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10 February 2025

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

Unaudited Results for the Half Year Ended 30 November 2024

Chip supply revenue more than doubled and five design & supply contract wins, with more expected by year end

Successful implementation of strategy centred on exploiting high-growth and tech-driven markets

EnSilica (AIM: ENSI), a leading chip maker of mixed-signal ASICs (Application Specific Integrated Circuits), announce its unaudited results for the six months ended 30 November 2024 ("H1 FY25" or the "Period").

Financial Highlights

- Revenue was £9.3 million (H1 FY24: £9.6 million)
- Chip supply revenue up 164% from £1.1 million in H1 FY24 to £2.9 million in H1 FY25
- EBITDA (£0.2) million (H1 FY24: £0.5 million)
- Operating loss of £0.8 million (H1 FY24: £0.0 million)
- Cash and cash equivalents at 30 November 2024 of £2.8 million (31 May 2024: £5.2 million)
- £6 million debt refinancing completed, unlocking £2.1 million of additional working capital
- Further investment in intellectual property ("IP") and tooling of £2.6 million (H1 FY24: £3.0 million)

Operational Highlights

- EnSilica currently has four ASICs in production with supply revenue orders secured to deliver supply revenues, in aggregate, of £6 million in FY25, double compared to the previous financial year
- Five design and supply ASICs and one supply contract won, generating supply revenues from 2027 onwards
 - Second industrial automation ASIC design and supply contract secured with Siemens;
 - Timing control ASIC design and supply contract secured projected to exceed 30 million;
 - Photonics Controller ASICs design and supply contract secured with Oriole Networks;
 - Automotive and industrial controller ASIC design and supply contract secured in excess of 31 million over a seven-year period;
 - Telecommunications ASIC design and supply contract secured with SIAE Microelettronica worth in excess of 30 million over a ten-year period; and
- Supply only contract for Edge AI chip forecast value estimated to exceed 50 million over the first five years of production
- As announced on 3 February 2025, EnSilica was awarded £10.4 million of matched funding from the UK Space Agency for a development project aimed at increasing competitiveness in the satellite broadband communications user terminals market

Ian Lankshear, Chief Executive Officer of EnSilica, commented:

"We have made a solid start to 2025, securing a further five design and supply ASICs contracts, and we remain confident of securing additional mandates across the remainder of the financial year. Our NRE and chip supply revenues from these new contracts alone are expected to generate a further £100 million of revenues over their lifetime, starting from 2027 onwards, further cementing our growing financial base. In addition, and as a sign of ongoing confidence, our chip supply revenues are set to double to £6 million in FY25, a key performance indicator of the success of the Company's fabless business model.

Our diverse range of markets and high-profile customers is building both a robust portfolio and exciting future chip supply revenue streams.

Our ongoing progress has been further highlighted by the recently announced £10.4 million of funding from the UK Space Agency, a highly significant award for EnSilica as we aim to increase our satellite communications market footprint. This funding will enable our team to advance our position and competitiveness as a key supplier of silicon chips for user terminals across the various new satellite constellations, offering an alternative to SpaceX's Starlink service."

Investor Presentation

An online presentation of the half-year results will be held at 3.30 p.m. GMT on Friday, 14 February 2025 via the Investor Meet Company ("IMC") platform. Investors can sign up to IMC for free and add EnSilica via: <https://www.investormeetcompany.com/ensilica-plc/register-investor>

For further information please contact:

EnSilica plc
Ian Lankshear, Chief Executive Officer
Kristoff Rademan, Chief Financial Officer
www.ensilica.com

via Vigo Consulting
+44 (0)20 7390 0233

Allenby Capital Limited, Nominated Adviser & Joint Broker
Jeremy Porter / Vivek Bhardwaj (Corporate Finance)
Joscelin Pinnington / Tony Quirke (Sales & Corporate Broking)

+44 (0)20 3328 5656
info@allenbycapital.com

Singer Capital Markets, Joint Broker

Rick Thompson / Asha Chotai

+44 (0)20 7496 3000

Vigo Consulting (Investor & Financial Public Relations)

Jeremy Garcia / Kendall Hill / Anna Stacey

+44 (0)20 7390 0233
ensilica@vigoconsulting.com

The person responsible for arranging release of this announcement on behalf of the Company is Kristoff Rademan, Chief Financial Officer.

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 and Campinas, Brazil.

Operational Review

The Company is pleased to report that it has made a solid start to FY25, securing five design and chip supply ASIC contracts. The design non-recurring engineering ("NRE") revenue underpins the NRE revenue component for the remainder of the financial year and into FY26, and the chip supply revenue from these chips will be further compounding the supply growth from 2027 onwards. The Company has developed a strong sales pipeline in the current financial year, with a number of design and supply contracts now in the business negotiation phase.

Revenues in the Period were £9.3 million (H1 FY24: £9.6 million), which includes ongoing growth in our supply revenue base which is the key performance indicator for EnSilica as we continue our transition from a pure consultancy business to a fabless semiconductor company with multiple revenue streams. This model benefits from long-term predictable, high margin recurring revenues, which we believe will gain in traction over the next few years.

Demonstrating progress towards our stated business model, the Company fulfilled £2.9 million of supply in the Period, and secured orders and scheduled production to generate £6.0 million of supply revenue for FY25. This represents double the £2.9 million the supply revenue generated in FY24 and a Compound Annual Growth Rate ("CAGR") of 72% since FY21.

With the increased investment in IP and tooling as we continue our transition to a fabless business model, the EBITDA loss was £0.2 million in H1 FY25. In H2 FY25, we expect to see early revenues from the five new signed contracts to generate full-year EBITDA profits.

Contract wins and other highlights for H1 FY25 include:

- 7 million NRE supply contract for an edge AI chip with ongoing wafer supply;
- Awarded second ASIC design and supply win with Siemens;
- First production orders for the first Siemens supply contract received for shipping in the next six months;
- 30 million design and supply contract signed with SIAE for a high-end telecommunications ASIC;
- £2 million design contract with a prestigious supplier of power and propulsion systems likely to lead to a major follow-on contract;
- 31 million design and supply contract for an ASIC for automotive and industrial applications; and
- NRE contract with Oriole Networks to design and supply for a photonics controller, which is anticipated to be significant.

Period-end Board Changes

Post the period-end, the Company appointed Stephen Brindle as a Non-executive Director. Stephen has extensive experience having held a number of senior roles across financial services, capital markets and the technology sector. The Board welcomes Stephen to the Company and looks forward to working with him.

The Company also announced the resignation from the Board of Janet Collyer for personal reasons. Following the resignation of Janet, the role of Senior Independent Director was assumed by Wasim "Woz" Ahmed.

The Board thanks Janet for her contribution to EnSilica, starting from before the Company's IPO, and wishes her well in all her future endeavours.

Outlook

EnSilica has delivered another strong first-half performance for FY25 to continue on its solid growth trajectory, with the Group well placed to capitalise on growth opportunities in global markets including the US. The Company is continuing to realise the positive impact of its diversified revenue streams, as well as its growth strategy centred on pursuing new business opportunities across high-growth and tech-driven markets, including satellite communications, industrial and the automotive market.

The Board continues to believe that total revenues will be weighted towards the second half of FY25 with £6 million of the key recurring chip supply revenue considered to be secured for FY25. The other revenues from consultancy and NRE are also trading in line with the Board's expectations, noting as is often the case with NRE contracts, there are customer dependencies that may impact the precise timing of this revenue stream between now and the end of the financial year.

Encouraged by the improving broader trading environment, management is looking ahead to the remainder of H2 FY25 and beyond with confidence and is excited to explore potential new mandate opportunities to add to the sizeable contract wins already secured in the financial year.

Finance Review

H1 FY25 has seen significant growth of new ASIC design and supply customers with five new design and supply contract wins strengthening the Group's pipeline and further demonstrating progress with regards to the Group's stated aim of becoming the premier chipmaker of choice for the development and supply of ASICs in satellite communications, industrial, automotive and healthcare applications.

Successful contract wins during the first half of the year are expected to start generating revenues in H2 FY25 with operational losses reversing as customer NRE activities ramp up.

Chip supply revenue has grown substantially in H1 FY25, more than doubling from £1.1 million in H1 FY24 to £2.9 million for H1 FY25. This increase has been driven by growth in customer demand as well as a tape-outs of an industrial ASIC which occurred during FY24. We now have four ASICs in commercial supply and a further 12 in the design phase.

Cash flow remains a focus with cash used in operations being supported by the refinancing of external loans with Lloyds Banking Group plc, unlocking an additional £2.1 million of working capital as well as £1.2 million from an equity placing which completed in June 2024.

As part of the Group's growth strategy and in conjunction with the Group's customers, EnSilica continues to co-invest in the development of customer ASICs, as well as its own intellectual property and know-how. As such the Group has invested a further £2.6 million (H1 FY24: £3.0 million) in supply contracts and intellectual property assets with the resultant expected return on the investment generated through long-term, high margin, recurring supply or royalty revenues.

Financial Summary

	H1 2025	H1 2024
	£'m	£'m
Revenue	9.3	9.6
Cost of goods	(5.8)	(5.4)
Gross profit	3.4	4.2
Gross margin	37%	44%
Operating expenses	(3.6)	(3.7)
EBITDA	(0.2)	0.5
Depreciation & amortisation	(0.6)	(0.4)
Operating (loss)/profit	(0.8)	0.1
Interest	(0.5)	(0.4)
Loss before tax	(1.4)	(0.3)
Tax	0.2	0.8
(Loss)/profit for the year	(1.2)	0.5

Revenues

Revenues in the period was £9.3 million which were 3% lower than H1 FY24 owing to activities from new contract wins not progressing as quickly as anticipated. However, as highlighted in the Group's year end results and supported by the increased NRE activity from the five new contract wins, higher revenues and profits are expected in the second half of the financial year.

Chip supply revenues have more than doubled from £1.1 million in H1 FY24 to £2.9 million in H1 FY25, with further significant growth expected in future years.

The Group continues to focus on developing chip supply revenues through NRE projects as part of its fabless business model, with the established consultancy revenues providing a further reliable income stream.

Gross Margin

Gross margins in H1 FY25 at 37% are slightly lower than the 40% targeted by the Group. As chip supply revenue starts dominating the total revenues in future years, the gross margin will become more stable.

Operating Expenses

Operating expenses at £3.6 million were slightly lower than H1 FY24 (£3.7 million).

EBITDA

As a result of the slight decrease in revenues and higher level of cost of goods, EBITDA decreased by £0.7 million from £0.5 million in H1 FY24 to (£0.2) million in H1 FY25.

Profit after tax

The interest expense increased to £0.5 million in H1 FY25 (H1 FY24: £0.4 million) due to one off finance charges incurred as a result of the refinancing of the existing external loan facilities in November 2024. Full year interest costs are expected to be in line with the prior year as the higher external loan balance is offset by a lower interest rate achieved.

Headcount

Average Group headcount has increased slightly from 168 for the 2024 financial year to 175 for H1 FY25 as a result of the recruitment of engineers to service the new NRE and design contracts won by the Group in the period.

Cost of goods

Cash flow

	H1 2025	H1 2024
	£'m	£'m
EBITDA	(0.2)	0.5
Working capital	(1.4)	1.8
Tax received	-	1.4
Net cash flow from operations	(1.6)	3.7
Investment in intangibles	(2.6)	(3.0)
Capital expenditure	(0.4)	(0.7)
Interest paid	(0.5)	(0.4)
Cash consumption	(5.1)	(0.4)
Net proceeds from financing	2.8	(0.5)
Movement in the year	(2.3)	(0.9)

The Company consumed net cash flow from operations of £1.6 million after an EBITDA loss of £0.2 million and negative working capital movements of £1.4 million. The Company made investments in intangibles of £2.6 million, mainly driven by the co-development of customer projects, and spent £0.4 million on manufacturing equipment capital expenditure. Interest paid on loans and leasehold property liabilities amounted to £0.5 million, leading to a total cash consumption of £5.1 million.

Net proceeds from financing included equity fundraise receipts of £1.2 million, a net loan advanced of £2.1 million, and offset by loan and lease liability repayments of £0.5 million. The movement in cash in the year was therefore a decrease of £2.3 million.

Ian Lankshear
CEO
EnSilica plc

Kristoff Rademan
CFO
EnSilica plc

10 February 2025

Interim Financial Statements

Condensed Interim Consolidated Statement of Comprehensive Income for the six months ended 30 November 2024

		Six months ended 30 Nov 2024	Six months ended 30 Nov 2023	Twelve months ended 31 May 2024
	Note	Unaudited £'000	Unaudited £'000	Audited £'000
Revenue	2	9,270	9,553	25,266
Cost of sales		(5,825)	(5,358)	(16,267)
Gross profit		3,445	4,195	8,999
Other operating income		-	-	38
Administrative expenses		(4,285)	(4,137)	(8,165)
Operating (loss)/ profit		(840)	58	872
Interest income		-	1	1
Interest expense		(516)	(368)	(925)
Loss before taxation		(1,356)	(309)	(52)
Taxation	4	156	824	(130)
(Loss)/profit for the period		(1,200)	515	(182)

Other comprehensive (expense)/ income for the period

Currency translation differences	(31)	(78)	(68)
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Total comprehensive (loss)/ income for the period	(1,231)	437	(250)
(Loss)/Profit for the period attributable to:			
Owners of the company	(1,200)	515	(182)
Non-controlling interests	-	-	-
	(1,200)	515	(182)
Other comprehensive (expense)/ income for the period attributable to:			
Owners of the company	(31)	(78)	(68)
Non-controlling interests	-	-	-
	(31)	(78)	(68)
Total comprehensive income for the period attributable to:			
Owners of the company	(1,231)	437	(250)
Non-controlling interests	-	-	-
	(1,231)	437	(250)

Interim Financial Statements

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

		Six months ended	Six months ended	Twelve months ended
		30 Nov 2024	30 Nov 2023	31 May 2024
		Unaudited	Unaudited	Audited
	Note	pence	pence	pence
Basic earnings per share (pence)	5	(1.44)	0.66	(0.23)
Diluted earnings per share (pence)	5	(1.44)	0.64	(0.23)

Interim Financial Statements

Condensed Interim Consolidated Statement of Financial Position as at 30 November 2024

		30 Nov 2024	30 Nov 2023	31 May 2024
		Unaudited	Unaudited	Audited
	Note	£'000	£'000	£'000
Assets				
Non-current assets				
Property, plant and equipment	6	3,132	3,049	2,997
Intangible assets	7	20,759	15,233	18,565
Total non-current assets		23,891	18,282	21,562
Current assets				
Inventories		896	375	753
Trade and other receivables	8	8,966	5,886	8,390
Corporation tax recoverable		2,179	1,464	1,349
Cash and cash equivalents		2,792	2,092	5,156
Total current assets		14,833	9,817	15,648
Total assets		38,724	28,099	37,210
Current liabilities				
Borrowings	9	(3,831)	(975)	(1,717)

Lease liabilities		(320)	(177)	(199)
Trade and other payables	10	(6,342)	(5,289)	(7,118)
Total current liabilities		(10,493)	(6,441)	(9,034)
Non current liabilities				
Borrowings	9	(1,879)	(2,764)	(2,298)
Lease liabilities		(1,711)	(2,025)	(1,904)
Provisions		(182)	(194)	(206)
Deferred tax		(2,009)	(160)	(1,365)
Total non current liabilities		(5,781)	(5,143)	(5,773)
Total liabilities		(16,284)	(11,584)	(14,807)
Net assets		22,450	16,515	22,403
Equity				
Issued share capital	11	156	137	153
Share premium account		16,165	8,752	14,957
Currency differences reserve		(176)	(126)	(117)
Retained earnings		6,305	7,752	7,410
Equity attributable to owners of the Company		22,450	16,515	22,403
Non-controlling interests		-	-	-
Total equity		22,450	16,515	22,403

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

Ian Lankshear
CEO
EnSilica plc

Kristoff Rademan
CFO
EnSilica plc

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
At 1 June 2023	137	8,752	(49)	7,123	15,963	-	15,963
Profit for the period	-	-	-	515	515	-	515
Other comprehensive expense	-	-	(78)	-	(78)	-	(78)
Total comprehensive (expense)/income for the period	-	-	(78)	515	437	-	437
Share based payment	-	-	-	114	114	-	114
At 30 November 2023	137	8,752	(126)	7,752	16,515	-	16,515

	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
At 1 Dec 2023	137	8,752	(126)	7,752	16,515	-	16,515
Loss for the period	-	-	-	(696)	(696)	-	(696)

Other comprehensive expense	-	-	9	-	9	-	9
Total comprehensive (expense)/income for the period	-	-	9	(696)	(687)	-	(687)
Share based payment	-	(217)	-	354	137	-	137
Issue of share capital	16	6,893	-	-	6,909	-	6,909
Cost of share issue	-	(471)	-	-	(471)	-	(471)
At 31 May 2024	153	14,957	(117)	7,410	22,403	-	22,403

Loss for the period	-	-	-	(1,200)	(1,200)	-	(1,200)
Other comprehensive expense	-	-	(59)	(36)	(95)	-	(95)
Total comprehensive expense for the period	-	-	(59)	(1,236)	(1,295)	-	(1,295)
Share based payment	-	-	-	131	131	-	131
Issue of share capital	3	1,408	-	-	1,411	-	1,411
Cost of share issue	-	(200)	-	-	(200)	-	(200)
At 30 November 2024	156	16,165	(176)	6,305	22,450	-	22,450

Interim Financial Statements

Interim Condensed Consolidated Statement of Cash Flows for the six months ended 30 November 2024

		Six months ended 30 Nov 2024 Unaudited £'000	Six months ended 30 Nov 2023 Unaudited £'000	Twelve months ended 31 May 2024 Audited £'000
	Note			
Cash flows from operating activities				
Cash (used)/generated from operations	A	(1,598)	2,249	2,482
Tax (paid)/received		(30)	1,424	1,788
Net cash (used in)/generate from operating activities		(1,628)	3,672	4,270
Cash flows from investing activities				
Purchase of property, plant and equipment		(385)	(711)	(927)
Additions to intangible assets		(2,575)	(3,018)	(6,425)
Interest received		-	1	1
Net cash used in investing activities		(2,960)	(3,728)	(7,351)
Cash flows from financing activities				
Proceeds from issuance of ordinary shares		1,208	-	6,480
Interest paid		(516)	(369)	(925)
Lease liability payments		(72)	(73)	(172)
Loans and borrowings received		5,710	-	713
Loans and borrowing repaid		(4,027)	(428)	(865)
Net cash generated from/ (used in) financing activities		2,283	(870)	5,231
Net (decrease)/increase in cash and cash equivalents		(2,305)	(926)	2,150
Cash and cash equivalents at beginning of year		5,156	3,095	3,095
Foreign exchange losses		(79)	(78)	(89)
Cash and cash equivalents at end of period	B	2,792	2,092	5,156

Interim Financial Statements

Notes to the Condensed Interim Consolidated Statement of Cash Flows for the six months ended 30 November 2024

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 2024	Six months ended 30 Nov 2023	Twelve months ended 31 May 2024
	£'000	£'000	£'000
(Loss)/profit for the period	(1,200)	515	(182)
Adjustments for:			
Depreciation	241	227	495
Amortisation of intangible assets	383	218	322
Other amortisation	6	12	-
Share based payments	131	114	248
Net interest costs	516	368	924
Tax (credit)/charge	(156)	(824)	130
	(79)	630	1,937
Changes in working capital			
Increase in inventories	(143)	(73)	(448)
(Increase)/decrease in trade and other receivables	(576)	1,139	(997)
(Decrease)/increase in trade and other payables	(776)	558	1,983
(Decrease)/increase in provisions	(24)	(5)	7
Cash (used in) /generated from operations	(1,598)	2,249	2,482

B. Analysis of net debt

	At 1 June 2023	Cash flow	Non-cash changes	At 30 Nov 2023
	£'000	£'000	£'000	£'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
Net debt	(3,347)	(425)	(77)	(3,849)

	At 1 Dec 2023	Cash flow	Non-cash changes	At 31 May 2024
	£'000	£'000	£'000	£'000
Loans	(3,739)	(276)	-	(4,015)
Lease liabilities	(2,202)	99	-	(2,103)
Liabilities arising from financing activities	(5,941)	(177)	-	(6,118)
Cash and cash equivalents	2,092	3,076	(12)	5,156
Net debt	(3,849)	2,899	(12)	(962)

	At 1 June 2024	Cash flow	Non-cash changes	At 30 Nov 2024
	£'000	£'000	£'000	£'000
Loans	(4,015)	(1,695)	-	(5,710)
Lease liabilities	(2,103)	72	-	(2,031)

Liabilities arising from financing activities	(6,118)	(1,623)	-	(7,741)
Cash and cash equivalents	5,156	(2,285)	(79)	2,792
Net debt	(962)	(3,908)	(79)	(4,949)

Interim Financial Statements

Notes to the Condensed Interim Consolidated Financial Statements For the Period ended 30 November 2024

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 unaudited interim financial statements were approved for issue on 10 February 2025.

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 2024 were approved by the Board of Directors on 4 November 2024 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified but contained an emphasis of matter paragraph relating to going concern 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 six month period ended 30 November 2024 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 report and financial statements. Accordingly, this report is to be read in conjunction with the Annual Report and Consolidated Financial Statements for the year ended 31 May 2024 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

For the 6 months ending 30 November 2024, the Group generated revenues of £9.3 million and an operating loss of £0.8 million; and consumed cash flow from operations of £1.6 million. As at 30 November 2024, the Group held cash balances of £2.8 million and the Group's financing arrangements consisted of a loan of £5.7 million from the Bank of Scotland.

In considering the basis of preparation of the interim financial statements, the Directors have prepared a cash flow forecast for a period of at least 12 months from the date of approval of these financial interim financial statements based on forecasts for the financial years 2025 and 2026. The Directors have undertaken a rigorous assessment of the forecast and assessed identified downside risks and mitigating actions. The assumptions around project sales, staffing and purchases are based on management's expectations over the forecast period.

Taking account of the matters described above, the Board has the confidence in the Company's ability to continue as a going concern for the following reasons:

- The Company's ability to continue to be successful in winning new customers and building its brand as demonstrated by the signing of five new design and supply agreements and one design only agreement in the last six months with a lifetime value of 100 million,
- Potential access to £3 million additional loan financing accordion option through the debt facility from Lloyds Banking Group plc,
- The Company's history of being able to access capital markets as evidenced by the raising of £5.2 million gross equity in May 2024 and,
- The Company's ability to control capital expenditure and lower other operational spend, as necessary

Taking account of the matters described above, the Directors are confident that the Company will have access to sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Accounting policies

The accounting policies, including the classification of financial instruments, applied in these interim financial statements are consistent with those of the annual financial statements for the year ended 31 May 2024, as described in those financial statements.

Use of estimates and judgements

The preparation of the financial information under IFRS requires the use of certain critical accounting assumptions and requires management to exercise its judgement and to make estimates in the process of applying the Company's accounting policies.

Management bases its estimates on historical experience and on various other assumptions that management believes to be reasonable in the circumstances. The key estimates and judgements used in the preparation of this financial information that could result in a material change in the carrying value of assets or liabilities within the next six months are as follows:

Intangible assets - capitalisation, impairment and amortisation of development expenditure

Judgement

The capitalisation of development costs is subject to a degree of judgement in respect of the timing when the commercial viability of new technology and know-how is reached, supported by the results of testing and customer trials, and by forecasts for the overall value and timing of sales which may be impacted by other future factors which could impact the assumptions made. In making their judgements, the Directors considered the carrying values that are disclosed in note 7.

Estimation

Amortisation commences once management consider that the asset is available for use, i.e. when it is judged to be in the location and condition necessary for it to be capable of operating in the manner intended by management and the cost is amortised over the estimated useful life of the asset based on experience of and future expected customer product cycles

and lives. The useful economic lives and residual values are reassessed annually. They are amended when necessary to

reflect current estimates, based on technological advancement, future investments and economic utilisation.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 7.

Revenue

Estimation

In accordance with the policy on revenue recognition, management are required to judge the percentage of completion of the contract in order to recognise revenues. The overall recognition of revenue will depend upon the nature of the project and whether it is billed on a time and materials basis, or, on a project milestone basis where invoices can only be raised on completion of specific, pre-agreed objectives. The Company maintains complete and accurate records of employees' time and expenditure on each project which is regularly assessed to determine the percentage completion, and thereby whether it is appropriate to recognise revenues.

As it satisfies its performance obligations, the Company recognises revenue and the related contract asset with regards to the milestone based development contracts. Revenues are recognised on a percentage of completion basis and as such require estimation in terms of the assessment of the correct percentage of completion for that specific contract.

Management judgement is based on a strong track record of successful completion of projects and accurate forecasting of the time required together with the hindsight period available to support the balance sheet date assumptions made.

2. Segmental analysis

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.

Disaggregation of revenue

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 2024 £'000	Six months ended 30 Nov 2023 £'000	Twelve months ended 31 May 2024 £'000
Recognised at a point in time			
Supply of products	2,895	1,071	2,926
Recognised over time			
NRE design services	2,316	2,820	15,228

IPR design services	4,410	3,640	10,440
Consultancy design services	4,128	4,640	7,112
Licensing related income	30	22	-
	6,375	8,482	22,340
	9,270	9,553	25,266
By destination:			
UK	990	1,413	2,513
Rest of Europe	7,094	4,639	9,863
Rest of the World	1,186	3,502	12,890
Total revenue	9,270	9,553	25,266

The nature of the work done 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 2024 there were three customers with sales of between £1.3 million and £2.5 million making up 65% of revenues, with a further two customers with sales of £0.5 million to £1.0 million resulting in the top five customers contributing 77% of revenue. During the comparable period to 30 November 2023 there were five customers with sales between £1.0 million and £2.0 million contributing 73% of total revenue.

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

	30 Nov 2024		30 Nov 2023		31 May 2024	
	Non-current assets	Net assets	Non-current assets	Net assets	Non-current assets	Net assets
	£'000	£'000	£'000	£'000	£'000	£'000
United Kingdom	23,832	21,509	18,183	15,393	21,501	21,621
India	3	1,511	34	1,429	3	1,304
Brazil	56	14	65	120	58	(27)
Germany	-	(584)	-	(427)	-	(495)
	23,891	22,450	18,282	16,515	21,562	22,403

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 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 2024	Six months ended 30 Nov 2023	Twelve months ended 31 May 2024
	£'000	£'000	£'000
Operating (loss)/ profit before interest	(840)	58	872
Depreciation	241	227	495
Amortisation	389	230	322
EBITDA	(210)	515	1,689

4. Taxation on profit

Six months ended 30 Nov 2024	Six months ended 30 Nov 2023	Twelve months ended 31 May 2024
£'000	£'000	£'000

Current taxation			
UK corporation tax credit	830	900	1,258
Foreign tax charge	(30)	(76)	(183)
	800	824	1,075
Deferred taxation			
Origination and reversal of timing differences	(644)	-	(1,205)
Tax credit/(charge) on (loss)/profit	156	824	(130)

5. Earnings per share

	Six months ended 30 Nov 2024	Six months ended 30 Nov 2023	Twelve months ended 31 May 2024
(Loss)/profit used in calculating EPS (£'000)	(1,200)	515	(182)
Number of shares for basic EPS ('000s)	83,604	78,115	80,747
Basic earnings per share (pence)	(1.44)	0.66	(0.23)
Number of shares for diluted EPS ('000s)	83,604	80,134	80,747
Diluted earnings per share (pence)	(1.44)	0.64	(0.23)

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
Cost						
At 1 June 2024	2038	240	241	1,111	839	4,469
Additions	360	-	-	-	25	384
At 30 November 2024	2,338	240	241	1,111	6633	4,853
Depreciation						
At 1 June 2024	(578)	(42)	(152)	(183)	(517)	(1,472)
Charge for the year	(91)	(12)	(21)	(53)	(64)	(241)
Exchange adjustments	-	-	(3)	-	(5)	(8)
At 30 November 2024	(669)	(55)	(177)	(236)	(584)	(1,721)
Net book value						
At 30 November 2024	1,729	185	64	874	96	3,132
At 31 May 2024	1,460	198	89	928	322	2,997
At 30 November 2023	1,580	210	109	980	169	3,049

7. Intangible assets

	Development costs £'000	Software £'000	Intellectual property £'000	Total £'000
Cost				
At 1 June 2024	21,903	123	39	22,065
Additions	2,575	-	-	2,575
At 30 November 2024	24,478	123	39	24,640
Amortisation and impairment				
At 1 June 2024	(3,417)	(75)	(7)	(3,500)
Charge for the period	(369)	(11)	(1)	(381)
At 30 November 2024	(3,786)	(87)	(8)	(3,881)

Net book value

At 30 November 2024	20,692	36	33	20,759
At 31 May 2024	18,486	48	31	18,565
At 30 November 2023	15,139	61	33	15,233

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 portion is dependent on the expected life cycle of the CGU using a discount factor of 11.50% (2023: 11.5%), being the cost of capital for the CGU.

8. Trade and other receivables

	30 Nov 2024	30 Nov 2023	31 May 2024
Current	£'000	£'000	£'000
Trade receivables	1,711	1,364	1,743
Other receivables	835	1,093	1,062
Prepayments	1,237	703	1,306
Accrued income	5,183	2,726	4,279
Total	8,966	5,886	8,390

9. Borrowings

	30 Nov 2024	30 Nov 2023	31 May 2024
Current	£'000	£'000	£'000
Bank loans	3,831	975	1,717
Non-current			
Bank loans	1,879	2,764	2,298
Total	5,710	3,739	4,015

	30 Nov 2024	31 May 2024
Movement in Loans	£'000	£'000
Opening balance June 1 st	4,015	4,167
Loan received	6,000	713
Interest accrued	426	572
Interest paid	(414)	(513)
Redemption of loans	(3,567)	-
Capitalisation of issue costs	(290)	-
Loan repayments	(460)	(920)
Closing balance	5,710	4,015

In November 2024, existing borrowings with carrying value of £3.6 million were redeemed by way of a new Term Loan for £3.0 million, and a Revolving Credit Facility (RCF) of £3.0 million, which was drawn down in 2 tranches. The loan liability is stated net of unamortised loan issue costs of £290,000 at 30th November 2024 (2023: £140,000).

The bank loan of £3.0 million is secured by fixed and floating charges over the assets of the group and bears interest at rates of 3.5% over the Bank of England Base Rate. It is repayable in monthly instalments over the period to November 2027.

The revolving credit facility of £3.0 million is secured by fixed and floating charges over the assets of the group and bears interest at the Bank of England Base Rate plus 2.5%.

Previous borrowings, which totalled £3.6 million at redemption attracted interest as follows:

Loan 1: £1.0 million - 8% over SONIA if SONIA exceeds 10%
Loan 2: £1.9 million - 13% fixed rate; and
Loan 3: £0.7 million - 16% fixed rate.

10. Trade and other payables

	30 Nov 2024	30 Nov 2023	31 May 2024
Current	£'000	£'000	£'000
Trade payables	1,686	2,051	3,496
Taxation and social security	998	542	943

Other payables	156	166	170
Accruals	1,907	2,249	1,293
Contract liabilities	1,595	281	1,216
Total	6,342	5,289	7,118

11. Share capital

Allotted, called up and fully paid	30 Nov 2024	30 Nov 2023	31 May 2024
	£'000	£'000	£'000
96,600,636 ordinary shares of £0.001 each	97	78	94
59,190 deferred shares of £1.00 each	59	59	59
	156	137	153

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 2024		Six months to 30 Nov 2023		Twelve months to 31 May 2024	
		Transactions during the period	Balance owing/ (owed) at 30 Nov 2023 £'000	Transactions during the period	Balance owing/ (owed) at 30 Nov 2023 £'000	Transactions during the year	Balance owing/ (owed) at 31 May 2024 £'000
EnSilica India Private Limited	Semiconductor design services	500	1,138	586	770	954	(1,045)
EnSilica Do Brasil Sociedade Unipessoal Limitada	Semiconductor design services	620	-	609	-	1,151	-
EnSilica GMBH	Semiconductor sales services	(163)	(316)	150	(150)	207	478

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