ALPHAWAVE SEMI

Leading connectivity and compute technology for data centres and AI

Alphawave IP Group plc

Annual report and financial statements 2024

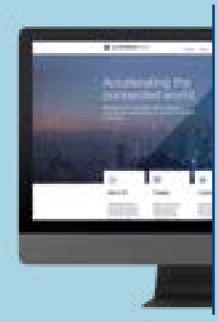
Who we are

Alphawave Semi is a leading semiconductor company **specialising in high-speed wired connectivity** and compute technologies that enable data to travel faster, more reliably and using lower power.

We develop leading-edge, high-speed connectivity and compute IP, ASICs, ICs and chiplets that are a critical part of the core infrastructure enabling next generation services in data centres, AI, data networking, data storage, 5G infrastructure and autonomous vehicles.

Alphawave Semi operates with approximately 1,000 employees globally and has R&D centres in Canada, India, the US and Israel.

Our technology focus, combined with our entrepreneurial and inclusive culture, has driven us to the forefront of connectivity technology.



Visit us online
www.awavesemi.com

Our offices

Highlights

Financial

Revenue and revenue growth (US$)
307.6m (4)%
FY 2023: 321.7m +74%

Operating loss (US$)
(32.8)m
FY 2023: (19.4)m

Adjusted EBITDA[1] (US$) and margin (%)
51.1m +17%
FY 2023: 62.6m +19%

Cash generated from operations (US$)
13.5m
FY 2023: 16.0m (restated)

Non-financial

Bookings[1] (US$)
515.5m
FY 2023: 383.9m

Number of end-customers
103
FY 2023: 103

R&D employees[2] and % of total
891 +90%
FY 2023: 741 +89%

Number of employees[2] (closing)
991
FY 2023: 829

Sustainability

GHG emissions
6,864.96 tCO_2e
FY 2023: 4,942.8 tCO_2e

Gender diversity
19%
FY 2023: 19%

Employee turnover
9%
FY 2023: 7%

On-time delivery
99%
FY 2023: 100%

1. For definitions of non-IFRS measures see KPIs section and Alternative performance measures section.
2. FY 2024 and FY 2023 headcount numbers throughout the report exclude interns.

Contents

Our purpose, strategy and values

Our connectivity semiconductor technology is at the core of the rollout of AI technology and the ongoing upgrade of digital infrastructure, enabling data to travel faster, more reliably and at lower power.

Purpose

Pioneering connectivity technology to enable a new era of accelerated computing, unlocking its potential to create economic and social value.

Financial review
On page 50

Non-financial information and sustainability statement
On page 46

Ambition

To become the leading semiconductor company in wired connectivity and compute technologies for AI and digital infrastructure markets.

> Further details on our end-markets on page 15

Strategy

Our strategy is built on three pillars:

- **Technology leadership**
- **Expansion**
- **Innovation**

> Further details on our strategy on page 15

Sustainability

Sustainability underpins our core values, drives our business strategy and influences the way we engage with our stakeholders.

- **Responsible business**
- **Work smarter**
- **Sustainable digital infrastructure**
- **Responsible value chain**

> Further details on page 20

Culture and values

Our culture and values underpin the way we work and how we engage with our stakeholders.

Our culture is based on collaboration, innovation, openness and an awareness of our impact on society and on the environment.

As an organisation, we remain focused on delivering exceptional results for our customers through a relentless focus on innovation, collaboration and agility while maintaining the highest levels of integrity and inclusivity. In support of this we continue to strengthen our workforce with people that will maintain and evolve our culture, enabling us to deliver ongoing success.

2024 in review

2024 has been another year of significant progress.

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 EBITDA 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.

2024 in review continued

The integrated businesses began to work with a single long-term ambition: to be the leader in wired connectivity solutions for next generation AI and digital infrastructure, and to create value for our stakeholders in pursuit of our goal.

Stakeholder relationships continued

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.

2024 in review continued

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 consolidated and strengthened the teams and technologies we acquired in 2022, enabling Alphawave Semi to become one of the few companies in the world bringing a full portfolio of connectivity IP for AI and digital infrastructure.

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	
	2024 US$m	Restated 2023 US$m	**2024 US$m**	2023 US$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

Networking is the bottleneck preventing AI's growth

Our business model

A key inflection point for the world happened in 2017, with machines overtaking humans in terms of the volume of data produced. The global datasphere is now growing at an exponential rate and is forecast to exceed 180 zettabytes in 2025.

To put this figure in context, it has been said that from the dawn of civilisation until the turn of the millennium, less than five exabytes were created; today this volume of data is generated every 15 minutes. And in just ten years, this volume of data will be produced every single minute.

The world's networks, notably AI and hyperscale data centres, but also HPC, 5G backhaul and automotive networks, are therefore under intense pressure to keep up.

The challenge is now networking, not processing

To meet this challenge, data centres and similar industries have invested hundreds of billions of dollars to develop GPU-based architectures that can process information as quickly and efficiently as possible. Capital expenditure – including investments in data centres and servers – by the top five hyperscalers (AWS, Microsoft, Google, Meta and Oracle) is expected to reach US$185bn. But the throughput and capacity of the GPUs have outpaced the connectivity bandwidth links and, as a result, the key bottleneck that limits AI's growth is no longer in the processing domain.

A significant bottleneck for deploying AI at scale is connectivity. Insufficient bandwidth chokes the amount of processing that can happen in AI and hyperscale data centres. Data presented by Meta shows that, for its large language models, it is common for networking time to take up more than a third of the total time that data resides within a data centre. For one language model Meta presented, networking time represented nearly 60% of the total.

Physical limits preventing increased bandwidth

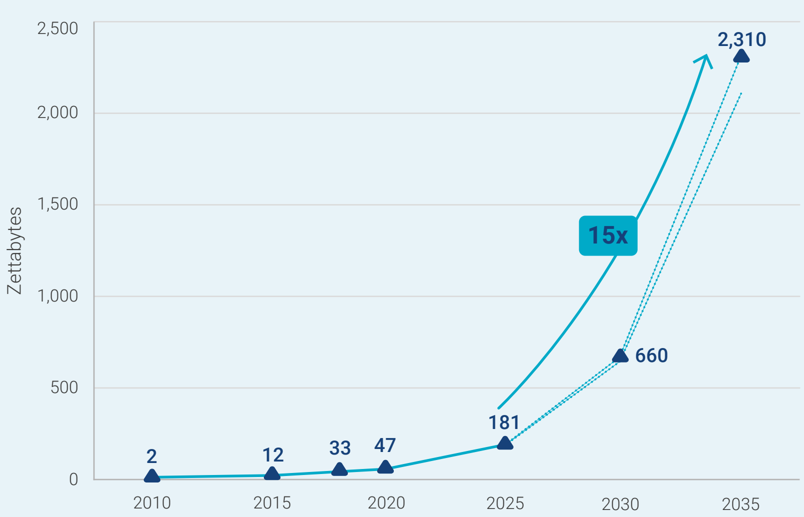
Advances in the underlying SerDes technologies such as Ethernet and PCIe, and the move from PCIe Gen 5 to Gen 6 (and soon Gen 7) does enable greater bandwidth per I/O, but as the industry continues to invest in GPUs for AI networks, it has hit a wall and generational technology advances will not come quickly enough to solve the bottleneck. The reticle limit (the maximum size that a chip can be manufactured as dictated by the photomask) of 858 mm^2 has been reached for these chips. Moreover, a design that pushes up against this limit suffers from vastly increased costs and significantly decreased yields, and therefore does not offer a sustainable path to scale AI.

This means there is no additional space on the SoC for extra compute, with no additional shoreline to increase the number of I/O ports and the only path to affordably scale AI is through chiplet architectures.

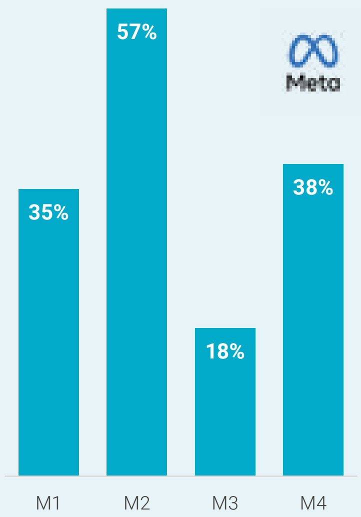
Solving this challenge

To solve this, and deliver increased bandwidth that meets the needs of these AI data centres, requires several ingredients. First, both a breadth and depth of expertise on IP is needed to deliver the highest and most energy-efficient bandwidth for the custom needs of each data centre. Second, SoC development with a holistic approach enables I/O to be optimised alongside every element on the SoC. Finally, an understanding of advanced packaging techniques and industry ecosystems enables chiplet-based designs to be implemented beyond the reticle limit.

Global datasphere over 2,000 ZB by 2035[1]



Time spent in networking[2]



1. Growth from 147 ZB in 2024 to 2,142 ZB–2,310 ZB in 2035 based on Statista Digital Market Outlook (IDC, Kleiner Perkins) and UBS.
2. Source: Meta.

We are uniquely positioned to address this challenge

Our business model

Alphawave Semi is uniquely positioned to address this challenge for hyperscale and AI data centres.

Continued growth with hyperscalers

Our foundation as a silicon IP company, with an extensive understanding of the most advanced interconnect standards, has underpinned everything we do. In 2022, Alphawave Semi acquired Precise-ITC, OpenFive and the coherent company Banias Labs. Our continued investment in our IP along with these acquisitions extended Alphawave Semi's established pool of expertise in custom silicon and connectivity products. In 2024, the collective combination of expertise and IP enabled us to create the final piece of the puzzle, with Alphawave Semi's chiplet business being unveiled and launching its first products.

Alphawave Semi's portfolio, from silicon IP to chiplets, represents a US$35bn opportunity for the Group with a 26% CAGR.

Partnerships and ecosystems

Alphawave Semi has invested significantly to develop the technologies and the strategic partnerships that have positioned us as a leader across multiple industry ecosystems, each vital to solving the connectivity bottleneck. These partnerships include the compute IP specialist Arm, with Alphawave Semi entering the Arm Total Design Platform in 2023 and building on this relationship in 2024 to collaborate on the development of an Arm Neoverse chiplet.

Additionally, highly strategic partnerships include major advanced node foundries – TSMC and Samsung and major OSATs – ASE, Amkor, Kyocera, JCET and SPIL. Furthermore, to ensure supply chain continuities around advanced packaging technologies, we have launched a special initiative in 2024 to prove our alternate options, providing flexibility to our customers.

The chiplet ecosystem

Alphawave Semi has played a leading role in the chiplet ecosystem, not only fostering relationships, but developing products to simplify and underpin the development of chiplet-based SoCs. Of particular note is the world's first silicon-proven IP for UCIe on the 3nm processes with TSMC CoWoS (Chip on Wafer on Silicon) packaging. UCIe ensures each chiplet within the SoC can communicate as one and, being an open standard, is critical in enabling multi-vendor, multi-process SoCs.

Alphawave Semi also announced the industry's first 7nm multi-standard I/O chiplet. This delivers a standards-compliant IP portfolio of Ethernet, PCIe, CXL and UCIe.

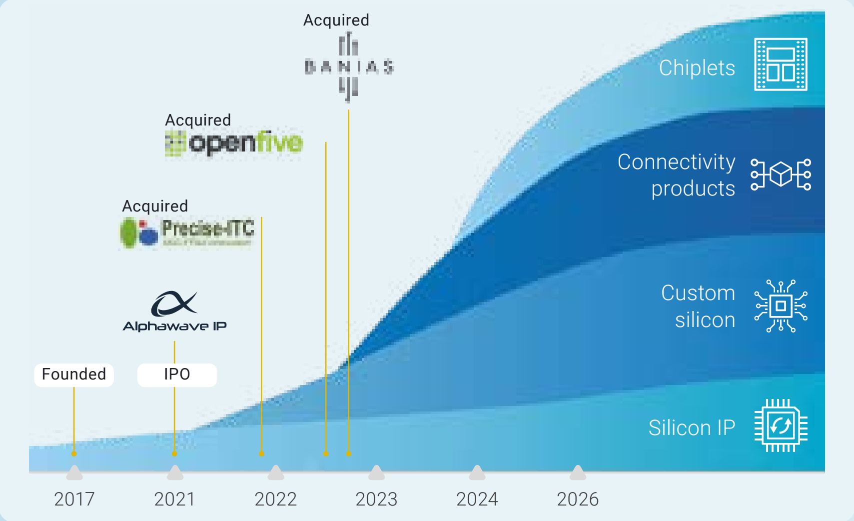
Advanced process technologies

Alphawave Semi is building IP for the most advanced process nodes: from 7nm to 2nm. This gives our customers a significant advantage when developing SoCs for AI data centres to handle the ever-increasing volume of data flowing through their servers.

Beyond IP, the Group is already in mass production for our custom silicon and connectivity products at 7nm, with 5nm and 4nm beginning to ramp. We have taped out SoCs at 3nm for our lead customers, and are in the enablement phase, including the design of IP test chips, at 2nm.

Testing to lower risk

Alphawave Semi continues to invest and develop its portfolio of IP to enable advanced ICs. Trust in our technology is also critical and each high-speed IP is silicon-proven before customer use. We therefore develop and test each IP on dedicated test chips, which are manufactured on leading-edge nodes. During 2024, we have begun the migration from having all of our IP proven at 3nm to being silicon-proven in processes at 2nm and below across multiple foundries.



Silicon IP
- PCIe®/CXL®
- 224G/112G Ethernet
- UCIe™/HBM

Custom silicon
- 7, 5, 4, 3 and 2nm nodes
- 2.5D and 3D advanced packaging
- Arm Total Design Partner

Connectivity products
- PAM4, coherent DSPs for 800G/1.6T Ethernet
- 112G, 224G in silicon
- Going to 400G

Chiplets
- I/O multi-protocol chiplets
- Arm Neoverse compute chiplets
- Memory chiplets

World-leading connectivity IP

Our business model

Everything Alphawave Semi does is built on its heritage of leading-edge connectivity IP, and our proven silicon IP subsystems lower both the risk and engineering efforts in implementing leading-edge networking SoC technologies.

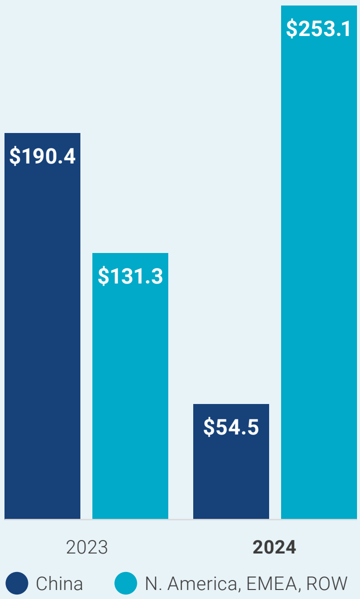
The custom workloads required in AI and other high-performance computing applications demand continuous advances in chip designs and the industry's most cutting-edge IP. Given the significant capital investment in data centres, there is a strong need for the smallest possible process nodes to maximise performance, minimise power consumption and reduce SoC area.

Since 2017, Alphawave Semi has built a world-class team, investing heavily in breakthrough technologies and developing a comprehensive suite of connectivity IP subsystems to serve our markets. Our portfolio now includes over 240 silicon IPs, each designed to improve our customers' performance-to-TCO (total cost of ownership) ratio. This IP drives revenue both through direct licensing and by powering custom ASICs, connectivity products and chiplets.

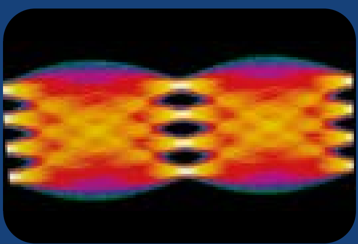
To ensure each high-speed IP is silicon-proven before customer use, we develop and validate each IP on dedicated test chips, manufactured on leading-edge nodes. In 2023, our IP suite was ready for production in 3nm. Throughout 2024, we have undertaken the task of migrating these to the most advanced processes, with a significant proportion of our IPs now available on 2nm nodes.

The strength of our IP portfolio can be seen in the eye diagrams for Ethernet, PCIe, UCIe and HBM memory, each showcasing an open eye, which indicates good signal quality with low bit-error rates and potential for higher bandwidth; a high eye height, representing strong noise immunity; and a wide eye width, signifying reduced clock jitter and better timing margins.

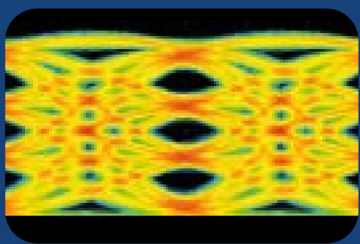
Revenue China vs Rest of World (USD)



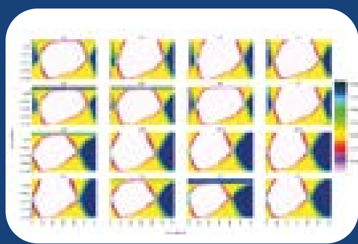
224 Gbps



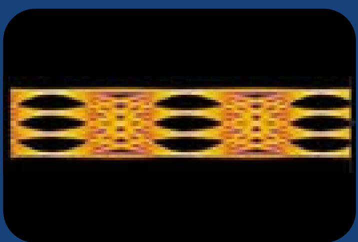
128 Gbps/PCIe Gen 7



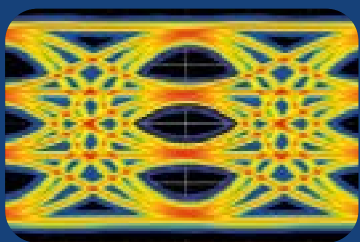
UCIe/D2D 32 Gbps+



112 Gbps



PCIe Gen 6/CXL 3.x



HBM 3e 9.6 Gbps

Custom Silicon Team with silicon specification to service capabilities

Our business model

Each AI implementation comes with its own demands, with an AI SoC developed for a data centre specialising in video being very different to one for search, or social media.

Alphawave Semi's custom silicon, which is based on its extensive portfolio of IP, is crucial in helping our customers manage this. Alphawave Semi's custom silicon design platform for AI and hyperscale data centres stands on five pillars.

Process technology

Alphawave Semi is building on the most advanced processes. Our IP has been developed to run across a wide range of nodes from 7nm to 2mn, enabling our customers to develop the most cutting-edge SoCs and manage ever-increasing volume of data passing through their servers.

For custom silicon, we are already shipping in production at 7nm and ramping production for custom chips at 5nm and 4nm. At 3nm, Alphawave Semi has taped out SoCs for our lead customers. And for 2nm, Alphawave Semi has already entered the enablement phase, building IP test chips.

Leveraging proven IP

Alphawave Semi's portfolio of IP encompasses a vast array of industry-leading technologies including 200G per lane Ethernet, PCIe, CXL, UCIe and HBM. It is at the heart of every custom design we implement with our partners.

Building the ecosystem

The ecosystems we have developed are critical to Alphawave Semi's success and the centrepiece of our strategy. Across the Group we have fostered relationships with an array of companies. We are a partner in the Arm Total Design Platform, creating the CPU Technology Center of Excellence in 2023. In 2024, we have strengthened this partnership with jointly developed Arm Neoverse technologies. Foundry partners include Samsung and TSMC, with multi-geographical assembly and test facilities (OSATs) for greater supply chain stability as well as a raft of testing and development partners, for example with Teledyne LeCroy on PCIe 7 signal generation and measurement.

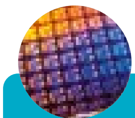
Pre-built chiplets

See page 13 for additional information. Chiplets are an extension of the IP model, with pre-built components that can be assembled at the foundry using 2.5D and 3D technologies. They enable faster times to market, reduced costs and lower risks. The move to chiplet architectures is also critical in enabling silicon systems that exceed the reticle limit with greater shoreline and increased aggregate I/O bandwidth.

Advanced packaging techniques

For packaging, not only has Alphawave Semi invested to ensure it is a key player within the foundries' advanced packaging ecosystems, but we have also invested in building what is among the industry's leading teams in terms of expertise. As a business, we understand how to manage mechanical stress and control thermals that come with advanced packaging techniques and are working in close collaboration with TSMC and Samsung on this.

By combining these five elements, Alphawave Semi has a fully developed platform that is uniquely capable of delivering the right AI experience that matches exactly our customers' specific and demanding needs.



Leading process
- 7nm – production
- 5nm – ramping
- 3nm – taping out
- 2nm – enablement

Proven silicon IP
- 224G/112G Ethernet
- PCIe/CXL
- HBM/UCIe
- Subsystems

Ecosystem
- Arm Total Design
- Leading foundries
- Design flows
- Multi-geo OSATs

Pre-built chiplets
- Fast TTM
- Lower risk
- Cost savings

Adv. packaging
- 2.5D/3D IC
- SI/PI
- Mechanical/thermals

Connectivity products for advanced data centre campuses

Our business model

In 2024, the new connectivity products group saw its first revenue from shipments.

Through its connectivity products, Alphawave Semi is combining its most advanced technologies to address a multi-billion-dollar market at scale by enabling hyperscale and AI data centre campuses to communicate data at high speed over many kilometres.

Generative AI has fundamentally shifted how compute capacity is being used within the data centre setting. The throughput and capacity of the xPUs are outpacing their connectivity bandwidth.

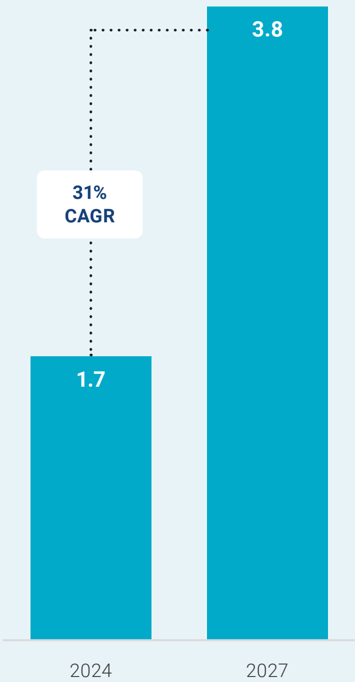
Throughout 2024, Alphawave Semi's connectivity products business has focused on the silicon that provides connectivity links that are the lifeblood of the modern AI data centre, with particular focus on pluggable optical transceivers.

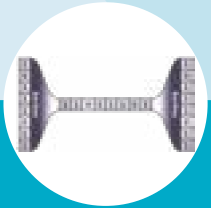
Typically, each GPU added to the network requires approximately three times as many optical transceivers, a demand that continues to grow as network demands and compute capacities increase. As data rates climb, optics will play an increasingly critical role in network infrastructure, supporting the high-speed connections that electrical solutions can no longer maintain.

Hyperscalers require high bandwidth connections spanning distances up to 20 kilometres to link AI clusters across data centre buildings. To address this need, Alphawave Semi has strategically invested in coherent-lite technology, optimised for applications where PAM4 modulation cannot achieve the necessary distance and bandwidth.

Additionally, as demand for compute silicon in networks intensifies, Alphawave Semi has accelerated its technology roadmap in 2025 moving from 3nm to 2nm process nodes to deliver scalable, sustainable solutions.

Opto-electronics connectivity
LightCounting, Alphawave estimates

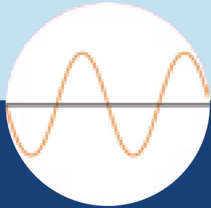




High-speed SerDes
- 112G
- 224G
- 400G
- On 4, 3 and 2nm processes

SoC
- Optics with analog and digital
- SoC with firmware

DSP
- PAM4
- Coherent



Precision analogue
- ADC
- DAC
- >120G baud

UCIe and a chiplets offering to address SoC design challenges

Our business model

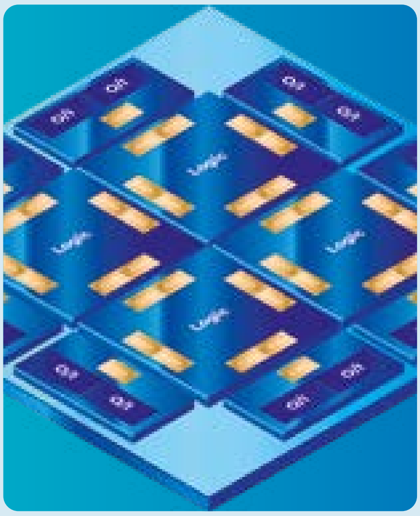
As data centres process exponentially growing volumes of data, the semiconductor industry servicing this sector needs to adapt to keep up.

The use of monolithic SoCs for compute, memory and networking has become increasingly costly, delivering poor yields, and is limited in scalability by the reticle limit.

To service this need, Alphawave Semi has developed a chiplet business, creating functional building blocks based on our leading-edge IP to be packaged into highly advanced data centre systems-in-package (SiPs) that can integrate more compute, more memory and more I/Os.

The move from monolithic designs to chiplet-based architectures linked through die-to-die interconnect standards such as UCIe also brings several benefits. Chiplet architectures enable both multi-process SiPs (where each function on the chip can be developed and manufactured using the optimal process) and multi-vendor SiPs (allowing developers to choose the best supplier for each function). As a result, chiplet architectures reduce non-recurring engineering (NRE) costs, cut manufacturing expenses and accelerate time-to-market.

Alphawave Semi is at the forefront of this sector, establishing partnerships with Arm, TSMC and Samsung to foster a robust chiplet ecosystem that delivers greater value to our customers. We have also introduced the industry's first portfolio of interchangeable, customisable and scalable chiplets.



As of 2024, we have three major families of chiplets for AI xPUs:

I/O extender chiplets

These chiplets separate the core and I/O functionalities, enabling continued scaling of main dies to lower geometries while maintaining essential I/O features on separate pre-validated process nodes. Variants include chiplets for co-packaged optics. This approach allows for advanced scalability in design and function.

Arm compute chiplets

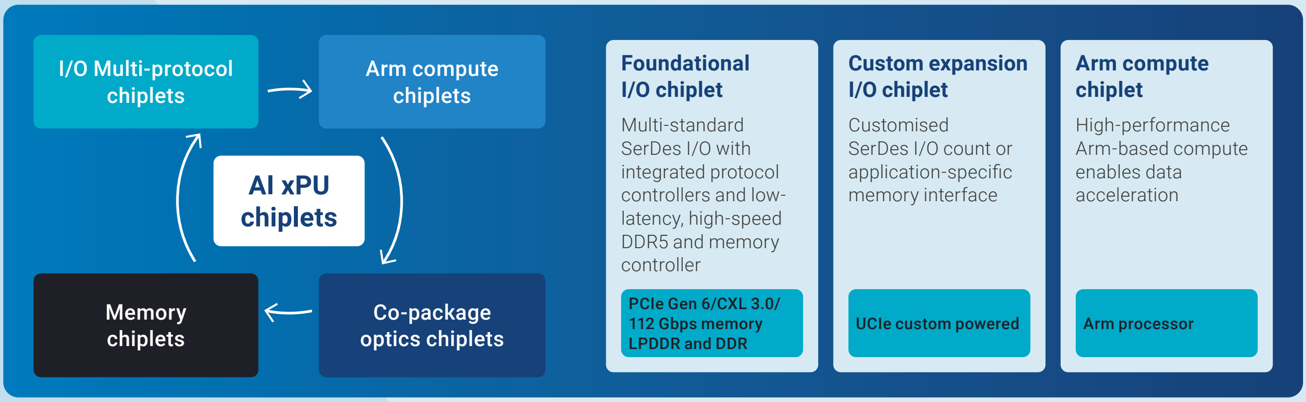
These utilise the latest Arm Neoverse cores to provide the high-performance general-purpose processing to communicate with, configure and orchestrate accelerators, much like the interaction between an NVIDIA Blackwell system's CPU and GPU components.

Our first chiplet within this category was announced in June 2024: a Neoverse CSS-based CPU chiplet that includes ultra-high-speed interfaces for AI and HPC data centres.

Memory chiplets

These offer flexibility for creating custom silicon solutions with memory tailored to specific needs. For applications prioritising bandwidth, high-bandwidth memory (HBM) chiplets can be used, whereas cost-focused designs may opt for DDR-based chiplets. This customisation empowers a range of performance and cost options for AI and data-intensive applications.

In June 2024, Alphawave Semi announced its 9.2 Gbps HBM3E subsystem that enables a chiplet-enabled memory bandwidth of 1.2 Tbps and reduces xPU-to-memory bottlenecks in AI applications.



Alphawave Semi is working with the entire hyperscaler ecosystem

Our business model

Alphawave Semi is dedicated to addressing the full spectrum of connectivity challenges across the data ecosystem, from die-to-die and rack-to-rack connections, to data centre to data centre links.

As the connectivity company, we support hyperscalers in implementing advanced and scalable connectivity solutions.

One size does not fit all

While on the surface the functions undertaken by hyperscalers and the challenges they face are universal, if we dig deeper we can see that each is solving a different problem. Amazon Web Services' data centres have been designed for e-commerce and for use by anyone. Meta's are designed for the needs of social media. This means some of the problems they face will be very different from each other and different again from those of Microsoft, or Google.

We understand that entry points into hyperscalers therefore vary significantly. Where one hyperscaler might engage and license Alphawave Semi's advanced silicon IP to be deployed as part of an xPU and AI inference machine, another might collaborate to integrate our cutting-edge connectivity product into their servers and leverage our coherent technology to enhance their network infrastructure.

Taking a multifaceted 'trains, planes and automobiles' approach to provide four distinct entry points – silicon IP, custom silicon, connectivity products, chiplets – into hyperscaler environments enables Alphawave Semi to support the development of our hyperscale customers' architectures from AI and data centres to new inference xPUs.

The hyperscaler ecosystem

By offering tailored connectivity interfaces, coupled with a structure that is easy for hyperscalers to engage with, and by closely collaborating with the broader ecosystem, we can enable hyperscalers to solve their unique connectivity challenges without the need for them to develop chips from scratch.

We therefore work across the entire hyperscaler ecosystem. From transceiver module and cable vendors, through data centre compute to foundries such as TSMC and Samsung, as well as compute architecture partners, such as Arm.

Module/cable vendors
- Copper and optical module vendors

Data centre compute
- AI, speciality processors and connectivity solutions

Silicon fabs
- TSMC, Samsung and Intel

Compute architecture
- Compute architecture partners including Arm

Hyperscalers require industry-leading standard technology that is customisable

Silicon IP
- PCIe®/CXL®
- 224G/112G Ethernet
- UCIe™/HBM

Custom silicon
- 7, 5, 4, 3 and 2nm nodes
- 2.5D and 3D advanced packaging
- Arm Total Design Partner

Connectivity products
- PAM4, coherent DSPs for 800G/1.6T Ethernet
- 112G, 224G in silicon
- Going to 400G

Chiplets
- I/O multi-protocol chiplets
- Arm Neoverse compute chiplets
- Memory chiplets

Strategy

We are leveraging our technology and expertise to build a leading connectivity company for AI and digital infrastructure markets and investing in an enhanced product portfolio and engineering expertise.

Market leadership

Maintain pace of innovation and market leadership by attracting and retaining talent

Progress in 2024

- Collaborated with Arm as part of its Total Design Platform to develop chiplets for high-performance compute solutions based on the Neoverse™ compute sub-systems (CSS).
- Strengthened relationship with TSMC, with a collaborative development of the industry's first 3nm UCIe IP for TSMC CoWoS packaging. Additionally, Alphawave Semi was declared TSMC 2024 OIP Partner of the Year Award for High-Speed SerDes IP.
- Strengthened relationship with Samsung Foundry, with an expanded agreement encompassing leading-edge IP for PCIe 7.0, 112G and 224G Ethernet and the UCIe die-to-die interconnect standard for AI and HPC systems.
- Number of employees in R&D increased from 741 to 891.
- Certified 'Great Place To Work' in all our main locations.

KPIs/metrics

90%	of employees in R&D function as % of total
>240	number of IP products
9%	employee turnover

Risk

- Competition and failure to maintain our market leadership.
- Reliance on key personnel and ability to attract talent.
- IP protection and infringement.

Sustainability

- Continued investment in a skilled and inclusive workforce
- Innovation: close R&D collaborations in ecosystem.

2025 initiatives

- Ongoing selective hiring in R&D.
- Continued effort to support talent with enhanced HR policies and compensation framework.
- Expand foundry partnerships with further design wins at 3nm and beyond.

Expansion

Land and expand: broader and deeper customer base

- Expand our customer base in our target end-markets.
- Deepen our customer base by winning new designs with existing customers.

Progress in 2024

- Maintained the number of end-customers generating revenue at 103 in FY 2024.
- New customers in North America, which represents 40% of our 2024 revenue.
- Expanded collaboration with Samsung.

KPIs/metrics

90%	of licence and NRE bookings from North American, APAC and European customers
103	revenue-generating end-customers in 2024

Risk

- Customer demand.
- Dependence on licensing revenues.
- Reliance on third-party manufacturing foundries.
- External environment and events.

Sustainability

- Innovation: close R&D collaborations in ecosystem.
- Efficient and responsible value chain.

2025 initiatives

- Focus on custom silicon opportunities in advanced nodes.
- Start of the ramp of new products for a leading North American hyperscaler.
- Convert pipeline of opportunities in advanced nodes to revenue.
- Partnership we signed with Siemens EDA in December 2024 dramatically expands the reach of our sales force and supports our strategy and delivers on our long-term targets.

Innovation

- Leverage our IP to expand our product portfolio and grow our custom silicon and connectivity product business.
- Create chiplet business unit to enable the next generation of AI and data centre connectivity.

Progress in 2024

- Unveiled industry's first 3nm 24 Gbps UCIe IP subsystem with TSMC CoWoS technology.
- Unlocked 1.2 Tbps connectivity for high-performance compute and AI infrastructure with 9.2 Gbps HBM3E subsystem.
- Taped out the industry's first multi-protocol I/O connectivity chiplet for high-performance compute and AI infrastructure.

KPIs/metrics

US$308m	FY 2024 revenue
3nm	custom silicon tapeouts

Risk

- Competition and failure to maintain our technology leadership.
- Reliance on key personnel and ability to attract talent.
- IP protection and infringement.

Sustainability

- Continued investment in a skilled and inclusive workforce
- Innovation: close R&D collaborations in ecosystem.

2025 initiatives

- Continued focus on advanced IP enabling the rollout of AI technologies.
- Expand product roadmap including PAM4 and coherent DSP building on IP portfolio and IP subsystems.
- Continued focus on high-value custom silicon opportunities.

Stakeholder engagement and S172 statement

This section of the strategic report, along with the referenced pages, includes the Company's section 172(1) statement. It also outlines how the Directors have interacted with employees, considered their interests, and managed the Group's business relationships with customers, suppliers and other external stakeholders.

We aim to embed sustainable and responsible business practices into the way we act internally and how we engage with external stakeholders. Our Code of Ethics and Business Conduct sets out how we maintain a high standard of integrity across all engagements.

The Board and our stakeholders

Our commitment to stakeholder engagement lies at the heart of our strategy formulation and execution. It plays a pivotal role in our achievement of sustainable long-term success. The Board meticulously considers the needs of our diverse stakeholders and carefully weighs the consequences of every decision over the long term. By considering our stakeholders in key business decisions we ensure that we continue to build trust and maintain their ongoing support. Whilst it is not always possible to provide positive outcomes for all stakeholders, the principal decisions made by the Board as a whole have met the expectations of investors and the market.

Our long-term ambition is to lead in connectivity solutions for next generation AI and digital infrastructure. Our unwavering focus is on creating value for stakeholders as we pursue our goal.

The Board continues to act responsibly in line with our purpose, values and strategy, helping the Company and Group create ongoing economic, social and stakeholder value.

The Directors confirm that they have acted in a way they consider, in good faith, to be the most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have had regard, amongst other matters, to the matters set out in section 172 (1) of the Companies Act 2006. In doing so, however, they must have regard to the interests of all of our stakeholders, to ensure the long-term sustainability of the Company.

An introduction to our stakeholders can be found in the preceding pages of the strategic report. Further information on how Directors have had regard to their section 172 duty can be found throughout the strategic and governance reports.

Our customers

The Board continues to receive reports on the customer pipeline as well as existing customers as part of the CEO report at Board meetings. This has helped the Board to understand the evolving industry trends and who our customers are. The Senior Vice Presidents present to the Board on a regular basis on the role that the major business groups play in the future strategy of the Group. In 2024, the Board was briefed on strategic initiatives by the business groups leaders at our November strategy session in Toronto.

Our suppliers

Suppliers have a key role in allowing us to deliver a full product portfolio of leading connectivity solutions. We collaborate with multiple suppliers in the value chain. The Board delegates manufacturing-related activities, including the management of our foundry, to the Senior Vice President of Silicon Operations with oversight from the CEO. The Board, through the Audit Committee, is kept up to date on any risks that may cause major disruption to the supply chain and the mitigating actions taken to reduce this risk.

Our shareholders

The Board receives regular data on changes to the share register and on the level of engagement with shareholders, presents feedback on investor sentiment at each Board meeting and highlights any trends. Whilst the CFO and the CEO regularly meet with investors, it is a shared responsibility for all Directors. The Chairs of the Remuneration and Audit Committees engage with investors on specific topics and the AGM provides the main forum for interaction between the Board and the shareholders.

Our employees

The Board delegates the management of overall workforce rewards, incentives and conditions, along with executive pay, to the Remuneration Committee. The Board, through the Nomination Committee, considers succession plans for key employees. Both the Executive Directors and Non-Executive Directors have taken part in numerous Alphawave University meetings, which gives all Alphawave Semi employees an opportunity to ask questions and to hear from the Board.

Customers

Our customers include some of the largest technology companies globally, who trust us to provide technology that may be critical to the future of their businesses.

Relationship with our stakeholders
Our technology enables our customers to develop, use and sell the next generation of connectivity solutions.

We benefit from our customers' feedback both at service level and in terms of informing business development opportunities.

Employees

Our success is entirely dependent on our ability to attract, retain and motivate talented staff.

Relationship with our stakeholders
We seek to create an entrepreneurial and dynamic culture where the best in our sector want to work.

We create an inclusive environment where we reward performance, develop talent and care for the wellbeing of our employees.

Partners and suppliers

Our partners and suppliers, such as TSMC and Samsung, are major players in our industry. Our access to their production technology and capabilities is vital to our success and our ability to deliver to our customers.

Relationship with our stakeholders
We foster strong, collaborative and responsible working relationships with our partners and suppliers over time.

Our CEO and SVPs meet our main partners and suppliers at least annually.

There are also regular face-to-face meetings with our key partners.

Investors

We maintain a regular and open dialogue with our current and prospective shareholders.

Relationship with our stakeholders
We engage with investors to help them understand our technology, business model and strategy and how these can generate long-term and sustainable value.

Our Board also engages with shareholders, including at the AGM, and receives regular updates from our Chief Financial Officer.

Community

We seek to benefit the communities we operate in. This includes collaboration with universities and professional bodies, as well as local and national organisations.

Relationship with our stakeholders
We aim to make a positive contribution through the advancement of technological training and education, as well as the enhancement of local skills pools.

See more about our internship and STEM programmes in the Our people section.

Governments and regulators

There are countries and regions that seek to build domestic supply chains, guarantee their supply of technical products and restrict outside access to their domestic technologies.

Relationship with our stakeholders
We maintain good relations with regulatory agencies in the regions in which we operate, including through industry bodies and trade associations.

We engage with industry and sector groups to support the development of industry standards.

Stakeholder engagement and S172 statement continued

Customers

Engagement
> Customer service feedback
> Regular project meetings
> Industry and commercial events
> Discussion of new business opportunities

Frequency
> Regular contact with customers (new and existing)

What do they care about?
> Innovation and investment in R&D
> Product quality, performance and price
> Project schedules
> Sustainability and governance

Sharing value created
> Pushing the boundaries in wired connectivity technology (manufacturing node, reliability and low power consumption)
> Meeting project schedules

Employees

Engagement
> Annual employee survey
> Employee reviews and monthly employee focus groups
> All-staff calls
> Mentoring programme
> Senior management presentations
> Designated workforce engagement Board Director
> Training and development
> Internship and trainee programmes

Frequency
> Monthly, quarterly and annual basis

What do they care about?
> Company strategy and performance
> Turnover and terms of employment
> Innovative projects and team culture
> Learning and development
> Working environment
> Flexible working practices and spaces
> Salaries and benefits

Sharing value created
> US$150.9m expensed in salaries and performance incentive programmes in 2024
> Employee benefits
> Training and development programmes

Partners and suppliers

Engagement
> Regular project meetings
> Annual/quarterly reviews
> Annual audits

Frequency
> Ongoing

What do they care about?
> Price
> Company strategy and performance
> Innovation and technical specification
> Contract terms
> Sustainability topics such as human rights and labour rights, conflict minerals and quality

Sharing value created
> Creating long-lasting partnerships built upon innovation, respect for human and labour rights, quality standards and health and safety

Investors

Engagement
> AGM
> Financial reporting
> Capital Markets Day, investor roadshows and conferences
> Ongoing investor relations engagement
> Investor survey (bi-annual or when considered necessary)

Frequency
> Ongoing

What do they care about?
> Technological trends
> Company strategy and performance
> Cash flow trends and capital allocation
> Competition for talent and diversity
> Governance, particularly financial oversight
> Key drivers of business sustainability, including innovation, remuneration, diversity and talent management

Sharing value created
> Delivering on our strategy which supports long-term appreciation of our share price

Community

Engagement
> Community projects and fundraising
> University relations
> Programmes with the University of Toronto, the IEEE Student Branch and several additional universities in India
> Publication of our annual report

Frequency
> Monthly to annual contact with local communities

What do they care about?
> Sponsorships and volunteering
> Donations and additional support
> Contribution to research and the advancement of technology

Sharing value created
> Contributed approximately USD$78,828 towards community projects in North America.
> 68 interns as of 31 December 2024
> Creating stable and high-quality jobs

Governments and regulators

Engagement
> Government consultations
> Regulatory enquiries
> Industry/sector groups including standard setting groups

Frequency
> Ad hoc
> Ongoing collaboration with standard setting groups

What do they care about?
> Sector-wide issues
> Geopolitical risks
> Compliance and regulation
> Environmental regulation

Sharing value created
> US$9.6m in tax expenses
> Active engagement with regulators and other bodies to understand their requirements and educate them on industry impacts of regulatory changes

Women in technology

At Alphawave Semi, we are committed to empowering women in technology and fostering an inclusive workplace where everyone can thrive.

Internally, we have hosted several sessions for women at Alphawave Semi, providing platforms for professional development, mentorship and open dialogue. Our employees also had the opportunity to participate in the prestigious Women's Leadership Conferences, gaining valuable insights and inspiration from industry leaders. Several of our team members attended the Global Semiconductor Alliance's 2024 Women in Semiconductor Hardware (WISH) Conference, and The Art of Leadership 2024, both events dedicated to supporting women in STEM fields and driving innovation. These initiatives reflect our ongoing dedication to creating opportunities, breaking barriers and celebrating the achievements of women in technology.

Read more on our website at https://awavesemi.com/company/leadership/

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.

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.

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.

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.

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.

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.

Materiality matrix

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.

ESG continued

Managing our resources and relationships continued

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:

Highly engaged and diverse workforce

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.

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.

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.

Leading wired connectivity IP and products

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

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

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 70).

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

Male **81%** | 81%
Female **19%** | 19%

Senior management gender diversity

Male **90%** | 92%
Female **10%** | 8%

Board gender diversity

Male **67%** | 60%
Female **33%** | 40%

Our people continued

Diversity continued

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.

ESG continued

Our people continued

Key initiatives continued

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.**

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.

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.

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 carbon neutrality.
- Our commitment to reduce our carbon impact.
- 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).

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	**2,441.64**
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.

ESG continued

Environmental responsibility continued

Climate strategy, risks and opportunities continued

Metrics and targets continued

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.
- The location of our offices in energy-efficient buildings.
- 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.

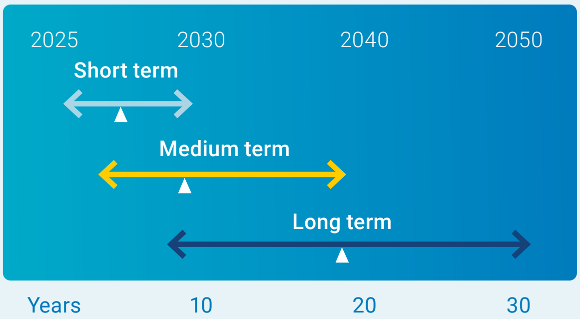
See our full compliance statement in the Appendix.

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



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

Risks

Policy and legal — 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.

Opportunities

Resource efficiency — 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.

Low **Medium** **High**

Risks

Technology (Low)

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.

Market (Low)

Medium to long term

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.

Reputation (Low)

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.

Opportunities

Energy source (Low)

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.

Products and services (Medium)

Medium to long term

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).

Markets (Medium)

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).

Low **Medium** **High**

ESG continued

Environmental responsibility continued

Climate strategy, risks and opportunities continued

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

Risks

Acute risk (event driven)

Low to High — 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 High — 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.

Low **Medium** **High**

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.

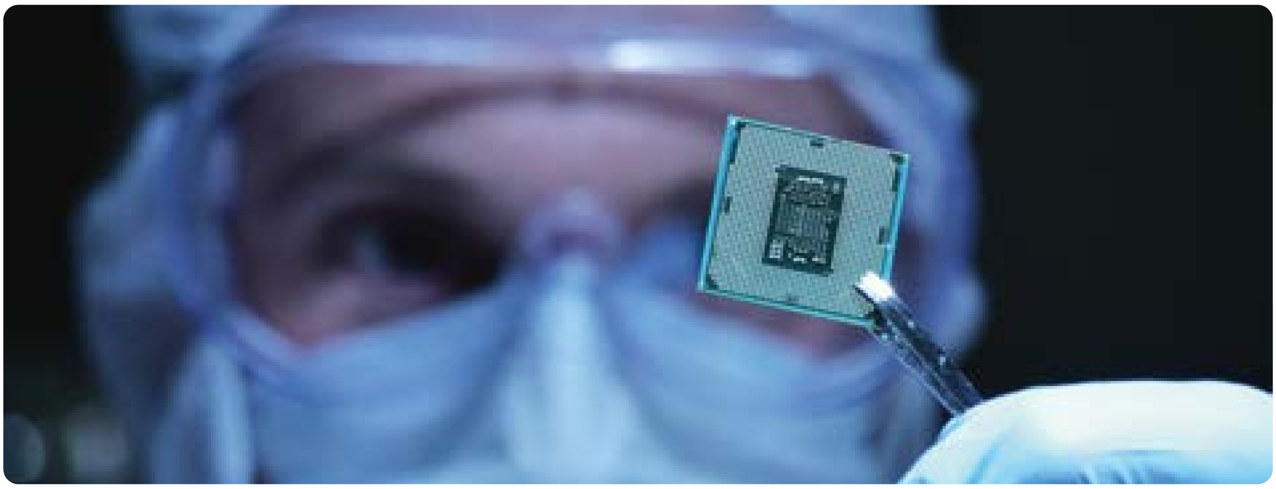
Management approach

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.



ESG continued

Supply chain continued

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.

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.

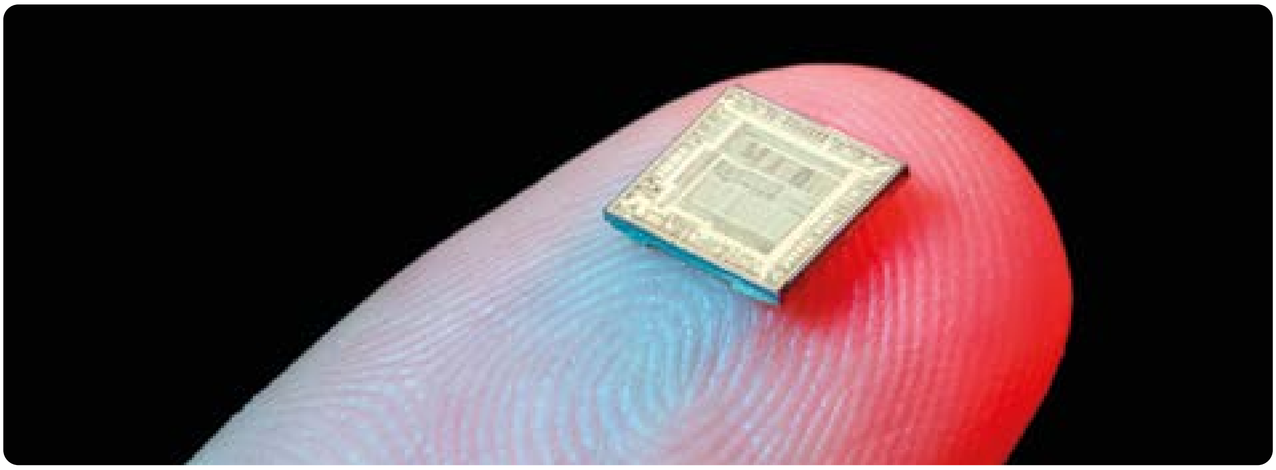
Alphawave Semi innovation award

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.

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



ESG continued

Intellectual property continued

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 https://www.iea.org/energy-system/buildings/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**.
6. Samsung's 3nm chips reduce power consumption by up to 45% | **Inceptive Mind**.

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.

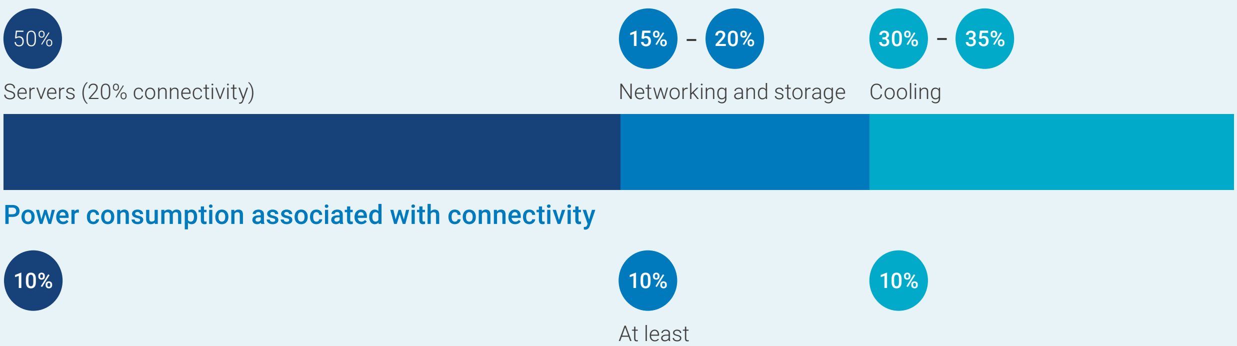
Focus areas in 2025

- 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 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%.

ESG continued

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.

8 DECENT WORK AND ECONOMIC GROWTH | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 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.

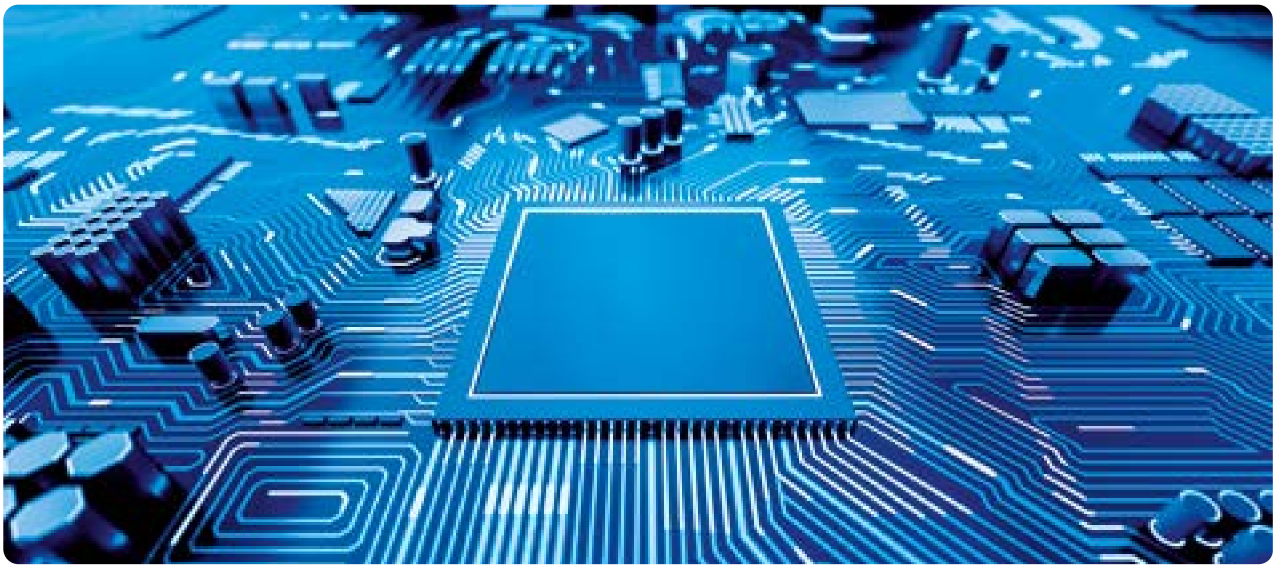
These sessions focused on key areas such as phishing, ransomware and spoofing. Specifically, the training included:

> 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.



ESG continued

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 US$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.

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.

Non-financial information and sustainability statement

The Group complies with the non-financial reporting requirements in sections 414CA and 414CB of the Companies Act 2006. In 2023, we joined the UNGC.

Reporting requirements	Relevant policies and standards	Outcomes of the policies
Environmental matters	> Environmental Compliance Policy (supply chain) > TCFD framework > Companies Act climate-related financial disclosures	Pages 30 to 34
Employees	> Code of Ethics and Business Conduct > Our culture and values > Country-specific HR policies	Our people and culture, pages 24 to 29
Human rights	> Code of Ethics and Business Conduct > Equal Opportunities and Dignity at Work Policy > Right to Disconnect Policy > Workplace Violence, Harassment and Discrimination Policy > Accessibility Plan (Canada) > Policy Against Trafficking of Persons and Slavery > Conflict Free Minerals Sourcing Policy (website) > ISO 9001:2015 (supply chain; website)	Our people, pages 24 to 29 Supply chain, pages 35 and 36
Social matters	> ESG Policy	Societal benefits including community engagement on pages 44 and 45

In this report we have mapped our business outputs and efforts to the United Nations Sustainable Development Goals (UN SDGs) and we aim to continue to focus our efforts on those goals. Our approach to SDG mapping is set out on pages 20 to 22.

Reporting requirements	Relevant policies and standards	Outcomes of the policies
Anti-corruption and anti-bribery	> Code of Ethics and Business Conduct > Policy Against Trafficking of Persons and Slavery > Anti-Bribery Policy > Anti-Fraud and Dishonesty Policy > Anti-Money Laundering Policy > Whistleblowing Policy > Conflict Free Minerals Sourcing Policy (website)	Business ethics, pages 40 and 41
Business model	> N/A	Business model, pages 8 to 14
Principal risks and uncertainties	> Confidential Information and IP Policy > IT Disaster Recovery Plan > IT Incident Management Policy > Risk Management Policy	Pages 58 to 61
Non-financial KPIs	> SASB > UNGC > UN SDGs	Managing our resources and relationships, pages 20 to 23
Tax strategy	We recognise our social responsibility to pay tax in the jurisdictions in which we operate. We act with full transparency and integrity in all of our tax matters and our tax planning supports our commercial activities. We are committed to remaining compliant with all applicable tax laws and practices.	

KPIs

The following KPIs allow us to track our performance against our long-term objectives.

Non-financial[1]

Employee turnover (%)

Link to strategy:

Description: Number of voluntary leavers in the last twelve months divided by the average headcount during that period expressed as a percentage. Monitoring our ability to recruit and retain experienced engineering and commercial professionals is vital given the strong competition for skills in the sector, ageing population and our business growth ambitions.

Performance: Turnover in 2024 was 9% compared to 7% in 2023 and 10% in 2022. Due to the acquisitions in 2022, data for India and Israel was included from 1 September and 13 October 2022, respectively. Our ability to recruit and retain engineering professionals remained high. The Group has a performance management system to ensure we reward our best employees through appropriate mechanisms.

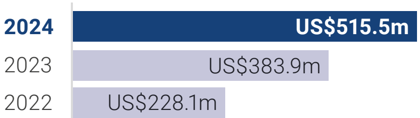
Engineering R&D[1] (%)

Link to strategy:

Description: Number of employees working in research and development and related functions as a percentage of total employees as of the end of the reporting period expressed as a percentage. This KPI provides a snapshot of our engineering talent and our capacity for innovation, which is a key component of our strategy.

Performance: In 2024, the percentage of employees working in research and development remained constant at 90% (FY 2023: 89%). FY 2022 included R&D employees who joined the business through the acquisitions of Precise-ITC, OpenFive and Banias Labs.

Bookings[2] (US$m)

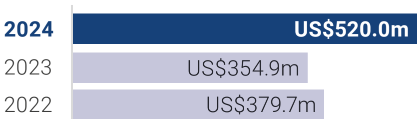


Link to strategy:

Description: Bookings are a non-IFRS measure representing legally binding commitments by customers to license our technology. Our bookings comprise licence fees, non-recurring engineering support, orders for silicon products, financing components and, in some instances, estimated future royalties. A portion of our bookings may not convert to revenue if those royalties do not materialise or customers are unable to pay us.

Performance: In 2024, bookings were up 34% over the prior year (2023: US$383.9m). The combined bookings from North American, EMEA and APAC customers represented 90% of the Group bookings in 2024 (2023: 75%). China represented 10% of the licence and NRE bookings in 2024 (2023: 7%).

Backlog excluding royalties (US$m)



Link to strategy:

Description: Backlog is a non-IFRS measure representing our bookings less revenues recognised to date. It represents the revenue that we expect to collect in future years based only on our existing and legally binding orders. As new bookings are secured, our backlog will increase, and as existing bookings are recognised as revenue, our backlog will decrease.

Performance: Backlog, excluding royalties, increased by 47%. This was driven by increased quarterly bookings which were over US$100m for each quarter in 2024 and over US$185m in Q4 2024.

End-customers

Link to strategy:

Description: End-customers is a non-IFRS measure representing the number of unique end-customers that we recognise revenue from, and are therefore actively engaged with, during the year. Winning new customers reflects our ability to execute against our strategy and continue to innovate.

Performance: Through organic growth and acquisitions we significantly increased the number of revenue-generating customers over the last three years. The number of revenue-generating end-customers maintained at 103 in 2024 compared to 103 in 2023. During the year we also won repeat business from many of our customers.

1. See Alternative performance measures section in the back half of the annual report for a full definition of each of the non-financial KPIs from page 152.
2. Including estimates of potential future royalties totalling US$15.1m in 2022. Royalties are estimated based on contractually committed royalty pre-payments on commencement of customer silicon shipments or, in limited instances, on sensitised volume estimates provided by customers.

Our key performance indicators seek to ensure performance is aligned with our strategy as well as the key interests of our stakeholders. Additionally, the Group works with a wide range of metrics covering different aspects of our business activities.

Financial

Revenue (US$m)

Link to strategy:

Description: Revenue is an IFRS financial measure and demonstrates our ability to execute against our bookings. For our licence and NRE bookings, our revenue is primarily recognised on a percentage of completion basis as we execute against contractual milestones. Our contracts are highly negotiated and invoicing and cash collection may lead or lag revenue recognition.

Performance: Revenue decreased by 4% in FY 2024, driven largely by the reduction in China silicon revenue and revenues from WiseWave and VeriSilicon.

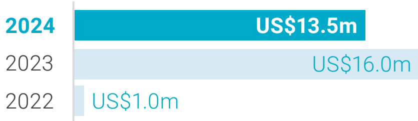
Adjusted EBITDA[1] (US$m) and margin (%)

Link to strategy:

Description: Adjusted EBITDA is a non-IFRS financial measure defined as the Group's earnings before interest, taxation, depreciation and amortisation, adjusted to remove share-based payment charges and non-recurring operating expenses such as advisory costs associated with acquisitions. Adjusted EBITDA is reconciled in the Alternative performance measures section.

Performance: Adjusted EBITDA decreased by 2% in FY 2024, driven mainly by the decrease in revenue and higher operating expenses related to the higher headcount and scale-up of our operations to support future revenue growth. Adjusted EBITDA margin was lower in FY 2024 at 17%.

Cash generated from operations[2] (US$m)



Link to strategy:

Description: Cash generated from operations is an IFRS financial measure and demonstrates our ability to convert operating profit into cash. Pre-tax operating cash flow is based on our pre-tax profit or loss, adding back non-cash items, such as depreciation, and reflecting changes in our working capital.

Performance: In FY 2024 cash generated from operations was US$13.5m compared to restated US$16.0m in FY 2023. Restated working capital in 2023 decreased by US$51.3m, compared to a decrease of US$14.9m 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.

Technology leadership | Expansion | Innovation

1. See Alternative performance measures section for a full definition of adjusted EBITDA on page 152.
2. FY 2022 has been restated to reflect the finalisation of the purchase price allocation on the acquisition of OpenFive (see notes 12 and 30). FY 2023 has been restated to reflect the correct categorisation of the capitalised borrowing costs figure.

Financial review

> In 2024, we transitioned to higher-margin IP and custom silicon engagements at advanced nodes.

Rahul Mathur
Chief Operating & Financial Officer

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 license revenue from WiseWave as we fulfilled our remaining obligations under the subscription license 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.

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.

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

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

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 pages 151 to 153.

Financial review continued

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.

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.

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

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.

Financial review continued

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

Balance sheet, liquidity and cash flow continued

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

Viability statement

As required by the UK Corporate Governance Code, the Directors have assessed the viability and prospects of the Group over an appropriate period, significantly longer than twelve months from approval of these financial statements.

In assessing the Group's prospects, the Directors have considered the recent financial performance, the current financial position and the Group's strategy, business model and principal risks and uncertainties. The Group's viability and prospects are primarily assessed on the basis of the Group's strategic planning process, which includes a bi-annual review of quarterly revenues, profitability and cash flow over three years. The budgeting and planning process is led by the Chief Executive Officer and the Chief Financial Officer along with the relevant Group function leads.

Estimates for financial year 2025 are based upon the Group's budget. Estimates for financial years 2026 and 2027 are based on extrapolation of operating expenses and key balance sheet and cash flow ratios, with revenue estimates based on the same methodology as our budgeting process. Our revenue forecasting is based on order intake across different product lines and contract types with revenue recognition assumptions based on a range of sensitivities including:

> Timing of IP delivery.

> Key ASIC development milestones in the non-recurring engineering projects for customers.

> Timing, volume of and average selling price for silicon product orders, which includes both custom ASIC as well as connectivity products.

Our funding position is considered in terms of our liquidity headroom and compliance with debt covenants. In considering the viability prospects of the Group, the Directors have had regard to the following characteristics of the business:

> Alphawave is a fast-growing semiconductor business, which requires significant on-going investment in research and development as well as capital equipment, tools and mask sets expected to be used to facilitate production of silicon products.

> The business is undergoing a transformation from an IP business to an integrated semiconductor company and is transitioning its acquired ASIC business to chip designs in leading-edge manufacturing nodes.

> Our customers include companies ranging from large technology and semiconductor companies to privately held start-ups.

> customer contracts for ASIC design services while requiring significant financial commitment from our customers are typically cancelable upon payment of a cancellation fee, customer contracts for IP licensing are typically non-cancelable and arrangements for the sale of silicon products typically do not include binding volume commitments.

Viability assessment period

The Directors have determined that a period of three years over which to assess the Group's longer-term viability is appropriate and reasonable based on the following:

> It aligns with the Group's internal strategic planning process.

> It sufficiently accommodates the Group's evolving financial profile.

> A period in excess of three years is regarded as less meaningful in view of the rapid evolution of the Group, nascency of the Group's own product offering and the fast pace of the market environment.

Assessment of viability and scenarios modelled

The Directors' assessment of viability builds upon the analysis performed to support the going concern assessment and incorporates additional scenarios, regarded as severe but plausible, that may be encountered over the three-year assessment period. These scenarios are intended to quantify the potential impact of one or more of the Group's principal risks and uncertainties, as set out on pages 58 to 61, materialising over the three-year assessment period.

We have modelled the two stress test scenarios below. Our scenario modelling does not consider a range of additional measures, including further reductions in operating expenses or additional financing, which management could implement to mitigate against a severe reduction in revenues. Both scenarios assume that our Term Loan and Revolving Credit Facility would be renegotiated and not settled in full on their maturity in 2027.

Scenario modelled	Principal risks included
1. Reduced revenue and non-payment of WiseWave receivables We have modelled the following revenue reductions over the assessment period: (a) Group IP licensing revenue from new bookings forecasts are reduced by 27%. (b) Group custom silicon NRE revenue forecasts are reduced by 5%. (c) Own products revenue forecasts are reduced by 70%. (d) Connectivity product revenues moved out by one quarter. (e) Group reduces revenues from Chinese customers for custom silicon NRE agreements and silicon sales by US$20m in 2025. We have further assumed that WiseWave are unable to settle their outstanding accounts receivable and contract assets. We assume no discretionary staff bonuses relating to 2025. We assume no further investment in WiseWave and no sale of our stake in WiseWave.	> Managing our growth. > Competition and failure to maintain our technology leadership. > Customer dependence. > Customer demand. > Risks associated with WiseWave. > External environment and events.

In each of these scenarios, the Group is forecast to have sufficient resources to continue to meet its liabilities as they fall due without recourse to further cost saving actions. In reality, as highlighted above, the Group would have numerous additional options available to maintain its financial position. When the scenarios are combined, Group revenues would almost halve from 2025 to 2027. In such a situation, it would be reasonable to assume the Group would take further actions to reduce costs, commensurate with the reduction in revenues.

Confirmation of longer-term viability

Based on the assessments above and in accordance with the UK Corporate Governance Code, the Directors confirm that they have assessed the prospects and viability of the Group over a three-year period and have a reasonable expectation that the Group will continue in operation and meet its liabilities as they fall due over this period.

Principal risks and uncertainties

Risk	Mitigation	Change in year
Managing our growth		
We have a limited operating history and are growing rapidly with increased pressure on cash flows. If we do not manage our growth successfully, fail to execute on our strategy, fail to meet future debt covenants or maintain sufficient liquidity, or fail to implement or maintain governance and control measures, our business may be adversely impacted. We have rapidly expanded our headcount and the complexity of our business and operations, both organically and through acquisitions.	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 continued to proactively manage our commitments, payables and receivables to ensure timing aligns with our minimum liquidity requirement covenant. The successful execution of 2030 Convertible Bonds has strengthened the Group's liquidity and will support the Group's ability to achieve its strategic objectives.	Decrease
Competition and failure to maintain our technology leadership		
We seek to maintain our competitive advantage by being first to market with new IP as data speeds increase and manufacturing sizes decrease. If these industry transitions do not materialise, or are slower than anticipated, our competitors may be able to introduce competing IP which may diminish our competitive advantage and selling prices. Our ability to maintain our technology leadership is further dependent on our ability to attract R&D and engineering talent.	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.	No change
Customer dependence		
Our products and technology target AI, data centre and network infrastructure markets, where there are a limited number of customers. Further, the cost and complexity of developing semiconductors targeted by our IP limits the number of our potential addressable customers. In any reporting period, a substantial part of our revenues may be attributable to a small number of customers.	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%).	No change

Risk	Mitigation	Change in year
Customer demand		
Demand for our technology is dependent on the continued global growth in generation, storage and consumption of data across our target markets, as well as the increasing cost and complexity of designing and manufacturing semiconductors. We may be impacted by our customers' demand sensitivity to broader economic and social conditions. Our potential customers may seek to develop competitive IP or semiconductors internally or acquire IP or semiconductors from our competitors.	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 are 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.	No change
Risks associated with WiseWave		
As at 31 December 2024, WiseWave owed the Group an amount of US$30.3m in accounts receivable (US$6.4m as at 31 December 2023). Additionally, contract assets as at 31 December 2024 related to WiseWave were US$14.4m (US$40.8m as at 31 December 2023). WiseWave may need to raise incremental capital to continue their operations. Additionally, adverse economic or market conditions impacting WiseWave may impact their ability to settle these balances.	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 the financial performance of WiseWave.	Increase
Dependence on licensing and silicon revenue growth		
Our financial performance is dependent on licensing revenues. If our customers delay or cancel their development projects, our IP and support revenues may be delayed, diminished or may not materialise. We are in the middle of a transformation into a semiconductor product company and are making investments in developing custom and connectivity products. Should these not develop as expected we may not achieve the required growth in revenue or expected margins.	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.	No change

Principal risks and uncertainties continued

Risk	Mitigation	Change in year
Reliance on key personnel and ability to attract talent		
We rely on the senior management team and our business could be negatively impacted if we cannot retain and motivate our key employees. Our ability to grow the business is also dependent on attracting talent, particularly in R&D and engineering, and if we are unable to do so our business may be negatively impacted.	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. See Our people section for further information.	Decrease
External environment and events		
Semiconductors are becoming increasingly important as countries and regions seek to guarantee supply and build domestic supply chains, as well as restrict outside access to their domestic technologies. Our business could be impacted by the actions of governments, political events or instability, or changes in public policy in the countries in which we operate, particularly our exposure to increasing economic and non-economic trade barriers between the US and China, as well as other countries including Canada. These challenges, including the threat of a new tariff regime in the US, potentially have wide-ranging impacts, including global economic instability, increased geopolitical tensions and disruption to our operations and supply chains.	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.	No change
IP protection and infringement		
We protect our technology through trade secrets, contractual provisions, confidentiality agreements, licences and other methods. A failure to maintain and enforce our IP could impair our competitiveness and adversely impact our business. If other companies assert their IP rights against us, we may incur significant costs and divert management and technical resources in defending those claims. If we are unsuccessful in defending those claims, or we are obliged to indemnify our customers or partners in any such claims, it could adversely impact our business.	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.	No change

Risk	Mitigation	Change in year

Reliance on third-party manufacturing foundries

Risk	Mitigation	Change in year
We rely on third-party semiconductor foundries, both as customers and as manufacturing partners to our customers. If foundries delay the introduction of new process nodes or customers choose not to develop silicon on those process nodes, our ability to license new IP and our selling prices may be adversely impacted. By pursuing a vertically integrated model and supplying silicon products, we are reliant on the foundries' capacity for a portion of our revenues and this reliance may increase as royalty revenues become more material to us.	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.	No change

Reliance on complex IT systems

Risk	Mitigation	Change in year
We rely heavily on IT systems to support our business operations. The vast majority of our design tools, software and IT system components are off-the-shelf solutions and our business would be disrupted if these components became unavailable. If our IT systems were subject to disruption, for example through malfunction or security breaches, we may be prevented from developing our IP and fulfilling our contracts with our customers.	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.	No change

The strategic report on pages 1 to 61 was approved by the Board of Directors and signed on its behalf by:

Tony Pialis
President & Chief Executive Officer
17 April 2025

Board of Directors

Jan Frykhammar
Independent Non-Executive Chair

N R

Jan Frykhammar joined the Board in April 2021 as Senior Independent Non-Executive Director and became Non-Executive Chair in December 2024. He has extensive experience as a senior executive, chair and adviser to various companies. Jan was EVP and CFO at Ericsson Group and interim CEO until 2017. He advises Zinkworks Ltd, Sweepr Technologies Ltd, Telavox AB and ng-voice GmbH. He has chaired boards and audit committees of multiple companies and holds a BSc in Business Administration and Economics from the University of Uppsala.

Tony Pialis
President and Chief Executive Officer

Tony Pialis co-founded Alphawave Semi in 2017 and serves as its President & CEO. He has co-founded three semiconductor IP companies, including Snowbush Microelectronics (sold to Gennum/Semtech) and V Semiconductor (acquired by Intel). At Intel, he was VP of Analog and Mixed-Signal IP, winning the Intel Achievement Award. Tony holds a BSc and MEng in Electrical Engineering from the University of Toronto.

Michelle Senecal de Fonseca
Senior Independent Non-Executive Director

R A N

Michelle Senecal de Fonseca joined the Board in April 2021. She has expertise in international telecommunications and technology sectors. Michelle was Global VP for Cloud Innovation Partnerships at Citrix Systems and Global Director of Cloud and Hosting Services at Vodafone. She also led the Telecom, Media, and Technology banking team at the European Bank for Reconstruction and Development. Michelle joined the FDM Group Board in 2016 and co-founded Women in Telecoms and Technology. She holds a BSc in Business and Political Science and an MBA.

David Reeder
Independent Non-Executive Director

A R N

David Reeder joined the Board in September 2023. He has extensive experience in the semiconductor industry, corporate finance, strategic planning and more. David has held senior roles at GlobalFoundries, Texas Instruments, Broadcom, Cisco and Lexmark. He was on the board of Milacron Holdings until its 2019 acquisition and served as CEO of Tower Hill Insurance Group (2017-2020) and Lexmark (2015-2017). David holds a BSc in Chemical Engineering from the University of Arkansas and an MBA from Southern Methodist University.

Weili Dai
Interim Executive Director

Weili Dai joined the Board as Interim Director in September 2024. She co-founded Marvell Technology, serving as President and Director until 2016. In 2018, she co-founded MeetKai, Inc., where she is Executive Chairwoman. She also chairs the board at Lark Health and is a director of Astrana Health Inc. Honored on Forbes' 'World's Most Powerful Women' list and named an EY Entrepreneur of the Year, she is recognised for her work at Marvell and advocacy for women and minorities. Ms. Dai holds a BSc in Computer Science from UC Berkeley.

Rahul Mathur
Chief Operating and Chief Financial Officer

Rahul Mathur joined Alphawave IP Group plc as CFO in October 2023 and was appointed to the Board in December 2024. He was CFO of Avantus (2021-2023) and CFO/SVP of Finance at Rambus (2016-2021), playing a key role in its transformation. Previously, he was SVP of Finance at Cypress Semiconductor and VP of Finance at Spansion. Rahul has extensive experience in M&A, corporate finance, strategic planning and investor relations. He holds a BA in Applied Mathematics from Dartmouth College and an MBA from Wharton.

Read more online

You can read full biographies for all of our Board members on our website by scanning this QR code or by visiting **awavesemi.com/company/leadership/**

Key

- Committee Chair
- A Audit Committee
- R Remuneration Committee
- N Nomination Committee

Management team

Our management team nurtures an engineering-focused culture that enables us to drive innovation for next generation technologies under the direction of some of the best engineering talent in wired connectivity IP.

Read more online

You can read full biographies for all of our management team members on our website by scanning this QR code or by visiting **awavesemi.com/company/leadership/**

Tony Pialis
President & Chief Executive Officer

Babak Samimi
SVP and General Manager, Connectivity Products

Jonathan Rogers
SVP, Engineering

Suzan Barghash
SVP, Human Resources

Rahul Mathur
Chief Operating and Chief Financial Officer

Mohit Gupta
SVP and General Manager, Custom Silicon

Tony Chan Carusone
Chief Technology Officer

Charlie Roach
Chief Revenue Officer

John Hou
General Counsel

Raj Mahadevan
SVP, Operations

Board leadership and Company purpose

The Board's dedication to governance has been instrumental in driving the Group's ongoing transformation and success.

Jan Frykhammar
Independent Non-Executive Chair

Dear shareholder

On behalf of the Board, I am pleased to present the Company's corporate governance report for the financial year ended 31 December 2024.

I would like to extend my deepest gratitude to Paul Boudre, Victoria Hull, Rosalind Singleton and Susan Buttsworth for their exceptional service and dedication to the Board, following their retirements on 25 June 2024. I also want to acknowledge the significant contributions of John Lofton Holt, who stepped down as Executive Chair and as an Executive Director of the Board effective 6 December 2024. It is an honour to have assumed the role of independent Non-Executive Chair of the Board. Additionally, we are pleased to welcome Rahul Mathur, our Chief Financial and Chief Operating Officer, who was appointed to the Board on the same date. We also remember the late Sehat Sutardja, whose passing was a great loss to us all, and we appreciate Weili Dai for stepping in as Interim Executive Director in September 2024. Their collective expertise and leadership have been invaluable to our organisation.

The Board has continued to be highly engaged this year, being flexible with their time, and I would like to thank my colleagues for their considerable commitment and support during the year.

Corporate governance

This corporate governance report sets out how the Company has complied with the UK Corporate Governance Code published by the FRC (www.frc.org.uk) (the "Code"). The Board believes that good governance is fundamental to supporting the sound management and long-term success of the Group. This can only be achieved if the Board is supported by appropriate governance processes to ensure that the Group is managed responsibly and with integrity, fairness, transparency and accountability.

The Board is firmly committed to the highest standards of corporate governance. Given that the Company has a listing on the Equity Shares (Transitional) Category, the Board voluntarily complies and intends to continue to comply with the requirements of the Code. The Board will also voluntarily report to its shareholders on its compliance with the Code in accordance with the requirements for Equity Shares (Transition) category listed companies under the Listing Rules.

The Code recommends that at least half the board of directors of a UK company with an equity shares (commercial companies) category listing, excluding the chair, should comprise of non-executive directors determined by the board to be independent in character and judgement and free from relationships or circumstances which may affect, or could appear to affect, the director's judgement.

The Company regards all Non-Executive Directors as independent within the meaning of the Code and free from any business or other relationship that could materially interfere with the exercise of their independent judgement.

The Code also recommends that, on appointment, the chair of a UK listed company should meet the independence criteria set out in the UK Corporate Governance Code. As of 6 December 2024, the Company is now compliant with this criterion.

The Board further believes that the current Directors bring to the Company a desirable range of skills and experience while at the same time ensuring that no individual (or small group of individuals) can dominate the Board's decision-making. The Code recommends that the board of directors of a company with an equity shares (commercial companies) category listing should appoint one of the independent non-executive directors to be the senior independent director to provide a sounding board for the chair and to serve as an intermediary for the other directors when necessary. The Company appointed me as its Senior Independent Director and upon my appointment as independent Non-Executive Chair I have relinquished this role. We are delighted that Michelle Senecal de Fonseca is now our Senior Independent Director. In March 2025 the Board announced several changes to the composition of the Audit Committee, Nomination Committee and Remuneration Committee as a consequence of the recent changes to the Board. Details of the changes to the Board Committees are detailed elsewhere in this annual report. In compliance with the Code, the Board has established three committees: an Audit Committee, a Nomination Committee and a Remuneration Committee, and has also established a separate Market Disclosure Committee. If the need should arise, the Board may set up additional committees as appropriate.

Compliance with the Code and Listing Rules

A new Corporate Governance Code became effective from 1 January 2025 and therefore our next annual report will be reporting against that Code. During 2025 we will be taking steps to ensure compliance with the new code.

This statement, together with the various Board Committee reports and relevant sections of the strategic report included in this annual report, describes the Board's application of and compliance with the Code.

This corporate governance statement, together with the rest of the corporate governance report and Committee reports, provides information on how the Group has applied the principles and complied with all relevant provisions of the Code, except as otherwise disclosed, and meets other applicable requirements, including provisions of the Listing Rules and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority.

The requirements under the Disclosure Guidance and Transparency Rules DTR 7.2 are covered in greater detail throughout the annual report, for which we provide a reference as follows:

- Directors' statement with regard to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified is set out on page 76.
- The viability statement is set out on pages 56 and 57.
- Information with regard to significant share holdings is presented in the Directors' report on page 95.
- Information on Board and Committee composition and division of responsibilities is on pages 66 and 67.
- The Board's approach to workforce and stakeholder engagement is in the section 172(1) statement on pages 16 to 19.
- The Executive Chair's and the more comprehensive Board's performance as part of the Board evaluation are discussed in the Nomination Committee report on pages 68 and 69.
- Board diversity is discussed in the section on the Nomination Committee's activities on page 70.
- The section describing the work of the Audit Committee is set out on pages 72 to 74.
- The Directors' statement on fair, balanced and understandable is set out on page 97.

Jan Frykhammar
Non-Executive Chair
17 April 2025

Our governance framework

The Board

The Board is responsible for the overall leadership of the Group and setting the Group's values and standards, with the overall aim of delivering shareholder value. Principally, we achieve this through:

- Approving the Group's business strategy proposed by management, as well as setting its purpose, values, standards and culture and ensuring that these are aligned.
- Oversight of effective Group risk management and internal control processes including a robust assessment of the Group's emerging and principal risks.
- The approval of any changes relating to the Group's capital, corporate and/or listing structure.
- Oversight of the Group's ESG strategy.

Board
See page 62

Board activities
See page 66

Division of responsibilities
See page 66

Audit Committee

- Responsible for the integrity of the Group's financial reporting, including scrutinising accounting policies, and reporting to the Board on significant reporting issues and judgements.
- Monitors the effectiveness of internal control and risk management systems and the effectiveness and objectivity of internal and external auditors.
- Approves the internal audit plan and recommends the appointment of the external auditor.

Read the Audit Committee report on pages 72 to 76.

Remuneration Committee

- Ensures there is a formal and transparent process for establishing the Directors' Remuneration Policy.
- Approves individual remuneration packages of the independent Non-Executive Chair, Executive Directors and the wider workforce.
- Approves the overall Remuneration Policy for the Group including reviewing the design and development of share plans operated for Executive Directors and others requiring shareholder approval, and approves and assesses performance targets where applicable.
- Reviews workforce remuneration practices and policies when setting executive remuneration, as well as the alignment of incentives and awards with culture.

Read the Remuneration Committee report on pages 77 to 93.

Nomination Committee

- Facilitates the Board in meeting its responsibilities to plan and execute timely Chief Executive Officer succession and works with the Chief Executive Officer to plan and execute Executive Director succession.
- Ensures suitable succession plans are in place for the Board and senior executives to achieve the Group's strategic objectives, ensuring plans are based on merit and against objective criteria.
- Recommends appointments to the Board and its principal Committees.
- Oversees development of a diverse pipeline in the executive succession plan and talent management.
- Assists the Board in the development of a Group-wide approach to all forms of diversity and inclusion.

Read the Nomination Committee report on pages 68 to 71.

Board leadership and Company purpose continued

Roles and responsibilities of the Board

The Board is the body responsible for the overall management and conduct of the Group's business. The Group's governance framework is designed to encourage a clear understanding and delivery of its strategy. The Board has accountability for the oversight, governance, direction, long-term sustainability and success of the business and affairs of the Group and is responsible to stakeholders for creating and delivering sustainable shareholder value.

The Board has delegated certain responsibilities to its Committees and, in compliance with the Code, has established an Audit Committee, a Nomination Committee and a Remuneration Committee. The terms of reference for each of the Board's Committees were most recently updated and approved in November 2024 and are available to view on the Group's website: **www.awavesemi.com/en/investors/corporate-governance/**.

The Committee Chairs are responsible for reporting to the Board on the Committees' activities.

Board activities in FY 2024

During the year, the Board held five scheduled meetings, together with a separate dedicated strategy day. The Board's strategy sessions centred around the financial performance of the Group, scaling the business and expanding product offerings, along with a focus on workplace engagement.

The Board makes decisions with a view to ensuring the long-term success of the Group whilst taking into consideration the interests of wider stakeholders as required under section 172(1) of the Companies Act 2006. Board meetings are one of the mechanisms through which the Board discharges this duty.

Further information about Board decisions is included in the strategic report.

Culture

The Board remains deeply committed to fostering and nurturing the Group's collaborative and innovative culture, rooted in values of integrity, inclusivity and agility. Together with the management team, we firmly believe that the ingenuity and adaptability of our engineering talent are paramount to the Group's achievements. Our company boasts a highly technical and proficient management team that has cultivated an engineering-centric environment, emphasising results orientation and customer focus. This approach has empowered us to attract and retain some of the finest engineering minds in the interconnected world. Research and development/engineering comprise a significant 89% of our workforce, highlighting our dedication to innovation and forward thinking.

Our culture and values serve as the bedrock of our operations, guiding our interactions internally and externally. The Board takes on the crucial responsibility of championing and monitoring our culture as we evolve and expand.

We gather employee feedback through engagement surveys, fostering a collaborative environment where every voice is valued. This commitment drives progress, inclusivity, and exceptional outcomes for our customers and stakeholders.

2024 Annual General Meeting

The Company's Annual General Meeting (AGM) was held on 25 June 2024. All resolutions put to the meeting were passed but the Board did note that Resolution 16 to approve the Rule 9 waiver received less than 67% in favour.

Resolution 16 sought to approve the Rule 9 waiver obtained from the Takeover Panel which was originally obtained upon IPO. Under Rule 9 of the Takeover Code, if someone acquires control of 30% or more of the voting rights of a Code-governed company (or someone already holding more than 30% (but less than 50%) of the voting rights acquires additional shares carrying voting rights), Rule 9 requires that person to make a mandatory offer to all of the Company's shareholders. This resolution waives the requirement for the founders to make a mandatory offer if their shareholding in the Company increases as a result of any buyback of shares by the Company.

The Independent Non-Executive Chair, CEO and CFO continue to engage with investors to understand their views and concerns.

Board site visits

The September 2024 Board programme was held at the Alphawave's San Jose (California, USA) offices. The two-day visit incorporated the scheduled Board and Committee meetings and also provided the Board the opportunity to meet with staff over breakfast as part of our workforce engagement. Additionally, the two-day November 2024 Board programme was held in Alphawave's Toronto (Canada) headquarters facilitating in-person engagement between Board members and senior management and the Board also participated in opening the new office floor in the Toronto office.

Board reserved matters

To safeguard the areas material to the purpose, strategy and values of Alphawave, the Board retains a schedule of matters reserved for its decision.

Board composition

The Board consists of six Directors: an independent Non-Executive Chair, the CEO, two Executive Directors and two independent Non-Executive Directors. Jan Frykhammar has continued his role as independent Non-Executive Chair beyond the end of the financial year, having assumed the position following the succession of John Lofton Holt. He served as both Non-Executive Chair and Audit Committee Chair until 22 March 2025. Victoria Hull retired as Remuneration Committee Chair in June 2024, succeeded by David Reeder. Susan Buttsworth retired as Nomination Committee Chair in June 2024, succeeded by Michelle Senecal de Fonseca.

The Code recommends that at least half the board of directors of a company with an equity shares (commercial companies) category listing, excluding the chair, should comprise non-executive directors determined by the board to be independent in character and judgement and free from relationships or circumstances which may affect, or could appear to affect, the director's judgement. The Company regards all of the Non-Executive Directors as 'independent Non-Executive Directors' within the meaning of the Code and free from any business or other relationship that could materially interfere with the exercise of their independent judgement.

The Board also considers that it has complied with the requirements of the Code in relation to the balance of Executive and independent Non-Executive Directors on the Board, and the composition of the Company's Audit Committee, Remuneration Committee and Nomination Committee.

The roles of the independent Non-Executive Chair and the Chief Executive Officer

The roles of the Non-Executive Chair and the Chief Executive Officer are separately held, with the division of responsibilities clearly defined. The Non-Executive Chair leads the Board, facilitating engagement at meetings by drawing on members' skills, experience and knowledge, and is responsible for the Board's overall effectiveness and oversight of the management of the Group. The Non-Executive Chair, in his executive capacity, provides management support on key strategic, operational and financial activities, and plays a pivotal role in stakeholder management and investor relations. The Chief Executive Officer is responsible for all executive management matters of the Group within the authority delegated by the Board and for the implementation of Board strategy.

Company Secretary

The Company Secretary acts as the Secretary to the Board and all Company Committees, and attends all Board and Committee meetings. The Company Secretary supports the Chair and ensures that the Board and Committee members receive all the information needed to perform their roles, including receiving papers in a timely manner. The Company Secretary advises the Board on legal and corporate governance matters, including the Code, UK Listing Rules and other statutory and regulatory requirements. Additionally, the Company Secretary facilitates the Directors' induction programmes, assists with their professional development, and provides advice and support to the Directors when required.

Non-Executive Director for Workplace Engagement

Michelle Senecal de Fonseca as Non-Executive Director for Workplace Engagement serves as a crucial link between the Board and the workforce. She ensures employee perspectives are represented in the boardroom, develops and oversees employee engagement initiatives and communicates Board decisions to the workforce. She also collaborates with relevant stakeholders on strategic workforce issues, ensuring that employee interests are considered in all strategic decisions. This role is integral to fostering a positive and inclusive workplace culture, promoting employee satisfaction and productivity, and driving overall business success.

Meeting attendance

The names of the Directors who were in place at the end of FY 2024 are set out in the table below together with their attendance at Board and Committee meetings held. All meetings are able to be held virtually to allow greater participation but at least one meeting per year is held in person.

Each Director's attendance at Board and Committee meetings is considered as part of the formal annual review of their performance. Directors are encouraged to attend all Board and Committee meetings but sometimes due to time differences or prior business activities a Director may not always be able to attend. When this happens and a Director is unable to attend a Board or Committee meeting, they continue to receive all papers. They can communicate their comments and observations on the matters to be considered at the meeting in advance via the Non-Executive Chair, the Company Secretary or the relevant Board Committee's Chair for raising, as appropriate, during the meeting. The absent Director is kept up to date after the meeting on any decisions taken and feedback provided when appropriate.

In addition to the scheduled Board and Committee meetings, the Board has regular contact to ensure comprehensive coverage of critical business developments, emerging issues and opportunities. Contingency arrangements are also in place to address any Board decisions or approvals needed outside of these regular meetings.

The Non-Executive Chair holds regular meetings with each of the Non-Executive Directors.

Details of our business model, strategy and key risks for the business can be found in our strategic report.

The table below shows the number of scheduled Board and Committee meetings attended by each Director during the year against the total number of possible meetings in respect of each Director.

Board and Committee meeting attendance

Board member[1,2]	Board[3]	Audit Committee	Remuneration Committee	Nomination Committee
Tony Pialis	●●●●●	◌◌◌◌◌	◌◌◌◌	◌◌◌
Weili Dai[4]	●●●○◌	◌◌◌◌◌	◌◌◌◌	◌◌◌
Jan Frykhammar[5]	●●●●●	●●●●●	●●●●	●●●
Michelle Senecal de Fonseca	●●●●●	●●●●●	●●◌◌	●●◌
David Reeder	●●●●●	●●●●○	●●●◌	●●●
Rahul Mathur[6]	◌◌◌◌◌	◌◌◌◌◌	◌◌◌◌	◌◌◌

● Attended meeting ○ Did not attend meeting ◌ Not required to attended meeting

1. The composition of the Board and its Committees is shown as at 31 December 2024 and remains unchanged as at the date of this document.
2. The Market Disclosure Committee has been omitted from the above table as it meets on an ad hoc basis, rather than a scheduled basis. It met 15 times during the period under review.
3. The Board held several additional ad hoc and sub-committee meetings during the period to deal with urgent matters. All Board members who were able to attend did so.
4. Weili Dai joined the Board as Alternate Director to Sehat Sutardja in June 2024. In September 2024 Weili Dai became Interim Executive Director upon the passing of Sehat Sutardja.
5. Jan Frykhammar became independent Non-Executive Chair of the Board of Directors on 6 December 2024.
6. Rahul Mathur, the Chief Financial and Chief Operating Officer, was appointed to the Board of Directors on 6 December 2024.

Composition, succession and evaluation

Nomination Committee report

> The Committee supports the Board's efforts in fostering growth and ensuring long-term success by adapting to the organisation's evolving needs.

Michelle Senecal de Fonseca
Chair of the Nomination Committee until 22 March 2025

Dear shareholder

I am pleased to present our fourth Nomination Committee report, covering the year ended 31 December 2024. In March 2025, we announced that effective 22 March 2025, Jan Frykhammar would become Chair of the Nomination Committee. A strong Nomination Committee ensures effective governance and long-term success by identifying and recruiting talented leaders, planning for future leadership transitions, evaluating Board performance and upholding high governance standards. This helps the organisation adapt to changes and achieve sustained growth.

During 2024, the Committee diligently managed changes to the Board by ensuring orderly succession plans were in place for key members of the executive team. Additionally, the Committee conducted a thorough review of the independence, experience, and diversity of the independent Non-Executive Directors, ultimately recommending their re-election to the Board. The Nomination Committee affirmed that these Directors were independent in character and judgement, with no relationships or circumstances likely to affect their impartiality.

Purpose and role

The Committee is an important component of the Company's governance framework and the Group's strategy. The Nomination Committee is responsible for ensuring that the Company has the executive and non-executive Board leadership it requires, both now and for the future. It reviews, and challenges gaps in, succession plans for all key senior roles to ensure the organisation's long-term stability. It also seeks to ensure that talented individuals are provided with opportunities to develop.

Committee composition

For the period up until 22 March 2025, the Committee comprised myself as Chair, Jan Frykhammar and David Reeder. The current members are Jan Frykhammar who chairs the Committee, David Reeder and myself; all independent Non-Executive Directors. The biographies of each member of the Committee are set out on the Board of Directors pages.

The UK Corporate Governance Code 2018 (the 'Code') recommends that a majority of the members of a nomination committee should comprise independent non-executive directors. The Board considers that the Company complies with the recommendations of the Code in this respect.

Meetings and attendance

Three scheduled meetings were held in 2024. The Nomination Committee Chair reported to the Board on the key matters discussed.

Committee evaluation

The Committee's performance and effectiveness were reviewed as part of the wider Board evaluation. The review stated that the Committee was performing well. All members allocated sufficient time to the Committee with quality discussion and debate.

Focus and key activities in 2024

During 2024, the Nomination Committee ensured the Board's composition remained effective and aligned with the Group's strategy and values. This included reviewing the Board's structure and identifying potential candidates. We extend our heartfelt gratitude to Susan Buttsworth, Victoria Hull, Rosalind Singleton and Paul Boudre, who retired on 25 June 2024, for their exceptional service. Their contributions have been invaluable. We also acknowledge John Lofton Holt, who stepped down as Executive Chair and Executive Director on 6 December 2024. We have welcomed Rahul Mathur, our Chief Financial and Chief Operating Officer, appointed to the Board on the same date. His expertise will be a great asset. We remember the late Sehat Sutardja, whose passing in September 2024 was a great loss to the semiconductor world. We appreciate Weili Dai for stepping in as Interim Executive Director, ensuring continuity and stability.

Looking ahead, the Board is committed to driving strategic growth, enhancing governance practices and fostering innovation. We aim to strengthen our leadership team, promote diversity and ensure our Board composition continues to support the Group's long-term objectives.

The Committee reviewed the training needs of the Directors and ensured there was suitable time on the Board agenda for Company-appropriate training.

Director independence and time commitment

The Nomination Committee considers that the independent Non-Executive Directors continue to demonstrate effective performance, enthusiasm and commitment to the role and have sufficient time to meet their responsibilities.

The Nomination Committee is satisfied that the Board has the appropriate range of skills, experience, independence and knowledge of the Group to enable it to discharge its duties and responsibilities effectively.

Focus areas for 2025

As part of the Nomination Committee's remit, it will look at the following key tasks:

- Full annual evaluation of effectiveness of the Board and its Committees.
- A review of the Board composition, skills matrix and succession planning, for the Board and senior management team.
- Setting the agenda for diversity strategies for the Group, and monitoring the outcome of such strategies.
- Evaluating the CEO's effectiveness within the Group.
- Evaluations will be carried out as the Company matures, to ensure that the composition of the Board continues to be appropriate for the needs of the Group and its long-term success.
- People continue to be the heart of our business and the Committee will prioritise the development of the Group's talent, succession and development offering and look to implement any further improvements that can be made. The Committee will also seek to drive forward further progress towards our diversity goals.

External Board evaluation

The Code recommends that listed companies conduct an external board evaluation at least every three years. The third annual evaluation of the operation and effectiveness of the Board, its Committees and individual Directors took place in October 2024. The external evaluation was facilitated by BoardClic AB, using a tailored questionnaire structured to provide Directors with an opportunity to express their opinions on the efficiency of the Board and its Committees, the focus and functionality of meetings and answering specific questions. The Board completed evaluation questionnaires split into eight sections with an additional separate section each covering Directors' self-appraisal, and fellow Directors' appraisal. The responses were collated and analysed by BoardClic AB.

Board evaluation summary

As part of the external evaluation, the results have been benchmarked against over 1,000 board evaluations across 400 organisations and 3,000 board members. The results of the survey were encouraging, indicating progress across several critical areas. Noteworthy achievements include:

Strategic alignment:

- The forward meeting plan and individual agendas effectively mirror the Board's strategic priorities.
- The Board responds well to swiftly changing business conditions.

Effective governance:

- The relationship between Non-Executive Directors and the Chief Executive Officer remains robust.
- Oversight of strategic implementation has been diligent.
- The Board actively contributes to strategy development.
- The Company Secretary and training programmes provide essential support.

Board composition:

- The evaluation affirmed a well-balanced Board composition.
- Discussions centred on attributes crucial for future appointments and succession planning.

While the findings were positive, there's always room for improvement and the Committee is focused on improving diversity. As part of a balanced process, we will look to refine our practices. Looking ahead, the Chair's priorities for the coming year will align with the evaluation outcomes.

The Board intends to comply with the Code guidance that an externally facilitated evaluation should take place at least every three years.

Our approach to election and re-election

The Board has opted to comply with provision 18 of the Code where all Directors stand for re-election at each Annual General Meeting. Accordingly, all Directors will stand for re-appointment at the Company's 2025 AGM.

The Board considers that all the current Directors continue to be effective, are committed to their roles, and have sufficient time available to perform their duties. The Board therefore recommends the election of all Directors.

Board training

The Directors receive training and development throughout their tenure. The Board and its Committees receive regular updates on relevant legal, regulatory and financial developments, changes in best practice and environmental, social and governance matters from subject experts, including the Company's external lawyers and Company Secretary.

The training needs of the Directors are periodically discussed at Board meetings. A corporate governance update is a standing item at all Board meetings. Additional training is available on request, so that Directors can update their skills and knowledge as applicable.

The Board plans training on a forward-looking basis, and upon collecting feedback from Non-Executive Directors on topics of interest. Board members receive formal papers a week ahead of each Board or Committee meeting, which enables them to make informed decisions on the issues under consideration. In addition to formal Board meetings, the Non-Executive Chair maintains regular contact throughout the year with the Chief Executive Officer, Chief Financial Officer and Group management team to discuss specific issues. The Company Secretary acts as an adviser to the Board on matters concerning governance and ensures compliance with Board procedures. All Directors had access to the Company Secretary's advice throughout 2024. Directors may also take independent professional advice at the Company's expense if required. In the event that any Director has concerns about the running of the Group, or a proposed action, that cannot be resolved within the Board forum, these may be reflected in the Board minutes. The Company Secretary circulates minutes of each Board and Committee meeting following the meeting for comment and approval to ensure an accurate record is captured.

Composition, succession and evaluation continued

Nomination Committee report

Diversity

At Alphawave Semi, we take diverse representation and the bold ideas it fosters seriously from the top down. Diversity is one of our strongest assets, and we are committed to recognising and appreciating our rich culture. Promoting freedom of thought and opinion in a respectful environment is critical to our success.

Our decisions are rooted in considering each other's thoughts and opinions respectfully and working towards a greater common goal. We recognise the importance of having a diverse Board, including in terms of gender and ethnicity. Board members with a broad range of social, educational and professional backgrounds, along with different skills, experiences and cognitive strengths, contribute to a high-performing business.

Management believes that our engineering-focused workforce, management teams, and diverse and experienced Board of Directors differentiate us from the competition and are critical to our success in the marketplace.

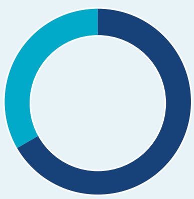
The Company has met the following FCA diversity targets (as required by Listing Rule 6.6.6 R(9):

- At least one member of the Board being from an ethnic minority background (2024: two).
- At least one senior Board position being held by a woman (SID).

Due to changes at Board level in 2024, we have not met the requirement for having 40% of the Board being women, but note that gender diversity in leadership is crucial for fostering inclusive decision-making and driving innovation. I have been appointed as Senior Independent Director, a milestone that underscores our commitment to promoting diversity and strengthening our leadership team.

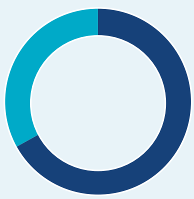
Board gender diversity

Number of Board members



Men	4
Women	2
Not specified/ prefer not to say	–

Percentage of the Board

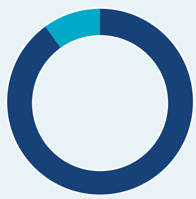


Men	67%
Women	33%
Not specified/ prefer not to say	–

Number of senior positions on the Board (Chair, CEO and CFO)

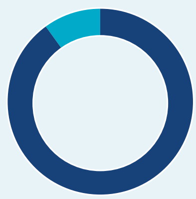
Men	3
Women	0
Not specified/ prefer not to say	–

Number in executive management



Men	9
Women	1
Not specified/ prefer not to say	–

Percentage in executive management



Men	90%
Women	10%
Not specified/ prefer not to say	–

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (Chair, CEO and CFO)	Number in executive management	Percentage in executive management
White British or other White (including minority-white groups)	4	67%	2	4	40%
Mixed/Multiple ethnic groups	–	–	–	–	–
Asian/Asian British	2	33%	1	6	60%
Black/African/ Caribbean/Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/ prefer not to say	–	–	–	–	–

As of 31 December 2024, for the purposes of FCA disclosures, 'executive management' is defined as the most senior executive body below the Board and the Company Secretary, in accordance with Listing Rule 6.6.6 R(10).

However, the Company Secretary is not a member of the management team; therefore, as set out earlier in this report, the management team currently comprises one female and nine male colleagues.

Approach to data collection

Disclosures are collected based on the company's financial year-end. At Alphawave Semi, gender and ethnicity data for the Board and senior management are compiled from information held by the Company Secretary and individual confirmations. These confirmations are gathered annually as part of our Director year-end process.

Board experience

	Financial	M&A	Strategy	Semi-conductors	Telecoms	Data networking
Tony Pialis		●	●	●		●
Weili Dai		●	●	●		●
Jan Frykhammar	●	●	●	●	●	●
Michelle Senecal de Fonseca	●	●	●		●	●
David Reeder	●		●	●		
Rahul Mathur	●	●	●	●		

Board geographic diversity

Tony Pialis
Weili Dai
Jan Frykhammar
Michelle Senecal de Fonseca
David Reeder
Rahul Mathur

When considering Board appointments and internal promotions at a senior level, the Group will continue to adhere to the Company's Equal Opportunities and Dignity at Work Policy. This ensures that all decisions are made with a commitment to diversity and inclusion, while strictly offering each post on merit against objective criteria to the best available candidate. The Group will also take into account relevant voluntary guidelines in fulfilling their role regarding diversity.

The Nomination Committee will continue to evaluate the structure, size, and composition of the Board and its Committees when contemplating new appointments and succession planning for the year ahead. A range of diversity factors will be considered to determine the optimal composition, alongside the need to balance and progressively refresh the Board's makeup over time.

awavesemi.com/wp-content/uploads/2025/01/Equal-Opportunities-and-Dignity-V.1.pdf.

Succession planning, Board independence and tenure of service

New Directors will typically be appointed by the Board and then put forward for election by shareholders at the subsequent AGM.

All Non-Executive Directors are appointed for initial terms of two three-year terms and may be terminated by either party upon one month's written notice or by shareholder vote at the AGM. The Non-Executive Directors do not have any entitlement to compensation (or payment in lieu of notice) if they are not re-elected by shareholders following any retirement.

Full details of the remuneration of the Non-Executive Directors can be found in the Directors' remuneration report.

Michelle Senecal de Fonseca
Chair of the Nomination Committee

17 April 2025

Audit, risk and internal control

Audit Committee report

> In 2024 the Group made investments in people and infrastructure to strengthen controls, improve predictable financial execution and enable future growth.

Jan Frykhammar
Chair of the Audit Committee until 22 March 2025

Dear shareholder

I am presenting this report as I was Chair of the Committee until 22 March 2025 when I stood down as a member of the Committee as a consequence of my taking on the role as Independent Non-Executive Chair of the Board. The report provides a summary of the Audit Committee's role and activities for the year ended 31 December 2024, and is intended to provide an understanding of the work the Committee has done and to provide an insight into how the Committee has discharged its responsibilities. I trust you will find this report to be informative and that you take assurance from the work we have undertaken.

Over the course of the year, the Committee and I have concentrated on ensuring consistency and continued accuracy of financial reporting, compliance with our debt covenants, monitoring the performance of the external auditors, monitoring the progress on implementation of the ERP system and discussing with management the treatment of complex transactions such as the 2030 Convertible Bonds issued in December 2024. Further, the Committee reviewed management's roadmap for improvements in financial controls, noting progress made during 2024. The Group will continue to make investments to improve the controls over financial reporting consistent with its planned roadmap.

On 24 June 2024, management received a preliminary inquiry from the Financial Conduct Authority (FCA) following their review of the trading updates released in January and April 2024. The FCA raised concerns about (i) issuing the updates to guidance for 2023 in the January 2024 trading update, and (ii) controls over financial reporting. We provided a response in July 2024, and in December 2024 FCA closed this preliminary enquiry without further action required. We integrated the valuable feedback we received from the FCA into trading updates starting in January 2025 to provide additional clarity to our investors.

Whilst this Audit Committee report contains some of the matters addressed during the year, it should be read in conjunction with the external auditor's report and the financial statements of the Group and Company in general.

The Audit Committee reviewed significant accounting and other related matters with robust challenge and debate. The Audit Committee has reviewed the content in the annual report and believes that this explains our strategic objectives and is fair, balanced and understandable.

Purpose and role

The role of the Audit Committee is to assist with the Board's oversight responsibilities in relation to the Group's financial and narrative reporting, the effectiveness of the internal control and risk management framework, internal audit (where appropriate) and the independence and effectiveness of the external auditor. The following sections of this report describe the key activities of the Audit Committee in each of these areas. The Board reviewed and approved the terms of reference of the Audit Committee. For more information on the Committee's terms of reference visit: **awavesemi.com/investors/corporate-governance/**.

Committee composition

Since 22 March 2025, the Committee has comprised of independent Non-Executive Directors. During the year the Committee was chaired by myself; its other members being Michelle Senecal de Fonseca and David Reeder. As of 22 March 2025 the members of the Committee are now David Reeder (Chair) and Michelle Senecal de Fonseca; both independent Directors. The Board considers that given the size of the Board and the status of the Company, it is sufficient to have just two members of the Committee. The Committee acknowledges that if the Company was a constituent of the FTSE 350 we would not be compliant with the Code. The Board considers that the Audit Committee as a whole complies with the requirements of the Code in these respects. On 5 December 2024, we announced that our Executive Chair had decided to leave the Company, and I assumed the role of Independent Non-Executive Board Chair. Despite the transition, I continued my responsibilities as Audit Committee Chair through to our first Board Meeting of 2025. Although this dual role was temporary, various changes to the Board at the time made an immediate change impractical. This period of adjustment allowed us to ensure a smooth transition and maintain stability within our leadership team.

Meetings and attendance

The Committee has a structured forward-looking planner which reflects the financial cycle of the Company. This planner drives the business to be considered at each meeting and is regularly reviewed in conjunction with the Company Secretary and management to ensure that it adequately reflects any areas identified for additional focus.

Five scheduled meetings were held in 2024. The Executive Chair, Chief Executive Officer, Chief Financial Officer and KPMG as external auditor regularly attended the meetings.

Before each meeting, the Committee Chair meets with the CFO and the external auditor to ensure there is a shared understanding of the key issues to be discussed. Committee meetings are held in advance of Board meetings to facilitate an effective and timely reporting process. The Committee Chair provides a report to the Board following each meeting.

The Committee meets privately without management present, as necessary, and also privately with the CFO after each scheduled meeting. Private meetings are also held at least once a year with the external auditor to allow any issues of concern to be raised.

Committee evaluation

This year, we conducted an internally facilitated evaluation of Board effectiveness. As part of this assessment, our performance as a Committee was thoroughly examined. I am delighted to report that the evaluation affirmed our effective operation, and the Board draws assurance from the quality of our work.

The Committee members possess a diverse and substantial background in recent and relevant financial and commercial experience across various industries. Furthermore, each member brings competence that is directly applicable to our sector. For additional insights, you can explore their biographies.

Focus and key areas in 2024

Key areas of focus for the Committee were the need for a continued improvement of the finance systems and improvements in internal controls over financial reporting. The Group made progress during 2024 on its ongoing implementation of an Enterprise Resource Planning (ERP) system and expects implementation to be completed in 2025. The Group has outlined a roadmap which includes continued investment in implementing additional financial systems and resources as well as enhancing financial controls in key business cycles. In August, the Group announced the appointment of Sameer Ladiwala as Chief Accounting Officer, significantly improving the capabilities of the management team.

The Committee also had deep-dive sessions on talent, capabilities and organisational structure in finance. In addition, the Committee continues to monitor the need for a permanent internal audit function.

Focus areas for 2025

The Audit Committee will monitor progress of the implementation of the ERP solution during the course of the year. We will also assist management with the review of ongoing internal control improvements.

The Committee will ensure that the relevant provisions of the new UK Corporate Governance Code are implemented. It will also be taking steps to comply with Provision 29 of the new Code which is effective from 1 January 2026, requiring the Board to make a declaration of effectiveness of the material controls as at the balance sheet date, together with a focus on how it manages emerging risks

Financial reporting

The primary role of the Audit Committee in relation to financial reporting is to review and monitor the integrity of the financial statements, including annual and half-year reports, results announcements and any other formal announcements relating to the Group's financial performance.

In considering the Group's half-year report for the six months ended 30 June 2024, the Committee conducted a page turn of the report at its meeting in September 2024 and subsequently recommended the report to the Board for approval.

The Audit Committee approved the planned scope of the audit of the Company's and Group's 2024 annual financial statements in November 2024, including materiality, the audit cycle and the proposed timetable.

This Audit Committee report will show how the Group's financial reporting process is monitored and reviewed.

In the preparation of the Company's and Group's 2024 annual financial statements, the Audit Committee has assessed the accounting principles and policies adopted, and whether management had made appropriate estimates and judgements. The Audit Committee also reviewed and challenged the alternative performance measures used by the Group. This review included evaluating our accounting policies as they relate to the alternative performance measures, the selection and overall presentation of the alternative performance measures and the clarity and consistency of the reconciliations to IFRS measures.

In doing so, the Audit Committee discussed management reports and enquired into judgements made. The Audit Committee reviewed the reports prepared by the external auditor on the 2024 annual report.

Jan Frykhammar
Chair of the Audit Committee

17 April 2025

Audit, risk and internal control continued

Audit Committee report

The Audit Committee, together with management, identified significant areas of financial statement risk and judgement as described below.

Description of significant area	Work undertaken by the Audit Committee and outcomes
Revenue recognition	
Revenue recognition for the Group's revenue streams is complex. This is an area of focus due to the nature of the licensing transactions requiring management to exercise significant judgement.	The Committee reviewed the assumptions and disclosures around revenue recognition made by management including critical judgements required in recording revenue from licensing of IP, non-recurring engineering projects and the sale of silicon products. The Committee was satisfied with the explanations provided and conclusions reached in relation to revenue recognition and the Group's compliance with IFRS 15.
Capitalisation of R&D expenses	
The Group has capitalised a significant amount of expense related to investments in products expected to have revenue in the future, and therefore accounting for R&D capitalisation is a key area of focus due to the level of judgement involved.	For capitalised development expenditure, the Committee considered the key judgements made in determining project costs eligible for capitalisation under the Group's R&D capital expenditure policy. This includes judgements made for future cost estimates and future revenue expectations. The Committee noted that the projects had been extensively reviewed, including key forecast assumptions, by the management team. Key forecast assumptions included estimated future internal and external expenditure, including external capital expenditure, progress to date and expected cash flow from future sales. The Committee subsequently approved the amount of R&D capitalised for 2024.
Going concern	
The Group's going concern assessment assumes that there will be no further investment in WiseWave and that WiseWave will be adequately funded by external financing sources to continue to discharge its liabilities with the Group.	In December 2024, the Company raised US$146.7m in net proceeds from issuance of the 2030 Convertible Bonds. The Group had US$180.1m in cash and cash equivalents as at 31 December 2024. Management prepared a stress case analysis to assess the Group's and Company's ability to continue as a going concern. The Committee reviewed this analysis and challenged management on the assumptions used in the going concern assessment. The Committee was provided satisfactory responses and agreed with the conclusions reached in the going concern assessment.
WiseWave contract asset recoverability	
Having fulfilled the IP licence performance obligations in the five-year subscription licence agreement with WiseWave at the end of 2024, the Group has recognised all IP licence revenue in the agreement and has also recognised a contract asset of US$14.4m, which is due to be settled by WiseWave over the remainder of the term of the agreement. Judgement has been used in determining the likely recoverability of this contract asset and the level of any credit loss provision required.	Management has visibility of the operations and prospects of WiseWave through the directorships Alphawave holds on WiseWave's board. Management have explained to the Committee WiseWave's historic payment pattern, its near-term funding plans (including the prospects of securing funding from external parties other than Alphawave) and the actions available to Alphawave in the event of non-payment by WiseWave. The Committee is satisfied with management's assessment that no additional expected loss provision is required for the WiseWave contract asset and that it is appropriate to deem it recoverable.

Fair, balanced and understandable

At the request of the Board, the Audit Committee has reviewed the content of the 2024 annual report and considered whether, taken as a whole, in its opinion it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy. The Committee was provided with an early draft of the annual report and provided feedback on areas where further clarity or information was required in order to provide a complete picture of the Group's performance. The final draft was then presented to the Audit Committee for review before being recommended for approval by the Board. When forming its opinion, the Audit Committee reflected on discussions held during the period and reports received from the external auditor, and the following measures were adopted to ensure that this annual report meets that requirement:

- Factual content was verified by management.
- Members of senior management undertook a comprehensive review of the document to consider messaging and balance.
- The Audit Committee reviewed a full draft of the document, together with a summary of management's approach to the preparation of the narrative sections and the annual financial statements.
- The Audit Committee considered whether there was consistency between the key messages in this annual report and the Group's position, performance and strategy, and between the narrative sections and the Group's annual financial statements.
- It also considered whether all key events reported to the Board and its Committees during the year, both positive and negative, were adequately reflected, together with reporting by the external auditor of any material inconsistencies.
- The Audit Committee reviewed and challenged the use of alternative performance measures by the Group as described in the financial review.
- A comprehensive review of the entire annual report was carried out by the Directors.
- Feedback from the Audit Committee and other Directors on areas that would benefit from further clarity was incorporated into this annual report ahead of final approval.

Following the Committee's review, the Directors confirm that, in their opinion, the 2024 annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Risk management and internal control

The Audit Committee's responsibilities include a review of the risk management systems and internal controls to ensure that they remain effective and that any identified weaknesses are properly dealt with. The Audit Committee:

- Reviews annually the effectiveness of the Group's internal control framework.
- Reviews reports from the external auditor on any issues identified in the course of their work, including any internal control reports received on control weaknesses, and ensures that there are appropriate responses, from management.

The Audit Committee's responsibilities include a review of the risk management systems and internal controls to ensure that they remain effective and that any identified weaknesses are properly dealt with. The Group has internal controls and risk management systems in place in relation to its financial reporting processes and preparation of consolidated accounts. The internal control systems include the elements described below.

Element	Approach and basis for assurance
Control environment	The Group is committed to the highest standards of business conduct and seeks to maintain these standards across all of its operations. The Group has adopted a Code of Business Conduct which provides practical guidance for all staff. There are also supporting Group policies and employee procedures in place for the reporting and resolution of suspected fraudulent activities. The Group has an appropriate organisational structure for planning, executing, controlling and monitoring business operations in order to achieve Group objectives. Lines of responsibility and delegations of authority are documented.
Risk assessment	Whilst risk management is a matter for the Board as a whole, the day-to-day management of the Group's key risks resides with the senior management team and is documented in a risk register. The Executive Risk Committee is responsible for reviewing the risk register. A review and update of the risk register is undertaken by the Audit Committee on an annual basis. The management of identified risks is delegated to the senior management team, and regular updates are given to executive management at monthly meetings.
Control activities	The Group and its operating units are continuing to improve the control procedures designed to ensure complete and accurate accounting for financial transactions. Measures taken during 2024 include expanding the finance team capabilities and improved management reviews. The Group continues to make investments to strengthen its internal controls over financial reporting, including implementation of a new ERP system scheduled to go live in 2025, hiring additional finance talent, building a shared services centre, reorganising the accounting team and formalising controls over key activities in certain business processes.
Monitoring and corrective action	The Audit Committee meets at least four times a year and, within its remit, reviews progress with improvements and the effectiveness of the Group's system of internal controls. In addition to these internal assurances, the Audit Committee took into account the findings from the external auditor's evaluation of the internal control environment performed during the audit and feedback from the work of a specialist internal controls consultant, as well as its own observations throughout the period under review. The Audit Committee acknowledged the findings of the external auditor in relation to the Group's risk management and internal control systems and where areas for improvement were identified, there were processes in place to ensure that the necessary actions would be taken by management and that these outcomes would be monitored. The Board considered the Audit Committee's findings in relation to the effectiveness of the Group's systems of risk management and internal control, and was satisfied that throughout the year under review and up to the Last Practicable Date, the Group's risk management and internal control environment continued to be effective.

Audit, risk and internal control continued

Audit Committee report

Going concern and viability statement

The Audit Committee reviewed management's schedules supporting the going concern assessment and viability statements. These included the Group's medium-term plan and cash flow forecasts for the period to the end of 2027.

The Audit Committee discussed with management the appropriateness of the three-year period to the end of 2027 and discussed the correlation with the Group's principal risks and uncertainties as disclosed on pages 58 to 61. This three-year period aligns with the Group's internal forecasting framework, reflects the Group's high growth and evolving financial profile and aligns with the Group's external financial guidance.

The feasibility of mitigating actions and the potential speed of implementation to achieve any flexibility required were discussed. Scenarios covering events that could adversely impact the Group were considered.

The Audit Committee evaluated the conclusions over going concern and viability and the disclosures in the financial statements and satisfied itself that the financial statements appropriately reflect the conclusions.

For additional detail, please refer to the external auditor's report and strategic report contained in this annual report.

External auditor

During 2024, the Audit Committee approved the audit plan and fee for the period ended 31 December 2024 and reviewed KPMG's findings regarding the audit of the financial statements for the period ended 31 December 2023. The Audit Committee regularly met separately with representatives from KPMG without management present, and with management without representatives of KPMG present, to ensure there were no issues in the relationship between management and the external auditor that needed addressing.

The Committee conducted a thorough assessment of KPMG LLP's independence and effectiveness as the external auditor. After reviewing their performance and adherence to ethical standards, the Committee is satisfied with KPMG LLP's independence and effectiveness in fulfilling their audit responsibilities.

Non-audit services provided by the external auditor

The external auditor is primarily engaged to carry out statutory audit work. There may be other services where the external auditor is considered to be the most suitable supplier by reference to their skills and experience. It is the Group's practice that it will seek quotes from several firms, which may include KPMG, before engagements for non-audit projects are awarded.

Contracts are awarded based on individual merits. The Audit Committee oversaw the application of a formal policy on the procurement of non-audit services. This policy is in place for the provision of non-audit services by the external auditor, to ensure that the provision of such services does not impair the external auditor's independence or objectivity and will be assessed going forward in line with the FRC's Ethical and Auditing Standards.

The review of the half-year report, an assurance-related non-audit service, was approved as part of the Audit Committee approval of the external audit plan. All permitted non-audit services require approval in advance by either the Audit Committee Chair, the Audit Committee or the Board, subject to the cap of 70% of the fees paid for the audit in the last three consecutive financial years.

Approved and signed on behalf of the Audit Committee.

Jan Frykhammar
Chair of the Audit Committee

17 April 2025

Remuneration

Directors' remuneration report

The strategic importance of our employees is reflected in our remuneration philosophy and implementation across the Group.

David Reeder
Chair of the Remuneration Committee until 22 March 2025

Dear shareholder

As Chair of the Remuneration Committee, I am pleased to present our fourth report on Directors' remuneration.

This report is divided into three sections:

- This introductory letter, which describes the main decisions made in respect of and during the year, as well as detail on the context in which these decisions were made.
- The Remuneration Policy outlines the Remuneration Committee's approach to Directors' pay and will be presented for shareholder approval at this year's AGM.
- The annual report on remuneration details Directors' pay for 2024 and outlines the proposed implementation of the Policy for 2025, pending approval of the new Policy.

This year, the Committee focused on reviewing the Policy to align with the Group's long-term business strategy while upholding high standards of corporate governance.

Purpose and role

The Remuneration Committee is a formal committee of the Board and its remit is set out in its terms of reference, which can be found on the Company's website **awavesemi.com/investors/corporate-governance/.**

The Committee's performance against these terms of reference is reviewed on an annual basis and the Committee is satisfied that it has acted in accordance with its terms of reference during the year.

The primary purposes of the Committee, as set out in its terms of reference, are:

- To make recommendations to the Board on the Group's framework of executive remuneration.
- To determine individual remuneration packages within that framework for the Executive Directors and certain senior executives.
- To oversee the operation of the Group's share schemes.

The Committee is authorised to seek information from any Director and employee of the Group and to obtain external advice.

The Committee is solely responsible for the appointment of external remuneration advisers and for the approval of their fees and other terms.

No Director or other attendee takes part in any discussion regarding his or her personal remuneration.

Committee composition

The Remuneration Committee is comprised entirely of independent Non-Executive Directors. Until 22 March 2025, I was Chair of the Committee, at which point Michelle Senecal de Fonseca took on that role, I remain a member of the Committee and its other members are Jan Frykhammar and Michelle Senecal de Fonseca. The biographies of each member of the Committee are set out on the Board of Directors pages.

Meetings and attendance

Four scheduled meetings were held in 2024, with three ad hoc meetings. The Committee asked the Executive Directors and the VP of People, Places and Culture to attend meetings and assist its discussions. This excluded matters connected to their own remuneration, service agreements or terms and conditions of employment. The Committee takes care to recognise and manage conflicts of interest when receiving views from Executive Directors or senior management. The Committee reserves the right to conduct in full or start its meetings without executive management present when it wishes to do so. The Committee and the Chair also engage regularly with the remuneration consultants and Head of Governance.

Committee evaluation

The Committee's performance and effectiveness were reviewed as part of the wider Board evaluation. The review stated that the Committee was well chaired and that all members allocated sufficient time to the Committee with quality discussion and debate.

Focus and key activities in 2024

The following matters were considered and discussed in 2024:

- The Committee oversaw the leadership transition announced on 5 December 2024 whereby, effective 6 December 2024, John Lofton Holt retired and stepped down as Executive Chair and an Executive Director; Jan Frykhammar assumed the role of Non-Executive Chair of the Board; and Rahul Mathur took on the role of Chief Operating Officer alongside his existing role as Chief Financial Officer and joined the Board of Directors.
- Aon were brought onboard to assess our compensation programme. This work will continue into 2025.
- We ensured our compensation philosophy supports the growth of the business while prioritising employee engagement and wellbeing.

Remuneration continued

Directors' remuneration report

Remuneration in context

The Committee's approach to governing executive pay at Alphawave Semi is to ensure a clear and rigorous focus on aligning pay with performance, but equally to give due consideration to all our key stakeholders.

With that in mind, this report contains the key drivers of our decisions in relation to the Executive Directors' remuneration outcomes for the financial year.

This year we have operated under the current Remuneration Policy, which was approved by shareholders at the AGM in June 2022.

Corporate performance

Strategic priorities

- As highlighted at our Capital Markets Day in early June 2024, continued technology leadership in connectivity and compute solutions remains an important area of focus for Alphawave Semi.
- We continue to increase scale and diversification with new and existing customers who are leaders in connectivity and compute. Over the course of the year we demonstrated technology leadership through our announcements of:
  - First multi-protocol I/O connectivity chiplet for high-performance compute and AI infrastructure (13 June).
  - 1.2 Tbps connectivity for high-performance compute and AI infrastructure with 9.2 Gbps HBM3E subsystem (20 June).
  - Launch of the first 3nm UCIe IP subsystem with TSMC CoWoS Technology (30 July).
  - Scaling of UCIe to 64 Gbps to exceed 20 Tbps per mm bandwidth density for chiplet connectivity (20 December).
  - We grew engineering and operational capabilities, scaling headcount from 829 to 991 by 31 December 2024.

Financial performance

- Annual bookings exceeded US$515.0m, up 34% (FY 2023: US$383.9m), underpinning long-term growth targets.
- Revenues of US$307.6m (FY 2023: US$ 321.7m), as we replaced approximately US$152.4m of revenue from legacy China business (OpenFive and WiseWave) with our core offerings.
- Adjusted EBITDA of US$51.1m (FY 2023: US$62.6m) and adjusted EBITDA margin of 17% (FY 2023: 19%), as we improved our profit profile.
- Successful execution of a US$150.0m Convertible Bonds offering strengthens the balance sheet and supports the Group's ability to achieve its strategic objectives.

Stakeholder experience

Our shareholders

- We are committed to take wider stakeholder experience into account when making decisions on executive pay and we have noted the performance of the shares and the factors contributing to that performance.
- Promoting share ownership is a key principle of Alphawave Semi's approach to remuneration across the Group. We want all employees to be aligned with shareholders so they can share in the success of the Group and be invested in its growth story. The Chief Executive Officer, as founder of the business, embodies this philosophy, having retained significant stock ownership in the Company on IPO, to ensure he is aligned to the experience of new (and indeed, old) investors in the Company.

Our employees

- In 2024, the average annual salary increase for the wider workforce was 11%. All employees are eligible for a bonus, with Q1 and Q4 bonuses paid in cash. There was no bonus in Q2 due to business performance, and Q3 bonuses paid in RSUs.
- Our compensation programme supports the Group's mission and values, aligning with our business strategy and goals for growth and profitability. We communicate openly about business goals and ensure the programme is consistent, non-discriminatory and equitable for all employees, regardless of personal characteristics.
- As a Canada-originated semiconductor business, we are present in Canada, the United States, India and the APAC region. To drive our success, it's essential to competitively remunerate our talent. Therefore, we benchmark our pay against the global high-tech talent market to attract and retain top professionals.
- In collaboration with our Workforce Engagement NED, the Committee is dedicated to maintaining robust oversight of pay practices and policies across the wider workforce. We ensure that decisions regarding executive remuneration are made with careful consideration of the broader workforce context.

2024 remuneration

The current Remuneration Policy was approved by a shareholder vote of 99.97% at the AGM in 2022 and was designed to ensure a strong link between remuneration, strategic priorities and the delivery of objectives.

The Policy includes provision for Executive Directors to participate in a Short-Term Incentive Plan (STIP) and Long-Term Incentive Plan (LTIP). In the first two years of the Policy, the Executive Directors chose to waive participation in these arrangements given the early stage of the Group's development. However, given the swift evolution of the business, for 2024 the Committee believed that it was appropriate to recast the Executive Director packages and offer market-competitive remuneration to the CEO, including market rate salary, bonus and equity incentives.

As noted in last year's remuneration report, although Alphawave IP Group plc is a UK listed company, in practical terms the talent market in which we compete for senior executive talent is made up of companies within the semiconductor sector, primarily based in North America. The levels of remuneration including the long-term incentives offered by these companies are significantly above typical levels in the UK. Notably, such companies commonly award a percentage of restricted stock units with no performance criteria and annual vesting. However, in 2024 arrangements were within the limits of the 2022 shareholder-approved Policy.

The Committee consulted with our largest shareholders before making these changes and we were happy that the remuneration report was strongly supported with a vote of 98.43% at the 2024 AGM.

Base salary

At the time of the IPO, Tony Pialis' salary level was deliberately positioned at the lower end of salaries for CEOs in the FTSE 250. In 2024, the salary level was adjusted from £450,000 to £680,000. The Committee's intention is that this represented a one-time 'right-sizing' adjustment to a market-competitive level and that future increases will be modest and generally no greater than increases for our wider workforce while the Group remains at the current scale.

STIP

The 2024 annual bonus for the Chief Executive Officer was based on achievement of stretching targets against revenue (60%), adjusted EBITDA (20%) and operating cash flow (20%), and the maximum opportunity level was 150% of base salary.

Please see page 83 for full details of the targets and achievement against them.

The formulaic outcome, based on the performance metrics, is that the performance targets were not achieved and so no bonus payout was due. Considering the underlying business performance and other relevant factors, and to ensure alignment with long-term goals and shareholder and stakeholder experience, the Committee deemed this outcome fair and appropriate, and thus, no discretion was exercised.

LTIP

An LTIP award was made to the CEO in 2024 with a face value of 300% of salary, subject to stretching EPS growth and relative TSR performance conditions. Please see page 83 for details of the award.

2025 Remuneration Policy and implementation

> During 2024, the Committee conducted a thorough review of the Remuneration Policy to ensure it continues to meet the business' needs. The Committee concluded that the Policy's structure remains appropriate. However, given the competitive talent market in the North American semiconductor sector, the Committee believes it is essential to review and adjust incentive opportunity levels to enhance competitiveness. Therefore, the following changes to the Policy will be proposed for shareholder approval at the 2025 AGM:
  > Adjustment of incentive levels: Revising incentive opportunity levels to better align with industry standards and attract top talent.
  > Performance metrics: Each year, the Company will look at the performance metrics to ensure they accurately reflect the Group's strategic goals and operational priorities.
  > These changes aim to ensure Alphawave remains competitive in attracting and retaining high-caliber professionals while supporting the Group's growth and profitability.
  > STIP: Proposed maximum opportunity increase from 150% to 200% of base salary.
  > LTIP: Proposed maximum award level increase from 300% to 1,000% of salary.

These opportunity levels will only be realised by the Executive Directors if ambitious performance targets are achieved and a significant amount of value created for our shareholders. Incentive arrangements in 2025 will be subject to stretching targets for the following metrics:

> STIP: Revenue (60%), adjusted EBITDA (20%), operating cash flow (20%).
> LTIP: Relative TSR (35% each vs constituents of the FTSE 250 and FTSE All-World Technology Indices), adjusted EPS growth (30%).

The Committee carried out a consultation exercise with our largest external shareholders, to explain the proposed changes and their rationale. Shareholders consulted with were broadly supportive of the proposed new Policy. Topics discussed during the consultation included the Committee's perspective on the relevant talent market for executives, the CEO's alignment with investors due to his substantial shareholding as a founder and the rationale for the selection of the two relative TSR peer groups.

By implementing these changes, the Committee is confident that Alphawave Semi will continue to offer a compelling and competitive compensation package, helping us attract and retain the best talent while ensuring our leadership team remains aligned with the long-term interests of our shareholders.

I hope you find that this report clearly explains the remuneration approach we have taken and how we will implement the proposed Policy in 2025. I look forward to your support at the 2025 AGM in respect of the resolution relating to the Policy and this report.

David Reeder
Chair of the Remuneration Committee

17 April 2025

Remuneration continued

Directors' remuneration report

Elements of the Directors' remuneration

Short term | Long term

Salary + **Pension and other benefits** + **Bonus** Cash + **Bonus** One-third of any bonus will be deferred into shares for a period of two years + **LTIP** = **Total remuneration**

Fixed: Salary, Pension and other benefits

Variable: Bonus (cash), Bonus (deferred shares), LTIP

How remuneration links to our strategy

Strategy in action

Market leadership
Maintain pace of innovation and market leadership by attracting and retaining talent

Expansion
Land and expand: broader and deeper customer base

Innovation
Leverage our IP to expand our product portfolio and grow our custom silicon business

Measuring outcomes

2025 Annual bonus
- Revenue.
- Adjusted EBITDA.
- Operating cash flow before working capital changes.

2025-26 LTIP
- TSR
- EPS

Component	Year ended 31 December 2024	Year ended 31 December 2025
Fixed pay		
Base salary level	> Tony Pialis, President & Chief Executive Officer: £680,000 > Sehat Sutardja, Executive Director: £85,000 (part-time working arrangement) until his passing in September 2024. > Weili Dai, Executive Director: £5,000 (part-time working arrangement) > Rahul Mathur, Chief Financial Officer: £363,062	> Tony Pialis, President & Chief Executive Officer: £714,000 > Weili Dai, Executive Director: £5,000 (part-time working arrangement) > Rahul Mathur, Chief Financial Officer & Chief Operating Officer: £389,387
Benefits	> Private medical cover for the President & Chief Executive Officer, and Chief Financial Officer	> No change from 2024
Pension	> No Executive Directors participated in 2024	> The Chief Financial Officer is the only Executive Director to participate in 2025
Variable pay		
Annual bonus	> President & Chief Executive Officer participated in 2024 STIP with a maximum opportunity level of 150% of base salary	> President & Chief Executive Officer and CFO are both eligible to participate in 2025 STIP with a maximum opportunity level of 200% of base salary, subject to approval of the proposed Remuneration Policy
Long-term incentives	> President & Chief Executive Officer participated in 2024 with an award level of 300% of base salary	> President & Chief Executive Officer and Chief Financial Officer & Chief Operating Officer will participate in 2025 with a maximum opportunity award level of 1,000% of base salary, subject to approval of the proposed Remuneration Policy

Our governance

Our link between remuneration and strategy

Alphawave Semi's strategic priorities as detailed on page 78 are designed to maintain our leading technology position, enabling it to expand its position at its existing customers and win new customers, generating profitable growth whilst retaining and motivating employees.

The current Remuneration Policy (the '2022' Policy'), which was approved by a vote of 99.97% at the AGM in 2022, is designed to ensure a strong link between remuneration, strategic priorities and delivery of objectives. An updated Policy will be put to shareholders for approval at the 2025 AGM and follows the same principles, updated to meet the evolving needs of the business. The details of the proposed policy, including changes from the 2022 Policy, are set out below.

Incentive scheme targets are carefully considered by the Committee to ensure they reward performance and are correctly calibrated. Targets used in the incentive schemes are then monitored and progress measured by reference to many of the reported KPIs. With the continuing development of the Group's approach to sustainability, we are committed to understanding the most material ESG factors to Alphawave Semi as a business, with a view to embedding these into the executive remuneration framework, to align with the Group's strategy, in future years.

For further details on how our Policy links to strategy, see the Policy table on pages 82 to 84.

UK Corporate Governance Code 2018 (the 'Code') – Provision 40 alignment

The table below explains how the Remuneration Committee addressed the factors set out in Provision 40 of the Code when determining the Remuneration Policy. As a founder of the Company, the CEO retains a significant shareholding and, as a result, is highly aligned with the Group's financial performance and the interests of our investors.

Clarity

Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.	The Remuneration Committee has aimed to incorporate simplicity and transparency into the design and delivery of our Remuneration Policy. The remuneration structure is simple to understand for both participants and shareholders and is aligned to the strategic priorities of the business. We aim for disclosure of the Policy and how it is implemented to be in a clear and succinct format.

Simplicity

Remuneration structures should avoid complexity and their rationale and operation should be easy to understand.	Our remuneration arrangements for Executive Directors are purposefully simple, comprising of fixed pay (salary, benefits), a Short-Term Incentive Plan (annual bonus scheme) and a Long-Term Incentive Plan (LTIP).

Risk

Remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.	The Policy includes a number of points to mitigate potential risk: > Defined limits on the maximum opportunity levels under incentive plans. > Provisions to allow malus and clawback to be applied, where appropriate. > Performance targets calibrated at appropriately stretching but sustainable levels. > Bonus deferral, LTIP holding periods, in-employment and post-employment shareholding requirements ensuring alignment of interests between Executive Directors and shareholders and encouraging sustainable performance. For the CEO, as a founder, actual shareholding level is far in excess of these requirements, providing a strong alignment between individual and investor interests.

Predictability

The range of possible values of rewards to individual Directors and any other limits or discretions should be identified and explained at the time of approving the policy.	We aim for our disclosure to be clear to allow shareholders to understand the range of potential values which may be earned under the remuneration arrangements.

Proportionality

The link between individual awards, the delivery of strategy and the long-term performance of the Group should be clear. Outcomes should not reward poor performance.	A significant part of an Executive Director's reward is linked to performance with a clear line of sight between business performance and the delivery of shareholder value. For the CEO, as a founder, actual shareholding level is a strong alignment between individual and investor interests.

Remuneration continued

Directors' remuneration report

Our governance continued

UK Corporate Governance Code 2018 (the 'Code') – Provision 40 alignment continued

Alignment to culture

Incentive schemes should drive behaviours consistent with the Group's purpose, values and strategy.	The incentive arrangements and the performance measures used are strongly aligned to those that the Board considers when determining the success of the implementation of the Group's purpose, values and strategy. In determining that success, the Board has regard to the impact of the Group's purpose, values and strategy on the financial performance of the business, including revenues and profitability, and how that performance is reflected in the Company's share price over the medium and long term. The Board is able to review targets, measures and weightings for both the short-term and long-term incentive plans on an annual basis to ensure that they continue to be aligned with the Group's purpose, values and strategy.

Remuneration Policy

This section sets out the proposed Directors' Remuneration Policy which has been prepared in accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations. The Policy will be subject to a binding shareholder vote at the 2025 AGM and is intended to become effective from the date of the AGM.

The Company is committed to maintaining high standards of corporate governance and to making consistent annual improvements in its corporate governance practices in order to reflect evolving legal requirements, critical ESG themes, investor expectations and wider stakeholder considerations.

Therefore, the principles of the Code were taken into account when developing this Policy. The Committee will also seek to develop and maintain an open and constructive dialogue with current and future investors on the approach it takes to Director remuneration. In the event that any material changes to the Policy or its implementation are proposed, the Committee will engage in a consultation with shareholders as appropriate.

Fixed remuneration

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures	Change compared to 2022 Remuneration Policy
Base salary To attract and retain executives of the right calibre to successfully develop and execute on an intensive and ambitious emerging markets business strategy aimed at driving shareholder returns over time.	Base salaries will typically be reviewed annually, with any increases normally effective from 1 January. Base salary levels take account of: > The individual's role, performance and experience. > Business performance, individual track record and the external environment. > Salary increases for senior management and other employees. > Salary levels for comparable roles at relevant global businesses. No recovery or withholding applies.	Whilst there is no prescribed maximum, salary increases will generally be in line with those of the wider workforce. Increases may be made above this level where the Committee considers it appropriate, including (but not limited to) a significant increase in the scale, scope, market comparability or responsibilities of the role, bearing in mind potential growth and increased complexity of the business. Where an individual has been appointed on a salary lower than market levels, increases above the wider workforce may be made to recognise experience gained and performance in the role. Such increases will be explained in the relevant year's annual report on remuneration.	None.	No change.
Benefits To provide market-competitive benefits.	Benefits typically include participation in private health insurance, disability insurance, travel insurance and life insurance. Where appropriate, other benefits may be offered, including, but not limited to, allowances for relocation. Executive Directors will be eligible to participate in all-employee share schemes, including the ESPP and any which may be established in the future, on the same terms as other employees and subject to the limits defined in the plan rules. No recovery or withholding applies.	Benefits provided may vary by role and individual circumstance and are reviewed periodically. There is no overall maximum.	None.	No change.

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures	Change compared to 2022 Remuneration Policy
Pension (or cash allowance) To provide market-competitive retirement benefits in line with the global workforce.	Executive Directors may participate in a defined contribution scheme. Individuals may receive a cash allowance in lieu of some or all of their pension contribution. No recovery or withholding applies.	Pension contribution or cash payment is equal to the maximum employer contribution available to employees under the defined contribution scheme (currently 10% of salary) in line with the wider workforce.	None.	No change.

Performance-related variable remuneration

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures	Change compared to 2022 Remuneration Policy
Short-Term Incentive Plan (STIP) To provide alignment between the successful delivery of annual strategic business priorities and reward.	The bonus is earned based on the achievement of one-year performance targets and is delivered in cash or a combination of cash and deferred shares. At least one-third of gross bonus will be deferred into shares, typically for a period of two years. Dividend equivalents may be accrued on deferred shares. Such deferral may be waived at the discretion of the Remuneration Committee for founder Executive Directors with a high level of shareholding if it would (absent a waiver) result in a requirement for a member of the Founder Concert Party to make a general offer to shareholders.	The overall policy maximum for Executive Directors is 200% of base salary. The bonus pays out from threshold at 25% to target at 50% and 100% at maximum performance.	Performance measures, weightings and targets are reviewed annually and set at the beginning of the year to ensure they are stretching and they continue to support the achievement of the Group's key strategic priorities. The bonus will be based on a combination of financial, operational, strategic and individual measures. At least 60% of the bonus will be based on financial measures, which may include (but are not limited to) revenue and adjusted EBITDA. The Committee has the discretion to adjust the bonus outcomes to ensure they are reflective of underlying business performance and any other relevant factors. The Committee will consult with major shareholders where appropriate before the use of discretion to increase the outcome.	The overall policy maximum will increase from 150% to 200% of base salary. Discretion for the Committee to waive the requirement to defer bonus for founder Executive Directors with high shareholdings where otherwise this might result in a requirement to make a general offer.
Long-Term Incentive Plan (LTIP) To incentivise and reward participants over the long term for sustained performance and delivery of the business strategy and shareholder value. Provides longer-term alignment with the shareholder experience.	LTIP awards will typically be made annually and consist of rights to shares (or a cash equivalent) subject to performance conditions. Awards will normally vest no less than three years after the respective award grant date, based on satisfaction of the defined performance metrics. Vested shares are subject to a holding period of two years (shares may be sold at vesting to satisfy any tax-related liabilities). Dividend equivalents may be accrued on LTIP awards to the extent that they vest and would be paid out at the time of vesting. Malus and clawback provisions may be applied in exceptional circumstances as detailed in the notes to this table.	The overall policy maximum for Executive Directors is 1,000% of base salary. For threshold performance, payment starts at 25%.	The targets, measures and weightings will be determined annually by the Committee prior to the grant of the award. This is likely to include a market measure (such as relative TSR) and an internal financial measure. The Committee will set the measures and weightings each year, and has discretion to adjust the number of shares vesting from the formulaic application of the performance conditions based on a review of the underlying performance of the Group. The Committee will consult with major shareholders where appropriate before the use of any material discretion to increase the formulaic outcome.	The overall policy maximum will increase from 300% to 1,000% of base salary.

Remuneration continued

Directors' remuneration report

Remuneration Policy continued

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures	Change compared to 2022 Remuneration Policy
Performance-related variable remuneration				
Shareholding policy To provide alignment between the interests of Executive Directors and shareholders over the longer term.	Shareholding guidelines will be 200% of base salary for all Executive Directors, to be built up over a five-year period from their date of appointment to the Board. For the purposes of the Policy, shares which are beneficially owned will count, as will unvested shares which are not subject to any performance conditions (on a net of tax basis). **Post-cessation shareholding policy** All Executive Directors will be required to maintain the lesser of the in-employment guideline or their actual shareholding at the point of leaving for two years post-cessation.	Not applicable.	Not applicable.	No change.

Notes to the Policy table

Operation of incentive plans

The incentive plans will be operated within the Policy at all times and in accordance with the relevant plan rules and the Listing Rules. There are a number of areas over which the Committee retains flexibility, as detailed below:

- Who participates in each plan.
- The timing and size of an award and/or payment (subject to any maximums indicated in the table above).
- The performance measures, weightings and targets that will apply each year and any intra-period adjustments thereof.
- The treatment of leavers.
- Amendments of plan rules in accordance with their terms.

Where appropriate, any use of discretion by the Committee will be disclosed in the relevant annual report on remuneration and may be subject to consultation with the Company's shareholders.

Malus and clawback provisions

Consistent with best practice, malus and clawback provisions will be operated at the discretion of the Committee in respect of both the annual bonus and LTIP where it considers that there are exceptional circumstances. Such exceptional circumstances include those relating to material misstatement of accounts, errors in calculating the LTIP award, corporate failure and a participant's conduct resulting in material reputational damage.

Clawback may be applied from the point of payment for the bonus for a period of up to three years and, for the LTIP, from vesting until the fifth anniversary of the award (or two years from vesting, for a three-year award).

Discretion

The Committee recognises the importance of ensuring that pay reflects performance aligned with the Group's strategy, ambitions and risk appetite.

Consequently, and in line with the Code, the Committee expects to review formulaic outcomes to ensure alignment with Alphawave Semi's long-term goals and shareholder and stakeholder experience, and may apply appropriate judgement and adjustments, upwards or downwards. In addition, the Committee may amend formulae, performance metrics and targets to reflect changes in Group strategy, acquisitions or disposals or other exceptional circumstances. Such exercise of judgement or discretion shall be disclosed in the remuneration report.

Existing arrangements

Payments may be made to satisfy commitments made prior to the approval of this Policy. This may include, for example, but without limitation, payments made to satisfy legacy arrangements agreed prior to an employee (and not in contemplation of) being promoted to the Board. All such outstanding obligations may be honoured, and payment will be permitted under this Policy.

Minor amendments

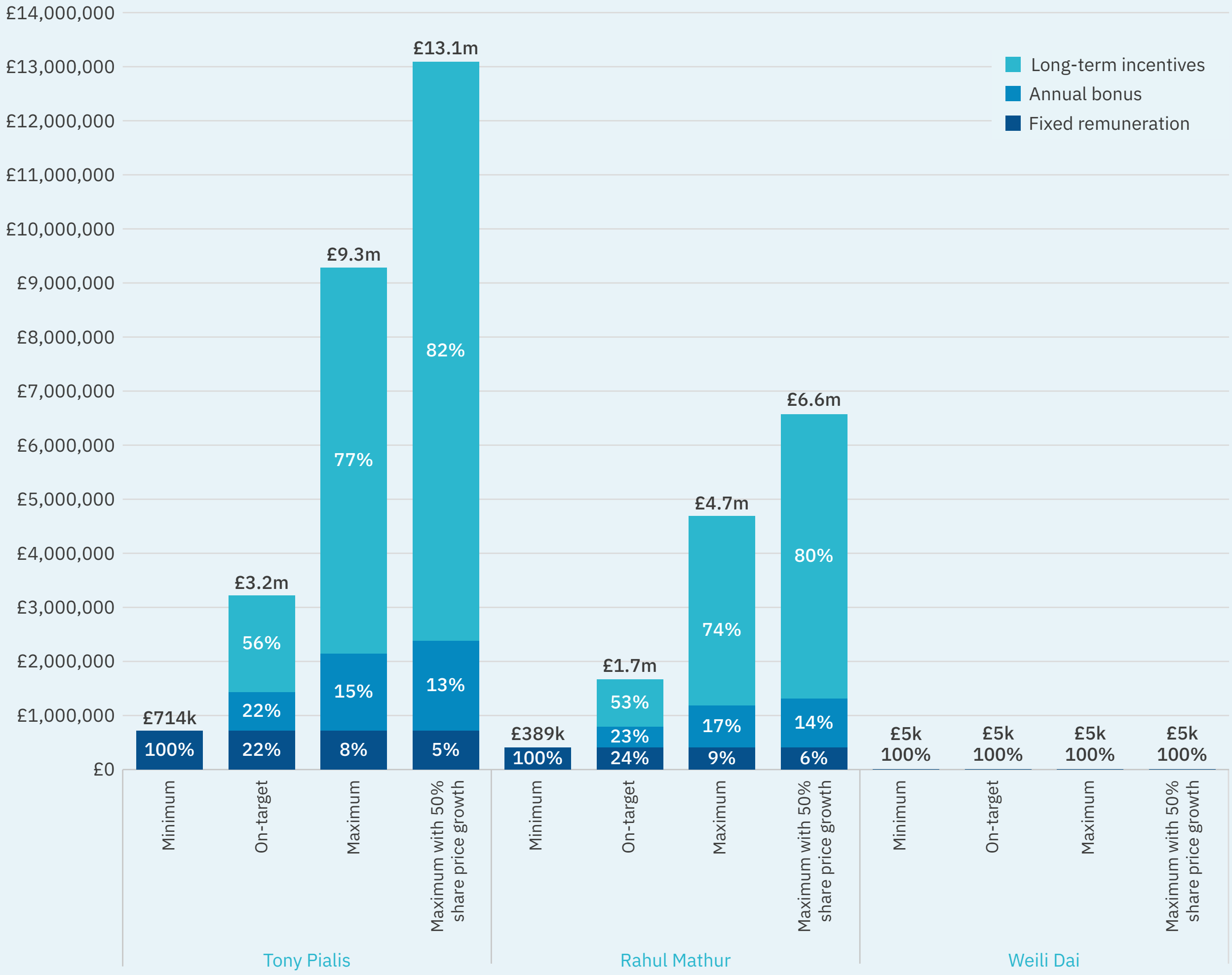
The Committee may make minor amendments to the Policy (for example for tax, regulatory, exchange control or administrative purposes) without obtaining shareholder approval.

Illustrations of application of the Policy

The graphs on page 85 provide estimates of the potential reward opportunity for the current Executive Directors and the split between the three different elements of remuneration under three different performance scenarios: 'Minimum', 'Target' and 'Maximum'. In line with the reporting regulations, a scenario assuming 50% share price growth over the three-year LTIP performance period is also shown on page 85. The assumptions used for these charts are set out in the table on page 85.

Weili Dai is not entitled to participate in any incentive arrangements.

Illustrative scenario analysis (2025)



Minimum	Fixed remuneration (salary and benefits) only No payout under the STIP or LTIP vesting
Target	Fixed remuneration 50% of maximum payout under the STIP 25% of maximum vesting under the LTIP
Maximum	Fixed remuneration 100% of maximum payout under the STIP 100% of maximum vesting under the LTIP
Maximum + 50% share price growth	Fixed remuneration 100% of maximum payout under the STIP 100% of maximum vesting under the LTIP 50% assumed share price growth over the three-year LTIP performance period

The charts above are based on notional bonus opportunity of 200% of salary, LTIP award level of 1,000%, and assume a one-third bonus deferral.

Other than the 'Maximum scenario with 50% share price growth', no share price growth has been included in the charts above and it is assumed that no dividends or dividend equivalents are paid.

Remuneration continued

Directors' remuneration report

Recruitment remuneration

In agreeing a remuneration package for a new Executive Director, the structure and quantum of variable pay elements would reflect those set out in the Policy table above. Salary would reflect the skills and experience of the individual, and may be set at a level to allow future progression to reflect performance in the role. On recruitment, relocation benefits may be paid as appropriate.

This overall approach would also apply to internal appointments, with the provision that any commitments entered into before promotion, which are inconsistent with this Policy, can continue to be honoured under the Policy. Similarly, if an Executive Director is appointed following the Group's acquisition of or merger with another company, legacy terms and conditions would be honoured.

An Executive Director may initially be hired on a contract requiring 24 months' notice which then reduces pro rata over the first year of the contract to requiring twelve months' notice.

The Committee may award compensation for the forfeiture of awards from a previous employer in such form as the Committee considers appropriate taking account of all relevant factors including the expected value of the award, performance achieved or likely to be achieved, the proportion of the performance period remaining and the form of the award.

There is no specific limit on the value of such awards, but the Committee's intention is that the value awarded would be similar to the value forfeited.

Maximum variable pay will be in line with the maximum set out in the Policy table (excluding buy-outs). The Committee retains discretion in exceptional circumstances to make appropriate remuneration decisions outside the standard Remuneration Policy to meet the individual circumstances when:

i. An interim appointment is made to a fill an Executive Director role on a short-term basis.
ii. Exceptional circumstances require that the Non-Executive Chair or a Non-Executive Director takes on an executive function on a short-term basis.

For Non-Executive Directors, the Board would consider the appropriate fees for a new appointment taking into account the existing level of fees paid to the Non-Executive Directors, the experience and ability of the new Non-Executive Director and the time commitment and responsibility of the role.

Directors' service contracts and letters of appointment

Executive Directors' contracts have rolling terms and are terminable on no more than twelve months' notice, with the exception of Weili Dai, whose contractual notice period is one month. The key elements of the service contract for Executive Directors relate to remuneration, payments on loss of office and restrictions during active employment (and for twelve months thereafter). These restrictions include non-competition and non-solicitation of customers and employees.

Non-Executive Directors do not have service contracts but each has a letter of appointment. In accordance with the Company's Articles, following their appointment, all Directors must retire at each AGM and may present themselves for re-election. The Board may terminate their appointment at any time, on one month's notice. None of the Non-Executive Directors has any provision in their letters of appointment giving them a right to compensation upon early termination of appointment.

Executive Directors' service contracts and Non-Executive Directors' letters of appointment are available to inspect at the Company's registered office.

Treatment of corporate events

The plan rules contain provisions relating to change of control. In general, outstanding awards would normally vest and become exercisable on a change of control, to the extent that the Committee determines that any applicable performance conditions have been satisfied at that time or are likely to be satisfied. Unless the Committee decides otherwise (or the award is a bonus deferral award), the number of shares vesting will also be reduced, reflecting the time period to the date of the event. Alternatively, awards may be exchanged for equivalent awards over shares in the acquiring company. Any holding period will come to an end on the date of the change of control.

The Committee can decide that similar treatment will apply on a demerger, delisting, distribution (other than an ordinary dividend) or other transaction which could affect the value of an award. The Committee can adjust the number or type of shares subject to an award and/or any exercise price to take account of any rights issue, demerger, special dividend or other variation of capital or similar corporate event.

Payments for departing Executive Directors

Notice period and compensation for loss of office in service contracts

The Company can make payments in lieu of notice which is limited (except in the case of Tony Pialis) to base salary and contractual benefits. Any such payments can be made on a monthly basis with payments reduced by the amount of earnings from any alternative employment.

The employment agreement of Tony Pialis is governed by Canadian law and any payment in lieu of notice would only include anything other than cash and benefits if required to do so by Canadian law.

Annual bonus

Upon termination, the annual bonus is only payable if the participant is considered to be a good leaver as determined by the Committee (which would include ill health, injury, disability, retirement, the employing company ceasing to be a member of the Group and redundancy, or in other circumstances if the Committee so decides).

In these circumstances, the payment will be pro-rated for the period of service during the financial year and will reflect the extent to which Group performance has been achieved (subject to Committee discretion).

Bonus deferral awards that have not yet vested will not lapse on the leave date but will continue in effect until they vest or lapse according to the terms of the plan. However, if a participant leaves because of misconduct or otherwise in circumstances in which their employment could have been terminated without notice, the award will lapse.

LTIP

An LTIP award which has not vested will automatically lapse on the date the participant leaves employment, except if they leave in circumstances detailed in the plan rules, such as ill health, injury, disability, retirement, the employing company ceasing to be a member of the Group and redundancy or in other circumstances, if the Committee so decides, the award will continue in effect (or may vest on or after leaving). Vesting of the award will be subject to the extent that performance conditions have been or are likely to be satisfied (as determined by the Committee), and any additional conditions as the Committee may impose. Unless the Committee decides otherwise, the number of shares that vest will be reduced to reflect the proportion of the period up to the vesting date which has elapsed by the date the participant left employment. The normal vesting date will apply, unless the Committee exercises its discretion to allow an award to vest on the date the participant leaves employment or any later date it chooses. If a participant dies, any outstanding awards will vest on the date of death in full.

Pension and benefits

Generally pension and benefit provisions will continue to apply until the termination date. Where appropriate, other benefits may be receivable, such as (but not limited to) payments in lieu of accrued holiday, legal fees or tax advice costs in relation to the termination, settlement of any potential legal claims and repatriation.

Pay and conditions throughout the Group

The pay and conditions of employees are considered by the Committee in setting policy for the Executive Directors and senior management.

The Committee is kept regularly informed on the pay and benefits provided to employees and base salary increase data from the annual salary review for the wider employee population general staff is considered when reviewing Executive Directors' salaries and those of senior management. The Committee did not consult with employees when setting the Policy.

Remuneration Policy table for Non-Executive Directors

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures	Change compared to 2022 Remuneration Policy
Fees				
The Company offers competitive fee arrangements to attract and retain high calibre and experienced individuals to serve on the Board.	Non-Executive Directors receive an annual base fee. They may receive further fees for additional responsibilities such as being the Senior Independent Director or chairing a Board Committee and also for membership of a Board Committee. Fees are subject to review taking into account time commitment, responsibilities and market practice. Non-Executive Directors are entitled to be reimbursed for reasonable expenses incurred during the performance of their duties, including any tax due on these benefits.	Total fees paid will be within the limit stated in the Articles of Association.	None.	No change.
Benefits.	Non-Executive Directors do not participate in incentive schemes or receive a pension provision. The Company reimburses travel expenditure and provides travel insurance when on Company business and provides professional advice in respect of Company business. Generally there are no other benefits but the Company may offer other benefits reflecting the requirements of the role, or changing market.	Not applicable.	Not applicable.	No change.

Remuneration continued

Directors' remuneration report

Annual report on remuneration

This section of the Directors' remuneration report provides details of:

- How Directors were paid for the year ended 31 December 2024.
- How we propose to implement our Policy for 2025.

This section of the report will be subject to an advisory vote at the 2025 AGM.

Remuneration paid to Executive Directors in respect of 2024

Single figure of remuneration for the 2024 financial year (audited)

The tables below set out the total remuneration to Executive Directors for the years ended 31 December 2024 and 31 December 2023.

31 December 2024

Director	Salary and fees	Benefits[4]	Pension/cash in lieu of pension	Bonus	LTIP award	**Total remuneration**	**Total fixed remuneration**	**Total variable remuneration**
John Lofton Holt[1]	£421,154	£156	—	—	—	**£421,310**	**£421,310**	**—**
Tony Pialis	£609,827	£3,385	—	—	—	**£613,212**	**£613,212**	**—**
Rahul Mathur[2]	£25,846	£2,358	—	—	—	**£28,204**	**£28,204**	**—**
Sehat Sutardja[3]	£63,750	—	—	—	—	**£63,750**	**£63,750**	**—**

1. John Lofton Holt received an additional £450,000, being payment in lieu of notice as set out in the loss of office section below.
2. Rahul Mathur was appointed to the Board on 6 December 2024 and his salary for this period is shown from 6 - 31 December 2024.
3. Sehat Sutardja was an Executive Director until his passing in September 2024.
4. Benefits represent the taxable value of benefits paid and include private family health insurance.

31 December 2023

Director	Salary and fees	Benefits[1]	Pension/cash in lieu on pension[2]	Bonus	LTIP award	Total remuneration	Total fixed remuneration	Total variable remuneration
John Lofton Holt	£450,000	—	—	—	—	£450,000	£450,000	—
Tony Pialis[3]	£450,000	£3,148	—	—	—	£453,148	£453,148	—
Sehat Sutardja	£85,000	—	—	—	—	£85,000	£85,000	—
Daniel Aharoni	£139,328	£3,068	£14,150	—	—	£156,546	£156,546	—

1. Benefits represent the taxable value of benefits paid and include private family health insurance.
2. Pension contribution.
3. The increase in benefit costs is directly correlated to the changes in benefits made for all employees in this region for the CEO.

Annual bonus for the year ended 31 December 2024[1]

Details of the performance against the financial targets for the 2024 annual bonus are as follows:

Measure	Weighting	Threshold ($m)	Target ($m)	Maximum ($m)	Actual performance ($m)	Achievement against measure (% maximum opportunity for this measure)
Revenue	60%	361.8	411	442.2	307.6	0
Adjusted EBITDA	20%	93.6	103.9	114.0	51.1	0
Operating Cash Flow	20%	74.0	—	87.5	13.5	0
Overall bonus (% max)		0	0	0	0	0

1. Financial targets are shown in USD as presented to market. Exchange rate of 1 GBP = 1.27941 USD.

2024 Bonus outcome

Annual bonus payout	Maximum bonus opportunity	Bonus formulaic outcome (% of maximum)	Actual bonus received as cash (£)	Actual bonus deferred into shares (£)
Tony Pialis	150%	0	£0	£0

LTIP award during the year

On 25 June 2024, an award under the LTIP with a face value of 300% of base salary was made to the CEO. The award was subject to the following performance conditions:

Measure	Weighting	Threshold (25% vesting)	Maximum (100% vesting)
Relative TSR vs constituents of the FTSE 250 measured over three financial years 2024-2026	35%	Median	Upper quartile
Relative TSR vs constituents of the FTSE All-World Technology Index	35%	Median	Upper quartile
Adjusted EPS growth	30%	10% CAGR	40% CAGR

These performance metrics were selected as they align with the Group's focus on ambitious growth and profitability. The targets were set at a level the Committee believes to be appropriately stretching, taking into account both internal performance expectations and external analyst forecasts. The targets also reflect the transformation of the business from a single >90% gross margin revenue stream, to a business with three revenue streams, each having very different scales and margin profiles, which is typical of a multinational vertically integrated semiconductor company. The Committee has chosen to use TSR as an important measure of value created for our shareholders and measure against the constituents of the FTSE 250, reflecting our UK listing, and against those of the All-World Technology Index, reflecting our sector. Stretching EPS targets reflect our focus on ambitious growth and profitability. CAGR targets approximated analyst growth targets at the time of grant and reflect the transition from a standalone IP business to a vertically integrated semiconductor business.

Non-Executive Directors' single figure of remuneration (audited)

The remuneration of the Non-Executive Directors for 2024 is set out below.

Non-Executive Directors	Fees 2023	Fees 2024	Benefits 2024	**Total 2024**
Jan Frykhammar	£119,000	£119,000	–	**£119,000**
Michelle Senecal de Fonseca	£87,833	£101,885	–	**£101,885**
Rosalind Singleton[1]	£65,000	£36,154	–	**£36,154**
Victoria Hull[1]	£90,000	£43,385	–	**£43,385**
Susan Buttsworth[1]	£75,000	£38,564	–	**£38,564**
Paul Boudre[1]	£75,000	£36,154	–	**£36,154**
David Reeder	£28,333	£92,731	–	**£92,731**
Total	£540,166	£467,873	–	**£467,873**

1. On 25 June 2024, Rosalind Singleton, Victoria Hull, Susan Buttsworth and Paul Boudre retired from the Board of Directors and their salaries are for the period of their appointment.

No changes to fees are being proposed for 2025, except where additional appointments have been undertaken.

Details of Directors' service contracts and letters of appointment

Detail of the service, employment contracts and letters of appointment in place as at 31 December 2024 for Directors are as follows:

Name	Date of appointment	Date of current service contract or letter of appointment	Unexpired term at 31 December 2024
Tony Pialis	16 April 2021	22 April 2021	Executive Directors are subject to a 12-month notice period, with the exception of Weili Dai, whose contractual notice period is one month.
Rahul Mathur	6 December 2024	9 April 2025	
Weili Dai	14 September 2024	9 April 2025	
Jan Frykhammar	16 April 2021	4 April 2025	Letters of appointment for the Non-Executive Directors do not contain fixed-term periods; however, they are appointed in the expectation that they will serve two three-year terms subject to satisfactory performance and re-election at AGMs.
Michelle Senecal de Fonseca	16 April 2021	24 March 2025	
David Reeder	1 September 2023	24 March 2025	

See page 86 for details.

Remuneration continued

Directors' remuneration report

% Year-on-year change in pay 2024

	Salary change in 2023 (%)	Benefits change in 2023 (%)	Bonuses change in 2023 (%)	**Salary change in 2024 (%)**	**Benefits change in 2024 (%)**	**Bonuses change in 2024 (%)**
Directors						
Tony Pialis[1]	0%	21%	0%	**36%**	**8%**	**0%**
Weili Dai[5]	N/A	N/A	N/A	**N/A**	**N/A**	**N/A**
Rahul Mathur[2]	N/A	N/A	N/A	**N/A**	**N/A**	**N/A**
Sehat Sutardja[6]	0%	0%	0%	**(25)%**	**0%**	**0%**
Non-Executive Directors[1]						
Jan Frykhammar	0%	0%	0%	**0%**	**0%**	**0%**
Michelle Senecal de Fonseca	0%	0%	0%	**16%**	**0%**	**0%**
Rosalind Singleton[3]	0%	0%	0%	**(44)%**	**0%**	**0%**
Victoria Hull[3]	0%	0%	0%	**(52)%**	**0%**	**0%**
Susan Buttsworth[3]	0%	0%	0%	**(49)%**	**0%**	**0%**
Paul Boudre[3]	0%	0%	0%	**(52)%**	**0%**	**0%**
David Reeder[7]	N/A	N/A	N/A	**227%**	**0%**	**0%**
Employees[4]	10%	613%	(100%)	**11%**	**58%**	**69%**

1. The increase in benefits for Tony Pialis is directly correlated to the changes in benefits made for all employees in this region.
2. Rahul Mathur was appointed to the Board on 6 December 2024, therefore salary change information not currently available.
3. Salary changes relates to the Directors retiring.
4. The increase in general employee salaries and bonuses has been calculated by taking the figures per employee in 2023, and comparing with the figures in 2024 (for those still in employment).
5. Weili Dai was appointed to the Board on 14 September 2024, therefore salary change information is not available.
6. The decrease for Sehat Sutardja is due to the proportionate salary paid to him in FY24, due to his passing in September 2024.
7. The increase in salary for David Reeder is due to his salary in FY23 only being paid for 4 months, and his salary in FY24 being paid for the full year.

Payments to past Directors (audited)

There were no payments made to past Directors.

Payments for loss of office (audited)

As announced on 5 December 2024, John Lofton Holt stepped down as Executive Chair and as an Executive Director of the Board on 6 December 2024. In accordance with the approved Directors' Remuneration Policy, Mr Holt was paid, subject to statutory deductions:

> His outstanding basic salary and contractual benefits up to the termination date together with a payment in lieu of accrued but untaken annual leave as at that date.

> £450,000 being payment in lieu of the twelve months' notice of termination to which he would otherwise be entitled, based on his basic salary only.

Director	Salary	Benefits	Accrued holiday not taken	Bonus	Pension	**Total payment**
Daniel Aharoni[1]	£139,917	–	–	–	–	**£139,917**
John Lofton Holt	£450,000	–	£29,423	–	–	**£479,423**

1. Daniel Aharoni stepped down as CFO on 19 May 2023. Payments of £139,917 were made to him during 2024 in respect of the remaining notice period that he was entitled to be paid for. These payments were based on his basic salary only.

Directors' interests in the shares of the Company (audited)

A summary of interests in shares and scheme interests of the Directors who served during the year and their connected persons is given below, as at 31 December 2024.

Executive Directors	Total number of interests in shares (31 December 2024)	Vested without performance conditions	Unvested with performance conditions	Unvested without performance conditions	Shares held as % of salary[1]	Total number of interests in shares (31 March 2025)
Tony Pialis	88,963,452	–	1,165,968	–	14,242%	88,963,452
Weili Dai [2]	96,275,358	–	–	–	2,096,084%	96,275,358
Rahul Mathur	920,949	820,949	–	–	276%	1,037,617
Total	**186,159,759**	**820,949**	**1,165,968**	–		**186,276,427**

1. Shares held as % of salary based upon Alphawave IP Group plc one-month volume-weighted average share price of £1.09 as at 31 December 2024.
2. Upon Sehat Sutardja's passing the shareholding was passed to Weili Dai.

Non-Executive Directors	Total number of interests in shares (31 December 2024)	Total number of interests in shares (31 March 2025)
Jan Frykhammar	48,780	48,780
Michelle Senecal de Fonseca	44,316	44,316
David Reeder	—	—
Total	**93,096**	**93,096**

Alignment to shareholder interests

Current levels of ownership by the Executive Directors, and the date by which the goal should be achieved, are shown on the next page.

Based on a one-month volume-weighted average share price of £1.09 as at 31 December 2024, Tony Pialis and Weili Dai far exceed their shareholding requirement (% of salary). By virtue of Tony Pialis being a founder and Weili Dai a significant shareholder in the Company, they are inherently aligned to the experience of other shareholders.

Director	Requirement as a % of salary	Current % of salary held	Number of shares owned	% of issued share capital[1]	Date of requirement to be achieved
Tony Pialis	200%	14,242%	88,963,452	11.84%	n/a
Weili Dai	200%	2,096,084%	96,275,358	12.82%	n/a
Rahul Mathur	200%	276%	920,949	0.12%	n/a

1. Note: % of issued share capital based on issued shares as at 31 December 2024.

TSR performance chart (2025)

Single figure of remuneration for the CEO	2022	2023	**2024**
President & Chief Executive Officer – Tony Pialis	£452,600	£453,148	**£613,212**
Annual bonus payout (% of maximum)	n/a	n/a	**n/a**
LTIP payout (% of maximum)	n/a	n/a	**n/a**

The graph above shows the value, as at 31 December 2024, of £100 invested at the IPO date (13 May 2021) in Alphawave IP Group plc compared with the value of £100 invested in the comparative indices. We have compared against the FTSE 250 and FTSE All-World Technology indices as these are reflective of our UK listing and our sector, respectively, and are also the comparisons used for the TSR conditions under the LTIP.

Remuneration continued

Directors' remuneration report

Relative importance of spend on pay

The table below shows the total expenditure on employee remuneration compared to distributions to shareholders in 2024 and the prior year.

	2023	2024
Employee remuneration	US$90.8m	**US$123.0m**
Distributions to shareholders	n/a[1]	**n/a**[1]

1. Our policy is to reinvest any profits back into the business and we do not intend to pay dividends for the foreseeable future.

CEO pay ratio

Although we do not currently have a large enough UK employee population to meet the threshold under the UK regulations for CEO pay ratio figures to be robust, the Remuneration Committee is satisfied that relativities between employees and Executive Directors are appropriate. We have a highly skilled and competitively rewarded employee population. As a fast-growing business, we are recruiting rapidly and expect to report CEO pay ratio figures in the annual report once the population is sufficient for this to be done on a robust basis.

Engagement with colleagues

Michelle Senecal de Fonseca continues to act as the Group's Workforce Engagement NED. Her responsibilities include understanding the concerns of the workforce, representing those views and concerns in Board meetings, and ensuring the Board takes appropriate steps to evaluate the impact of proposals and developments on the workforce and considers what steps should be taken to mitigate any adverse impact. Michelle has driven a number of workforce engagement activities as outlined in this annual report.

Application of Policy in 2025

Base salary and benefits

The table below shows the 2024 salary levels for each Executive Director and 2025 proposed salary levels.

Director	2024 Salary level	2025 Salary level	Proposed change for 2025 (%)
Tony Pialis	£680,000	£714,000	5%
Weili Dai	£5,000	£5,000	0%
Rahul Mathur	£363,062[1]	£389,387[2]	5%

1. Rahul Mathur's salary for 2024 of USD $464,850 is shown as an annualised figure however he was appointed to the Board on 6th December 2024. It has been converted from USD to GBP using an FX rate of 1.28036 which is the average for 2024
2. Base salary for Rahul Mathur with the 5% uplift is USD $488,093. The rate of Rahul Mathur's salary has been converted from USD to GBP at a rate of 1.25349 on 1st January 2025.

Benefit provision will be unchanged in 2025.

Annual bonus and long-term incentives

As described in the Chair's letter, the Committee believes that, given the development of the business since the IPO, that it is now appropriate to recast the Executive Director packages and offer market-competitive remuneration, including participation in annual bonus and equity incentives. The President & Chief Executive Officer and Chief Financial & Chief Operating Officer will therefore participate in the annual bonus scheme in 2025, with a maximum opportunity level of 200% of base salary (subject to approval of the proposed Remuneration Policy). Weili Dai as Interim Executive Director is not eligible to participate.

The payout of STIP will be subject to the achievement of stretching performance targets, as follows:

Measure	Weighting
Revenue	60%
Adjusted EBITDA	20%
Operating cash flow	20%

Revenue and adjusted EBITDA have been selected as the performance measures as they are two strategically critical financial measures for the Group. Operating cash flow was included as a metric for 2025, both in response to feedback received from shareholders during the consultation exercise and our ongoing focus on optimising operational efficiency and enhancing liquidity alongside sustainable growth. The weighting distribution is based on the business' continued focus on generating revenue, while equally balancing profitability and operating cash flow.

The Committee considers that the targets are commercially sensitive on a forward-looking basis but commits to disclosing the full details of these, as well as performance against them on a retrospective basis in next year's remuneration report.

One-third of any bonus will be deferred into shares for a period of two years.

As outlined in the Chair's letter, the Committee intends to grant the President & Chief Executive Officer and Chief Financial & Chief Operating Officer a 2025 LTIP award with a face value equivalent to 1,000% of salary. Weili Dai is not eligible to participate. The performance measures, weightings and targets for 2025 are as follows:

Measure	Weighting	Threshold (25% vesting)	Maximum (100% vesting)
Relative TSR vs constituents of the FTSE 250	35%	Median	Upper Quartile
Relative TSR vs constituents of the FTSE All-World Technology Index	35%	Median	Upper Quartile
Adjusted EPS growth	30%	TBC[1]	TBC[1]

1. The EPS growth targets had not been finalised as at the date of this report but will be disclosed in the RNS announcement at the time of grant (which will be after the AGM, subject to shareholder approval of the proposed Remuneration Policy).

These performance metrics have been selected as they align with the Group's focus on ambitious growth and profitability. The Committee has chosen to use TSR as an important measure of value created for our shareholders and measure against the constituents of the FTSE 250, reflecting our UK listing, and against those of the All-World Technology Index, reflecting our sector. Stretching EPS targets will reflect our focus on ambitious growth and profitability.

External advisers

Willis Towers Watson (WTW) were appointed advisers to the Company prior to IPO, to advise the Company on remuneration matters in the context of UK listed company best practice corporate governance expectations and regulatory requirements. WTW now provide independent advice to the Committee on all aspects of executive remuneration and attend Remuneration Committee meetings. The Committee reviews the advice, challenges conclusions and assesses responses from its advisers to ensure objectivity and independence.

WTW is a founder member of the Remuneration Consultants Group and, as such, voluntarily operates under the Remuneration Consultants Group Code of Conduct in relation to executive remuneration consulting in the UK. This is based upon principles of transparency, integrity, objectivity, competence, due care and confidentiality by executive remuneration consultants. WTW has confirmed that it adheres to that Code of Conduct for all remuneration services provided to Alphawave Semi and therefore the Committee is satisfied that it is independent and objective. The Remuneration Consultants Group Code of Conduct is available at **www.remunerationconsultantsgroup.com**. The fees payable to WTW for services to the Committee during the year were £101,304.

Shareholder voting

The table below sets out the actual voting in respect of the resolution regarding the remuneration report at the 2022, 2023 and 2024 AGM.

Resolution	For	Against	Total	Withheld
To approve the Directors' remuneration report 2022	635,783,146 (99.98%)	115,061 (0.02%)	635,898,207	100,058
To approve the Directors' remuneration report 2023	592,461,946 (99.72%)	1,650,592 (0.28%)	594,112,538	28,471
To approve the Directors' remuneration report 2024	**569,908,708 (98.43%)**	**9,106,163 (1.57%)**	**579,014,871**	**161,172**

David Reeder
Chair of the Remuneration Committee

17 April 2025

This Directors' remuneration report has been prepared in accordance with the requirements of Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended). The report also meets the relevant requirements of the Listing Rules of the Financial Conduct Authority, and describes how the Board has complied with the principles and provisions of the UK Corporate Governance Code relating to remuneration matters. Remuneration tables are subject to audit in accordance with the relevant statutory requirements.

Directors' report

The Directors present their report, together with the audited financial statements, for the period ended 31 December 2024.

The Directors' report, together with the strategic report, represent the management report for the purposes of compliance with the Disclosure Guidance and Transparency Rules 4.1.8R.

In accordance with section 414C(11) of the Companies Act 2006 and the Companies (Miscellaneous Reporting) Regulations 2018, the Board has included certain disclosures in the strategic report set out below:

Disclosure	Page
Future business developments	Market opportunities, pages 8 to 11
Risk management	Principal risks and uncertainties, pages 58 to 61
Going concern and viability statement	Viability statement, pages 56 and 57
Disabled employees	ESG, Our people section, pages 24 to 29
Business relationship with suppliers, customers and other stakeholder engagement	Stakeholder engagement, pages 16 to 19
Climate-related financial disclosures, greenhouse gas consumption, energy consumption and energy efficiency action	ESG, pages 32 to 34 and appendix Climate-related disclosures
Workforce engagement	ESG, Our people section, pages 24 to 29

Compliance with the UK Corporate Governance Code 2018

Alphawave IP Group plc was admitted to the standard listing segment of the FCA's Official List and to trading on the London Stock Exchange's main market on 18 May 2021 ('Admission'). Save as set out in the corporate governance statement, the Board voluntarily complies with the requirements of the UK Corporate Governance Code (the 'Code'). Under the new UKLR, Companies that previously had a Standard Listing are now considered part of the Equity Shares (Transition) Category until they 'step up' to the Equity Shares (Commercial Companies) Category. Prior to 18 May 2021, the Group was not required to comply with the principles and provisions of the Code. Since Admission, the Group has complied with all provisions of the Code, except as noted below.

The annual external evaluation of the operation and effectiveness of the Board, its Committees and individual Directors was undertaken in 2024. The Board intends to comply with the Code guidance that an externally facilitated evaluation should take place at least every three years.

Whilst the Group did not have an internal audit function during the period under review, the Company has complied with the requirement in Provision 25 for the Audit Committee to consider annually whether there is a need for one. During the period under review, the Group did not have an internal audit function as it had been agreed that the Group's size and activities were such that internal assurance was achievable through other means.

The Audit Committee continue to evaluate the need for an internal audit function and recommended to the Board to keep this area under review. In addition, the annual evaluation of the Group's risk management and internal control systems (in accordance with Provision 29 of the Code) took place in 2024.

During 2024, the Audit Committee undertook a review of the effectiveness of the external audit process (in accordance with Provision 25 of the Code). The process began soon after the publication of the FY 2023 results in May 2024 and this continues.

The Executive Chair of the Company, John Lofton Holt, was not independent on Admission. Together with the other founders, John guided the Group's growth through its early stages. John Lofton Holt left the company on 6 December 2024, and since his departure, the Group has appointed an independent Chair of the Company.

The Board considers that John's continued leadership ensured that the Group was best placed to continue its growth trajectory.

Further information on the Company's application of the principles and provisions of the Code can be found in the corporate governance report.

Corporate governance statement

The information that fulfils the requirements of the corporate governance statement for the purposes of the FCA's Disclosure Guidance and Transparency Rules can be found in the corporate governance report and in this Directors' report.

Disclosure of information to auditors

The Directors confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware. Each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Insurance and indemnities

The Group has maintained Directors' and Officers' liability insurance cover throughout the reporting period. The Directors are able to obtain legal or other relevant advice at the expense of the Company in their capacity as Directors. The Company has also provided a qualifying third-party indemnity to each Director as permitted by section 234 of the Companies Act 2006 and by the Articles, which remain in force at the date of this report.

The Directors' and Officers' liability insurance cover also extends to the directors of Group subsidiaries.

Political and charitable donations

The Group did not make any political or charitable donations or incur political expenditure during the reporting period.

Subsidiaries and branches

The Company acts as a holding company for the Group of subsidiaries. The Group's subsidiaries are set out on page 161 of the financial statements.

Share capital

Details of the Company's share capital, together with details of the movements in the share capital during the year, are shown on page 144 of the financial statements. The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at a general meeting of the Company. Restrictions on share transfers are set out in the Company's Articles of Association. The Company is not aware of any agreements between shareholders that restrict the transfer of shares or voting rights attached to the shares. As approved by the IPO Committee of the Board on 12 May 2021 and the High Court of Justice Business and Property Court of England and Wales on 16 November 2021, the nominal value of the Company's ordinary shares reduced from £1.00 to £0.01 on 17 November 2021.

Exchangeable shareholders

As set out in the Company's Prospectus, a portion of the interests of The Tony Pialis (2017) Family Trust, The Rajeevan Mahadevan (2017) Family Trust, 2641239 Ontario Inc. and certain other pre-IPO shareholders in the Company immediately prior to Admission ('exchangeable shareholders') are held through ordinary shares that were issued to Project AuroraIP Limited (JerseyCo) on 14 May 2021. These ordinary shares (referred to as underlying shares) are legally and beneficially owned by JerseyCo, except that (i) the exchangeable shareholders will have a right to direct the voting rights attaching to such shares, and (ii) JerseyCo will irrevocably waive its rights to distributions declared on such shares for as long as it holds them.

Each of the exchangeable shareholders have also been issued with exchangeable shares on a one-for-one basis for each ordinary share that will be held by JerseyCo. The exchangeable shares can be redeemed at any time for a cash price that can be satisfied by the transfer to such exchangeable shareholder of an underlying share. Each exchangeable share also carries a right to receive, upon redemption, a cash payment that is equal to all dividends and distributions declared on an ordinary share from time to time. The total number of underlying shares that are issued to JerseyCo as of 31 December 2024 was 264,544,700 representing 35.22% of the Company's issued ordinary share capital.

Substantial shareholdings

As at 31 December 2024 and at 31 March 2025, the following persons were directly or indirectly interested (within the meaning of the Companies Act 2006) in 3% or more of the Company's issued share capital or voting rights. Further, as at the date of this report, the following contains information received, in accordance with Rule 5 of the FCA's Disclosure Guidance and Transparency Rules, from holders of notifiable interest in the Company's issued share capital.

The information provided below is correct at the date of notification.

	As at 31 December 2024		As at 31 March 2025	
Holder	Number of shares	Voting rights (%)	Number of shares	Voting rights (%)
The Tony Pialis (2017) Family Trust[1]	88,963,452	11.84%	88,963,452	11.75%
The Rajeevan Mahadevan (2017) Family Trust[2]	88,963,452	11.84%	88,963,452	11.75%
2641239 Ontario Inc.[3]	88,963,432	11.84%	88,963,432	11.75%
Sutardja Family LLC[4]	96,275,358	12.82%	96,275,358	12.72%
Fidelity International	51,756,381	6.89%	51,756,381	6.84%
Capital Group	35,483,010	4.72%	48,314,244	6.38%
Mak Capital Management	25,565,356	3.40%	31,461,244	4.16%
Zedra Trust Company (UK)	26,803,405	3.57%	28,115,247	3.71%
Columbia Management Investment Advisers	23,253,566	3.10%	27,633,115	3.65%
Artisan Partners	25,718,113	3.42%	21,507,509	2.84%

1. This includes interests held by Pitech Investments Inc., a discretionary beneficiary of The Tony Pialis (2017) Family Trust and a person closely associated with Tony Pialis (within the meaning of the Market Abuse Regulation). Tony Pialis is the trustee of The Tony Pialis (2017) Family Trust and he is also a discretionary beneficiary.
2. This includes interests held by Jeevan Capital Inc., a discretionary beneficiary of The Rajeevan Mahadevan (2017) Family Trust and a person closely associated with Rajeevan Mahadevan (within the meaning of the Market Abuse Regulation). Rajeevan Mahadevan is the trustee of The Rajeevan Mahadevan (2017) Family Trust and (through a wholly owned company) he is also a discretionary beneficiary.
3. The shares of 2641239 Ontario Inc. are wholly owned by The Jonathan Rogers (2018) Family Trust. Jonathan Rogers is the trustee of The Jonathan Rogers (2018) Family Trust.
4. Weili Dai holds 10% of the shares in Sutardja Family LLC. The remaining shares are held by her family members.

Information provided to the Company pursuant to Rule 5 of the FCA's Disclosure Guidance and Transparency Rules is published on a Regulatory Information Service.

Directors' report continued

Dividend policy

In the near term, the Group currently intends to retain any future earnings to finance the operation and expansion of its business, and to drive continued growth. The Company will review its dividend policy on an ongoing basis, with respect to the cash position of the Group, the growth of the Group's businesses and the macroeconomic environment, but does not expect to declare or pay any dividends for the foreseeable future.

Articles of Association and powers of the Directors

The Company's Articles of Association (the 'Articles') contain the rules relating to the powers of the Company's Directors and their appointment and replacement mechanisms. The Articles may only be amended by special resolution at a general meeting of the shareholders. Subject to the Group's Articles and relevant regulatory measures, including the Companies Act 2006, the day-to-day business of the Group is managed by the Board who may exercise all the powers of the Company.

Authority to purchase own shares

At a general meeting held on 25 June 2024, shareholders passed a special resolution in accordance with the Companies Act 2006 to authorise the Company to purchase in the market a maximum of 73,090,317 ordinary shares, representing 10% of the Company's issued ordinary share capital (excluding treasury shares) as at the Last Practicable Date prior to the publication of the 2024 Notice of AGM. No shares have been purchased under this authority. The authority will expire at the forthcoming Annual General Meeting. The Directors are seeking renewal of the authority, in accordance with relevant institutional guidelines.

Significant agreements and change of control

The Group has a number of contractual arrangements which it considers essential to the business of the Group. A change of control of the Company may cause some agreements to which the Group is a party to alter or terminate.

The Company has a Long-Term Incentive Plan in place, which contains provisions relating to a change of control.

Compensation for loss of office

There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid, except that provisions of the Company's share plans may allow options and awards granted to Directors and employees to vest on a takeover.

Additional disclosures

The following information can be found elsewhere in this document, as indicated in the table below, and is incorporated into this report by reference.

Disclosure	Page
Directors' interests	Directors' remuneration report, page 90
Directors of the Company	Board of Directors, page 62
Dividends	Financial review, pages 55, 85, 96 and 144
Financial instruments	Financial statements, pages 138 to 143
Important events since the financial year end	Events after the balance sheet date, page 150
Statement of Directors' responsibilities	Directors' responsibilities, page 97

Appointment of auditor

On the recommendation of the Audit Committee, resolutions will be proposed at the 2025 AGM to re-appoint KPMG LLP as auditor of the Company and to authorise the Audit Committee to set the auditor's remuneration.

Annual General Meeting

The Company's AGM will be held on 17 June 2025. Details of the resolutions to be proposed at the AGM are set out in the Notice of Meeting, which is provided to all shareholders.

The Directors' report, which has been prepared in accordance with the requirements of the Companies Act 2006, has been approved by the Board and signed on its behalf by:

Tony Pialis
Chief Executive Officer

17 April 2025

Statement of Directors' responsibilities

In respect of the annual report and financial statements

The Directors are responsible for preparing the annual report and the Group and Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law, including FRS 101 Reduced Disclosure Framework.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the Group's profit or loss for that period. In preparing each of the Group and Company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable, relevant and reliable.
- For the Group financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards.
- For the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the parent Company financial statements.
- Assess the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern.
- Use the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a strategic report, Directors' report, Directors' remuneration report and corporate governance statement that complies with that law and those regulations.

In accordance with Disclosure Guidance and Transparency Rule (DTR) 4.1.16R, the financial statements will form part of the annual financial report prepared under DTR 4.1.17R and 4.1.18R. The auditor's report on these financial statements provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole.
- The management report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.
- We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Tony Pialis
Chief Executive Officer

17 April 2025

Alphawave IP Group plc
Central Square
29, Wellington Street
Leeds
LS1 4DL
United Kingdom

Independent auditor's report

to the members of Alphawave IP Group plc

Independent auditor's report

to the members of Alphawave IP Group plc

1. Our opinion is unmodified

We have audited the financial statements of Alphawave IP Group plc ("the Company") for the year ended 31 December 2024 which comprise the Consolidated statement of comprehensive income, Consolidated statement of financial position, Company statement of financial position, Consolidated statement of cash flows, Consolidated statement of changes in equity and Company statement of changes in equity, and the related notes, including the accounting policies in note 2.

In our opinion:

— the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2024 and of the Group's loss for the year then ended;

— the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;

— the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and

— the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the directors on 16 December 2021. The period of total uninterrupted engagement is for the four financial years ended 31 December 2024. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview		
Materiality: Group financial statements as a whole	$3.0m (2023:$3.3m) 1.0% (2023: 1.0%) of Revenue	
Key audit matters		**vs 2023**
Recurring risks	Revenue recognition	◀▶
	Development costs capitalisation	◀▶
	Recoverability of parent company's investments in subsidiaries	◀▶
Event driven	Going Concern	◀▶

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters unchanged from 2023, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
Revenue recognition ($258.8 million; 2023: $167.6 million) (IP and NRE, IP Reseller licensing, IP and NRE –JV) *Refer to page 74 (Audit Committee Report), page 116 (accounting policy) and page 124 (financial disclosures).*	**Accounting application:** The Group enters into contracts with customers that include various combinations of products. Each contract, including the IP reseller licensing contract is bespoke with varying options and terms and the application of accounting standards to these terms is complex and involves judgement. There is a risk that the individual performance obligations are not correctly identified. Revenue includes subjective measurements requiring management to exercise significant judgement with respect to estimated total costs to complete the contract which has the potential for management bias. The effect of these matters is that, as part of our risk assessment, we determined that revenue recognition has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements (note 4) disclose the sensitivity estimated by the Group.	We performed the detailed tests below rather than seeking to rely on any of the Group's controls because our knowledge of the design of these controls indicated that we would not be able to obtain the required evidence to support reliance on controls. Our procedures included: — **Test of details:** We assessed whether the Group's revenue recognition policy is in line with the requirements of the accounting standards, which includes consideration of alternative accounting treatment; — We assessed the Group's determination of distinct performance obligations contained within their contracts by selecting a sample of the contracts and considering the terms together with the requirements of the accounting standards including whether any alternative treatment existed; — We agreed samples of invoices raised in the year on reaching contractual milestones to cash receipts for those paid; — **Independent recalculation :** We recalculated the stage of completion based on the costs incurred as at year end and the Group's estimate of future costs to complete contracts, which included assessment of the historical accuracy of the Group's estimates, to assess the appropriate amount of revenue to recognise and compare this to the amounts recorded by the Group; — **Assessing transparency:** We considered the adequacy of the Group's disclosures in respect of revenue recognition and the judgements and estimates made in determining the revenue recognised. **Our results** — We found the revenue recognition to be acceptable (2023: acceptable).

Independent auditor's report continued

to the members of Alphawave IP Group plc

	The risk	Our response
Development costs capitalisation ($ 77.1 million; 2023: $ 54.5 million) *Refer to page 74 (Audit Committee Report), page 118 (accounting policy) and page 130 (financial disclosures).*	This capitalised development expenditure consists primarily of staff costs where staff have worked on projects that are eligible for capitalisation under the Group's research and development accounting policy. There is a risk that additions to internally generated intangible assets are recorded inappropriately when: • the expenditure is not eligible for capitalisation, • the assets are not accurately recorded, • the entity does not have the rights to the assets, or • the assets do not exist. We also identified a fraud risk related to inappropriate capitalisation of development costs in response to potential incentives to capitalise these costs.	We performed the detailed tests below rather than seeking to rely on any of the Group's controls because our knowledge of the design of these controls indicated that we would not be able to obtain the required evidence to support reliance on controls. Our audit procedures included: — **Inquiries:** Challenged the Group on their assessment of the criteria for capitalisation of costs for all projects where costs were capitalised during FY24 through performing specific enquiries with project managers and finance team and corroborating to other internal information; — **Tests of detail:** Agreed underlying costs on sample basis that had been capitalised to intangibles back to source documentation (expenses, payroll); — Increased sample size for our substantive testing performed in respect of the engineer hours capitalised on projects due to the identification of variances in the hours recorded on projects in the initial sample tested; — Recalculated the borrowing cost that had been capitalised to confirm it was in line with our expectations; — We evaluated management's allocation of internal costs to the asset and assessed whether the methodology of allocation was appropriate; — **Assessing transparency:** Considered the adequacy of the Group's disclosures in respect of research and development cost capitalisation and the judgements involved in determining the amount of cost to capitalise. **Our results** — We found the capitalisation of development costs to be acceptable (2023: acceptable).

KPMG

	The risk	Our response
Going Concern *see Note 1 to the group financial statements*	***Disclosure quality*** The financial statements explain how the Board has formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Group and parent Company. That judgement is based on an evaluation of the inherent risks to the Group's and Company's business model and how those risks might affect the Group's and Company's financial resources or ability to continue operations over a period of at least a year from the date of approval of the financial statements. The risk most likely to affect the Group's and Company's available financial resources adversely and metrics relevant to debt covenants over this period was maintenance of sales growth in the face of rapidly changing technology in the industry in which the group operates. There are also less predictable but realistic second order impacts, such as the impact of global political developments. The risk for our audit was whether or not those risks were such that they amounted to a material uncertainty that may have cast significant doubt about the ability of the Company and the Group to continue as a going concern. Had they been such, then that fact would have been required to have been disclosed.	We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by assessing the directors' sensitivities over the level of available financial resources and covenant thresholds indicated by the Group's financial forecasts taking account of severe, but plausible, adverse effects that could arise from these risks individually and collectively. Our procedures also included: — **Funding assessment:** We assessed the forecast cash position, available committed facilities and the directors' assessment of the Group's ability to comply with its covenants for a period of at least 12 months from the date of approval of the financial statements ('forecast period)', to understand the financial resources available to the Group during the forecast period; — **Historical comparisons:** We assessed the ability of the Group to forecast accurately by comparing the most recent financial year's performance against budget and challenged the assumptions over the going concern period based on historical performance. We also compared the actual performance in recent years versus base case and downside case to challenge the quantum of risks applied in the forecasts; — **Key dependency assessment:** We evaluated how the cash flow model captures events and conditions that may cast significant doubt on the ability to continue as a going concern and evaluated whether key assumption of group revenue forecast was within a reasonable range**;** — **Sensitivity analysis:** We assessed the Group's downside sensitivities to determine whether this represented a severe but plausible scenario based on our knowledge of the business, the sector and the results of the Group subsequent to balance sheet date; — **Evaluating directors' intent:** We evaluated the achievability of the actions the directors consider they would take to improve the position should the risks materialise, taking into account the extent to which the directors can control the timing and outcome of these; — **Assessing transparency:** We considered whether the going concern disclosure in note 1 to the financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risks and, dependencies, and related sensitivities. **Our results** — We found the going concern disclosure in note 1 to be acceptable (2023: acceptable).

Independent auditor's report continued

to the members of Alphawave IP Group plc

	The risk	Our response
Recoverability of parent company's investments in subsidiaries ($379.3 million; 2023: $346.2 million) *Report), page 157 (accounting policy) and page 159 (financial disclosures).*	**Low risk, high value** The carrying amount of the Parent Company's investments in subsidiaries represents 39.0% (2023: 44.8%) of the Company's total assets. The recoverability is not at high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the Parent Company financial statements, this is considered to be the area that had the greatest effect on our audit of the Parent Company	We performed the tests below rather than seeking to rely on any of the Parent Company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. Our procedures included: — **Test of details:** We compared the carrying amount of the investments in subsidiaries, with the relevant subsidiaries' draft balance sheet, to identify whether their net assets, being an approximation of the minimum recoverable amount of the related investments were in excess of their carrying amount. **Our results** — We found the parent Company's conclusion that there is no impairment of its investments in subsidiaries to be acceptable (2023: acceptable)

KPMG

3. Our application of materiality and an overview of the scope of our audit

Our application of materiality

Materiality for the Group financial statements as a whole was set at $3,000,000 (2023: $ 3,300,000), determined with reference to a benchmark of Group revenue, of which it represents 1.0% (2023: 1.0%).

Materiality for the parent Company financial statements as a whole was set at $2,500,000 (2023: $ 2,650,000), determined with reference to a benchmark of Company total assets, of which it represents 0.3% (2023: 0.3%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 65.0% (2023: 64.9%) of materiality for the financial statements as a whole, which equates to $1,950,000 (2023: $2,140,000) for the Group and $1,620,000 (2023: $1,720,000) for the parent Company. We applied this percentage in our determination of performance materiality based on the level of identified misstatements, control deficiencies and changes in the control environment during the prior period.

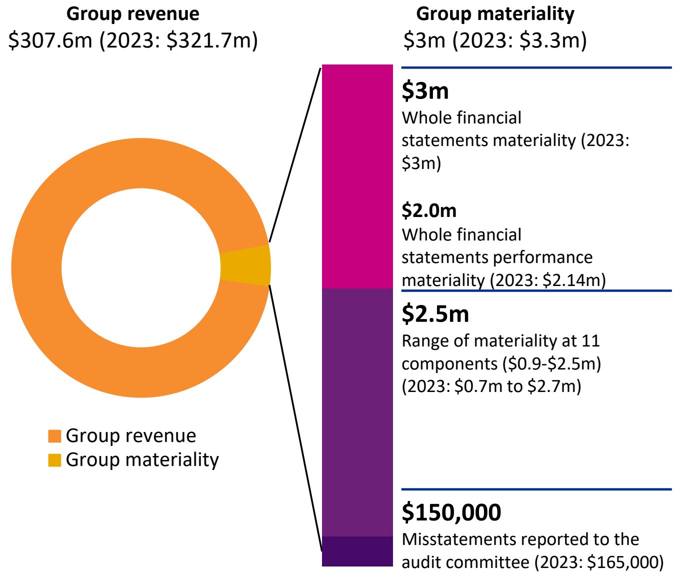
We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding $150,000 (2023: $165,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Overview of the scope of our audit

This year, we applied the revised group auditing standard in our audit of the consolidated financial statements. The revised standard changes how an auditor approaches the identification of components, and how the audit procedures are planned and executed across components.

In particular, the definition of a component has changed, shifting the focus from how the entity prepares financial information to how we, as the group auditor, plan to perform audit procedures to address group risks of material misstatement ("RMMs"). Similarly, the group auditor has an increased role in designing the audit procedures as well as making decisions on where these procedures are performed (centrally and/or at component level) and how these procedures are executed and supervised. As a result, we assess scoping and coverage in a different way and comparisons to prior period coverage figures are not meaningful. In this report we provide an indication of scope coverage on the new basis.

We performed risk assessment procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group financial statements and which procedures to perform at these components to address those risks.



Overview of the scope of our audit (cont.)

We visited two (2023: two) component locations in Canada and the United States of America to assess the audit risk and develop our audit strategy.

In total, we identified 16 components, having considered our evaluation of the Group's legal and operational structure and our ability to perform audit procedures centrally.

Of those, we identified 2 quantitatively significant components which contained the largest percentages of either total revenue or total assets of the Group, for which we performed audit procedures.

We also identified 2 components as requiring special audit consideration, owing to Group risks relating to Going concern or Development costs capitalisation residing in these components.

Additionally, having considered qualitative and quantitative factors, we selected 7 components with accounts and/or disclosures contributing to the specific RMMs of the Group financial statements.

Accordingly, we performed audit procedures on 11 components, of which we involved component auditors in performing the audit work on 1 component. We performed the audit of the parent Company.

We set the component materialities, ranging from $850,000 to $2,500,000 , having regard to the mix of size and risk profile of the Group across the components.

Our audit procedures covered 91.6% of Group revenue. We performed audit procedures in relation to components that account for 85.9% of Group profit before tax and 99.7% of Group total assets.

Independent auditor's report continued

to the members of Alphawave IP Group plc

3. Our application of materiality and an overview of the scope of our audit (cont.)

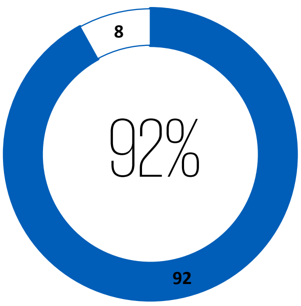
Impact of controls on our group audit

As noted by the Audit Committee on page 73, the Group's control environment is undergoing a programme of transformation and improvement. The Group's financial reporting process is supported by multiple ERP systems and applications. We obtained an understanding of the relevant IT systems for the purposes of the audit and noted that the Group's general IT controls are informal. As a result, we did not plan to rely on the Group's general IT controls in our audit and instead performed additional testing over information and data used in our substantive testing that was extracted from the systems. As we were not able to rely on automated controls over journal entries, our work to respond to the risk of management override of controls considered both automated and manual journals.

Overall, considering the developing nature of the overall control environment, we concluded that a fully substantive audit approach was appropriate in all aspects of the audit for the year ended 31 December 2024, including-revenue recognition, as detailed in our key audit matter in section 2 of our report. As we did not rely on controls in any areas of the audit, we increased the extent of our substantive procedures more than we otherwise would have done if we were able to place reliance on the Group's internal control over financial reporting.

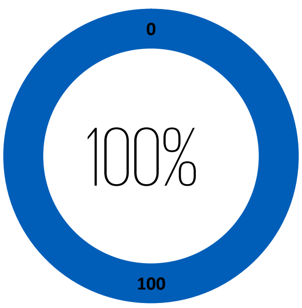
Our audit procedures covered the following percentage of Group revenue:

Group revenue

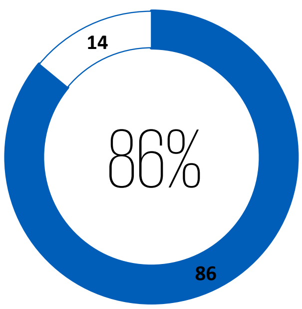


We performed audit procedures in relation to components that accounted for the following percentages of Group profit before tax and Group total assets:

Group total assets



Group profit before tax



Group auditor oversight

As part of establishing the overall Group audit strategy and plan, we conducted the risk assessment and planning discussion meeting with the component auditor to discuss Group audit risks relevant to the components.

We held Video and telephone conference meetings with the component auditor in China and inspection of key work papers took place in person to evaluate the quality of execution of audit of the component. At these meetings, the results of further audit procedures communicated to us were discussed in more detail, and any further work required by us was then performed by the component auditor.

We inspected the work performed by the component auditor for the purpose of the Group audit and evaluated the appropriateness of conclusions drawn from the audit evidence obtained and consistencies between communicated findings and work performed.

4. Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period"). An explanation of how we evaluated management's assessment of going concern is set out in the related key audit matter in section 2 of this report.

Our conclusions based on this work:

— we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and

— we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period.

— we have nothing material to add or draw attention to in relation to the directors' statement in Note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

5. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

—Enquiring of directors, the audit committee, and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.

—Reading Board and audit committee minutes.

—Considering remuneration incentive schemes and performance targets for management, directors and sales staff.

—Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit . This included communication from the Group audit team to component auditors of relevant fraud risks identified at the Group level and requesting component auditors performing procedures at the component level to report to the Group auditor any identified fraud risk factors or identified or suspected instances of fraud.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

—the risk that Group and component management may be in a position to make inappropriate accounting entries;

—the risk of bias in accounting estimates underpinning revenue recognition; and

—the risk that revenue is overstated through recording revenues in the wrong period.

Further detail in respect of revenue recognition is set out in the key audit matter disclosures in section 2 of this report.

We also identified a fraud risk related to inappropriate capitalisation of development costs in response to potential incentives to capitalise these costs. Further detail in respect of capitalisation of development costs is set out in the key audit matter disclosures in section 2 of this report.

We also performed procedures including:

— Identifying journal entries and other adjustments to test at Group level and for selected components based on risk criteria and comparing the identified entries to supporting documentation. These included unexpected journals posted to certain accounts, for example revenue, development costs, project specific COGs, journal entries containing certain key words and movements between certain accounts.

—Evaluated the business purpose of significant unusual transactions.

—Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of noncompliance throughout the audit. This included communication from the Group auditor to component auditor of relevant laws and regulations identified at the Group level, and a request for component auditor to report to the Group auditor any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly , the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law, export law, and certain aspects of company legislation recognising the financial and regulated nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to identify noncompliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Independent auditor's report continued

to the members of Alphawave IP Group plc

6. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

— we have not identified material misstatements in the strategic report and the directors' report;

— in our opinion the information given in those reports for the financial year is consistent with the financial statements; and

— in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

— the directors' confirmation within the viability statement page 56 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;

— the Principal risks and uncertainties disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and

— the directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

— the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;

— the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and

— the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We have nothing to report in these respects.

7. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

— adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or

— the parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or

— certain disclosures of directors' remuneration specified by law are not made; or

— we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

8. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 97, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The Company is required to include these financial statements in an annual financial report prepared under Disclosure Guidance and Transparency Rule 4.1.17R and 4.1.18R. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

9. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Campbell-Orde

(Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square
London
E14 5GL
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

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

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.

Notes to the consolidated financial statements continued

For the year ended 31 December 2024

1 Background continued

Accounting standards adopted during the year continued

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.

Notes to the consolidated financial statements continued

For the year ended 31 December 2024

2 Material accounting policies continued

Revenue recognition continued

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 agreements:

> 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.

Notes to the consolidated financial statements continued

For the year ended 31 December 2024

2 Material accounting policies continued

Revenue recognition continued

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.

Notes to the consolidated financial statements continued

For the year ended 31 December 2024

2 Material accounting policies continued

Financial instruments continued

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.

Notes to the consolidated financial statements continued

For the year ended 31 December 2024

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.

IP reseller licensing

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.

Custom silicon

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

Classification as a joint venture

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.

Share of losses in excess of interest in WiseWave

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.

Unrealised profit on sales to WiseWave

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.

Recoverability of accounts receivables and contract asset with WiseWave

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.

Notes to the consolidated financial statements continued

For the year ended 31 December 2024

3 Critical judgements and key sources of estimation uncertainty continued

Key sources of estimation uncertainty continued

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 US$'000	2023 US$'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 US$'000	2023 US$'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 US$'000	2023 US$'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 US$'000	2023 US$'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 US$'000	2023 US$'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 US$'000	2023 US$'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.

Notes to the consolidated financial statements continued

For the year ended 31 December 2024

4 Revenue continued

Contract assets and liabilities continued

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 a result of amortisation of the Warrant Asset and finance income in the amount of US$6.2m as 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 US$'000	2023 US$'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 US$'000	2023 US$'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 US$'000	2023 US$'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 Number	2023 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 Number	2023 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 US$'000	2023 US$'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 US$'000	2023 US$'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 US$'000	2023 US$'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 US$'000	2023 US$'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.

Notes to the consolidated financial statements continued

For the year ended 31 December 2024

10 Income taxes continued

Deferred tax

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

	Year ended 31 December	
	2024 US$'000	2023 US$'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 US$'000	2023 US$'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 US$'000	2023 US$'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.

Notes to the consolidated financial statements continued

For the year ended 31 December 2024

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.

Notes to the consolidated financial statements continued

For the year ended 31 December 2024

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 US$'000	2023 US$'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 US$'000	2023 US$'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 US$'000	2023 US$'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	**–**

Notes to the consolidated financial statements continued

For the year ended 31 December 2024

16 Investment in joint venture continued

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 US$'000	2023 US$'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 US$'000	2023 US$'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 US$'000	2023 US$'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 US$'000	2023 US$'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 US$'000	2023 US$'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 US$'000	2023 US$'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 US$'000	2023 US$'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 US$'000	2023 US$'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.

Notes to the consolidated financial statements continued

For the year ended 31 December 2024

22 Loans and borrowings continued

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)**

Notes to the consolidated financial statements continued

For the year ended 31 December 2024

23 Measurement of financial instruments continued

Analysis by class and category continued

	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 US$'000	2023 US$'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 US$'000	2023 US$'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.

Notes to the consolidated financial statements continued

For the year ended 31 December 2024

24 Financial risk management continued

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			
	Floating rate US$'000	Fixed rate US$'000	Non-interest bearing US$'000	Total US$'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			
	Floating rate US$'000	Fixed rate US$'000	Non-interest bearing US$'000	Total US$'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 US$'000	**GBP US$'000**	**ILS US$'000**	**INR US$'000**	**RMB US$'000**	**TWD US$'000**	**EUR US$'000**	**USD US$'000**	**Total 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 US$'000	GBP US$'000	ILS US$'000	INR US$'000	RMB US$'000	TWD US$'000	EUR US$'000	USD US$'000	Total 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)

Notes to the consolidated financial statements continued

For the year ended 31 December 2024

24 Financial risk management continued

Market risk continued

Currency risk continued

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	
Foreign currency	**2024 US$'000**	2023 US$'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 US$'000	2023 US$'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 US$'000	2023 US$'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.

Notes to the consolidated financial statements continued

For the year ended 31 December 2024

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.

Notes to the consolidated financial statements continued

For the year ended 31 December 2024

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 US$'000	2023 US$'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 US$'000	2023 US$'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 US$'000	2023 US$'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.

Notes to the consolidated financial statements continued

For the year ended 31 December 2024

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.

Notes to the consolidated financial statements continued

For the year ended 31 December 2024

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 US$m	2023 US$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 US$m	2023 US$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 US$'000	2023 US$'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

Alternative performance measures continued

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 US$'000	2023 US$'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 US$'000	2023 US$'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 US$ cents	2023 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

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

Notes to the Company 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, 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.

Notes to the Company financial statements continued

For the year ended 31 December 2024

2 Material accounting policies continued

Financial instruments continued

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 US$'000	2023 US$'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 US$'000	2023 US$'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 US$'000	2023 US$'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 US$'000	2023 US$'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.

Notes to the Company financial statements continued

For the year ended 31 December 2024

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 2°C 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_2e	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 (m^3), 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.

Appendix continued

SASB Table continued

SASB Topic	SASB Code	SASB Accounting Metric	Disclosure Details	Page Number of URL
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

Shareholder information

Registered office

Alphawave IP Group plc

Central Square,
29 Wellington Street
Leeds
LS1 4DL
United Kingdom

Registered number: 13073661

Web: www.awavesemi.com

Investor relations: ir@awavesemi.com

Media: press@awavesemi.com

Company Secretary: alphawave@cm.mpms.mufg.com

Company Secretary

MUFG Corporate Markets
A division of MUFG Pension & Market Services

Central Square,
29 Wellington Street
Leeds
LS1 4DL
United Kingdom

Joint corporate brokers

Barclays PLC

1 Churchill Place
London
E14 5RB
United Kingdom

J.P. Morgan Cazenove

25 Bank Street
Canary Wharf
London
E14 5JP
United Kingdom

Independent auditor

KPMG LLP

15 Canada Square
London
E14 5GL
United Kingdom

Registrar

Equiniti Limited

Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA
United Kingdom

Shareholder helpline: +44 (0)371 384 2030

Website: www.shareview.co.uk

Lines are open from 8.30am to 5.30pm Monday to Friday (excluding public holidays in England and Wales).

Legal counsel

Linklaters LLP

1 Silk Street
London
EC2Y 8HQ
United Kingdom

Public relations

Grand Bridges

6 St. Colme Street
Edinburgh
EH3 6AD
United Kingdom

Financial calendar 2025-2026

2024 Full-year results	17 April 2025
Q1 2025 Trading Statement	w/c 22 April 2025
Annual General Meeting	17 June 2025
Q2 2025 Trading Statement	w/c 21 July 2025
2025 Half-year results	w/c 29 September 2025
Q3 2025 Trading Statement	w/c 20 October 2025
Q4 2025 Trading Statement	w/c 19 January 2026

Shareholder enquiries

Our registrars will be pleased to deal with any questions regarding your shareholdings (see contact details on previous page). Alternatively, you can contact the Company Secretary at cm-alphawave@linkgroup.co.uk.

Investor relations website

The investor relations section of our website, **www.awavesemi.com/investors**, provides further information for anyone interested in Alphawave IP Group plc. In addition to the annual report and accounts and share price, Company announcements including the full-year results announcements and associated presentations are also published there.

Glossary

112G	112 gigabit per second connectivity transmission speed for transmission of data
ASIC	application-specific integrated circuit (or system on chip (SoC)) that integrates all or most components of a computer or other electronic system
CAD	Canadian dollars
CEO	President & Chief Executive Officer
CFO	Chief Financial Officer
chiplet	smaller modular pieces of silicon, utilised in a design technique to break integrated circuits into smaller pieces that can be individually designed and integrated together using die-to-die interfaces
Coherent	Coherent Modulation is a technique that uses modulation of Amplitude and Phase of light, as well as transmission across two polarisations to enable transport of more information across the optical fiber
Company	Alphawave IP Group plc
CPU	central processing unit
DSP	digital signal processing capabilities, enabled to perform a wide variety of signal processing operations
Form factor	design aspect that defines and prescribes the size, shape and other physical specifications of hardware components
Gb	gigabyte, which is equivalent to 1,000,000,000 bytes
GBP	Pounds sterling
GPU	graphics processing unit
Group	Alphawave IP Group plc and each of its consolidated subsidiaries
HBM	High bandwidth memory
IEEE	Institute of Electrical and Electronics Engineers, an electronics industry body, including educational and technical advancement of electrical and electronic engineering, telecommunications, computer engineering and allied disciplines, and standardisation
IP/silicon IP	intellectual property core, IP core, or IP block is a reusable unit of logic, cell or integrated circuit layout design
NED	Non-Executive Director
node	technology nodes, or process technologies, referring to the specific semiconductor manufacturing process and its design rules, generally designated by the process' minimum feature size (in nanometres)
NRE	non-recurring engineering, in reference to revenue earned in respect of one-time early-stage customer services including for research, design, development and testing
PAM4	Pulse Amplitude Modulation with Four Levels, or PAM4, is a signal encoding technique that uses four voltage levels to represent four combinations of two bits logic (00, 01, 10, and 11)
PCIe	PCI-Express, a high-speed serial computer expansion bus standard
PPC	People, Places and Culture
R&D	Research and development
RSU	Restricted stock unit
SerDes	serialiser/deserialiser, a wired connectivity component to interface between integrated circuits, which converts parallel streams of data (used as connectivity within integrated circuits) to serial streams (used in longer-distance transmission outside chips) and vice versa
SoC	system on chip (or ASIC) that integrates all or most components of a computer or other electronic system
Tapeout	refers to the completion of the design phase of an IC and transfer of the design into a digital format suitable for creation of 'masks' used in the semiconductor wafer manufacturing process
wafer	in the fabrication of integrated circuits, the thin slice of semiconductor material (such as a crystalline silicon) in and upon which microelectronic devices are built

FSC
www.fsc.org
RECYCLED
Paper made from recycled material
FSC® C022913

This report is printed on Nautilus which is made from 100% FSC® recycled certified post-consumer waste pulp which is PCF (Process Chlorine Free). The FSC® label on this report ensures responsible use of the world's forest resources. Printed sustainably in the UK by Pureprint, a CarbonNeutral® company with FSC® chain of custody who recycle 100% of all dry waste. Both the mill and Pureprint are ISO 14001 certified (environmental management system). If you have finished with this document and no longer wish to retain it, please pass it on to other interested readers or dispose of it in your recycled waste.

Designed and produced by
lyonsbennett
www.lyonsbennett.com

ALPHAWAVE SEMI

Alphawave IP Group plc

awavesemi.com