losses	**(10,107)**	(5,635)
Trade receivables – net	**68,796**	43,579
Restricted cash	**5,798**	17,843
Other receivables	**6,707**	16,667
Total current	**81,301**	78,089
Non-current		
Restricted cash	**626**	6,392
Other receivables	**1,380**	—
Total non-current	**2,006**	6,392
Total trade and other receivables	**83,307**	84,481

Prepayments and capitalised contract costs are shown within note 20.

Allowance for expected credit losses is estimated based on consideration of factors like probability of loss, actual and expected collections subsequent to the year end, market risk, financial condition of the customer and other relevant information.

Restricted cash comprises amounts held by a third-party paying agent in respect of future compensation amounts payable to employees of Alphawave Semi Israel Ltd. (formerly Banias Labs) conditional on their remaining in the Group's employment during the respective vesting periods, the last of which expires during 2026. Cash held by the paying agent in relation to amounts that are forfeited by the employees will be returned to the Company.

19 Inventories

	As at 31 December	
	2024	2023
	US$'000	US$'000
Finished goods	**1,371**	4,248
Work in progress	**4,486**	5,737
Raw materials	**132**	1,637
Total inventories	**5,989**	11,622

During 2024, an expense of US$0.7m (2023: US$0.6m) was recognised in respect of the write-down of inventories to net realisable value.

20 Other assets

	As at 31 December	
	2024	2023
	US$'000	US$'000
Current		
Prepayments	**7,898**	17,094
Capitalised contract costs	**3,914**	1,923
Total current	**11,812**	19,017
Non-current		
Prepayments	**775**	—
Total non-current	**775**	—
Total other assets	**12,587**	19,017

Prepayments in FY 2023 included advance payments to foundries to reserve manufacturing capacity of US$5.1m that are largely covered by advance receipts from customers. There are no advance payments to foundries in FY 2024.

21 Trade and other payables

	As at 31 December	
	2024	2023
	US$'000	US$'000

Current		
Trade payables	**32,588**	18,098
Accrued expenses[1]	**27,524**	33,553
Social security and other taxes	**992**	195
Other payables	**15,702**	17,439
Total current	**76,806**	69,285
Non-current		
Other payables	**132**	1,775
Total non-current	**132**	1,775
Total trade and other payables	**76,938**	71,060

1) Accrued expenses includes interest payable on convertible bonds amounting to US$0.2m.

Other payables include US$1.7m (2023: US$10.4m) deferred consideration and compensation payable to employees of Alphawave Semi Israel Ltd. US$5.5m (2023: US$5.5m) relates to an NRE project that has been put on hold due to the ongoing war in Ukraine. US$4.2m (2023: US$2.9m) relates to benefits and vacation expenses of employees.

22 Loans and borrowings[1]

	As at 31 December	
	2024	2023
	US$'000	US$'000
Current		
Term Loan	**9,375**	5,625
Total current loans and borrowings	**9,375**	5,625
Non-current		
Revolving Credit Facility	**125,000**	125,000
Term Loan	**103,281**	88,125
Convertible Loan	**112,847**	—
Israel Innovation Authority	**1,522**	1,625
Total non-current loans and borrowings	**342,650**	214,750
Total loans and borrowings	**352,025**	220,375

1) The carrying value of convertible debt is net of US$37.2m, unamortised costs of issuing the debt.

In October 2022, the Group entered into a Credit Agreement with a syndicate of banks that provided it with a US dollar-denominated Delayed Draw Term Loan B ('Term Loan') facility of US$100.0m and a multi-currency Revolving Credit Facility (RCF) of US$125.0m.

In October 2022, the Group drew the Term Loan facility in full and US$110.0m from the RCF in connection with the acquisition of Banias Labs. The Group drew the remaining US$15.0m of the RCF in May 2023.

Both the Term Loan facility and the RCF mature in October 2027. We are required to repay a percentage of the principal amount of the Term Loan outstanding at the end of each calendar quarter prior to maturity. We repaid US$5,625,000 during 2024, and are scheduled to repay US$7,500,000 during 2025, US$8,125,000 during 2026 and the remaining US$72,500,000 during 2027. We have the option to prepay some or all of the outstanding principal amount of the Term Loan at any time prior to maturity without premium or penalty.

We may, at any time, on one or more occasions, add to the principal amount of the Term Loan and/or the RCF by way of an Incremental Facility Amendment, provided that the increment is less than US$5.0m and the aggregate outstanding principal amount of all incremental Term Loan amounts would not thereby exceed the higher of US$60.0m and the consolidated adjusted EBITDA for the twelve months preceding the end of the most recent calendar quarter.

Our borrowings under the Credit Agreement and Incremental Facility Amendment were initially subject to two financial covenants that are normally tested quarterly: the net leverage ratio (NLR) and the fixed charges coverage ratio (FCCR). NLR is the ratio of consolidated total debt at the end of each quarter to consolidated adjusted EBITDA for the preceding twelve months and FCCR is the ratio of consolidated cash flow to consolidated fixed charges for the preceding twelve months, as defined in the Credit Agreement.

The maximum permitted NLR was 3.75x up to the period ended 30 June 2023, 3.5x up to the period ended 31 March 2024 and is 3.0x thereafter until maturity of the facilities. The minimum permitted FCCR was initially 1.25x over the term of the facilities.

For the test period ended on 30 June 2023, the FCCR was below the minimum permitted level. On 22 September 2023, we agreed with the lenders an amendment to the Credit Agreement which suspended the FCCR from the period ended 30 September 2023 to the period ended 30 June 2024, after which it was set at 1.1x until the period ending 30 September 2025 when it reverts to 1.25x. When the FCCR resumed, the test periods ended on 30 September 2024, 31 December 2024 and 31 March 2025 were shortened to the preceding three, six and nine-month periods, respectively.

The amendment to the Credit Agreement introduced a minimum liquidity requirement whereby the average daily closing balance of cash and cash equivalents plus any unused portion of the Revolving Credit Facility during any month and the closing balance on the last day of each month must not be less than US$75.0m for any test period ending on or prior to 31 December 2023 and not less than US$45.0m for any test period ending thereafter until 30 September 2025.

The Group met both of the applicable financial covenants for the test periods ended on 30 September 2023 and 31 December 2023.

During the second quarter of 2024, the Group's NLR was above the maximum allowed ratio of 3.00x, principally as a result of low adjusted EBITDA in Q3 2023 and H1 2024, combined with a step-down in the ratio from 3.50x to 3.00x. The lower-than-anticipated adjusted EBITDA in H1 2024 was driven by the time lag in converting new bookings to recognised revenue, particularly in high-value IP and ASIC NRE contracts that were signed in the second half of 2023.

Discussions with the Group's lenders commenced in Q2 2024 to ensure that recording a NLR above the allowed maximum would not be treated as a breach of the covenant. These discussions culminated in the Fourth Amendment and Waiver to the Credit Agreement, which was signed on 19 July 2024. Under the terms of the Fourth Amendment, the maximum permitted NLR was increased to 4.50x for the second quarter of 2024. From Q3 2024, the NLR covenant is amended to measure secured net leverage, with a maximum permissible ratio of 3.00x for the remainder of the term of the loan.

In addition to the above changes, the Fourth Amendment and Waiver also replaced the FCCR covenant, that was due to resume in Q3 2024, with a minimum interest coverage ratio covenant being the ratio of the last twelve months' interest expense to the last twelve months' consolidated adjusted EBITDA. This ratio is set at a minimum of 2.50x for Q3 2024, then stepping up to 2.75x for Q4 2024 and Q1 2025, with a further step up to 3.00x from Q2 2025 for the remainder of the Term Loan. The Fourth Amendment and Waiver also gives us the option to draw an additional US$45.0m from our existing lender consortium. The Group drew US$25.0m of the US$45.0m available on 27 September 2024.

The Group met both of the applicable financial convenants for the test periods ended on 30 September 2024 and 31 December 2024.

Both the Term Loan and amounts currently drawn under the RCF bear interest at floating rates based on the Secured Overnight Financing Rate (SOFR) for the relevant tenor and adjusted according to the Group's total NLR.

In December 2024, the Group issued US$150.0m principal amount of Unsecured Convertible Bonds with a maturity date of 1 March 2030 (the '2030 Bonds'). The 2030 Bonds carry a nominal interest rate of 3.75% per year, payable semi-annually in arrears, in equal instalments, in March and September each year. Bondholders can convert the bonds into ordinary shares at a conversion price of US$1.9423 (subject to adjustments). The principal amount per bond is US$200,000.

The 2030 Bonds will be repaid at maturity at a price of 100% of their principal amount plus accrued and unpaid interest. Subject to giving not less than 30 nor more than 60 calendar days' notice, the Group may redeem the 2030 Bonds at the principal amount, together with accrued but unpaid interest, on any date falling on or after 22 March 2028, provided that the value of the bonds on each of at least 20 dealing days in any period of 30 consecutive dealing days ending no more than five London business days prior to the date on which the redemption notice is given to bondholders, shall have exceeded US$300,000.

Subject to giving not less than 30 nor more than 60 calendar days' notice, the Group may redeem the principal amount together with accrued but unpaid interest, at any time if 85% or more of the aggregate principal amount of the bonds originally issued shall have been previously converted, redeemed or repurchased and cancelled.

The holder of each bond will have the right to require the Group to redeem the 2030 Bonds at its principal amount plus accrued but unpaid interest upon the occurrence of a change in control or a free float event. Change of control occurs if any person or persons acquire or control more than 50% of the votes that may ordinarily be cast on a poll at a general meeting of the issuer or an offer is made to all shareholders to acquire all or a majority of the issued ordinary share capital of the issuer or if any person proposes a Scheme of Arrangement with regard to such acquisition and the right to cast more than 50% of the votes. A free float event shall be deemed to have occurred if on each dealing day in any period of not less than 30 consecutive dealing days the ordinary shares which are in public hands is equal to or less than 20% of the issued and outstanding ordinary shares of the Company.

Changes in liabilities arising from financing activities were as follows:

	Loans and borrowings US$'000	Warrant liability US$'000	Interest payable US$'000	Lease liabilities US$'000	Total US$'000
As at 1 January 2023	210,201	—	2,484	14,933	227,618
Financing cash inflow/(outflow)	10,000	—	(18,390)	(4,740)	(13,130)
Currency translation differences	174	—	—	(40)	134
Other movements	—	—	16,053	6,527	22,580
As at 31 December 2023	220,375	—	147	16,680	237,202
Financing cash inflow/(outflow)[2]	**166,288**	**—**	**(19,227)**	**(6,642)**	**140,419**
Less: equity component related to convertible bond	**(34,051)**	**—**	**—**	**—**	**(34,051)**
Financing cash inflows related to liabilities	**132,237**	**—**	**(19,227)**	**(6,642)**	**106,368**
Non-cash-related items:					

Unpaid transaction costs relating to convertible bonds	**(681)**	**—**	**—**	**—**	**(681)**
Other movements[1]	**94**	**—**	**19,542**	**10,081**	**29,717**
Currency translation differences	**—**	**—**	**—**	**(114)**	**(114)**
Initial recognition of warrant liability	**—**	**13,671**	**—**	**—**	**13,671**
As at 31 December 2024	**352,025**	**13,671**	**462**	**20,005**	**386,163**

1) The other movements row for interest payable consists of US$19.5m of interest charged in 2024. For further detail behind the US$10.1m in lease liabilities please refer to note 15 Property and equipment – leased.

2) Financing cash inflows of US$166.3m is made up of US$150.0m issue of convertible debt, (US$2.6m) transactions costs related to convertible debt, US$25.0m drawdown of loans and borrowings and (US$6.1m) repayment of loans and borrowings.

23 Measurement of financial instruments

Analysis by class and category

We set out below the carrying amount of financial assets and liabilities held by the Group by class and measurement category and their estimated fair value at the balance sheet date:

	As at 31 December 2024	
	Carrying amount	
	Amortised cost US$'000	**Fair value US$'000**
Financial assets		
Cash and cash equivalents	**180,159**	**180,159**
Trade and other receivables	**95,894**	**95,894**
Contract assets	**95,695**	**95,695**
Warrant payment to customer	**19,848**	**19,848**
Total financial assets	**391,596**	**391,596**
Financial liabilities		
Trade and other payables	**(76,938)**	**(76,938)**
Lease liabilities	**(19,613)**	**(19,613)**
Loans and borrowings	**(352,025)**	**(331,213)**
Total financial liabilities	**(448,576)**	**(427,764)**

	As at 31 December 2023	
	Carrying amount	
	Amortised cost US$'000	Fair value US$'000
Financial assets		
Cash and cash equivalents	101,291	101,291
Trade and other receivables	103,498	103,498
Contract assets	65,173	65,173
Total financial assets	269,962	269,962
Financial liabilities		
Trade and other payables	(71,060)	(71,060)
Lease liabilities	(16,680)	(16,680)
Loans and borrowings	(220,375)	(220,375)
Total financial liabilities	(308,115)	(308,115)

Financial instruments carried at fair value

During the periods under review, all financial instruments held by the Group were carried at amortised cost except for the contingent consideration liability recognised in relation to the acquisition of Precise-ITC and the warrant liability that was carried at fair value through profit or loss.

Financial instruments that are carried at fair value are categorised into one of three levels in a fair value hierarchy according to the nature of the significant inputs to the valuation techniques that are used to determine their fair value as follows:

- Level 1 – Quoted (unadjusted) market price in active markets for identical assets or liabilities.
- Level 2 – Inputs other than Level 1 that are observable either directly (as market prices) or indirectly (derived from market prices).
- Level 3 – Unobservable inputs, such as those derived from internal models or using other valuation methods.

The fair value of the convertible bonds as at 31 December 2024, for both the liability and equity component, was US$129,187,500 (i.e. US$86.125 cents on the dollar.)

The fair value of the warrant liability was determined using an option valuation model and using the total number of warrants granted, as it is probable that all the warrants will vest. The fair value of the warrant liability will be remeasured using an option valuation model at each reporting date with the changes in fair value being recognised as a finance expense or income. The inputs into the option valuation model as at 31 December 2024 include an exercise price of the warrants of £1.4236 (£1.4236 at the inception date), share price of £0.844 (£1.0920 at the inception date), risk free interest rate of 3.986% (3.549% at the inception date), estimated dividend yield of 0% and expiration date of the warrants of 28 September 2034.

Contingent consideration in respect of the acquisition of Precise-ITC was dependent on the aggregate value of Precise's IP Core revenue and bookings exceeding US$10,000,000 during 2022. We determined the acquisition date fair value of the liability using an option pricing model based on a range of possible outcomes for Precise's IP Core revenue and bookings. Since the inputs to the fair value calculation were therefore largely unobservable, the fair value of the liability on initial recognition was a Level 3 fair value. Precise's actual IP Core revenue and bookings during 2022 significantly exceeded our expectations at the acquisition date. As at 31 December 2022, we therefore increased the liability to the maximum amount payable of US$5,000,000. We paid this amount to the vendors in May 2023.

Movements in the liability for contingent consideration were as follows:

	Year ended 31 December	
	2024	2023
	US$'000	US$'000
Contingent consideration		
At the beginning of the year	**—**	(5,000)
Settlements	**—**	5,000
At the end of the year	**—**	—

Financial instruments not carried at fair value

We are required to disclose the fair value of those financial instruments that are not carried at fair value.

Cash and cash equivalents, trade and other receivables, contract assets and trade and other payables (other than contingent consideration) are of short maturity and/or bear interest at floating rates. We therefore consider that their carrying amounts approximate to their fair value (Level 2).

We have calculated the fair value of lease liabilities by discounting the future lease payments at the relevant lessee's incremental borrowing rate based on observable yield curves at the balance sheet date (Level 2).

With the exception of the Term Loan, we consider that the carrying amount of loans and borrowings approximates to their fair value. In the case of the Term Loan, its carrying amount is stated net of the unamortised balance of issue costs and therefore does not represent its fair value.

24 Financial risk management

Background

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. Whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's centralised finance function, from which the Board receives regular updates.

The principal objectives of the Board are to ensure adequate funding is available to meet the Group's requirements and for maintaining an efficient capital structure, together with managing the Group's counterparty credit risk, interest rate risk and foreign currency exposures.

Credit risk

Credit risk is the risk that a customer or a counterparty financial institution fails to meet its contractual obligations as they fall due, causing the Group to incur a financial loss. The Group is exposed to credit risk in relation to receivables from its customers, contract assets and cash and cash equivalents held with financial institutions.

Before accepting a new customer, we assess the potential customer's credit quality and establish a credit limit. Credit quality is assessed using data maintained by reputable credit agencies, by checking references included in credit applications and, where they are available, by reviewing the customer's recent financial statements. Credit limits are subject to authorisation and are reviewed on a regular basis.

We recognise an allowance for credit losses in respect of trade receivables and contract assets measured as the amount of the lifetime expected credit losses. We estimate the expected credit loss on accounts receivable and contract assets using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the customers, and general current and forecasted economic conditions. When constructing the provision matrix, we grouped trade receivables and contract assets based on credit risk factors against which we applied differing loss rates. If we are aware of specific factors relevant to risk of default of a customer, we may apply a loss rate to balances receivable from that customer that differs from that suggested by the provision matrix.

Information about the allowance for expected credit losses by credit risk group was as follows:

	As at 31 December 2024			As at 31 December 2023		
	Weighted average loss rate	**Gross carrying amount US$'000**	**Loss allowance US$'000**	Weighted average loss rate	Gross carrying amount US$'000	Loss allowance US$'000
Start-up company based in developing country	**21%**	**47,504**	**9,903**	12%	45,311	5,620
Other start-up companies	**13%**	**22,268**	**2,858**	0%	21,658	85
Established company based in developing country	**10%**	**11,588**	**1,209**	25%	11,261	2,772
Other established companies	**1%**	**98,361**	**1,260**	3%	40,019	1,020
		179,721	**15,230**		118,249	9,497

Movements in the allowance for expected credit losses were as follows:

	Year ended 31 December	
	2024	2023
	US$'000	US$'000
At the beginning of the year	**9,497**	2,184
Net remeasurement of loss allowance	**8,005**	7,337
Written-off in the year	**(2,272)**	—
Foreign exchange difference	**—**	(24)
At the end of the year	**15,230**	9,497

As at 31 December 2024, three customers accounted for over 10% of the aggregate balance of trade receivables and contract assets. These customers accounted for 52% of the total trade receivables and contract assets balance (2023: one customer – 14%).

Cash and cash equivalents are placed, where possible, with financial institutions that have a median credit rating of not less than Aa3 (Moody's), AA- (Standard & Poor's), AA- (Fitch) or equivalent. We regularly monitor the credit quality of financial institutions with whom we have placed the Group's funds. Credit risk is further limited by holding cash on deposits with relatively short maturities.

Market risk

Market risk is the risk that the fair value of, or cash flows associated with, a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk (due to changes in market interest rates), currency risk (due to changes in currency exchange rates) and other price risk.

Interest rate risk

The interest rate profile of the Group's financial assets and liabilities was as follows:

	As at 31 December 2024			
	Interest bearing		**Non-interest**	
	Floating rate	**Fixed rate**	**bearing**	**Total**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Cash and cash equivalents	**107,661**	**18,000**	**54,498**	**180,159**
Trade and other receivables and other assets	**—**	**—**	**95,894**	**95,894**
Contract assets	**—**	**—**	**95,695**	**95,695**
Total financial assets	**107,661**	**18,000**	**246,087**	**371,748**
Trade and other payables	**—**	**—**	**(76,938)**	**(76,938)**
Lease liabilities	**—**	**(19,613)**	**—**	**(19,613)**
Loans and borrowings	**(239,179)**	**(112,846)**	**—**	**(352,025)**
Total financial liabilities	**(239,179)**	**(132,459)**	**(76,938)**	**(448,576)**

	As at 31 December 2023			
	Interest bearing		Non-interest	
	Floating rate	Fixed rate	bearing	Total
	US$'000	US$'000	US$'000	US$'000
Cash and cash equivalents	65,443	1,457	34,391	101,291
Trade and other receivables and other assets	—	—	103,498	103,498
Contract assets	—	—	65,173	65,173

Total financial assets	65,443	1,457	203,062	269,962
Trade and other payables	—	—	(71,060)	(71,060)
Lease liabilities	—	—	(16,680)	(16,680)
Loans and borrowings	(220,375)	—	—	(220,375)
Total financial liabilities	(220,375)	—	(87,740)	(308,115)

The Group's principal exposure to interest rate risk is in relation to floating rate loans and borrowings and cash deposits.

Currency risk
Currency risk arises on financial instruments that are denominated in a currency other than the functional currency of the entity that holds them. The Company's functional currency is US dollar (USD) and its principal subsidiaries have different functional currencies, including Canadian dollar (CAD), US dollar (USD), Israeli shekel (ILS), Indian rupee (INR) and Chinese renminbi (RMB). Substantially all of the Group's revenue and a significant proportion of its expenses are denominated in US dollars. Accordingly, the Group is subject to currency risk, particularly in those entities that have a functional currency other than the US dollar.

The Group does not use derivative instruments to reduce its exposure to currency risk.

The Group's exposure to currency risk was as follows:

	As at 31 December 2024								
	CAD	**GBP**	**ILS**	**INR**	**RMB**	**TWD**	**EUR**	**USD**	**Total**
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Cash and cash equivalents	**596**	**3,373**	**315**	**1,955**	**2,386**	**34**	**253**	**171,247**	**180,159**
Trade and other receivables and other assets	**—**	**459**	**950**	**3,186**	**54**	**—**	**94**	**91,151**	**95,894**
Contract assets	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**95,695**	**95,695**
Trade and other payables	**(1,716)**	**(6,991)**	**(4,993)**	**(8,541)**	**(166)**	**—**	**(210)**	**(54,321)**	**(76,938)**
Lease liabilities	**(9,513)**	**—**	**(527)**	**(4,163)**	**(114)**	**—**	**—**	**(5,296)**	**(19,613)**
Loans and borrowings	**—**	**—**	**(1,522)**	**—**	**—**	**—**	**—**	**(350,503)**	**(352,025)**
	(10,633)	**(3,159)**	**(5,777)**	**(7,563)**	**2,160**	**34**	**137**	**(52,027)**	**(76,828)**

	As at 31 December 2023								
	CAD	GBP	ILS	INR	RMB	TWD	EUR	USD	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cash and cash equivalents	632	41,957	133	473	2,756	210	—	55,130	101,291
Trade and other receivables and other assets	20,376	902	596	1,055	6,211	72	—	74,286	103,498
Contract assets	—	—	—	—	66	—	—	65,107	65,173
Trade and other payables	(26,829)	(4,969)	(2,266)	(3,954)	(393)	(21)	—	(32,628)	(71,060)
Lease liabilities	(14,949)	—	(832)	(890)	(9)	—	—	—	(16,680)
Loans and borrowings	—	—	(1,625)	—	—	—	—	(218,750)	(220,375)
	(20,770)	37,890	(3,994)	(3,316)	8,631	261	—	(56,855)	(38,153)

When applied to financial instruments denominated in foreign currencies held at the end of the year, the effect on the Group's profit or loss before tax of a 5% strengthening or weakening of those currencies against the relevant functional currencies would have been as follows:

	As at 31 December	
	2024	2023
Foreign currency	**US$'000**	US$'000
CAD	**(1,020)/1,020**	(834)/834
GBP	**463/(463)**	778/(778)
ILS	**627/(627)**	498/(498)
INR	**—**	26/(26)
RMB	**283/(283)**	632/(632)
USD	**1,295/(1,295)**	899/(899)

Other price risk
Other price risk is market risk other than interest rate risk or currency risk. The Group has no significant exposure to other price risk.

Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities.

In October 2022, the Company entered into a Credit Agreement with a syndicate of banks that provided it with a US dollar-denominated Delayed Draw Term Loan B ('Term Loan') facility of US$100.0m and a multi-currency Revolving Credit Facility (RCF) of US$125.0m. As at 31 December 2023, the facilities were fully drawn. The Credit Agreement contains various provisions, covenants and representations that are customary for such facilities.

On 19 July 2024, the Company signed the Fourth Amendment and Waiver to the Credit Agreement. This gave us the option to draw an additional US$45.0m from our existing lender consortium. Under the terms of the Fourth Amendment, the maximum permitted NLR was increased to 4.50x for the second quarter of 2024. From Q3 2024, the NLR covenant is amended to measure secured net leverage, with a maximum permissible ratio of 3.00x for the remainder of the term of the loan. In addition to the above changes, the Fourth Amendment and Waiver also replaced the FCCR covenant, that was due to resume in Q3 2024, with a minimum interest coverage ratio covenant, being the ratio of the last twelve months' interest expense to the last twelve months' consolidated adjusted EBITDA. This ratio is set at a minimum of 2.50x for Q3 2024, then stepping up to 2.75x for Q4 2024 and Q1 2025, with a further step up to 3.00x from Q2 2025 for the remainder of the Term Loan. The Group drew US$25.0m of the US$45.0m available on 27 September 2024.

As at 31 December 2024, cash and cash equivalents amounted to US$180.2m (2023: US$101.3m). As explained in note 2, the Directors are satisfied that the Group has sufficient liquidity to continue as a going concern.

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

	As at 31 December 2024			
	Due within 1 year US$'000	**Due between 1 and 5 years US$'000**	**Due > 5 years US$'000**	**Total US$'000**
Trade and other payables	**76,806**	**132**	**—**	**76,938**
Lease liabilities	**5,767**	**17,469**	**2,312**	**25,548**
Loans and borrowings	**32,102**	**316,797**	**150,925**	**499,824**
	114,675	**334,398**	**153,237**	**602,310**

	As at 31 December 2023			
	Due within 1 year US$'000	Due between 1 and 5 years US$'000	Due > 5 years US$'000	Total US$'000
Trade and other payables	69,285	1,775	—	71,060
Lease liabilities	3,953	7,660	5,067	16,680
Loans and borrowings	5,625	214,750	—	220,375
	78,863	224,185	5,067	308,115

Capital management

The Group's capital is represented by its total equity less net debt less lease liabilities. By this definition, the Group's capital as at 31 December 2024 was US$229,124,000 (2023: US$332,144,000) as follows:

	As at 31 December	
	2024 US$'000	2023 US$'000
Total equity	**489,753**	468,448
Loans and borrowings	**352,025**	220,375
Cash and cash equivalents	**(180,159)**	(101,291)
Net debt	**171,866**	119,084
Lease liabilities	**19,613**	16,680
Total capital	**298,274**	332,684

We seek to maintain a capital structure that supports the ongoing activities of our business and its strategic objectives in order to deliver long-term returns to shareholders. We allocate capital to support organic and inorganic growth, investing in research and development and our IP licensing and product offerings. We fund our growth strategy using a mix of equity and debt after giving consideration to prevailing market conditions.

25 Post-employment benefits

Defined contribution plans

The Group operates defined contribution pension plans in most of the countries in which it operates. During 2024, the Group recognised an expense of US$5,035,000 (2023: US$4,115,000) for defined contribution plans. As at 31 December 2024, the Group had not paid contributions due to the plans totalling US$nil (2023: US$nil). All contributions due for the year have since been paid to the plans.

Defined benefit plans

Prior to the acquisition of Open Silicon in August 2022, the Group had no defined benefit plans. Open Silicon operates unfunded gratuity and accrued leave plans in India that provide employees with lump sum benefits on leaving employment that are based on the individual's final salary and length of service.

Prior to and immediately following the acquisition, the benefit obligation was not measured on an actuarial basis. During 2024, we engaged an independent qualified actuary and the benefit obligation as at 31 December 2024 and the amounts recognised in comprehensive income for the year are based on the actuary's valuation of the plans that was prepared using the projected unit credit method. Remeasurement of defined benefit plans represents actuarial gains and losses relating to gratuity and leave encashment.

Movements in the benefit obligation were as follows:

	Year ended 31 December	
	2024	2023
	US$'000	US$'000
At the beginning of the year	**2,476**	821
Recognised in profit or loss:		
Current service cost	**920**	489
Interest expense	**210**	60
Recognised in other comprehensive income:		
Experience adjustments	**18**	472
Change in Financial Assumptions in relation to prior year	**406**	-
Change in financial assumptions in relation to current year	**487**	735
Benefits paid by employer	**(191)**	(59)
Currency translation differences	**(108)**	(42)
At the end of the year	**4,218**	2,476

As at 31 December 2024, the principal assumptions used in measuring the benefit obligation were as follows:

	Year ended 31 December	
	2024	2023
	US$'000	US$'000
Staff attrition rate – age less than 30 years	**10% p.a.**	10% p.a.
Staff attrition rate – 31-44 years	**5% p.a.**	5% p.a.
Staff attrition rate – 45 years and above	**3% p.a.**	3% p.a.
Mortality rate	**IALM 2012-14**	IALM 2012-14
Rate of increase in salaries year 1	**20.0% p.a.**	22.0% p.a.
Rate of increase in salaries year 2	**15% p.a.**	15% p.a.
Rate of increase in salaries year 3 onwards	**10% p.a.**	10% p.a.
Discount rate	**7.1% p.a.**	7.4% p.a.

Mortality assumptions used in measuring the benefit obligation were based on the Indian Assured Lives Mortality 2012-14 tables ('100% of IALM 2012-14') published by the Institute of Actuaries in India.

Sensitivities of the benefit obligation to reasonably possible changes in the principal assumptions are immaterial to the consolidated financial statements.

26 Share capital and reserves

Share capital and share premium account

Share capital

The Company's share capital is comprised of ordinary shares with a nominal value of £0.01 per share.

The number of authorised, issued and fully paid ordinary shares was as follows:

	Number of shares	Nominal value US$'000
As at 1 January 2023	695,068,200	9,751
Shares issued under employee share schemes	20,446,367	260
As at 31 December 2023	715,514,567	10,011
Shares issued under employee share schemes	**35,624,639**	**440**
As at 31 December 2024	**751,139,206**	**10,451**

Shares issued during the year

During 2024, 34,585,080 shares (2023: 20,446,367 shares) were issued on the exercise or vesting of awards made under employee share schemes. Another 1,039,559 shares were issued during 2024 in relation to the employee share purchase plan (ESPP) which is explained further in note 27.

During 2024, a notional bonus expense of US$42,000, (2023: US$70,000), calculated at the nominal value of £0.01 per share, was recognised in the profit or loss account and credited to share capital.

Rights and restrictions
Ordinary shareholders have no entitlement to a share in the profits of the Company except for dividends that may be declared from time to time. All ordinary shares rank equally with regard to the Company's residual assets in the event of a liquidation.

Ordinary shareholders have the right to attend, and vote at, general meetings of the Company or to appoint a proxy to attend and vote at such meetings on their behalf. Ordinary shareholders have one vote for every share held.

Share premium account
The share premium account represents the difference between the nominal value of shares in issue and the fair value of the consideration received. For 2024 the amount allocated to the share premium account is US$2,836,000 (2023: US$863,000). The share premium account is not distributable but may be used for certain purposes specified by United Kingdom law, including to write off expenses on any issue of shares and to pay up fully paid bonus shares.

Other reserves
Merger reserve
In May 2021, the Company purchased the entire issued share capital of Alphawave IP Inc., the Group's former parent Company, by way of an exchange of shares in a Group reorganisation that was accounted for as a merger. The merger reserve represents the excess of the nominal value of the Company's ordinary shares issued over the nominal value of Alphawave IP Inc's common shares in issue at the date of the reorganisation.

Share-based payment reserve
The share-based payment reserve represents the cost recognised to date in respect of share-based payment awards that have not been exercised.

Convertible bonds
The Group has issued Convertible Bonds (compound financial instruments) that can be converted to share capital at the option of the holder. The number of shares to be issued is fixed and does not vary with changes in fair value. The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component.

Currency translation reserve
The currency translation reserve comprises gains and losses arising on the translation of the results and financial position of foreign operations from their functional currencies into US dollars.

27 Share-based payment
Prior to the Company's IPO in July 2021, options and restricted stock units (RSUs) were granted to employees of and consultants to the Company and its subsidiaries under the Equity Incentive Plan (EIP). Following the IPO, no further awards were granted under the EIP and it was replaced by the Long-Term Incentive Plan (LTIP). Awards under the LTIP may take the form of RSUs, options or restricted ordinary shares.

While the specific terms of awards may vary according to individual grant agreements, options and RSUs granted under the EIP and the LTIP typically vest over four years with 25% vesting on the first anniversary of the grant date and the remaining 75% vesting in equal monthly instalments thereafter until the fourth anniversary of the grant date conditional on the participant remaining in the Group's employment during the vesting period and any performance conditions having been met. Unexercised options granted under the EIP and the LTIP expire on the fifth and tenth anniversary of the grant date, respectively. On exercise or vesting, each option and RSU issued under the plans converts into one ordinary share in the Company. Unexercised options and unvested RSUs carry neither rights to dividends nor voting rights. No amounts are paid or payable by the recipient on receipt of an RSU, however, there are exercise costs paid or payable by the recipient on receipt of an option.

From 1 July 2024, the Company initiated an employee share purchase plan (ESPP). This plan allows employees of the Group to acquire shares in the Company. The plan qualifies under Section 423 of the Code (US Internal Revenue Code of 1986) and the offering period runs quarterly, allowing employees to put up to 15% of their gross salary into the plan each month. At the end of the offering period, employees can purchase shares at a 15% discount from the share price. The share price has a look-back feature, which means the 15% discount is applied to the lower of the share price on the first day of the offering period or the last day of the offering period. The shares vest at the end of the offering period.

In 2024, the Company granted Tony Pialis, Chief Executive Officer, 1,165,968 share-based awards that vest upon certain targets being hit by the Group over a three-year period. Further detail on this can be seen in the Directors' remuneration report on page 90.

All options and RSUs outstanding under the plans are equity-settled awards.

During 2024, 30,158,836 (2023: 24,810,455) RSUs were granted under the LTIP. Since the Company does not expect to pay dividends during the vesting period, the grant date fair value of the awards was the market price of the Company's ordinary shares on the grant date. The weighted average grant date fair value of the RSUs granted during the year was US$1.54 (2023: US$1.38). During the periods under review, no options were granted under the LTIP.

The number of options and RSUs outstanding and the weighted average price of the options and RSUs on the grant date were as follows:

	Year ended 31 December 2024		Year ended 31 December 2023	
	Number of awards	**Weighted average exercise price[1] (US$)**	Number of awards	Weighted average exercise price[1] (US$)
Outstanding at the beginning of the year	**86,263,963**	**0.842**	85,692,153	0.712
Granted	**30,158,836**	**1.548**	24,810,455	1.387
Exercised or vested	**(34,585,080)**	**1.083**	(20,446,367)	0.808
Forfeited	**(4,113,184)**	**1.302**	(3,792,278)	1.002
Outstanding at the end of the year	**77,724,535**	**0.980**	86,263,963	0.842
Vested at the end of the year	**39,703,803**	**0.455**	43,669,961	0.339

1) The weighted average exercise price relates to options only.

The price payable by participants on exercise or vesting of option awards outstanding at the end of the year was in the range US$0.01 to US$1.04 (2023: US$0.01 to US$1.04).

The weighted average market price of the Company's ordinary shares on the dates that options and RSUs vested during 2024 was US$1.70 (2023: US$1.45).

During 2024, the total share-based compensation expense recognised by the Group was US$27,896,000 (2023: US$40,691,000). The primary reason for this decrease is due to the 2023 share-based compensation charge including an annual bonus amount of US$11.7m compared to just US$3.0m in 2024, as one quarter's bonus was paid in RSUs for all employees.

28 Commitments

Software licence and other commitments

We have entered into a number of multi-year Software-as-a-Service (SaaS) arrangements that give us access to the supplier's application software, principally in relation to EDA software that we use in developing chip designs. We account for such arrangements as service contracts.

Future minimum payments under these arrangements were as follows:

	Year ended 31 December	
	2024 US$'000	2023 US$'000
Payable:		
Within one year	**42,659**	32,602
Between one and two years	**45,678**	11,132
Between two and five years	**43,902**	1,369
After more than five years	**—**	—
Total	**132,239**	45,103

Capital commitments

The shareholders' agreement governing the WiseWave joint venture stipulates that the Group shall invest up to US$170,000,000 in WiseWave. As at 31 December 2024, the Group has invested US$46,150,000 (2023: US$46,150,000). The shareholders' agreement includes several matters that are classified as shareholder reserved matters, including any requirement for a capital contribution. Such shareholder reserved matters require the prior written approval of Alphawave or at least one of the Directors nominated by Alphawave to be passed. As any additional capital contribution call from WiseWave would require the prior written approval of Alphawave, the Group's participation in future financing rounds is discretionary. The Group does not intend to make any further capital investment in WiseWave.

29 Related party transactions

Key management personnel

As defined by IAS 24 Related Party Disclosures, the Group's key management personnel are the Directors of the Company and management team (who are identified on pages 62 and 63).

Expenses recognised in relation to the compensation of the Group's key management personnel were as follows:

	Year ended 31 December	
	2024	2023
	US$'000	US$'000
Short-term employee benefits	**7,998**	5,898
Post-employment benefits	**137**	162
Termination benefits	**817**	344
Share-based payments	**6,882**	4,774
	15,834	11,178

Post-employment benefits comprise employer contributions payable to defined contribution pension plans.

Termination benefits comprise contractual payments in lieu of notice payable to the former Chief Financial Officer over the twelve-month period ended in May 2024 and to the former Chairman who left the business in 2024.

In December 2024, the Group issued US$150.0m principal amount of Unsecured Convertible Bonds with a maturity date of 1 March 2030 (the '2030 Bonds'). The principal amount per bond is US$200,000 and our CEO purchased 34 bonds, for a total of US$6.8m. Statutory information about Directors' remuneration is presented in the Directors' remuneration report on pages 88 to 90.

Other related party transactions

During the year, Group companies entered into the following transactions with related parties who are not members of the Group.

	Year ended 31 December	
	2024	2023
	US$'000	US$'000
Transactions		
Revenue from companies on which a Director is the chairman of the board[1]	**33**	429
Revenue from VeriSilicon	**2,056**	—
Revenue from WiseWave, a joint venture, where there is common directorship	**3,227**	66,879
Operating expenses from a company on which a Director is a director	**(3,278)**	(133)
Costs capitalised as intangible assets from a company on which a Director is a director	**(1,000)**	(1,000)
	1,038	66,175

	Year ended 31 December	
	2024	2023
	US$'000	US$'000
Balances		
Accounts receivable from a company on which a Director is the chairman of the board[1]	**2,760**	1,650
Accounts receivable from VeriSilicon	**200**	—
Accounts receivable from WiseWave, a joint venture, where there is common directorship	**19,603**	6,364
Contract asset from companies on which a Director is the chairman of the board[1]	**1,720**	2,567
Contract asset from WiseWave, a joint venture, where there is common directorship	**14,361**	40,785
Prepaid expenses with a company on which a Director is a director	**67**	67
	38,711	51,433
Contract liabilities from VeriSilicon	**(2,566)**	—
Contract liabilities from WiseWave, a joint venture, where there is common directorship	**(326)**	—
Accrued liabilities with a company on which a Director is a director	**(500)**	(600)
	(3,392)	(600)

1) Companies on which a Director is the chairman of the board are FLC Technology Group and DreamBig Semiconductor Inc. where Sehat Sutardja was chairman until his passing in September 2024. We have included all transactions with FLC Technology Group and DreamBig Semiconductor Inc. for the whole of 2024.

Sales to related parties are made at market prices and in the ordinary course of business. Outstanding balances are unsecured and settlement occurs in cash. Any estimated credit losses on amounts owed by related parties would not be material and are therefore not disclosed. This assessment is undertaken at each key reporting period through examining the financial position of the related party and the market in which the related party operates.

In the interests of transparency, we have opted to disclose VeriSilicon as a related party within this note. However, we have received advice that VeriSilicon is not a related party as defined by IAS 24 or Listing Rule 11.

30 Business combinations

Acquisition of Precise-ITC, Inc.

On 1 January 2022, we completed the acquisition of 100% of the equity interests of Precise-ITC, Inc. ('Precise'), a developer of Ethernet and Optical Transport Network (OTN) communications controller IP.

We acquired Precise for US$8,000,000 on a cash and debt-free basis. We paid consideration of US$8,470,000 in cash on completion, including US$470,000 in respect of Precise's cash less indebtedness.

Additional consideration of up to US$5,000,000 was payable contingent on the aggregate value of Precise's IP Core revenue and bookings exceeding US$10,000,000 during 2022. Using an option pricing model, we determined that the fair value of the contingent consideration at the acquisition date was US$740,000 and recognised a corresponding liability within trade and other payables.

Further payments totalling US$11,500,000 may be made to one of the vendors during the period of up to three years following completion. Since those further payments are largely conditional on that individual continuing in the Group's employment, they are accounted for as employee compensation rather than as consideration for the purchase of the business.

We recognised goodwill of US$3,097,000 on the acquisition of Precise that was principally attributable to the benefits expected to be derived from the combination of our technologies to develop new IP and increase our penetration of the rapidly growing networking and data centre markets.

Year ended 31 December 2023

In May 2023, we paid US$5,000,000 to the vendors in settlement of the contingent consideration, of which US$740,000 (its fair value on the acquisition date) was included in cash flows from investing activities and the balance of US$4,260,000 was included in cash flows from operating activities.

Year ended 31 December 2024

During 2024, we paid US$6,215,000 to one of the vendors as compensation conditional on them having continued in the Group's employment for three years after the acquisition. This payment is a compensatory expense for financial reporting purposes per the guidance in IFRS 3 Business Combinations and was included within Other operating expenses in the consolidated statement of comprehensive income due to it being economically connected to a business acquisition.

Acquisition of OpenFive

On 31 August 2022, we completed the acquisition of 100% of the equity interests in Open-Silicon, Inc. and related assets and liabilities that together comprised the OpenFive business unit of SiFive, Inc. and entered into certain IP licensing agreements that were integral to the business combination.

We acquired the OpenFive business unit and the related IP licences for US$210,000,000 on a cash and debt-free basis. We paid consideration of US$203,636,000 in cash on completion, after deducting US$6,364,000 in respect of OpenFive's estimated cash, indebtedness and working capital.

It was envisaged in the Stock and Asset Purchase Agreement that Alphawave may make an election under section 338 of the US Internal Revenue Code of 1986 to treat the purchase of OpenFive as an asset acquisition for US federal income tax purposes. If such an election is made, the tax base of the assets acquired would be 'stepped-up' to their fair values on the acquisition date, enabling the purchaser to claim higher income tax deductions for those assets. On the other hand, there is usually an increase in the income tax payable by the vendor and the Stock and Asset Purchase Agreement required Alphawave to compensate the vendor for the additional US income tax expense that it may incur if a section 338 election were made.

At the time the Directors approved the Group's 2022 financial statements, we had made a section 338 election but were awaiting the final calculation of its financial effect and any amount payable to the vendor. We therefore took no account of the section 338 election in determining the purchase consideration and OpenFive's deferred tax assets and liabilities in the purchase price allocation that were reflected in the Group's 2022 financial statements.

Year ended 31 December 2023

We finalised the financial effect of the section 338 election in August 2023. As a result, we retrospectively adjusted the purchase price allocation as follows:

- To derecognise deferred tax liabilities of US$15,860,000 that were initially recognised in respect of identifiable intangible assets that became deductible for US federal income tax purposes as a result of the section 338 election.
- To increase the purchase consideration to reflect the tax adjustment amount of US$5,610,000 payable to compensate the vendor for the additional income tax payable as a consequence of the section 338 election.

We paid the tax adjustment amount to SiFive Inc. in October 2023.

As a result of these adjustments, the goodwill recognised on the acquisition was reduced by US$10,250,000.

A binding arbitration decision was reached in December 2023 regarding OpenFive's cash, indebtedness and working capital on completion and the vendor paid the resulting purchase price adjustment of US$12,437,000 to Alphawave in January 2024.

Acquisition of Banias Labs
On 12 October 2022, we completed the acquisition of 100% of the equity interests of Solanium Labs Ltd (Solanium), a leading optical Digital Signal Processing (DSP) chip developer that trades under the name Banias Labs.

We purchased all of Banias Labs' outstanding issued common and preferred shares and all outstanding unexercised options over its common shares for US$240,000,000 on a cash and debt-free basis. We paid US$244,955,000 in cash on completion including US$4,955,000 in respect of Banias Labs' estimated cash, indebtedness and working capital. We paid US$24,300,000 of the initial consideration into an escrow fund that is available to settle any valid claims that we may make in relation to the representations, warranties and indemnities that were provided to us by the sellers. We funded the acquisition from existing cash balances and the proceeds of the US$210.0m Senior Secured Credit Facilities, comprising a five-year US$110.0m Revolving Credit Facility and a five-year US$100.0m Term Loan, that we obtained in October 2022.

On completion, all outstanding unvested employee options over Banias Labs' common shares were converted into rights to receive future cash payments, which are generally subject to the vesting schedule and other terms (including a service condition) that governed the options that they replaced. We determined that the fair value of the deferred cash rights on the acquisition date was US$31,013,000, of which US$8,804,000 was attributable to employee service rendered before the acquisition date and is therefore accounted for as consideration. We are recognising the balance of US$22,209,000 as an employee compensation expense over the remaining vesting periods of the deferred cash rights which extend to August 2026. The amount recognised as an expense, shown as 'Compensation element of Banias Labs deferred cash rights' in note 6, in 2024 was US$7,618,000 and in 2023 was US$8,352,000.

At the time the Directors approved the Group's 2022 financial statements, we had completed the purchase price allocation, except for making any adjustments arising from the finalisation of Banias Labs' cash, indebtedness and working capital on completion. On that basis, we recognised provisional goodwill of US$146,585,000 on the acquisition that is principally attributable to the assembled workforce and the benefits expected to be derived from the future development of new connectivity product offerings for the rapidly growing networking and data centre markets.

Year ended 31 December 2023
As at 31 December 2023, we had not yet agreed Banias Labs' cash, indebtedness and working capital on completion with the vendors, but did not expect there to be any material adjustments. Since the measurement period allowed for finalising the purchase price allocation expired in October 2023, any future adjustments would have been recognised in profit or loss.

Year ended 31 December 2024
As the time period to contest the balances has lapsed, we have agreed Banias Labs' cash, indebtedness and working capital on completion.

31 Events after the reporting period
On 12 February 2025 Alphawave Semiconductor Corp was dissolved.

ALTERNATIVE PERFORMANCE MEASURES

Introduction
Management uses a number of measures to assess the Group's financial performance. We consider certain of these measures to be particularly important and identify them as 'key performance indicators' (KPIs). We have identified the following financial measures as KPIs: revenue; bookings; backlog (excluding royalties); adjusted EBITDA; and cash generated from operations.

Certain of these measures are non-IFRS measures because they exclude amounts that are included in, or include amounts that are excluded from, the most-directly comparable measure calculated and presented in accordance with IFRS or are calculated using financial measures that are not calculated in accordance with IFRS. We do not regard non-IFRS measures as a substitute for, or superior to, the equivalent IFRS measures. Non-IFRS measures presented by Alphawave may not be directly comparable with similarly titled measures presented by other companies.

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 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) and any cancellation fees not already included in de-bookings. Our customer contracts for ASIC design services are typically cancellable upon payment of a fee. Customer contracts for IP

licensing are typically non-cancellable. We include estimated sales for silicon products in bookings when respective arrangements with customers includes a minimum purchase commitment. Such commitments are typically effective only upon completion of engineering qualification and validation of our products.

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 in the backlog, which is updated in the annual financial statements. Quarterly bookings included in our trading updates do not reflect debookings.

Bookings during the year were as follows:

	Year ended 31 December	
	2024	2023
	US$m	US$m
Preliminary bookings (including royalties)	**515.5**	364.4
Adjustment	**—**	19.5
Bookings[1]	**515.5**	383.9
Royalties	**(0.1)**	—
Bookings (excluding royalties)	**515.4**	383.9

1) 2023 bookings include a contract of US$19.5m that was signed by the acquired OpenFive business in 2022, 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, less any adjustments for debookings.

Movements on backlog (excluding royalties) during the year were as follows:

	Year ended 31 December	
	2024	2023
	US$m	US$m
Backlog at the beginning of the year	**354.9**	379.7
Add: Bookings during the year	**515.4**	383.9
Less: Net debookings/other adjustments during the year	**(42.8)**	(87.3)
Less: Revenue recognised during the year	**(307.5)**	(321.4)
Backlog at the end of the year	**520.0**	354.9

Our closing backlog at the end of 2024 is US$520.0m (2023: US$354.9m) and includes US$42.8m of net adjustments/debookings.

EBITDA

Earnings before interest, taxation, depreciation and amortisation (EBITDA) is a non-IFRS measure that we consider useful to investors and other users of our financial information in evaluating the sensitivity of the Group's trading performance to changes in variable operating expenses.

Joint venture profit or loss

We also exclude the costs of our joint venture in WiseWave from EBITDA because we consider that, as a start-up, they hinder the comparison of the Group's trading performance from one period to another or with other businesses.

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

	Year ended 31 December	
	2024	2023
	US$'000	US$'000
Net loss	**(42,519)**	(51,002)
Add/(deduct):		
Finance income	**(9,397)**	(3,448)
Finance expense	**9,507**	8,836
Loss from joint venture	**—**	14,730
Income tax expense	**9,585**	11,532
Depreciation of property and equipment — owned	**14,149**	11,212
Depreciation of property and equipment — leased	**5,548**	4,612
Amortisation of intangible assets	**14,490**	13,294
EBITDA	**1,363**	9,766

Adjusted measures of profitability

We report adjusted measures of profitability because we believe that they provide both management and investors with useful additional information about the financial performance of our business. Adjusted measures of profitability are non-IFRS measures that represent the equivalent IFRS measures adjusted for specific items that we consider hinder comparison of the Group's financial performance from one period to another or with other businesses.

Adjusted measures of profitability exclude items that can have a significant effect on profit or loss. We compensate for this limitation by monitoring separately the items that are excluded from the equivalent IFRS measures in calculating the adjusted measures.

We outline below the specific items of income and expense that are recognised in profit or loss in accordance with IFRS but are excluded from the Group's adjusted results.

Business combinations

We exclude those effects of applying the acquisition method of accounting under IFRS that we consider are not indicative of the Group's trading performance, including the accounting for transaction costs; the recognition of certain elements of the purchase price as compensation expense; and the recognition of remeasurements of contingent consideration in profit or loss.

During the periods under review, we excluded from our adjusted results the following items arising from the accounting for business combinations:

- Acquisition-related costs.
- The element of the value of the deferred cash rights granted to employees of Banias Labs to replace the unvested employee share options at the acquisition date that is accounted for as compensation expense rather than as consideration.
- The compensation element of Precise-ITC acquisition.

We also exclude from our adjusted measures the amortisation of identifiable intangible assets acquired in business combinations in order that the performance of our business may be compared more fairly with that of businesses that have developed on an organic basis.

Integration costs

We exclude the costs of integrating acquired businesses because we consider that they hinder the comparison of the Group's trading performance from one period to another or with other businesses.

Leadership reorganisation

We exclude reorganisation costs relating to members of our leadership team as we believe these costs hinder the comparison of the Group's trading performance from one period to another or with businesses.

Share-based payments and related expenses

We exclude the compensation expense recognised in relation to options and RSUs granted under the Company's share-based payment plans because the awards are equity-settled and their effect on shareholders' returns is already reflected in diluted earnings per share measures. We additionally exclude the expense for payroll taxes payable on the exercise or vesting of the awards because the expense fluctuates according to the Company's share price at the exercise or vesting date and the effect on profit or loss is therefore not necessarily indicative of the Group's trading performance.

Currency translation differences

We exclude gains and losses that arise at entity level on the translation of foreign currency-denominated net cash and borrowings into the entity's functional currency. Such gains and losses can be significant and are not representative of the Group's trading performance.

Expected credit loss related to a customer

We exclude the impairment of accounts receivable and contract assets from a long-standing customer of the Group.

Income tax effect of adjustments

Where relevant, we calculate the income tax effect of adjustments by considering the specific tax treatment of each item and by applying the relevant statutory tax rate to those items that are taxable or deductible for tax purposes.

Adjusted EBITDA

Adjusted EBITDA may be reconciled to EBITDA as follows:

	Year ended 31 December	
	2024	2023
	US$'000	US$'000
EBITDA	**1,363**	9,766
Add/(deduct):		
Acquisition-related costs	**236**	831
Compensation element of Banias Labs deferred cash rights (note 30)	**7,618**	8,352

Leadership reorganisation	**748**	—
Compensation element payable for Precise-ITC (note 30)	**6,215**	—
Share-based compensation expense (note 27)	**27,896**	40,691
Currency translation gain/(loss)	**(2,022)**	2,983
Expected credit loss related to a customer	**9,000**	—
Adjusted EBITDA	**51,054**	62,623

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 for calculating adjusted EPS measures may be reconciled to net loss determined in accordance with IFRS as follows:

	Year ended 31 December	
	2024	2023
	US$'000	US$'000
Net loss	**(42,519)**	(51,002)
Add/(deduct):		
Acquisition-related costs	**236**	831
Compensation element of Banias Labs deferred cash rights (note 6)	**7,618**	8,352
Leadership reorganisation	**748**	—
Compensation element payable for Precise-ITC (note 30)	**6,215**	—
Share-based compensation expense (note 27)	**27,896**	40,691
Currency translation gain/(loss)	**(2,022)**	2,983
Impairment of accounts receivable and contract assets related to a customer	**9,000**	—
Amortisation of acquired intangibles	**12,657**	12,657
Tax effect of above adjustments	**(1,399)**	(2,623)
Adjusted net income	**18,430**	11,889

Adjusted basic and diluted earnings per share were as follows:

	Year ended 31 December	
	2024	2023
	US$ cents	US$ cents
Adjusted basic earnings per share	**2.51**	1.69
Adjusted diluted earnings per share	**2.51**	1.69

Adjusted basic and diluted earnings per share have been calculated by taking the adjusted net income 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 11 to the consolidated financial statements.

COMPANY BALANCE SHEET

		As at 31 December	
		2024	2023
	Note	**US$'000**	US$'000
Assets			
Current assets			
Cash and cash equivalents	5	**120,097**	16,911
Amounts owed by Group undertakings	6	**—**	21,404
Income tax receivables		**5,986**	2,417
Warrant payment to customer		**484**	—
Other receivables	7	**6,077**	11,888
Total current assets		**132,644**	52,620
Non-current assets			
Investments in subsidiaries	8	**379,275**	346,163
Other investments		**1,017**	1,019
Amounts owed by Group undertakings	6	**440,585**	366,304
Warrant payment to customer		**19,364**	—
Other receivables	7	**626**	6,392
Total non-current assets		**840,867**	719,878

Total assets		**973,511**	772,498
Liabilities and equity			
Current liabilities			
Trade and other payables	9	**8,659**	8,940
Amounts owed to Group undertakings		**798**	—
Loans and borrowings	10	**9,375**	5,625
Total current liabilities		**18,832**	14,565
Non-current liabilities			
Trade and other payables	9	**132**	1,775
Warrant liability		**13,671**	—
Loans and borrowings	10	**341,128**	213,125
Total non-current liabilities		**354,931**	214,900
Total liabilities		**373,763**	229,465
Share capital	11	**10,451**	10,011
Share premium account	11	**4,474**	1,638
Merger reserve	11	**(777,751)**	(777,751)
Share-based payment reserve	11	**32,361**	41,595
Convertible bonds	11	**34,051**	—
Currency translation reserve	11	**(54,207)**	(52,087)
Retained earnings		**1,350,369**	1,319,627
Total equity		**599,748**	543,033
Total liabilities and equity		**973,511**	772,498

As permitted by section 408 of the Companies Act 2006, the Company's income statement is not presented in these financial statements. The Company's loss for the financial year was US$6,388,394 (2023: loss of US$13,213,000).

The financial statements on pages 108 to 111 were approved and authorised for issue by the Board of Directors on 17 April 2025 and were signed on its behalf by:

Tony Pialis
Director

Company registered number: 13073661

The notes on pages 156 to 160 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

	Note	Ordinary share capital US$'000	Share premium account US$'000	Merger reserve US$'000	Share-based payment reserve US$'000	Currency translation reserve US$'000	Convertible bonds US$'000	Retained earnings US$'000	Total equity US$'000
As at 1 January 2023		9,751	775	(777,751)	17,909	(79,706)	—	1,315,835	486,813
Loss for the year		—	—	—	—	—	—	(13,213)	(13,213)
Other comprehensive income		—	—	—	—	27,619	—	—	27,619
Total comprehensive income for the year		—	—	—	—	27,619	—	(13,213)	14,406
Settlement of share awards:									
– Issue of ordinary shares	11	260	863	—	—	—	—	—	1,123
– Effect of proceeds below nominal value		—	—	—	—	—	—	—	—
–Transfer of cumulative compensation expense on settled awards		—	—	—	(17,005)	—	—	17,005	—
Share-based compensation recognised in the year	12	—	—	—	40,691	—	—	—	40,691
Other changes in equity		260	863	—	23,686	—	—	17,005	41,814
As at 31 December 2023		10,011	1,638	(777,751)	41,595	(52,087)	—	1,319,627	543,033
Loss for the year		**—**	**—**	**—**	**—**	**—**	**—**	**(6,388)**	**(6,388)**

Other comprehensive expense		—	—	—	—	(2,120)	—	—	(2,120)
Total comprehensive income for the year		—	—	—	—	(2,120)	—	(6,388)	(8,508)
Settlement of share awards:									
– Issue of ordinary shares	11	**440**	**2,836**	—	—	—	—	—	**3,276**
– Transfer of cumulative compensation expense on settled awards		—	—	—	**(37,130)**	—	—	**37,130**	—
Share-based compensation recognised in the year	12	—	—	—	**27,896**	—	—	—	**27,896**
Issue of convertible bond		—	—	—	—	—	**34,051**	—	**34,051**
Other changes in equity		**440**	**2,836**	—	**(9,234)**	—	**34,051**	**37,130**	**65,223**
As at 31 December 2024		**10,451**	**4,474**	**(777,751)**	**32,361**	**(54,207)**	**34,051**	**1,350,369**	**599,748**

The notes on pages 156 to 160 form part of these financial statements.

1 Background

Reporting entity

Alphawave IP Group plc (the 'Company') is a public limited company that is incorporated and domiciled in England and Wales and whose shares are listed on the main market of the London Stock Exchange. The address of the Company's registered office is Central Square, 29 Wellington Street, Leeds, LS1 4DL, United Kingdom.

The Company is the ultimate parent of a group of companies that develops and markets high-speed connectivity solutions for application in data centres, data networking, data storage, AI, 5G wireless infrastructure and autonomous vehicles.

Statement of compliance

The Company's separate financial statements on pages 154 and 155 have been prepared in accordance with FRS 101 Reduced Disclosure Framework and those parts of the Companies Act 2006 that are applicable to companies reporting under FRS 101. Accordingly, the Company's separate financial statements comply with the recognition and measurement requirements of IFRS as adopted for use in the United Kingdom as at 31 December 2024 but they exclude certain disclosures that would otherwise be required under that body of accounting standards.

Basis of preparation

The Company's separate financial statements have been prepared on a going concern basis and in accordance with the historical cost convention.

The Company's material accounting policies are set out in note 2.

Going concern

At the time of approving the financial statements, the Directors are required to form a judgement as to whether the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. In forming their judgement, the Directors consider the Group's current financial position, the Group's medium-term plan and its budget for the next financial year, and the principal risks and uncertainties that it faces.

On 1 April 2025, Qualcomm Inc. made an announcement confirming its intent to make an offer to acquire the entire issued and to be issued share capital of the Company. Should the Company and Group become subject to an acquisition, loans and borrowings and convertible bonds may be subject to change of control provisions. The Directors do not, at the date of approval of these financial statements, have full clarity on what the exact impact of such an acquisition may have on the Group's structure and financing. However, after considering whether, to the best of their knowledge, the potential acquirer has the necessary ability to address the impact of any change of control provisions through arranging any financing that would be required, the Directors are confident that the Group would be able to continue as a going concern for at least the next 12 months from the date of approval of the financial statements.

As at 31 December 2024, the Group had cash and cash equivalents of US$180.2m and had loans and borrowings totalling US$352.0m, comprised of a Term Loan of US$112.7m, US$125.0m drawn against a US$125.0m Revolving Credit Facility, US$112.8m of convertible debt and a US$1.5m loan from the Israel Innovation Authority. Both the Term Loan and the Revolving Credit Facility are scheduled to mature in the fourth quarter of 2027.

During the second quarter of 2024, the Group's net leverage ratio was above 3.00x which technically represented a breach of the bank covenant as at 30 June 2024 and resulted in the debt being presented as current as at 30 June 2024. This was principally due to low adjusted EBITDA in the first half of 2024.

On 19 July 2024, the Group signed an amendment to the Credit Agreement with the lenders to increase the maximum permissible net leverage ratio applicable to Q2 2024 to 4.50x. From Q3 2024, the net leverage ratio covenant has been amended to measure net secured leverage, with a maximum permissible ratio of 3.00x for the remainder of the term of the loan. In addition to the above changes, the amendment also replaced the fixed charges coverage ratio covenant, that was due to resume in Q3 2024, with a minimum interest coverage ratio covenant, being the ratio of the last twelve months' interest expense to the last twelve months' consolidated adjusted EBITDA. This ratio is set at a minimum of 2.50x for Q3 2024, then stepping up to 2.75x for Q4 2024 and Q1 2025, with a further step up to 3.00x from Q2 2025 for the remainder of the Term Loan. The amendment also gives the Group the option to draw an additional US$45.0m from the existing lender consortium.

The Directors based their going concern assessment on a 'base case' covering the period of at least twelve months from the date on which they approved the financial statements. The base case is derived from the updated 2025 forecast and mid-term plan.

The Directors also considered a severe but plausible downside scenario relative to the base case over the going concern period as follows:

- Group IP licensing revenue from new bookings forecasts are reduced by 27%.
- Group custom silicon NRE revenue forecasts are reduced by 5%.
- Own products revenue forecasts are reduced by 70%.

Under both the base and downside scenarios, there are no further investments forecast to be made in WiseWave. Under the base case and the downside scenario, the analysis demonstrates the Group can continue to maintain sufficient liquidity headroom with no default on debt covenants.

In the downside scenario, we would have the following mitigations available to ensure covenant compliance, if required:

- Reduction in discretionary operating expenditures leading to a reduction in total operating expenditures of 9%, which would increase adjusted EBITDA headroom in the net secured leverage ratio and the interest cover ratio covenants.
- Repayment of a portion of the Term Loan or the Revolving Credit Facility to increase headroom in the interest cover ratio covenant.

Following consideration of the Group's liquidity position and prospects for the year ahead, the Directors are confident that the Group has adequate resources for a period of at least twelve months from the date of approval of the consolidated financial statements and have therefore assessed that the going concern basis of accounting is appropriate in preparing the consolidated financial statements.

Use of estimates
The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from those estimates and assumptions and affect the Company's results in future periods.

Functional and Presentation currency
Upon issuance of the 2030 Convertible Bonds on 18 December 2024, it was determined that the functional currency of the Company had changed from pound sterling to US dollar based on the currency in which the Company is primarily expected to incur cash flows.

The consolidated financial statements are presented in US dollars because substantially all of the Group's revenues and a significant part of its expenses are denominated in US dollars. US dollar is the presentation currency used by the majority of companies in the semiconductor industry and its use by the Group therefore assists investors in making comparisons with its peers.

All US dollar amounts are rounded to the nearest thousand, unless stated otherwise.

Disclosure exemptions utilised under FRS 101
In preparing the Company's separate financial statements, the Directors utilised the following exemptions from the disclosure requirements of IFRS adopted for use in the United Kingdom that are available to them under FRS 101:

- Paragraphs 45(b) (number and weighted average exercise prices of share options) and 46 to 52 (determination of fair value of options and awards granted and financial effect of share-based compensation) of IFRS 2 Share-based Payment.
- The requirements of IFRS 7 Financial Instruments — Disclosures.
- Paragraphs 91 to 99 (disclosure requirements) of IFRS 13 Fair Value Measurement.
- Paragraph 38 of IAS 1 Presentation of Financial Statements with regard to comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1 (reconciliation of the number of the Company's shares outstanding at the beginning and end of the period).
- Paragraphs 10(d) (statement of cash flows), 16 (statement of compliance with IFRS), 38 (A to D) (comparative information), 111 (statement of cash flows) and 134 to 136 (disclosures about capital) of IAS 1 Presentation of Financial Statements.
- IAS 7 Statement of Cash Flows.
- Paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (discussion of IFRSs issued but not yet adopted by the Company).
- Paragraphs 17 and 18A (compensation of key management personnel) and paragraph 19 (disclosure of transactions with wholly owned subsidiaries) of IAS 24 Related Party Transactions.

Accounting standards adopted during the year
During the year, the Company adopted the following new and amended accounting standards, none of which had a material impact on its results or financial position:

- IFRS 17 Insurance Contracts.
- International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12).
- Definition of Accounting Estimates (Amendments to IAS 8).
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

An outline of the changes introduced is provided in note 1 to the consolidated financial statements.

2 Material accounting policies

Investments in subsidiaries
A subsidiary is an entity that is controlled, either directly or indirectly, by the Company. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity that significantly affect its returns. Generally, such power exists where the Company holds a majority of the voting rights of an entity. Each of the Company's subsidiaries is wholly owned.

Investments in subsidiaries represents the Company's directly owned interests in its subsidiaries, i.e. does not include any interests that are owned by intermediate holding companies. Investments in subsidiaries are carried at cost, less impairment losses, if any.

Foreign currency translation
Translation into the Company's functional currency
Transactions denominated in foreign currencies are recorded in pounds sterling at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into pounds sterling at the exchange rate ruling at the end of the reporting period. All resulting currency translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies are not retranslated subsequent to initial recognition.

Translation into the Company's presentation currency
Income and expenses presented in profit or loss or other comprehensive income are translated from pounds sterling into US dollars at the average exchange rate for the reporting period. Assets and liabilities are translated from pounds sterling into US dollars at the exchange rate ruling at the end of the reporting period. All resulting currency translation differences are recognised in other comprehensive income and taken to the currency translation reserve.

Financial instruments
Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and on hand and bank deposits with an original maturity of 90 days or less. Cash and cash equivalents are measured at fair value on initial recognition, less an allowance for expected credit losses, and subsequently measured at amortised cost using the effective interest method.

Amounts owed by Group undertakings
Amounts owed by Group undertakings are initially measured at fair value, less an allowance for expected credit losses, and are subsequently measured at amortised cost using the effective interest method.

Other receivables
Other receivables are measured at fair value on initial recognition, less an allowance for expected credit losses, and subsequently measured at amortised cost.

Impairment of financial assets
We recognise an allowance for credit losses in respect of financial assets that is measured as the amount of expected credit losses over the next twelve months. If, however, the risk of default has increased significantly since initial recognition, we measure the allowance as the amount of lifetime expected credit losses.

If a financial asset has no realistic prospect of recovery, it is written off, firstly against any allowance made and then directly to profit or loss. We consider that a financial asset is not recoverable if the balance owing is one year past due and information obtained from the counterparty and other external factors indicate that the counterparty is unlikely to pay its creditors in full. Any subsequent recoveries are credited to profit or loss.

Trade and other payables
Trade payables represent the value of goods and services purchased from suppliers for which payment has not been made. Trade and other payables are measured at fair value on initial recognition and subsequently measured at amortised cost.

Loans and borrowings

Bank and other loans are measured at fair value on initial recognition, less any directly attributable transaction costs, and are subsequently measured at amortised cost using the effective interest method.

If a loan or borrowing is subject to covenants and the Company is in breach of one or more of the covenants at the end of the reporting period, the carrying amount of the liability is classified wholly as a current liability, irrespective of any element that would otherwise be payable more than one year after the end of the reporting period.

Facility arrangement costs are amortised as a finance expense over the term of the facility.

Offsetting financial instruments
Financial assets and financial liabilities are offset and the net amount presented in the balance sheet where there is a currently enforceable legal right to offset the recognised amounts and management intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income taxes
Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income. The Company has determined that the global minimum top-up tax – which is required to pay under Pillar Two legislation — is an income tax in the scope of IAS 12. The Company has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

Deferred tax is tax expected to be payable or recoverable on temporary differences between the carrying amount of an asset or liability in the financial statements and its tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available in the future against which they can be utilised.

Where there is uncertainty concerning the tax treatment of an item or a group of items, the amount of current and deferred tax recognised is based on management's expectation of the likely outcome of the examination of the uncertain tax treatment by the relevant tax authorities.

Current tax and deferred tax is recognised in profit or loss unless it relates to an item that is recognised in the same or a different period outside profit or loss, in which case the related tax is also recognised outside profit or loss, either in other comprehensive income or directly in equity.

Share-based payments
As described in note 27 to the consolidated financial statements, the Company operates share-based compensation plans under which it grants options and RSUs over its ordinary shares to certain of its own employees and those of its subsidiaries. Awards granted under the existing plans are classified as equity-settled awards.

For awards granted to its own employees, the Company recognises a compensation expense that is based on the fair value of the awards measured at the grant date using an appropriate valuation model. For awards granted to the employees of a subsidiary, the Company recognises the compensation expense recognised by the subsidiary, less any amounts charged to the subsidiary, as a capital contribution to the subsidiary. In either case, the Company recognises a corresponding credit to the share-based payments reserve within equity.

In the event of the cancellation of an award by the Company or by the participating employee, the compensation expense that would have been recognised over the remainder of the vesting period is recognised immediately in profit or loss or as a capital contribution to the relevant subsidiary.

3 Directors and employees
The average number of people employed by the Company during the year was eleven (2023: ten).

Statutory information about Directors' remuneration is set out in the Directors' remuneration report on pages 88 to 90.

4 Auditor's remuneration
Fees payable to the Company's auditor, KPMG LLP, are set out in note 8 to the consolidated financial statements.

5 Cash and cash equivalents

	As at 31 December	
	2024	2023
	US$'000	US$'000
Cash at bank and in hand	**102,097**	16,911

Short-term deposits	**18,000**	—
Total	**120,097**	16,911

6 Amounts owed by Group undertakings

Current amounts owed by Group undertakings represent balances arising from normal course trading activities that are expected to be recovered within a year. The companies expected credit loss is immaterial for both 2024 and 2023.

Non-current amounts owed by Group undertakings represent balances arising from normal course trading activities and loans to non-trading entities in respect of our acquisition of OpenFive and equity investment in WiseWave that are not expected to be recovered within a year.

7 Other receivables and other assets

	As at 31 December	
	2024	2023
	US$'000	US$'000
Current		
Restricted cash	**5,617**	11,611
Other receivables	**309**	—
Prepayments	**151**	277
	6,077	11,888
Non-current		
Restricted cash	**626**	6,392
	626	6,392

Restricted cash comprises amounts held by third-party paying agents in respect of deferred consideration and future compensation amounts payable to employees of Banias Labs conditional on their remaining in the Group's employment during the respective vesting periods, the last of which expires during 2026. Cash held by the paying agent in relation to amounts that are forfeited by the employees will be returned to the Company.

8 Investments in subsidiaries

Movements in the carrying amount of interests in subsidiaries owned directly by the Company were as follows:

	US$'000
As at 1 January 2023	280,373
Capital contributions — Share-based payments	39,757
Deferred cash rights	8,352
Foreign exchange	17,681
As at 31 December 2023	346,163
Capital contributions — Share-based payments	**26,829**
Deferred cash rights	**7,618**
Foreign exchange	**(1,335)**
As at 31 December 2024	**379,275**

Details of the Company's subsidiaries as at 31 December 2024 are set out on page 161.

9 Trade and other payables

	As at 31 December	
	2024	2023
	US$'000	US$'000
Current		
Trade payables	**1,755**	1,888
Other payables	**2,463**	4,823
Accrued expenses	**4,441**	2,321
Social security and other taxes	**—**	(92)
	8,659	8,940
Non-current		

Other payables	**132**	1,775
	132	1,775

Other payables include US$1.7m (2023: US$4.5m) deferred consideration and compensation payable to employees of Banias Labs.

10 Loans and borrowings

	As at 31 December	
	2024	2023
	US$'000	US$'000
Current		
Term Loan	**9,375**	5,625
	9,375	5,625
Non-current		
Revolving Credit Facility	**125,000**	125,000
Term Loan	**103,281**	88,125
Convertible Loan	**112,847**	—
	341,128	213,125

Details of the facilities, including the repayment schedule attaching to the Term Loan and the applicable financial covenants, the increased revolver and the new convertible debt, are set out in note 22 to the consolidated financial statements.

11 Share capital and reserves

Share capital and share premium account

Details of the Company's share capital are set out in note 26 to the consolidated financial statements.

Share capital represents the nominal value of shares in issue.

The share premium account represents the difference between the nominal value of shares in issue and the fair value of the consideration received. For 2024 the amount allocated to the share premium account is US$2,836,000 (2023: US$863,000). The share premium account is not distributable but may be used for certain purposes specified by United Kingdom law, including to write off expenses on any issue of shares and to pay up fully paid bonus shares.

Other reserves

Merger reserve

In May 2021, the Company purchased the entire issued share capital of Alphawave IP Inc., the Group's former parent Company, by way of an exchange of shares in a Group reorganisation that was accounted for as a merger. The merger reserve represents the excess of the nominal value of the Company's ordinary shares issued over the carrying amount of Alphawave IP Inc's net assets at the date of the reorganisation.

Share-based payment reserve

The share-based payment reserve represents the cost recognised to date in respect of share-based payment awards that have not been exercised.

Currency translation reserve

The currency translation reserve comprises gains and losses arising on the translation of the Company's results and financial position from its functional currency to its presentational currency.

Distributable profits

Profits available for distribution by the Company comprise its accumulated realised profits less its accumulated realised losses, subject to the restriction that a distribution may not reduce the Company's net assets below the aggregate of its called up share capital and its undistributable reserves.

The Directors consider that the Company's loss as at 31 December 2024 amounted to US$6.4m (2023: US$13.2m loss).

12 Share-based compensation

Details of the share-based compensation plans operated by the Company, together with information about share options exercised and outstanding, is presented in note 27 to the consolidated financial statements.

During 2024, the Company recognised an expense of US$1.1m (2023: US$0.9m) in respect of awards granted to its own employees.

13 Events after the reporting period

On 12 February 2025 Alphawave Semiconductor Corp was dissolved.

Related undertakings

Details of the Company's related undertakings as at 31 December 2024 are as follows:

Name	Registered address	Country
Subsidiaries		
Alphawave IP Inc.	70 University Ave, 10th Floor, Toronto, Ontario, Canada M5J 2M4	Canada
Alphawave Semi US Corp. (formerly Alphawave IP Corp.)	1730 N 1st St, Suite 650, San Jose, CA, 95112	United States (Delaware)
Alphawave IP (BVI) Ltd.[1, 2]	Trinity Chambers, PO Box 4301, Road Town, Tortola	British Virgin Islands
Alphawave Call. Inc.[1, 2]	70 University Ave, 10th Floor, Toronto, Ontario, Canada M5J 2M4	Canada
Alphawave Exchange Inc.	70 University Ave, 10th Floor, Toronto, Ontario, Canada M5J 2M4	Canada
Alphawave IP Limited[1]	21 Avenida da Praia Grande, No 409, Edificio China Law, 21 andar, em, Macau	China
Precise-ITC, Inc.	170 University Avenue, 10th Floor, Toronto, Ontario, M5H 3B3	Canada
AWIPInsure Limited[1]	1st Floor, Limegrove Centre, Holetown, St. James	Barbados
Alphawave Semi International Corp. (formerly Alphawave Holdings Corp.)[1]	1730 N 1st St, Suite 650, San Jose, CA, 95112	United States (Delaware)
Alphawave Semi Inc. (formerly Open-Silicon, Inc.)	490 N McCarthy Blvd #220, Milpitas, CA 95035	United States (Delaware)
Alphawave Semiconductor Corp (dissolved)[2]	1730 N 1st St, Suite 650, San Jose, CA, 95112	United States (Delaware)
Alphawave Semi Holding Corp (formerly Open-Silicon Holding Corp.)	3rd Floor, Les Cascades, Edith Cavell Street, Port Louis	Mauritius
Open-Silicon Development Corp.[2]	490 N McCarthy Blvd #220, Milpitas, CA 95035	United States (Delaware)
Open-Silicon Engineering, Inc.[2]	490 N McCarthy Blvd #220, Milpitas, CA 95035	United States (Delaware)
Open-Silicon International, Inc.[2]	490 N McCarthy Blvd #220, Milpitas, CA 95035	United States (Delaware)
Open-Silicon Japan[2]	c/o Akia Tax Consultants, Shoei Kannai Building, 22, Sumiyoshicho 2-chrome, Naka-ku, Yokohama, Kanagawa	Japan
Alphawave Semi India Pvt Ltd (formerly Open-Silicon Research Private Ltd)	No. 11/1 & 12/1 Maruthi Infotech Centre, 2nd Floor, B-Block, Indiranagar, Koramangala Intermediate Ring Road, Bengaluru — 560 071.	India
Alphawave Semi Nanjing Co Ltd (formerly Yuanfang Silicon Technology (Nanjing) Co. Ltd)	Room 101, Building B, No. 300, Zhihui Road, Qilin Science and Technology Innovation Park, Jiangning District, Nanjing	China
Alphawave Semi Asia Co. Ltd	Room 702-703, Building 8, Lane 777, Gaoke East Road, Pudong New Area, Shanghai	China
Alphawave Semi Israel Ltd. (formerly Solanium Labs Ltd)[1]	24 Hanagar, Hod HaSharon 4527713	Israel
Joint venture		
WiseWave Technology Co., LTD[1,3]	Room 105, No. 6, Baohua Road, Hengqin New District, Zhuhai	China

All subsidiaries are wholly owned.

1) Owned directly by Alphawave IP Group plc.

2) Dormant.

3) Joint venture in which the Group has a 35.2% ownership interest and voting rights.

APPENDIX

TCFD Compliance Table

Disclosure	Response
Governance – Compliant	
a. Describe the Board's oversight of climate-related risks and opportunities.	Page 32, Governance — page 30
b. Describe management's role in assessing and managing climate-related risks and opportunities.	Page 34, Governance — page 30
Strategy – Partially compliant	
a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	See Risks and Opportunities tables on pages 32 to 34
b. Describe the impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning.	Dependency on natural, social and human capital — page 32 Strategy – page 30

c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2ºC or lower scenario.	We have not performed a quantitative risk assessment or climate-related scenario analysis. In 2025 we will prioritise this and evaluate the additional requirements and associated costs to assess the resilience of the organisation under different climate-related scenarios. Following this evaluation we will make a decision on whether a quantitative risk assessment should be prioritised and the timing if appropriate. However, at this time believe the business causes a very limited impact on climate change.
Risk Management – Compliant	
a. Describe the organisation's processes for identifying and assessing climate-related risks.	Risk Management — page 32
b. Describe the organisation's processes for managing climate-related risks.	See Risks and Opportunities tables on pages 32 to 34
c. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	Risk Management — page 32
Metrics and Targets – Compliant	
a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Metrics and Targets — pages 31 and 32
b. Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Table — page 31
c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Metrics and Targets — pages 31 and 32

SASB Table

SASB Topic	SASB Code	SASB Accounting Metric	Disclosure Details	Page Number of URL
Greenhouse Gas Emissions	TC-SC-110a.1	(1) Gross global Scope 1 emissions and (2) amount of total emissions from perfluorinated compound	Metric tonnes (t) CO_2-e	Page 31, 2024 Annual report
	TC-SC-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	The Group is putting in place mitigating actions to reduce its environmental impact, such as avoiding unnecessary business travel and purchasing energy from certified renewable sources, where possible.	Pages 31, 2024 Annual report
Energy Management in Manufacturing	TC-SC-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Gigajoules (GJ), Percentage (%)	We are a fabless business and outsource the manufacturing of semiconductors to the leading foundries in the industry. Therefore, energy management in manufacturing is not considered a material sustainability topic for our Company. Energy consumed in our office buildings is reported on page 31 of this report.
Water Management	TC-SC-140a.1	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Thousand cubic metres (m³), Percentage (%)	We are a fabless business and outsource the manufacturing of semiconductors to the leading foundries in the industry. The use of water is limited to our office buildings. Therefore, water management is not

				considered a material sustainability topic for our Company. Index only.
Waste Management	TC-SC-150a.1	(1) Amount of hazardous waste from manufacturing, (2) percentage recycled	Metric tonnes (t), Percentage (%)	We are a fabless business and outsource the manufacturing of semiconductors to the leading foundries in the industry. Therefore, hazardous waste from manufacturing is not considered a material sustainability topic for our Company. Index only.
Employee Health and Safety	TC-SC-320a.1	Description of efforts to assess, monitor and reduce exposure of workforce to human health hazards	D&A	Our H&S rules and procedures are in strict compliance with national, regional and/or local legislation.
	TC-SC-320a.2	Total amount of monetary losses as a result of legal proceedings associated with employee health and safety violations	Reporting currency	In 2024, there were no legal proceedings associated with employee health and safety violations. Index only.
Recruiting & Managing a Global & Skilled Workforce	TC-SC-330a.1	Percentage of employees that require a work visa	Percentage (%)	3.3%
Product Lifecycle Management	TC-SC-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substance	Percentage (%)	The Company provides material declaration in IPC-1752 or supplier standard format upon email request. Index only.
	TC-SC-410a.2	Processor energy efficiency at a system level for: (1) servers, (2) desktops, and (3) laptops	Various, by product category	We do not disclose energy efficiency at a system-level as our IP and semiconductors are embedded in our customers' products together with a multitude of other components of which we have no control.
Materials Sourcing	TC-SC-440a.1	Description of the management of risks associated with the use of critical materials	D&A	See page 36 of this report. Conflict Mineral Policy available on our website.
Intellectual Property Protection & Competitive Behaviour	TC-SC-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behaviour regulations	Reporting currency	In 2024, there were no legal proceedings associated with anti-competitive behaviour regulations. Index only.
Recruiting & Managing a Global & Skilled Workforce	TC-SI-330a.2.	Employee engagement as a percentage	Percentage (%)	86% response rate to our third annual employee survey. The survey was conducted by Best Places to Work across the Group.

Companies Act climate-related reporting requirements

1.	A description of the company's governance arrangements in relation to assessing and managing climate-related risks and opportunities;	See page 30 – Governance
2.	A description of how the company identifies, assesses and manages climate-related risks and opportunities;	See page 32 – Risk Management
3.	A description of how processes for identifying, assessing and managing climate-related risks are integrated into the company's overall risk management process;	See page 32 – Risk Management
4.	A description of: i. the principal climate-related risks and opportunities arising in connection with the company's operations; and ii. the time periods by reference to which those risks and opportunities are assessed;	See Risks and Opportunities tables on pages 32 to 34
5.	A description of the actual and potential impacts of the principal climate-related risks and opportunities on the company's business model and strategy;	See page 30 – Strategy
6.	An analysis of the resilience of the company's business model and strategy, taking into consideration different climate-related scenarios;	See pages 31 and 32 – Metrics and Targets
7.	A description of the targets used by the company to manage climate-related risks and to realise climate-related opportunities and of performance against those targets; and	See pages 31 and 32 – Metrics and Targets
8.	A description of the key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and of the calculations on which those key performance indicators are based.	See pages 31 and 32 – Metrics and Targets

[end]