

Prior to publication, the information contained within this announcement was deemed by the Group to constitute inside information for the purposes of Regulation 11 of the Market Abuse (Amendment) (EU Exit) Regulations 2019/310. With the publication of this announcement, this information is now considered to be in the public domain.

26 February 2024

**EnSilica plc**  
("EnSilica", the "Company" or the "Group")

**Unaudited Results for the Half Year Ended 30 November 2023**

*Strong new order momentum supports growing order book and new business pipeline.*

EnSilica (AIM: ENSI), a leading chip maker of mixed-signal ASICs (Application Specific Integrated Circuits), is pleased to announce its unaudited results for the six months ended 30 November 2023 ("H1 FY24" or the "Period").

**Financial Highlights**

- Revenue up 11.5% to £9.6 million (H1 FY23: £8.6 million)
- Adjusted operating profit £0.06 million (H1 FY23: £0.15 million)
- Gross margin up to 43.9% (H1 FY23: 42.5%)
- Adjusted EBITDA £0.51 million (H1 FY23: £0.66 million)
- Cash and cash equivalents at 30 November 2023 of £2.1 million (31 May 2023: £3.1 million)
- Debt reduced by 10.3% to £3.7 million at 30 November 2023 (31 May 2023: £4.2 million)
- New supply contract work resulted in further investment in IP of £3.02 million (H1 FY23: £1.7 million)

**Operational Highlights**

- Ongoing contract momentum across the Period, including:
  - Secured production tape-out milestone for the design & supply of an industrial ASIC with production revenues estimated to be worth in excess of US\$30 million over seven years;
  - Awarded sensor ASIC supply contract for the e-mobility market worth in excess of US\$7 million;
  - Secured a follow-on contract with an existing Europe-based customer for c.US\$2.4 million; and
  - New lead customer contract secured for EnSilica's proprietary satellite broadband chip worth €2.5 million.
- Continued investment in R&D initiatives alongside further development of the Group's sales and marketing activities.

**Post Period-end Events**

- Solid start to the second half of the year, with committed supply revenues of c.US\$73 million and a strong pipeline of opportunities currently valued at c.US\$512 million, underpinning FY24 market expectations.
- Released Post-Quantum Cryptography Accelerators Intellectual Property ("IP"), securing first customer licence with a major semiconductor supplier.
- Awarded initial mandate for a high-end telecoms ASIC, with final contract worth in excess of US\$35 million.
- Equity raise of £1.56 million in December 2023 to support new business opportunities.
- Appointed Kristoff Rademan as Chief Financial Officer with Kristoff set to join in May 2024.
- Advanced discussions for a £1.0 million debt facility and invoice finance facilities as cashflows reliant on short-term receipt of significant customer payments and R&D tax credits.

**Ian Lankshear, Chief Executive Officer of EnSilica, commented:**

*"We are delighted with the continued operational progress delivered across the Period, particularly the quantity and quality of contract wins secured with companies across a range of sectors. This is testament to our expert team which is highly focused on driving the growth of the business and helping EnSilica deliver on its strategic ambitions.*

*Pleasingly, this significant new business momentum has continued into the second half of the financial year. EnSilica has already signed a multi-million-pound initial mandate with an established telecoms equipment supplier, whilst we recently achieved a new milestone by securing our first customer licence with a leading semiconductor supplier through release of our Post-Quantum Cryptography accelerators IP.*

*Looking ahead, we will seek to further enhance our intellectual property portfolio and drive our sales and marketing capabilities to ensure we remain at the forefront of the market and are best positioned to strengthen our reputation as a leading and innovation-led chip maker."*

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**About EnSilica plc**

EnSilica is a leading fabless design house focused on custom ASIC design and supply for OEMs and system houses, as well as IC design services for companies with their own design teams. The company has world-class expertise in supplying custom RF, mmWave, mixed signal and digital ICs to its international customers in the automotive, industrial, healthcare and communications markets. The company also offers a broad portfolio of core IP covering cryptography, radar, and communications systems. EnSilica has a track record in delivering high quality solutions to demanding industry standards. The company is headquartered near Oxford, UK and has design centres across the UK and in Bangalore, India and Porto Alegre, Brazil.

**Operational Review**

We are pleased to report continued operational momentum across H1 FY24, with customer demand for our services remaining strong.

During the Period, the Group generated £9.6 million in revenues (H1 FY23: £8.6 million), an increase of 11.5% on H1 FY23, and £0.51 million in EBITDA versus £0.66 million in H1 FY23. The reduction in EBITDA, against a backdrop of growing our revenue base, highlights the ongoing investment we continue to make across the business.

Cash and cash equivalents at 30 November 2023 was £2.1 million (31 May 2023: £3.1 million) and the Group reduced debt during the Period by 10.3% to £3.7 million at 30 November 2023 (31 May 2023: £4.2 million).

The global ASIC chips market was valued at US\$1.67 billion in 2023 and is expected to reach US\$25.08 billion by the end of 2030, delivering a CAGR of 5.1% between 2024-2030<sup>1</sup>. The telecommunications, automobiles, industrial and aerospace sectors, all key growth markets that EnSilica focuses on, continue to be heavy consumers of ASICs given their ability to support data encryption, signal processing and sensor interfacing, all of which are typically developed for a specific application.

EnSilica continues to benefit from these market trends, supported by our niche specialisms and underpinned by our strategic priorities, namely:

- Leverage EnSilica's strong position and relevant intellectual property rights within automotive, industrial, healthcare, and satellite connectivity applications for mixed signal ASICs;
- Scale the Company's successful fabless ASIC model to fully exploit revenue opportunities from design and supply engagements;
- Develop Application Specific Standard Products ("ASSPs") to address key customer driven opportunities, with two significant standard platforms already at the device evaluation stage; and
- Expand EnSilica's offering through consolidation and vertical integration.

The Group delivered ongoing contract momentum in H1 FY24, including a production tape-out milestone of an industrial ASIC with production revenues estimated to be worth in excess of US\$30 million over the next seven years. The ASIC is for a leading European industrial OEM and is a key component in their factory automation controller systems.

In addition, the team has secured a number of important contracts with both new and existing customers, including mandates with companies operating in burgeoning markets such as satellite communications and e-mobility.

Recruitment is a key focus of the Company as it continues to explore new commercial opportunities to grow its customer portfolio. In the Period, EnSilica added a total of 8 employees to its already strong R&D, sales and marketing departments, and the Company expects these highly experienced new hires to help facilitate its global footprint expansion, especially in jurisdictions where EnSilica is actively seeking to expand its market presence.

The Company has seen a particular increase in interest for its services in the US, leading to the establishment of the EnSilica USA Inc. subsidiary, which has already built a strong relationship with relevant critical suppliers and a highly promising pipeline of additional business opportunities. The Company has also negotiated and secured improved relationships with key suppliers in Europe, further consolidating EnSilica's position as a go-to ASIC partner.

Management believes that custom chips will continue to play an important role in the further development of the Group's key growth sectors, which collectively now support a new business pipeline of c.US\$512 million.<sup>1</sup>  
<https://www.verifiedmarketreports.com/product/asic-chips-market-size-and-forecast/>

**Post Period End & Outlook**

The Company has made a strong start to H2 FY24, announcing an initial mandate for a high-end telecoms ASIC, ahead of a final contract being entered into for the full design and supply of the ASIC for a total contract value estimated to be worth in excess of US\$35 million. The initial work is being funded by non-recurring engineering fees, fully funded by the customer, with initial ASIC production and supply anticipated to begin at the end of the calendar year 2026, subject to final contract.

EnSilica also released a range of Post-Quantum Cryptography accelerators, with the first of these IP licences granted to a major semiconductor supplier in January 2024. This award further validates the intrinsic value of the Group's IP, as EnSilica not only licences its IP to other semiconductor companies, but also leverages it in the development of custom ASICs which the Company supplies to its clients.

The current sales pipeline of opportunities and potential contracts stands at c.US\$512 million following a review by management to focus on projects which meet our criteria, and this pipeline remains a strong endorsement of the quality of our business output and our growing reputation in the chip sector.

EnSilica has delivered another robust first-half performance to continue its well-paced development, with the Group positioned to capitalise on growth opportunities in key geographies including the US. The Company is continuing to realise the positive impact of its prudent growth strategy targeting customer acquisitions across high-growth and tech-driven markets.

Encouraged by the improving broader trading environment, management is looking ahead to the remainder of H2 FY24 and beyond with confidence and is excited to explore potential new mandate opportunities to add to the sizeable contract wins already secured in the second half of the financial year.

#### Cashflow and new debt funding

Despite the excellent commercial progress being made, the Group's short term cashflow is currently dependent on the receipt of R&D tax credits (some of which was expected in December) and material customer payments, one of which is overdue and others are expected in March and April. This has led the Board to seek additional fundings should these payments not materialise as expected and contracted. This includes the negotiation of invoice financing facilities and discussions with a lender for potential bridge funding of up to £1.0 million, the terms of which are expected to be agreed shortly. The Board remains confident on receipt of adequate funds such that these financial statements have been prepared on the basis that the Group remains a going concern, however, there is uncertainty relating to the timely receipt of customer payments and tax credits in the short term.

The Board continues to see great opportunity for EnSilica to continue to capitalise on the significant growth potential that exists within the international semiconductor industry and remains highly confident in the Group's future growth prospects.

**Mark Hodgkins**  
Chair  
EnSilica plc

**Ian Lankshear**  
Chief Executive Officer  
EnSilica plc

25 February 2024

#### Interim Financial Statements

Condensed Interim Consolidated Statement of Comprehensive Income

Condensed Interim Consolidated Statement of Financial Position

Condensed Interim Consolidated Statement of Changes in Equity

Condensed Consolidated Statement of Cash Flows

Notes to the Interim Condensed Consolidated Financial Statements

#### Interim Financial Statements

##### Condensed Interim Consolidated Statement of Comprehensive Income

for the six months ended 30 November 2023

		Six months ended 30 Nov 2023	Six months ended 30 Nov 2022	Twelve months ended 31 May 2023
	Note	Unaudited £'000	Unaudited £'000	Audited £'000
Revenue	2	9,553	8,592	20,476
Cost of sales		(5,358)	(4,937)	(12,306)
Gross profit		4,195	3,655	8,170
Other operating income		-	8	8
Administrative expenses		(4,137)	(3,514)	(7,352)
<b>Operating profit</b>		<b>58</b>	<b>149</b>	<b>825</b>
Interest income		1	6	7
Interest expense		(368)	(357)	(785)
<b>(Loss)/profit before taxation</b>		<b>(309)</b>	<b>(202)</b>	<b>47</b>
Taxation	4	824	524	1,745
<b>Profit for the period</b>		<b>515</b>	<b>322</b>	<b>1,792</b>
<b>Other comprehensive (expense)/ income for the period</b>				
Currency translation differences		(78)	5	(50)
<b>Total comprehensive income for the period</b>		<b>437</b>	<b>327</b>	<b>1,742</b>
<b>Profit for the period attributable to:</b>				
Owners of the company		515	322	1,792
Non-controlling interests		-	-	-
		<b>515</b>	<b>322</b>	<b>1,792</b>
<b>Other comprehensive (expense)/ income for the period attributable to:</b>				
Owners of the company		(78)	5	(50)

Non-controlling interests	-	-	-
	(78)	5	(50)
<b>Total comprehensive income for the period attributable to:</b>			
Owners of the company	437	327	1,742
Non-controlling interests	-	-	-
	437	327	1,742

## Interim Financial Statements

### Earnings per Share Attributable to the Owners of the Parent During the Period (expressed in pence per share)

		Six months ended 30 Nov 2023	Six months ended 30 Nov 2022	Twelve months ended 31 May 2023
	Note	Unaudited pence	Unaudited pence	Audited pence
Basic earnings per share (pence)	5	0.66	0.43	2.36
Diluted earnings per share (pence)	5	0.64	0.39	2.30
Adjusted Basic earnings per share (pence)	5	0.66	0.43	2.47
Adjusted Diluted earnings per share (pence)	5	0.64	0.39	2.41

## Interim Financial Statements

### Condensed Interim Consolidated Statement of Financial Position

as at 30 November 2023

	Note	30 Nov 2023 Unaudited £'000	30 Nov 2022 Unaudited £'000	31 May 2023 Audited £'000
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	6	3,049	2,711	2,566
Intangible assets	7	15,233	10,001	12,433
<b>Total non-current assets</b>		<b>18,282</b>	<b>12,712</b>	<b>14,999</b>
<b>Current assets</b>				
Inventories		375	1,172	304
Trade and other receivables	8	5,886	5,344	7,025
Corporation tax recoverable		1,464	2,271	2,064
Cash and cash equivalents		2,092	1,359	3,095
<b>Total current assets</b>		<b>9,817</b>	<b>10,146</b>	<b>12,488</b>
<b>Total assets</b>		<b>28,099</b>	<b>22,858</b>	<b>27,487</b>
<b>Current liabilities</b>				
Borrowings	9	(975)	(833)	(883)
Lease liabilities		(177)	(147)	(171)
Trade and other payables	10	(5,289)	(3,186)	(4,723)
<b>Total current liabilities</b>		<b>(6,441)</b>	<b>(4,166)</b>	<b>(5,777)</b>
<b>Non current liabilities</b>				
Borrowings	9	(2,764)	(3,726)	(3,284)
Lease liabilities		(2,025)	(2,182)	(2,104)
Provisions		(194)	(206)	(199)
Deferred tax		(160)	-	(160)
<b>Total non current liabilities</b>		<b>(5,143)</b>	<b>(6,114)</b>	<b>(5,747)</b>
<b>Total liabilities</b>		<b>(11,584)</b>	<b>(10,280)</b>	<b>(11,524)</b>
<b>Net assets</b>		<b>16,515</b>	<b>12,578</b>	<b>15,963</b>
<b>Equity</b>				
Issued share capital	11	137	134	137
Share premium account		8,752	6,900	8,752
Currency differences reserve		(126)	6	(49)
Retained earnings		7,752	5,538	7,123
<b>Equity attributable to owners of the Company</b>		<b>16,515</b>	<b>12,578</b>	<b>15,963</b>
Non-controlling interests		-	-	-
<b>Total equity</b>		<b>16,515</b>	<b>12,578</b>	<b>15,963</b>

The notes are an integral part of these condensed interim financial statements.

Ian Lankshear  
Chief Executive Officer

Mark Hodgkins  
Executive Chair

## Interim Financial Statements

## Condensed Interim Consolidated Statement of Changes in Equity

	Share capital £'000	Share premium account £'000	Currency translation reserve £'000	Retained earnings £'000	Attributable to owners of the parent £'000	Non-controlling interests £'000	Total equity £'000
<b>At 31 May 2022</b>	<b>134</b>	<b>6,900</b>	<b>1</b>	<b>5,118</b>	<b>12,153</b>	<b>-</b>	<b>12,153</b>
<b>Comprehensive income for the six months to 30 November 2022</b>							
Profit for the period	-	-	-	322	322	-	322
Other comprehensive income	-	-	5	-	5	-	5
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>322</b>	<b>327</b>	<b>-</b>	<b>327</b>
Share based payment	-	-	-	98	98	-	98
<b>At 30 November 2022</b>	<b>134</b>	<b>6,900</b>	<b>6</b>	<b>5,538</b>	<b>12,578</b>	<b>-</b>	<b>12,578</b>
<b>Comprehensive expense for the six months to 31 May 2023</b>							
Profit for the period	-	-	-	1,471	1,471	-	1,471
Other comprehensive (expense)/income	-	-	(55)	-	(55)	-	(55)
<b>Total comprehensive expense for the period</b>	<b>-</b>	<b>-</b>	<b>(55)</b>	<b>1,471</b>	<b>1,416</b>	<b>-</b>	<b>1,416</b>
Share based payment	-	-	-	114	114	-	114
Issue of share capital	3	2,015	-	-	2,018	-	2,018
Costs of share issue	-	(163)	-	-	(163)	-	(163)
<b>At 31 May 2023</b>	<b>137</b>	<b>8,752</b>	<b>(49)</b>	<b>7,123</b>	<b>15,963</b>	<b>-</b>	<b>15,963</b>

## Comprehensive income for the six months to 30 November 2023

Profit for the period	-	-	-	515	515	-	515
Other comprehensive expense	-	-	(78)	-	(78)	-	(78)
<b>Total comprehensive (expense)/income for the period</b>	<b>-</b>	<b>-</b>	<b>(78)</b>	<b>515</b>	<b>437</b>	<b>-</b>	<b>437</b>
Share based payment	-	-	-	114	114	-	114
<b>At 30 November 2023</b>	<b>137</b>	<b>8,752</b>	<b>(126)</b>	<b>7,752</b>	<b>16,515</b>	<b>-</b>	<b>16,515</b>

## Interim Financial Statements

## Interim Condensed Consolidated Statement of Cash Flows

for the six months ended 30 November 2023

Note	Six months ended 30 Nov 2023 Unaudited £'000	Six months ended 30 Nov 2022 Unaudited £'000	Twelve months ended 31 May 2023 Audited £'000
<b>Cash flows from operating activities</b>			
Cash generated/(used) from operations	2,249	(1,415)	290
Tax received/(paid)	1,424	(76)	1,512
<b>Net cash generated from/(used in) operating activities</b>	<b>3,672</b>	<b>(1,491)</b>	<b>1,802</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	(711)	(336)	(395)
Additions to intangible assets	(3,018)	(1,731)	(4,133)
Interest received	1	6	7
<b>Net cash used in investing activities</b>	<b>(3,728)</b>	<b>(2,061)</b>	<b>(4,521)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of ordinary shares	-	-	1,855
Interest paid	(369)	(357)	(785)

Lease liability payments	(73)	(60)	(166)
Repayment of bank loans	(428)	(413)	(832)
<b>Net cash (used in)/ generated from financing activities</b>	<b>(870)</b>	<b>(830)</b>	<b>72</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(926)</b>	<b>(4,383)</b>	<b>(2,647)</b>
Cash and cash equivalents at beginning of year	3,095	5,742	5,742
Foreign exchange losses	(78)	-	-
<b>Cash and cash equivalents at end of period</b>	<b>B</b>	<b>2,092</b>	<b>1,359</b>
			<b>3,095</b>

## Interim Financial Statements

### Notes to the Condensed Interim Consolidated Statement of Cash Flows

for the six months ended 30 November 2023

#### A. Cash generated from operations

The reconciliation of profit for the year to cash generated from operations is set out below:

	Six months ended 30 Nov 2023 £'000	Six months ended 30 Nov 2022 £'000	Twelve months ended 31 May 2023 £'000
<b>Profit for the period</b>	<b>515</b>	<b>322</b>	<b>1,792</b>
Adjustments for:			
Depreciation	227	199	454
Amortisation of intangible assets	218	307	248
Other amortisation	12	7	28
Share based payments	114	98	213
Net interest costs	368	351	778
Tax credit	(824)	(524)	(1,745)
	<b>630</b>	<b>760</b>	<b>1,768</b>
<b>Working capital movements</b>			
Increase in inventories	(73)	(957)	(89)
Decrease/(increase) in trade and other receivables	1,139	(2,088)	(3,770)
Increase in trade and other payables	558	804	2,322
(Decrease)/increase in provisions	(5)	66	59
<b>Cash generated from / (used in) operations</b>	<b>2,249</b>	<b>(1,415)</b>	<b>290</b>

#### B. Analysis of net debt

	At 1 June 2022 £'000	Cash flow £'000	Non-cash changes £'000	At 30 Nov 2022 £'000
Loans	(4,966)	413	-	(4,553)
Lease liabilities	(193)	49	10	(134)
Liabilities arising from financing activities	(5,159)	462	10	(4,687)
Cash and cash equivalents	5,742	(4,383)	-	1,359
<b>Net debt</b>	<b>583</b>	<b>(3,921)</b>	<b>10</b>	<b>(3,328)</b>

	At 1 Dec 2022 £'000	Cash flow £'000	Non-cash changes £'000	At 31 May 2023 £'000
Loans	(4,553)	419	(33)	(4,167)
Lease liabilities	(134)	314	(2,455)	(2,275)
Liabilities arising from financing activities	(4,687)	733	(2,488)	(6,442)
Cash and cash equivalents	1,359	1,736	-	3,095
<b>Net debt</b>	<b>(3,328)</b>	<b>2,469</b>	<b>(2,488)</b>	<b>(3,347)</b>

	At 1 June 2023 £'000	Cash flow £'000	Non-cash changes £'000	At 30 Nov 2023 £'000
Loans	(4,167)	428	-	(3,739)
Lease liabilities	(2,275)	73	-	(2,202)
Liabilities arising from financing activities	(6,442)	501	-	(5,941)
Cash and cash equivalents	3,095	(926)	(77)	2,092
<b>Net debt</b>	<b>(3,347)</b>	<b>(425)</b>	<b>(77)</b>	<b>(3,849)</b>

## Interim Financial Statements

### Notes to the Condensed Interim Consolidated Financial Statements

**1. General information**

Ensilica plc is a public limited company incorporated in the United Kingdom, quoted on the AIM Market of the London Stock Exchange. The Company is domiciled in the United Kingdom and its registered office is 100 Park Drive, Milton Park, Abingdon, OX14 4RY.

The condensed consolidated interim financial statements were approved for issue on 25 February 2024.

The condensed consolidated interim financial statements have not been audited or reviewed.

The condensed consolidated interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 May 2023 were approved by the Board of Directors on 9 October 2023 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

The condensed consolidated interim financial statements comprise the Company and its subsidiaries (together referred to as the 'Group').

**Basis of preparation**

This condensed consolidated interim financial report for the period ended 30 November 2023 has been prepared in accordance with Accounting Standard IAS 34 Interim Financial Reporting.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report and Consolidated Financial Statements for the year ended 31 May 2023 and any public announcements made by EnSilica plc during the interim reporting period.

The consolidated financial statements of the Group have been prepared in accordance with UK-adopted International Accounting Reporting Standards (IAS) as issued by the International Accounting Standards Board (IASB) and the Companies Act 2006.

The financial information has been prepared under the historical cost convention unless otherwise specified within these accounting policies. The financial information and the notes to the financial information are presented in thousands of pounds sterling ('£'000'), the functional and presentation currency of the Group, except where otherwise indicated.

The principal accounting policies adopted in preparation of the financial information are set out below. The policies have been consistently applied to all periods presented, unless otherwise stated.

Judgements made by the Directors in the application of the accounting policies that have a significant effect on the financial information and estimates with significant risk of material adjustment in the next year are discussed below.

**Going concern**

In assessing the appropriateness of the going concern assumption, the Board has considered the availability of funding alongside the possible cash requirements of the Group and Company. After due consideration and in the expectation of receipt of tax credits and customer payments in the short term as set out below, the directors have concluded that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the date of this report, but in reaching that conclusion the Board is mindful of the following key sensitivities which, should they materialise, could cast significant doubt on that conclusion.

The Board originally anticipated to receive R&D tax credit from HMRC in December 2023. While the timing of the receipt of this continues to remain outside of the Company's control, this is now anticipated to be received in the first quarter of 2024. The Company also expects to receive certain significant customer payments, including in relation to two separate contracts, one of which was announced on 14 December 2023 and is expected in March 2024, for work completed and which is overdue. In view of this, the Board has prepared various sensitivity analyses to determine circumstances in which the Company might need additional funding in order to meet short-term working capital requirements. It has determined that there remains an uncertainty as to the adequacy of funding in the following circumstances:

1. the Company does not enter into any interim bridging financing arrangement; and/or
2. the Company does not receive the payments outlined above in relation to customer contracts.

Accordingly, as a matter of prudence, the Board is negotiating invoice financing and is in discussions for £1.0 million in debt finance to increase financial headroom and resilience.

#### Accounting policies

The accounting policies adopted are consistent with those of the previous financial year.

#### Use of estimates and assumptions

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 May 2023.

#### Financial instruments

The Group's financial instruments comprise cash and cash equivalents, receivables and payables arising directly from operations, and derivatives. The directors consider that the fair values of the Group's financial instruments do not differ significantly from their carrying values.

## 2. Analysis of revenue

The Board continues to define all the Group's trading as operating in the integrated circuit design market and considers all revenue to relate to the same, one operating segment. Revenue is defined as per the accounting policies.

Revenue in respect of the supply of products is recognised at a point in time. Design and related services, including income for the use of IP, are recognised over the period when services are provided.

	Six months ended 30 Nov 2023 £'000	Six months ended 30 Nov 2022 £'000	Twelve months ended 31 May 2023 £'000
<b>Recognised at a point in time</b>			
Supply of products	1,071	1,235	2,856
<b>Recognised over time</b>			
NRE design services	3,820	3,409	8,175
Consultancy design services	4,640	3,700	9,400
Licensing related income	22	248	45
	8,482	7,357	17,620
	9,553	8,592	20,476
<b>By destination:</b>			
UK	1,413	970	1,831
Rest of Europe	4,639	4,432	11,817
Rest of the World	3,502	3,190	6,828
<b>Total revenue</b>	<b>9,553</b>	<b>8,592</b>	<b>20,476</b>

The nature of the design services and projects is such that there will be significant customers as a proportion of revenue in any one reporting period but that these may be different customers and volumes from one period to the next. During the six months to 30 November 2023 there were five customers with sales between £1.0m and £2.0m contributing 73% of total revenue whereas in the comparable period to 30 November 2022 two customers had sales amounting to £2.6m and £2.0m respectively contributing 53% of revenues with remaining sales being less than £1.0m to each customer.

The group's non-current assets comprising investments, tangible and intangible fixed assets, and the net assets by geographical location are:

30 Nov 2023		30 Nov 2022		31 May 2023	
Non-current	Net assets	Non-current	Net assets	Non-current	Net



	assets		assets		assets	assets
	£'000	£'000	£'000	£'000	£'000	£'000
United Kingdom	18,183	15,393	12,570	11,244	14,892	14,967
India	34	1,429	62	1,251	34	1,199
Brazil	65	120	80	84	73	67
Germany		(427)			-	(270)
	18,282	16,515	12,712	12,578	14,999	15,963

### 3. Alternative performance measures

These items are included in normal operating costs of the business but are significant cash and non-cash expenses that are separately disclosed because of their size, nature or incidence. It is the Group's view that excluding them from operating profit gives a better representation of the underlying performance of the business in the year.

The Group's primary results measure, which is considered by the directors of Ensilica plc to better represent the underlying and continuing performance of the Group, is Adjusted EBITDA as set out below. EBITDA is a commonly used measure in which earnings are stated before net finance income, amortisation and depreciation as a proxy for cash generated from trading.

	Six months ended 30 Nov 2023 £'000	Six months ended 30 Nov 2022 £'000	Twelve months ended 31 May 2023 £'000
Operating profit before interest	58	149	825
Compensation for loss of office	-	-	85
Adjusted Operating profit before interest	58	149	910
Depreciation	227	199	454
Amortisation	230	314	276
<b>Adjusted EBITDA</b>	<b>515</b>	<b>662</b>	<b>1,640</b>
Profit for the period	515	322	1,792
Compensation for loss of office	-	-	85
<b>Adjusted Profit for the period</b>	<b>515</b>	<b>322</b>	<b>1,877</b>

### 4. Taxation on profit

	Six months ended 30 Nov 2023 £'000	Six months ended 30 Nov 2022 £'000	Twelve months ended 31 May 2023 £'000
<b>Current taxation</b>			
UK corporation tax credit	900	600	2,064
Foreign tax charge	(76)	(76)	(159)
	824	524	1,905
<b>Deferred taxation</b>			
Origination and reversal of timing differences	-	-	(160)
<b>Tax credit on profit/(loss)</b>	<b>824</b>	<b>524</b>	<b>1,745</b>

#### Factors affecting the tax credit for the period

The tax credit on the profit/(loss) for the year differs from applying the standard rate of corporation tax in the UK of 25% (2023: 20%).

The differences are reconciled below:

	Six months ended 30 Nov 2023 £'000	Six months ended 30 Nov 2022 £'000	Twelve months ended 31 May 2023 £'000
<b>(Loss)/profit before taxation</b>	<b>(309)</b>	<b>(202)</b>	<b>47</b>
<b>Corporation tax at standard rate</b>	<b>(77)</b>	<b>(38)</b>	<b>9</b>
Factors affecting charge for the year:			

Disallowable expenses	103	127	164
Allowances and enhanced deductions	(772)	-	(966)
Research and development allowances	(726)	(807)	(1,940)
Reduced rate on surrender of R&D losses for tax credit	683	115	762
RDEC expenditure credit	(79)	-	(62)
Restricted tax losses	-	79	-
Foreign tax charges	15	-	85
Deferred tax	-	-	160
Share options	29	-	43
<b>Tax credit on (loss)/profit</b>	<b>(824)</b>	<b>(524)</b>	<b>(1,745)</b>

## 5. Earnings per share

	Six months ended 30 Nov 2023	Six months ended 30 Nov 2022	Twelve months ended 31 May 2023
<b>Profit used in calculating EPS (£'000)</b>	<b>515</b>	<b>322</b>	<b>1,792</b>
Number of shares for basic EPS ('000s)	78,115	75,232	75,833
<b>Basic earnings per share (pence)</b>	<b>0.66</b>	<b>0.43</b>	<b>2.36</b>
Number of shares for diluted EPS ('000s)	80,134	82,767	77,874
<b>Diluted earnings per share (pence)</b>	<b>0.64</b>	<b>0.39</b>	<b>2.30</b>

## Adjusted Earnings per share

	Six months ended 30 Nov 2023	Six months ended 30 Nov 2022	Twelve months ended 31 May 2023
<b>Adjusted Profit used in calculating EPS (£'000)</b>	<b>515</b>	<b>322</b>	<b>1,877</b>
Number of shares for basic EPS ('000s)	78,115	75,232	75,833
<b>Adjusted basic earnings per share (pence)</b>	<b>0.66</b>	<b>0.43</b>	<b>2.47</b>
Number of shares for diluted EPS ('000s)	80,134	82,767	77,874
<b>Adjusted diluted earnings per share (pence)</b>	<b>0.64</b>	<b>0.39</b>	<b>2.41</b>

There are 424,440 of exercisable share options over ordinary shares respectively which are potentially dilutive to profit.

As part of the Company's 2022 long term incentive plan, share options over 6,751,109 ordinary shares and warrants over 450,000 ordinary shares are potentially dilutive to profit.

## 6. Property, plant and equipment

	Right-of-use property £'000	Leasehold improvements £'000	Office equipment £'000	Right-of-use equipment £'000	Computer equipment £'000	Total £'000
<b>Cost</b>						
At 1 June 2023	2038	240	240	597	563	3,678
Additions	-	-	2	640	69	711
At 30 November 2023	2,038	240	242	1,237	632	4,389
<b>Depreciation</b>						
At 1 June 2023	(367)	(24)	(111)	(204)	(405)	(1,111)
Charge for the year	(91)	(6)	(22)	(53)	(54)	(227)
At 30 November 2023	(458)	(30)	(133)	(257)	(459)	(1,338)
<b>Net book value</b>						
At 30 November 2023	1,580	210	109	980	169	3,049
At 31 May 2023	1,671	216	129	393	155	2,566
At 30 November 2022	1,791	226	147	390	157	2,711

## 7. Intangible assets

	Development costs £'000	Software £'000	Intellectual property £'000	Total £'000
<b>Cost</b>				
At 1 June 2023	15,478	123	39	15,640
Additions	3,018	-	-	3,018

At 30 November 2023	18,496	123	39	18,658
<b>Amortisation and impairment</b>				
At 1 June 2023	(3,152)	(51)	(4)	(3,207)
Charge for the period	(205)	(11)	(2)	(218)
At 30 November 2023	(3,357)	(62)	(6)	(3,425)
<b>Net book value</b>				
At 30 November 2023	15,139	61	33	15,233
At 31 May 2023	12,326	72	35	12,433
At 30 November 2022	9,877	84	40	10,001

Capitalised development expenditure relates to developed intellectual property in respect of circuit and chip design.

The recoverable amount of a cash generating unit (CGU) is assessed using a value in use model across each individual project that forms the intellectual property that has been capitalised. The value in use for each project is dependent on the envisaged life cycle of the CGU using a discount factor of 11.5% (2022:10%), being the cost of capital for the CGU.

#### 8. Trade and other receivables

	30 Nov 2023 £'000	30 Nov 2022 £'000	31 May 2023 £'000
<b>Current</b>			
Trade receivables	1,364	1,661	3,893
Other receivables	1,093	952	807
Prepayments	703	562	483
Accrued income	2,726	2,169	1,842
<b>Total</b>	<b>5,886</b>	<b>5,344</b>	<b>7,025</b>

#### 9. Borrowings

	30 Nov 2023 £'000	30 Nov 2022 £'000	31 May 2023 £'000
<b>Current</b>			
Bank loans	975	833	883
<b>Non-current</b>			
Bank loans	2,764	3,726	3,284
<b>Total</b>	<b>3,739</b>	<b>4,559</b>	<b>4,167</b>

A bank loan of £1,440,000 (2022: £1,867,000) is secured by fixed and floating charges over the assets of the group and bears interest at rates of 8% over SONIA or 10% if higher. It is repayable in monthly instalments over the period to August 2026.

A loan of £1,939,000 (2022: £2,875,000) is unsecured and bears interest at a fixed rate of 13%. It is being repaid by quarterly instalments over the period to October 2027.

The loan liabilities are stated net of unamortised loan issue costs as at 30 November 2023 of £140,000 (2022: £189,000) which are being amortised over the period to the loan repayment dates.

#### 10. Trade and other payables

	30 Nov 2023 £'000	30 Nov 2022 £'000	31 May 2023 £'000
<b>Current</b>			
Trade payables	2,051	1,475	2,388
Taxation and social security	542	519	281
Other payables	166	120	161
Accruals	2,249	939	1,293
Contract liabilities	281	133	600
<b>Total</b>	<b>5,289</b>	<b>3,186</b>	<b>4,723</b>

#### 11. Share capital

	30 Nov 2023 £'000	30 Nov 2022 £'000	31 May 2023 £'000
<b>Allotted, called up and fully paid</b>			
78,115,158 ordinary shares of £0.001 each	78	75	78

59,190 deferred shares of £1.00 each	59	59	59
	<b>137</b>	<b>134</b>	<b>137</b>

## 12. Share based payment

The company does not report share based payment detailed analysis as part of its half year reporting.

An estimated provision totalling £114,000 (30 November 2022 £98,000) has been made for the period under review.

## 13. Post balance sheet events

Subsequent to the end of the period under review there have been no events that the company feels should be brought to the shareholders' attention.

## 14. Related party transactions

During the period under review, the company undertook transactions with the following related parties:

Name	Services	Six months to 30 Nov 2023		Six months to 30 Nov 2022		Twelve months to 31 May 2023	
		Transactions during the period	Balance owing/ (owed) at 30 Nov 2023 £'000	Transactions during the period	Balance owing/ (owed) at 30 Nov 2022 £'000	Transactions during the year	Balance owing/ (owed) at 31 May 2023 £'000
EnSilica India Private Limited	Semiconductor design services	586	770	724	770	1,282	-
EnSilica Do Brasil Sociedade Unipessoal Limitada	Semiconductor design services	609	-	535	-	1,187	-
EnSilica GMBH	Semiconductor sales services	150	(150)	-	-	271	(271)

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