ALPHAWAVE IP GROUP PLC
INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

- Technology leadership and product portfolio underpin broader customer base
- Revenue doubled year-on-year to US$57.1m
- H1 2022 operating profit of US$29.9m compared to restated H1 2021 US$1.3m
- Adjusted EBITDA[1] up 67% year-on-year to US$23.2m
- Adjusted EBITDA[1] margin at 41%, below H1 2021, as we continue to expand our R&D capability to support a growing pipeline and future revenue growth
- EBITDA significantly above H1 2021 at US$32.7m
- Significant revenue growth expected in H2 2022, with medium-term outlook unchanged and continued confidence in growth prospects

LONDON, United Kingdom and TORONTO, Ontario, Canada 21 September 2022 - Alphawave IP Group plc (LSE: AWE, “Alphawave IP”, “Alphawave”, the “Company”), a global leader in high-speed connectivity for the world’s technology infrastructure, has published its interim results for the six months ended 30 June 2022.

Financial Summary and APMs[1] – US$m	H1 2022	Restated H1 2021[2]	Change
Revenue	57.1	27.6	107%
EBITDA[2]	32.7	2.6	nm
EBITDA margin	*57%*	*9%*	
Adjusted EBITDA1	23.2	13.9	67%
Adjusted EBITDA margin	*41%*	*50%*	
Profit after Tax[2]	16.3	0.1	nm
PAT margin	*28%*	*nm*	
Adjusted Profit after Tax[1]	6.7	11.4	(41%)
Adjusted PAT margin	12%	41%	
Pre-tax operating cash flow[2]	32.2	4.7	578%
Net cash and cash equivalents (end of period)	451.8	519.1	(13%)

Bookings[3] and Design Win Activity – US$m	H1 2022	H1 2021	Change
Licence and related	38.5	33.0	17%
Potential future royalties	14.9	15.2	(2%)
New Bookings (excluding VeriSilicon and WiseWave multi-year subscription licences)	53.4	48.3	11%
Additional design win activity – FSA drawdowns and China re-sale licences[4]	14.7	-	nm
WiseWave and VeriSilicon multi-year subscription licences	-	147.8	nm
Number of end-customers (end of period)	28	16	

Due to rounding, numbers presented in the table may not add up to the totals provided and percentages may not precisely reflect the absolutely figures. ‘nm’, where referenced, means ‘not meaningful’.

[1] See note 4 Alternative Performance Measures (APMs) on page 21. Adjusted EBITDA and Adjusted Profit after Tax exclude IPO-related non-recurring costs, foreign exchange adjustments, share-based payments, M&A transaction costs and one-time fees associated with WiseWave.

[2] H1 2021 operating expenses have been restated by US$2.6m from share premium to non-recurring IPO costs. FY 2021 remains unchanged. This restatement had no impact on H1 2021 APMs. See note 23 for further information.

[3] Bookings are a non-IFRS measure representing legally binding and largely non-cancellable commitments by customers to license our technology. Bookings comprise licence fees, non-recurring engineering, support and, in some instances, our estimates of potential future royalties.

[4] Both FSA (Flexible Spending Account) drawdowns and China re-sale licences convert previously announced contractual commitments included within bookings reported in prior periods to new product design wins which will be recognised as revenue over time.

Tony Pialis, President and Chief Executive Officer of Alphawave IP said: "We delivered another set of strong results, doubling our revenue over H1 2021 while continuing to invest both organically, through R&D, as well as through M&A to support our growing pipeline and future revenue growth. The strong results are a testament to our technology and the solid execution by our talented people. Following the closing of the acquisition of OpenFive on 1 September 2022, we welcomed over 330 employees to Alphawave and over 50 new customers. We expect customer traction to gain momentum in the second half of the year and we are excited about the long-term prospects for growth."

John Lofton Holt, Executive Chairman of Alphawave IP, added: "Alongside this strong set of results, the completion of OpenFive represents an important milestone in the evolution of our business. Through an uncertain economic environment our customers in digital infrastructure markets continue to invest in leading connectivity technology, and this is the reason we are excited about the long-term potential of the business."

Interim Results Highlights

- H1 2022 revenues of US$57.1m, representing 107% growth year-on-year driven by mix of repeat business and new customers
- WiseWave revenues of US$18.3m (excluding re-seller revenue[5]), of which US$12.9m relate to the multi-year subscription licence
- Adjusted EBITDA[1] of US$23.2m and margin of 41% (H1 2021 US$13.9m and 50%), reflecting accelerated investment in R&D
- US$19.3m exchange gain due to the weakening of GBP against USD on USD cash balances held at Alphawave IP Group plc level denominated in GBP
- Net cash generated from operating activities in H1 2022 was US$18.8m, US$17.2m higher than in H1 2021 (H1 2021 restated: US$1.6m)

Business and Technology Highlights

- Alphawave IP maintained its technology leadership with a new design win in 3nm
- The Company added to its product portfolio two new interconnect IPs, AresCORE16 and OptiCORE100
- During H1 2022, the Company expanded its customer base to 28 (FY 2021: 20 customers; H1 2021: 16 customers), including two top 20 North American semiconductor companies
- Microchip Technology selected Alphawave's low-power and high-performance 112Gbps IP, AlphaCore100, for its next-generation META-DX2 1.6Tbps Ethernet retimer family
- Cumulative bookings over the life of the Company since its inception in 2017, exceeded US$400m, of which over 50% represents customers outside of China
- Continued to build sales and R&D capabilities with new offices in San Jose, California and Ottawa, Canada
- In H1 2022, the Company headcount increased by 97 people globally, bringing the total headcount from 154 (as of 31 December 2021) to 251 (132 as of 30 June 2021)
- After the end of the reporting period, on 31 August 2022, the Company completed the acquisition of OpenFive, extending Alphawave's product offerings and customer base while driving greater scale and revenue growth from an expanded total addressable market

[5] For further details see note 19

Outlook

- During the second half of the year, the Company expects customer traction to gain momentum, including multiple chiplet IP design wins.
- Alphawave IP reiterates its mid-term and long-term outlook including the financial contribution of OpenFive, communicated on 29 April 2022 in its 2021 full year results.

Capital Markets Day

The Company will host a Capital Markets Day in London, on 13 January 2023. Alphawave's executives will present the Company's long-term business strategy and financial targets as it enters its next phase of technology leadership in connectivity for digital infrastructure markets.

Results Presentation and webcast

A presentation for investors and analysts will be held at 8.30am BST, on 21 September 2022. The webcast will be accessible via:

https://us02web.zoom.us/s/82295344058?pwd=ektteElrdWFwQ2NRd2lETnFIS0RjQT09
Passcode: 397388

Or by phone:

US: +1 669 900 9128 / +1 719 359 4580 / +1 253 215 8782
United Kingdom: +44 203 901 7895 / +44 208 080 6591 / +44 330 088 5830

Webinar ID: 822 9534 4058
Full list of dial-in numbers available https://us02web.zoom.us/u/kD2i0tmO

The Company's H1 2022 Report is also available to view in the Investor Relations section of the Company's website (Results, Reports & Presentations (awaveip.com)).

About Alphawave IP Group plc (LSE: AWE)

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

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A. Operational and Strategic Highlights

Summary

Total bookings in H1 2022 of US$53.4m were below the prior year (H1 2021: US$196.1m) due to the multi-year agreements signed with VeriSilicon and WiseWave in H1 2021.

In H1 2022, Alphawave generated licence and related bookings, which include non-recurring engineering and support, of US$38.5m, an increase of 17% from H1 2021. Our estimates of future royalties from design wins secured during H1 2022 remained roughly flat at US$14.9m (H1 2021: US$15.2m). We also saw Flexible Spending Accounts[4] ("FSA") drawdowns of US$5.6m, and China (VeriSilicon) reseller deals of US$9.1m. Both FSA and reseller deals are not new bookings but represent the conversion of prior customer commitments to design wins.

Cumulative bookings over the life of the Company since its inception in 2017 exceeded $400m.

In the period, we won eight new customers, including two top-tier North American semiconductor companies, ending the period with 28 customers. Of our eight new end-customer wins in H1 2022, six of those customers are headquartered in North America or EMEA. As of 30 June 2022, Alphawave had six of the top ten semiconductor companies (as ranked by market capitalisation) as customers.

Revenue increased 107% to US$57.1m year-on-year (H1 2021: US$27.6m), driven by growth in designs wins from new customers and repeat business from existing customers. We achieved gross margin of 97% and adjusted EBITDA[6] of US$23.2m, up 67% year-on-year. Adjusted EBITDA margin was 9 percentage points below H1 2021 at 41%[6], prior to non-recurring M&A costs, stock-based compensation and exchange gains.

We closed the period with a net cash position of US$451.8m, compared to a net cash position of US$501.0m at the end of December 2021. The year-on-year decrease was mainly the result of higher net cash generated from operating activities offset by a US$14.1m outflow related to the acquisition of Precise-ITC on 1 January 2022, and US$50.1m foreign exchange impact on reported cash and cash equivalents.

End Market Drivers Remain Strong

Despite an uncertain economic environment, digital infrastructure markets remain strong. Our core markets of servers, storage and network switches continue to provide compelling opportunities for growth. In Q1 2022, data centre capital expenditure grew at the fastest rate year-on-year in three years and Amazon, Google, Meta and Microsoft are projected to increase 25% in 2022[7]. Not surprisingly, the amount of data created, captured, replicated and consumed each year is expected to more than double in size from 2022 to 2026[8].

Our pipeline of customer opportunities reflects those trends. Our customers continue to seek differentiation and enhanced performance by transitioning faster to lower design nodes, with the majority of our design wins in H1 2022 at 7nm and 5nm manufacturing processes and a first design win in 3nm. As we have noted in previous announcements, we continue to see hyperscale data centre providers reducing reliance on networking ASIC vendors.

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[6] See note 4 (Alternative Performance Measures) on page 20

[7] Dell'Oro Group, June 16 2022 [Data Center Capex Grew at the Fastest Rate in Three Years in 1Q 2022, According to Dell'Oro Group - Dell'Oro Group (delloro.com)]

[8] IDC, May 2022 [Worldwide IDC Global DataSphere Forecast, 2022–2026: Enterprise Organizations Driving Most of the Data Growth]

The ongoing constraints on the semiconductor supply chain and the ubiquitous presence of semiconductors in our lives continue to reinforce the importance of semiconductor technology on a global scale. As the digital infrastructure continues to grow and transitions to leading and more efficient technologies, we remain confident in the long-term outlook of the business.

Expanding Technology Leadership and Customer Traction

During H1 2022, we recognised revenue from 28 customers, compared to 16 customers in H1 2021 and 20 customers at FY 2021. Our H1 2022 revenue continued to be heavily weighted to our core markets of data networking and cloud compute. 42% of revenue in the period was generated from North American customers, 38% from China, 13% from APAC excluding China and 7% from EMEA.

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

In June 2022, the Company announced the availability of two new Interconnect IP products to its product portfolio. AresCORE16 is a Die-to-Die parallel interface that further extends Alphawave's chiplet leadership by enabling a new generation of chiplet products. OptiCORE100 is a 112Gbps PAM4 optical Serialiser-Deserialiser ("SerDes") that enables direct drive of optics and includes advanced DSP techniques for receiving optical waveforms. These two new products bring exciting new opportunities for Alphawave IP to continue to help its customers solve increasingly complex connectivity challenges.

Investing in People

During the first six months of the year, we continued to invest heavily in talent, particularly in R&D. As of 30 June 2022, total headcount increased to 251, comprising 220 in R&D/engineering, 9 in sales and marketing and 22 in general and administrative roles (from 132, 6 and 16 respectively as at 31 December 2021). In January 2022, Tony Chan Carusone joined as Chief Technology Officer, bringing over 20 years of experience in both, academic research and business consulting.

In support of its market expansion, on 10 May 2022, the Company announced the opening of its new office in San Jose, California – marking the launch of its presence in the United States in order to better support customers in the region.

In addition to the significant investment in R&D/engineering, we have expanded our finance, HR and other administrative functions, including a new Global Head of Investor Relations, Jose Cano, formerly Head of Investor Relations at Dialog Semiconductor Plc. In January 2022, we appointed Michelle Senecal de Fonseca as our Workforce Engagement Non-Executive Director, ensuring that the views and concerns of our employees are brought to the Board and taken into account.

Significant Post-Interim Events

On 1 September 2022, the Company announced the closing of the acquisition of OpenFive. The acquisition accelerates the Company's ambition to become a pure-play provider of connectivity technology, offering silicon IP as well as custom silicon. The acquisition nearly doubles the number of connectivity-focused IPs from 80 to over 155 and significantly increases Alphawave's customer base globally from 28 to over 80, particularly in North America. New customers include a top two semiconductor memory supplier, a top three high performance computing (HPC) server manufacturer, a leading automated tester equipment manufacturer, and mission critical high-speed communications and industrial equipment manufacturers. OpenFive's proven silicon development team enables Alphawave to offer leading-edge data centre and networking custom silicon as well as enhancing its chiplet design capabilities. This accelerates Alphawave's strategic goal to scale revenues by monetising its leading connectivity IP not only through IP licensing but advanced custom silicon.

Outlook

Despite the uncertain macroeconomic environment, our growing pipeline reflects positive growth trends in data infrastructure markets and the continued investment in next generation connectivity solutions. This combined with our talented team and strong balance sheet give us continued confidence in our future.

During the second half of the year, the Company expects customer traction to gain momentum, including multiple chiplet IP design wins.

Alphawave IP reiterates its mid-term and long-term outlook communicated on 29 April 2022 in its 2021 full year results. Including the financial contribution from OpenFive, the Company expects to reach revenues of between US$325m and US$360m in 2023. Longer-term, we expect to achieve annual revenue run rates in excess of US$500m in 2024 and in excess of US$1 bn by 2027.

Near-term margins will be impacted by OpenFive as we integrate and scale that business, and we anticipate a 2023 adjusted EBITDA margin of 32% to 36% with a gradual increase thereafter as we focus and integrate the business and realise the anticipated synergies.

B. Financial Highlights

Contracted Order Book and Backlog

Total bookings in H1 2022 of US$53.4m were below the prior year (H1 2021: US$196.1m) due to the large multi-year agreements signed with VeriSilicon and WiseWave in H1 2021. Excluding those transactions, licence and related bookings (which include non-recurring engineering and support) grew 17%, from US$33.0m in H1 2021 to US$38.5m in H1 2022.

Our estimates of future royalties from design wins secured during H1 2022 remained roughly flat at US$14.9m (H1 2021: US$15.2m). These royalty estimates are based on guaranteed royalty commitments and estimates of future end-customer sales volumes and management believe that actual royalties could substantially exceed these estimates.

Of the US$53.4m of licence and related and royalty bookings in H1 2022, 44% were from customers in North America, 36% in EMEA, 13% in China and 7% in APAC excluding China.

We also saw Flexible spending account[4] ("FSA") drawdowns of US$5.6m and China (VeriSilicon) reseller deals of US$9.1m. Both FSA and reseller deals are not new bookings but represent the conversion of prior customer commitments to design wins.

Cumulative bookings over the life of the Group since its inception in 2017 have exceeded US$400m. Our backlog (contracted bookings not yet recognised as revenue) excluding royalties as at end-H1 2022 was US$150.0m. This is expected to substantially increase in H2 2022 as we include the backlog contribution from OpenFive.

In the period, we won eight new customers, including two top-tier North American semiconductor companies, ending the period with 28 customers. As of 30 June 2022, Alphawave had six of the top ten semiconductor companies (as ranked by market capitalisation) as customers.

Revenues

Revenues for H1 2022 reached US$57.1m, 107% growth compared to US$27.6m in H1 2021 and reflects execution against existing design wins, as well as revenues from new design wins with existing and new customers:

- <u>Customers</u> - In H1 2022 we recognised revenues from 28 end-customers, compared to 16 end-customers in H1 2021. Our top 3 customers represented 52% of H1 2022 revenues versus 43% in H1 2021 and the top 3 customers in each period were different. Excluding revenues from WiseWave, which were US$18.3m in the period (excluding re-seller revenue), our top 3 customers in H1 2022 represented 40% of revenues.
- <u>Regions</u> **-** In H1 2022, our revenues were 42% from customers in North America, 38% from China, 13% from APAC excluding China and 7% EMEA. The increase in contribution from China over H1 2021 (17% of sales) is due to recognition of WiseWave and VeriSilicon revenues in H1 2022, which did not contribute to H1 2021 revenues.

Substantially all of our revenues in H1 2022 and H1 2021 were generated from licence and licence-related (non-recurring engineering and support) activities. We did not recognise any royalty revenues in H1 2022 and expect to recognise first royalties in H2 2022, earlier than anticipated, albeit royalties are not expected to be a material contributor to revenues in the short term.

Operating Expenses and Profitability

In H1 2022, our gross margin was 97%, with cost of sales primarily reflecting sales commissions, compared to 95% in H1 2021. Our EBITDA was US$32.7m (57% margin) compared to a restated EBITDA of US$2.6m (9% margin) in H1 2021. Our adjusted EBITDA[9] was US$23.2m (41% margin) compared to adjusted EBITDA of US$13.9m (50% margin) in H1 2021. Our EBITDA in the period was materially impacted by a US$19.3m foreign exchange gain as a result of USD cash balances held at the Alphawave IP Group plc level which are accounted for in GBP. Such foreign exchange differences are not included in adjusted EBITDA and hence adjusted EBITDA in H1 2022 is lower than EBITDA, whereas in H1 2021, adjusted EBITDA was higher than EBITDA.

Including IPO-related expenses in H1 2021, depreciation, one-time M&A-related expenses, FX gains and losses and share-based payments, operating expenses in H1 2022 totalled US$25.5m compared to restated operating expenses of US$24.9m in H1 2021. Our reported operating expenses were materially impacted by non-recurring or other items, including FX gains, which management believes does not reflect the underlying operational performance of the business. Reflecting the continued scaling of the business, excluding IPO-related expenses in H1 2021, one-time M&A-related expenses, share-based payments and FX gains and losses, operating expenses in H1 2022 totalled U$35.0m, compared to US$13.9m in H1 2021. Of the US$35.0m of operating expenses in the first half, including depreciation, US$25.2m (44.0% of revenue) relate to R&D / engineering, US$8.4 m (14.7% of revenue) to general and administrative expenses and US$1.4m (2.5% of revenue) to sales and marketing expenditure. General and administrative expenses include an expected credit loss of US$1.8m based on our assessment of our potential credit loss on overdue invoices. Excluding this, our general and administrative expenses for H1 2022 were US$6.6m (11.6% of revenue). Of the US$13.9m expenditure in H1 2021, including depreciation, US$10.7m (39.0% of revenue) related to R&D / engineering, US$2.5m (9.0% of revenue) related to general and administrative expenses and US$0.7m (2.4% of revenue) related to sales and marketing expenditure.

The increase in our operating expenses was primarily due to the significant growth in our headcount in H1 2022 together with software tool costs which scale with our R&D / engineering headcount. Our headcount grew from 132 as at H1 2021 and 154 as at FY 2021, to 251 as at H1 2022, with the net addition of 97 employees in the first six months of 2022. 88 of those additions were in our R&D / engineering function, 6 within G&A and 3 within S&M, including the team that joined with the acquisition of Precise-ITC in January 2022. We expect to slow the pace of hiring in H2 2022, as we integrate the new hires and begin the integration of OpenFive. The increase in share-based payments, from US$2.0m in H1 2021 to US$7.2m in H1 2022, was primarily due to the significant increase in headcount and restricted stock unit issuance in H1 2022 with relatively high values compared to previous option issues.

Depreciation and amortisation expenses in H1 2022 were US$2.8m (H1 2021: US$1.3m), of which US$1.5m related to right-of-use assets (H1 2021: US$1.1m), namely our premises and leased test equipment.

Our profit after tax for the period, which is stated after share-based payments, an exchange gain of US$19.3m,one-time costs relating to our IPO and M&A activities, as well as our share of losses from WiseWave, was US$16.3m, compared to a restated profit after tax of US$0.1m in H1 2021. On an adjusted basis[10], our profit after tax for the period was US$6.7m , compared to a restated profit after tax of US$11.4m in H1 2021, with profit in H1 2022 significantly impacted by the share of post-tax losses of US$7.9m in WiseWave (nil in H1 2021) and higher income tax expenses of US$6.0m (restated US$1.1m in H1 2021).

[9] See note 4 (Alternative Performance Measures) on page 20 for reconciliation of EBITDA to adjusted EBITDA

[10] See note 4 (Alternative Performance Measures) on page 20 for reconciliation of profit after tax to adjusted profit after tax

Balance Sheet, Liquidity and Cashflow

Our gross and net cash decreased by US$49.2m from US$501.0m as at end-December 2021 to US$451.8m as at end-June 2022. Whilst we report in USD, our IPO proceeds were received in GBP and we continue to hold significant cash reserves in GBP. During H1 2022, the USD to GBP exchange rate fell from 1.3513 to 1.2159, which accounted for a US$50.1m fall in our USD reported cash over the same period.

In the first six months of 2022, our intangible assets increased from US$1.2m to US$9.7m[11], largely as a result of intangibles acquired through the acquisition of Precise-ITC. Investment in equity-accounted joint venture WiseWave, decreased to US$1.6m as at 30 June 2022 from US$9.4m as at 31 December 2021, as a result of the Group's share of the loss incurred by WiseWave during H1 2022.

Our trade and other receivables increased to U$21.0m at end-June 2022 from US$13.1m at end-December 2021, largely due to an increase in prepayments on software tools used by our R&D / engineering team. In addition, we provisioned for an expected credit loss of US$1.8m, based on our assessment of our credit risk on overdue invoices.

Our accrued revenue, where revenue recognition conditions are met under IFRS 15 but we have not billed or collected any amount increased to US$41.6m at end-June 2022 from US$31.7m at end-December 2021. This increase was primarily due to increasing new business and the timing of invoicing milestones on specific projects.

Between end-December 2021 and end-June 2022 our trade and other payables decreased from US$5.8m to US$4.0m. Our deferred revenue liability, where we have invoiced or received money for products or services where revenue recognition conditions are not met, increased to US$14.4m at end-June 2022 from US$12.7m at end-December 2021, as a result of invoice milestones becoming due before projects have sufficiently progressed to recognise an equivalent amount as revenue.

FSAs, which represent current liabilities, are 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 can be used as credit against future deliverables. We have FSAs with some customers with whom we work on multiple projects and who prefer regular periodic billing rather than milestone-based billing. The revenue recognition conditions which enable us to recognise these billings as revenue have not yet been met. The balance sheet liability against FSAs increased from US$6.8m at end-December 2021 to US$12.9m at end-June 2022.

The balance of accrued revenue less deferred revenue and FSAs increased slightly to US$14.3m in H1 2022 from US$12.2m at end-December 2021.

Our pre-tax operating cashflow during the period was US$32.2m, an increase of 578% compared to a restated amount of US$4.7m in H1 2021. In H1 2022, we had an increase in working capital of US$6.0m. Trade receivables increased by US$7.9m accrued revenues increased by US$9.9m, trade payables increased by US$3.9m and deferred revenue and FSAs increased by US$7.8m. This compared to a restated amount of US$0.1m decrease in working capital in H1 2021. Our income tax paid increased substantially from US$3.1m in H1 2021 to US$13.4m in H1 2022.

Our capital expenditure on property and equipment during H1 2022 totalled US$2.4m (H1 2021: US$0.6m) as a result of significant upgrades and expansions to our IT infrastructure, purchases of test equipment as well as leasehold improvements to our new office in Silicon Valley.

During H1 2022, we did not make any further equity investment in WiseWave.

[11] Provisional fair value of US$7.8m of identifiable intangible asset assumed as at the date of acquisition of Precise ITC. See note 15 on page 26 for details of provisional fair values of identifiable assets purchased and liabilities assumed from the Precise ITC acquisition.

Principal Risks and Uncertainties

The Group faces a number of risks and uncertainties that may have an impact on our operations and performance. These risks and uncertainties are regularly assessed by the Directors. The principal risks and uncertainties affecting the Group in respect of the second half of the year have not changed materially from those set out on pages 51 to 53 of the Annual Report dated 13 May 2021. In summary, the principal risks and uncertainties are as follows

Risk	Description
Managing our growth	We have a limited operating history and are growing rapidly, both organically and through acquisitions. If we do not manage our growth successfully, fail to execute on our strategy, or fail to implement or maintain governance and control measures, our business may be adversely impacted. We have rapidly expanded our headcount and intend to maintain a rapid pace of hiring. We also intend to continue to grow through acquisitions.
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.
Customer Dependence	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.
Customer Demand	Demand for our IP 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 internally or acquire IP or semiconductors from our competitors.
Risks associated with WiseWave	WiseWave is core to our strategy to monetise our IP in China and we are a significant minority shareholder. We may be limited in our ability to influence strategy, operational, legal, commercial or financial matters. The Group and WiseWave may also face regulatory risk in terms of transfer of technology into China. There is a risk that the bookings from WiseWave do not translate into revenues and our equity investment diminishes in value. WiseWave is a new venture and if it does not effectively execute on its business plan, we may be negatively impacted.
Dependence on Licensing revenue	Our financial performance is highly dependent on licensing revenues and we do not anticipate a material contribution from royalty revenues for some years. If our customers delay or cancel their development projects, fail to take their products to production or those products are not successful, our royalty revenues may be delayed, diminished or not materialise.
Reliance on Key Personnel and ability to attract talent	We rely on the senior management team and our business may 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.
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. The current conflict in Ukraine potentially has wide-ranging impacts, including global economic instability, increased geopolitical tensions and disruption to supply chains.
IP Protection and Infringement	We protect our IP 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.

Reliance on third-party manufacturing foundries	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. We are not currently reliant on the foundries' capacity for high volume manufacturing for our revenues but may become more reliant as royalty revenues become more material to us and as we seek to develop and sell chiplet silicon devices.
Reliance on complex IT systems	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.

Directors Responsibility Statement

The Directors confirm that, to the best of their knowledge:

- This condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted for the use in the UK, and gives a true and fair view of the assets, liabilities, financial position and profit of the Company; and

- This Half-Year Report includes a fair review of the information required by:

  - DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

  - DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Company during that period.

Details of all current Directors of Alphawave IP Group plc are maintained on www.awaveip.com.

By order of the Board

Tony Pialis
President and Chief Executive Officer
21 September 2022

Unaudited condensed consolidated statement of comprehensive income

Six months ended 30 June 2022

	Note	Six months ended 30 June 2022	*Restated six months ended 30 June 2021
		US$'000	US$'000
Revenue	5	**57,107**	**27,589**
Cost of sales		(1,750)	(1,336)
Gross profit		**55,357**	**26,253**
R&D/engineering		(25,152)	(10,749)
Sales & marketing		(1,442)	(672)
General & administration		(8,407)	(2,490)
Other items		9,542	(11,034)
Operating profit		**29,898**	**1,308**
'Other items' charged in arriving at operating profit:			
Non-recurring IPO costs*	10	-	(7,935)
Non-recurring M&A-related costs	10	(2,537)	-
Share-based payment	18	(7,192)	(1,958)
Exchange gain/(loss)	11	19,271	(1,141)
Other items		**9,542**	**(11,034)**
Finance income	9	362	102
Finance expense	9	(160)	(159)
Share of post-tax loss of equity-accounted joint ventures	12	(7,868)	-
Profit before tax		**22,232**	**1,251**
Income tax expense	13	(5,980)	(1,148)
Profit after tax		**16,252**	**103**
Other comprehensive income			
Exchange differences on the reorganisation		-	(11,106)
Exchange (losses) arising on translation of foreign operations		(50,518)	-
Other comprehensive income for the period, net of tax		**(50,518)**	**(11,106)**
Total comprehensive loss for the period		**(34,266)**	**(11,003)**

* Restated operating expenses to move US2,619k from share premium to 'non-recurring IPO costs' within operating expenses. See note 23 for further details

Profit per ordinary share attributable to the shareholders (expressed in cents per ordinary share and restated for H1 2021):

Basic earnings per share	14	2.43	0.02
Diluted earnings per share	14	2.32	0.02

Condensed consolidated statement of financial position

As at 30 June 2022

	Note	Unaudited as at 30 June 2022 US$'000	Audited year ended 31 December 2021 US$'000
Assets			
Non-current assets			
Goodwill		1,451	-
Property and equipment		3,071	1,626
Intangible assets	15	9,703	1,167
Right-of-use assets		6,913	7,672
Investments in equity-accounted associates		1,553	9,421
Total non-current assets		**22,691**	**19,886**
Current assets			
Trade and other receivables		20,984	13,103
Accrued revenue	5	41,605	31,719
Taxes receivable		3,414	2,605
Cash and cash equivalents	16	451,833	500,964
Total current assets		**517,836**	**548,391**
Total assets		**540,527**	**568,277**
Liabilities			
Lease liabilities		1,999	2,160
Trade and other payables		4,004	5,805
Income tax payable		96	6,970
Deferred revenue	5	14,378	12,661
Flexible spending account	5	12,908	6,819
Total current liabilities		**33,385**	**34,415**
Non-current liabilities			
Deferred income taxes		600	422
Lease liabilities		5,195	5,668
Total non-current liabilities		**5,795**	**6,090**
Total liabilities		**39,180**	**40,505**
Net assets		**501,347**	**527,772**
Share capital and reserves			
Share capital	17	9,596	9,399
Share premium account		452	-
Share-based payment reserve	18	11,969	4,777
Merger reserve		(793,216)	(793,216)
Currency translation reserve		(72,236)	(21,718)
Retained earnings		1,344,782	1,328,530
Total equity		**501,347**	**527,772**

Unaudited condensed consolidated statement of changes in equity

Six months ended 30 June 2022

US$'000	Note	Ordinary share capital*		Share premium account	Share-based payment reserve	Merger reserve	Currency translation reserve	Retained earnings	Total equity
Balance at 1 January 2022		**9,399**	**-**	**-**	**4,777**	**(793,216)**	**(21,718)**	**1,328,530**	**527,772**
Profit for the period		-	-	-	-	-	-	16,252	16,252
Other comprehensive income		-	-	-	-	-	(50,518)	-	(50,518)
Transactions relating to share issuance									
Issue of shares		-	-	-	-	-	-	-	-
Reorganisation accounting		-	-	-	-	-	-	-	-
exchange differences		-	-	-	-	-	-	-	-
Recognition of share-based payments	**18**	-	-	-	7,192	-	-	-	7,192
Exercise of share options		197	-	452		-	-	-	649
Balance at 30 June 2022 (Unaudited)		**9,596**	**-**	**452**	**11,969**	**(793,216)**	**(72,236)**	**1,344,782**	**501,347**

*Restated six months ended 30 June 2021

US$'000	Note	Ordinary share capital	Pref. share capital	Share premium account	Share-based payment reserve	Merger reserve	Currency translation reserve	Retained earnings	Total equity
Balance at 1 January 2021		**474,447***	**-**	**-**	**331**	**(472,566)**		15,579	**17,791**
Adjusted for effect of reorganisation accounting to opening position		(474,447)	-	-	-	472,566	-	-	(1,881)
Profit for the period (restated**)		-	-	-	-	-	-	103	103
Other comprehensive expense		-	-	-	-	-	-	-	-
Total comprehensive income/(expense) for the year (restated**)		-	-	-	-	-	-	103	103
Transactions relating to IPO									
Issue of shares, primary	**17**	124,147	71	384,856	-	-	-	-	509,074
Issue of shares, secondary	**17**	796,958	-	-	-		-	-	796,958
Issue of shares, other	**17**	313	-	969	-	-	-	-	1,282
Exercise of options	**17**	4,064	-	-	-	-	-	-	4,064
Reorganisation accounting		-	-	-	-	(797,279)	-	-	(797,279)
Effect of exercise price below nominal value (restated**)	**17**	14,381	-	(14,381)	-	-	-	-	-
Net costs on issuance of shares relating to IPO (restated***)		-	-	1,929	-	-	-	-	1,929
Exchange differences on the reorganisation	**17**	-	-	-	-	-	(11,106)	-	(11,106)
Recognition of share-based payments	**18**	-	-	-	1,958	-	-	-	1,958
Reduction in SBP reserve following exercise		-	-	-	(637)	-	-	-	(637)
Balance at 30 June 2021		**939,863**	**71**	**373,373**	**1,652**	**(797,279)**	**(11,106)**	**15,682**	**522,256**

* Share capital adjusted as if the reorganisation happened 1 January 2020 to give comparative figures and in line with the note in "Basis of Preparation"

** The increase of $14,3181k to ordinary share capital was previously stated as a reduction to the merger reserve but has been restated to a reduction in share premium as described in Note 23.

*** Restated operating expenses to move US$2,619k from equity to 'non-recurring IPO costs' within operating expenses. This affects share premium, retained earnings and currency translation reserve. Please refer to note 23 for further information on this adjustment

Unaudited condensed consolidated statement of cash flows

For the period ended 30 June 2022

	Note	Six months ended 30 June 2022 US$'000	*Restated six months ended 30 June 2021 US$'000
Cash flows from operating activities			
Cash generated from operating activities before tax	(a)	**32,216**	**4,749**
Income tax paid		(13,440)	(3,133)
Net cash generated from operating activities		**18,776**	**1,616**
Cash flows from investing activities			
Purchase of property and equipment		(2,448)	(557)
Purchase of intangible asset		(904)	(541)
Payment for Precise ITC acquisition		(14,136)	-
Net cash used in investing activities		**(17,488)**	**(1,098)**
Cash flows from financing activities			
Issuance of common shares	17		509,003
IPO share issuance costs**	17		(16,942)
Exercise of options	17	727	4,064
Proceeds from IPO stabilisation	17		22,238
Decrease in bank indebtedness			(38)
Increase in long-term debt			-
Interest received		362	-
Interest paid		(52)	(144)
Collection of notes receivable			428
Repayment of principal under lease liabilities		(1,336)	(951)
Net cash generated from financing activities		**(299)**	**517,658**
Net (decrease)/increase in cash and cash equivalents		**989**	**518,176**
Cash and cash equivalents at start of year		500,964	14,039
Effects of foreign exchange on cash and cash equivalents		(50,120)	(13,078)
Cash and cash equivalents at end of period	16	**451,833**	**519,137**

* Restated changes in working capital within operating activities at H1 2021, increasing the increase in trade and other payables by US$1,000k. Please refer to note 23 for further information on this adjustment

** Restated changes also decreased the IPO share issuance costs within financing activities by US$3,500k. Please refer to note 23 for further information on this adjustment

Note to the condensed consolidated statement of cashflows

a) Cash used in operations

	Note	Six months ended 30 June 2022 US$'000	*Restated six months ended 30 June 2021 US$'000
Cash flows from operating activities			
Net income		16,252	103
Items not affecting cash:			
Income tax expense		5,793	1,148
Deferred income taxes		187	-
Share of loss in joint venture		7,868	-
Amortisation of acquired intangibles		777	-
Depreciation of property and equipment		602	144
Depreciation of right-of-use asset		1,459	1,134
Share-based payment	18	7,192	1,958
Lease interest		108	144
Foreign exchange (gain)		(1,999)	-
		38,239	4,631
Changes in working capital:			
(Increase)/decrease in trade and other receivables		(7,879)	364
(Increase) in accrued revenue	5	(9,886)	(8,656)
(Decrease)/increase in trade and other payables		3,936	3,823
Increase in deferred revenue & flexible spending account	5	7,806	4,587
		(6,023)	118
Cash generated from operating activities before tax		**32,216**	**4,749**

* Restated changes in working capital at H1 2021, increasing the increase in trade and other payables by US$1,000k

Notes to the interim statements
Six months ended 30 June 2022

1. General information

These consolidated interim financial statements represent the consolidated interim financial statements of Alphawave IP Group plc ('the Company' or 'Alphawave IP') and its subsidiaries (together 'the Group').

This report for the six months ended 30 June 2022 is the second half-yearly financial report presented by the Group.

The principal activities of the Company and its subsidiaries are described on pages 1 to 7.

The Company is a public limited company whose shares are listed on the London Stock Exchange and is incorporated and domiciled in the United Kingdom. The address of its registered office 65 Gresham Street, London, EC2V 7NQ.

2. Basis of preparation

The consolidated interim financial statements of the Group have been prepared in accordance with UK-adopted international accounting standards (IAS) 34 Interim Financial Reporting and should be read in conjunction with the Group's consolidated financial statements as of and for the year ended 31 December 2021. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to give an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial information as of 31 December 2021 and for the six months ended 30 June 2021.

These condensed consolidated interim statements do not comprise of statutory accounts within the meaning of Section 435 of the Companies Act 2006. The comparative figures for the six months ended 30 June 2021 are not the Group's statutory accounts for that financial period. The preparation of these consolidated interim financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement and complexity, or areas where assumptions and estimates are significant to the consolidated interim financial statements are disclosed in note 3.

The Company was incorporated on 9 December 2020 and admitted to listing on the London Stock Exchange on 18 May 2021. On 14 May 2021, a reorganisation of Alphawave IP's corporate structure was completed through which the Company became the sole owner of Alphawave IP Inc. Thereafter, pursuant to an agreement between the Company, Alphawave IP Inc. and each of the members of Alphawave IP Inc., the issued and outstanding Alphawave IP Inc. Common Shares were exchanged for 20 Ordinary shares of the Company with a nominal value of £1.

This has been accounted for as a common control transaction under IFRS 3.B1 (see note 15). Therefore, the condensed consolidated financial statements for the period ended 30 June 2021 comprises an aggregation of financial information of the Company and the consolidated financial information of Alphawave IP Inc.

These condensed financial statements were authorised for issue by the Company's Board of Directors on 20 September 2022.

Going concern

As of 30 June 2022, the Group had cash and cash equivalents of US$451.8m. Considering the Group's financial position as of 30 June 2022 and its principal risks and opportunities, a going concern analysis has been prepared for at least the twelve-month period from the date of signing the consolidated interim financial statements ("the going concern period") utilising realistic scenarios and applying a severe but plausible downside scenario. Even under the downside scenario, the analysis demonstrates the Group can continue to maintain sufficient liquidity headroom and continue to comply with all financial obligations. Therefore, the Directors believe the Group is adequately resourced to continue in operational existence for at least the twelve-month period from the date of signing the consolidated interim financial statements. Accordingly, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the consolidated interim financial statements.

Basis of organisation

The Group's management has performed its evaluation for reporting its reportable segments, if any, and concluded that the Group's business constitutes only one operating segment as all its products and services are of similar nature and focus on customers from the same industry. Its entire revenues, expenses, assets and liabilities pertain to the one business as a whole. This has been ratified by the chief operating decision makers (CODM), Tony Pialis (CEO) and Daniel Aharoni (CFO), who are deemed best placed to evaluate the entity's operating results to assess performance and to allocate resources.

Functional currency

For presentational purposes these consolidated interim financial statements are presented in US dollars. This is consistent with the last annual consolidated financial information as of 31 December 2021 and for the six months ended 30 June 2021. Each of the three trading entities in the Group have different functional currencies, with Alphawave IP Inc. being accounted for in CAD, Alphawave IP Corp. in USD and the Company in GBP.

Accounting policies

The accounting policies that have been used in the preparation of these consolidated interim financial statements are the same as those applied in the last annual consolidated financial information as of 31 December 2021 and for the six months ended 30 June 2021. New standards effective on or after 1 January 2022 have been reviewed and do not have a material effect on the Group's financial statements.

Revenue recognition

The accounting policy for revenue recognition that has been used in the preparation of these consolidated interim financial statements is unchanged from the policy applied in the last annual consolidated financial statements, prepared for and as at the year ended 31 December 2021.

Share-based payments

The Group operates an equity-settled, share-based payment compensation plan, under which the entity receives services from employees as consideration for equity instruments, options and RSUs, of the Company. The fair value of the employee service received in exchange for the grant of the options is recognised as an expense over the vesting period.

Where options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium when the options are exercised.

If an option is cancelled this is accounted for as an acceleration of the vesting period and any amount unrecognised is recognised immediately.

M&A-related costs and other non-recurring items

The Group incurred costs from certain M&A and other non-recurring items, e.g. acquisition costs. Management has disclosed these separately to enable a greater understanding of the underlying results of the trading business so that the underlying run rate of the business can be established and compared on a like-for-like basis each year.

3. Significant accounting estimates and judgements

The preparation of consolidated interim financial statements in conformity with IAS 34 requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated interim financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

The areas which require management to make significant estimates in determining carrying values include, but are not limited to:

(a) Revenue recognition

In the determination of allocation of revenues to work-in-process and deferred revenues, management must assess the stage of completion of custom IP licence contracts based on hours completed compared to total estimated hours to complete. Such estimations are inherently uncertain due to unforeseen delays in technological research. Refer to note 5 for further information regarding the sensitivity in the estimation uncertainty.

As disclosed in the annual consolidated financial statements for the year ended 31 December 2021, an amount of revenue is typically held back for recognition at the latter stages of project completion. This amount is typically a fixed percentage dependent on the categorisation of the IP licence agreement and is typically held back until the earlier of 'customer silicon acceptance' (customer silicon meets specifications) or a time specified in the contract. In the period ending 30 June 2022, management has started to review contracts with revenue held back on a case-by-case basis and reassessed the amounts held back to confirm they are proportionate to the likelihood or risk of the customer requiring additional post-delivery work from the Group to ensure customer silicon acceptance. This resulted in US$2.5m additional revenue being recognised in H1 2022.

There have been no changes in the estimates and judgements used in relation to the recognition of revenue from sales to our joint venture WiseWave from those disclosed in the annual consolidated financial statements for the year ended 31 December 2021.

(b) Share-based payments

Judgement is used in determining the fair value of the share options at the grant date, including determining comparable listed companies against which the future volatility of the share price is compared and expected dividend yield. Such judgements are inherently uncertain and changes in these affect the fair value determination. See note 16.

(c) Research and development costs

Judgement is exercised in determining whether costs incurred should be capitalised in line with IAS 38. The judgement includes whether it is technically feasible to complete the relevant assets on which costs are incurred so that it will be available for use or sale. See note 8.

4. Alternative Performance Measures (APMs)

The Group uses certain financial measures that are not defined or recognised under IFRS. The Directors believe that these non-GAAP measures supplement GAAP measures to help in providing a further understanding of the results of the Group and are used as key performance indicators within the business to aid in evaluating its current business performance. The measures can also aid in comparability with other companies who use similar metrics. However, as the measures are not defined by IFRS, other companies may calculate them differently or may use such measures for different purposes to the Group.

Bookings

Bookings excluding royalties comprise licence fees, flexible spending accounts, non-recurring engineering and support from contracted and typically non-cancellable orders that will ultimately result in recognised revenue. Bookings including royalties include Group estimates of potential future royalties which may result in recognised revenues.

Bookings are a measure of operating performance used by management to assess order intake in each period, whether we are successfully converting our pipeline into committed orders and therefore how effective we have been in executing our strategy. Bookings are a key performance indicator used to assess the Group's performance for internal reporting purposes.

Earnings before interest, taxation, depreciation and amortisation (EBITDA)

EBITDA provides a supplemental measure of earnings that facilitates review of operating performance on a period-to-period basis by excluding items that are not indicative of the Group's underlying operating performance and is a key profit measure used by the Board to assess the underlying financial performance of the Group. EBITDA is stated before the following items and for the following reasons:

- interest is excluded from the calculation of EBITDA because the expense bears no relation to the Group's underlying operational performance;

- charges for the depreciation and amortisation of property and equipment, acquired intangibles and right-of-use assets are excluded from the calculation of EBITDA, as removing these non-monetary items allows management to better project the Group's long-term profitability; and
- tax is excluded from the calculation of EBITDA because the expense bears no relation to the Group's underlying operational performance.

Operating profit to EBITDA reconciliation

(US$'000)	**Six months ended 30 June 2022**	**Restated six months ended 30 June 2021**
Operating profit	29,898	1,308
Add backs:		
Depreciation and amortisation*	2,839	1,278
EBITDA	**32,737**	**2,586**

* *US$2,839k of depreciation in H1 2022 split by function is US$2,316k R&D/engineering, US$115k sales & marketing and US$407k general & administration*

Two further measures are adjusted EBITDA and adjusted profit after tax, defined in the tables below. These further allow for a more accurate assessment of the underlying business performance by making exclusions of items which do not form part of the Group's normal underlying operations.

EBITDA to adjusted EBITDA reconciliation

(US$'000)	**Six months ended 30 June 2022**	**Restated six months ended 30 June 2021**
EBITDA	32,737	2,586
Add backs:		
Non-recurring IPO costs*	-	7,935
Non-recurring M&A-related costs	2,537	-
Share-based payment	7,192	1,958
Exchange (gain)/loss	(19,271)	1,141
CPP legal costs**	-	299
Adjusted EBITDA	**23,195**	**13,919**

* *Restated operating expenses to move US$2,619k from share premium to 'non-recurring IPO costs' within operating expenses. See note 23 for further details*

** *One-off legal costs incurred in H1 2021 from the formation of WiseWave. Whilst still included in operating expenses and not included in non-recurring IPO costs, this expense was deemed one-off and added back to adjusted EBITDA.*

Profit after tax to adjusted profit after tax reconciliation

(US$'000)	**Six months ended 30 June 2022**	**Restated six months ended 30 June 2021**
Profit after tax	16,252	103
Add backs:		
Non-recurring IPO costs	-	7,935
Non-recurring M&A-related costs	2,537	-
Share-based payment	7,192	1,958
Exchange (gain)/loss	(19,271)	1,141
CPP legal costs	-	299
Adjusted profit after tax	**6,710**	**11,436**

Adjusted profit per ordinary share attributable to the shareholders (expressed in cents per ordinary share)

	Note	Six months ended 30 June 2022	Six months ended 30 June 2021
Adjusted basic earnings per share	14	1.00	1.95
Adjusted diluted earnings per share	14	0.96	1.68

5 Revenue

Revenue in the unaudited condensed consolidated statement of income and comprehensive income is analysed as follows:

(US$'000)	Six months ended 30 June 2022	Six months ended 30 June 2021
Revenue by type:		
Products	52,464	25,559
Support	4,643	2,030
	57,107	**27,589**

(US$'0000)	Six months ended 30 June 2022	Six months ended 30 June 2021
Revenue by region:		
North America	23,768	18,499
China	21,807	4,766
APAC (ex-China)	7,257	4,324
EMEA	4,275	-
	57,107	**27,589**

Sensitivity analysis

Revenue recognition for product revenue is determined using the input method on a percentage of completion basis. The percentage of completion is calculated as a function of total hours estimated to fulfil the contract. The table below illustrates the sensitivity the percentage of completion estimate has on revenue recognition:

Revenue stream	As reported	+10%	-10%
Products	52,464	57,710	47,218

Please see the 'Financial Highlights' section on page 8 for further information on revenue, including the significant increase in revenue in H1 2022 compared to H1 2021.

Below is a reconciliation of the movement in accrued revenue during the period:

(US$'000)	Six months ended 30 June 2022
At 1 January 2022	31,719
Revenue accrued in the period	32,744
Accrued revenue invoiced in the period	(22,495)
Foreign exchange difference	(363)
At 30 June 2022	**41,605**

Below is a reconciliation of the movement in deferred revenue during the period:

(US$'000)	**Six months ended 30 June 2022**
At 1 January 2022	12,661
Precise ITC opening deferred revenue as at 1 January 2022	1,120
Revenue recognised in the period	(13,854)
Revenue deferred in the period	14,765
Foreign exchange difference	(314)
At 30 June 2022	**14,378**

This deferred revenue balance is all expected to be satisfied within 12 months of the balance sheet date.

The flexible spending account has increased to US$12.9m at the end of June 2022 from US$6.8m at the end of December 2021. These are 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.

6 Employee costs excluding Directors and key management personnel

(US$'000)	**Six months ended 30 June 2022**	**Restated six months ended 30 June 2021**
Wages, salaries and benefits	14,275	6,256
Defined contribution pension costs	483	165
Social security costs	225	78
Share-based payments	7,192	1,560
Investment tax credit	-	(909)
Government grants	-	(55)
Total employee costs	**22,175**	**7,095***

**The prior period total is restated as US$7,095k and was previously shown as US$7,493k*

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

	Six months ended 30 June 2022	**Six months ended 30 June 2021**
R&D/engineering	176	91
General & administration	19	6
Sales & marketing	7	4
Total employees (average)	**202**	**101**

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

	Six months ended 30 June 2022	**Six months ended 30 June 2021**
R&D/engineering	220	117
General & administration	22	10
Sales & marketing	9	5
Total employees (end of period)	**251**	**132**

7 Directors and key management personnel compensation

(US$'000)	**Six months ended 30 June 2022**	**Six months ended 30 June 2021**
Directors and key management emoluments	1,875	712
Share-based payments	-	398
Pension costs	3	18
Total Directors and key management remuneration	**1,878**	**1,128**

8 Research and development/engineering

The Group incurred research and development costs that have been expensed in the unaudited condensed consolidated statement of comprehensive income. The amounts expensed through salaries, subscriptions, subcontracting, depreciation of right-of-use assets, equipment rentals, and prototypes which relate to research and development are as follows:

(US$'000)	**Six months ended 30 June 2022**	**Six months ended 30 June 2021**
Research and development	25,152	10,749

9 Finance income and expense

(US$'000)	**Six months ended 30 June 2022**	**Six months ended 30 June 2021**
Finance income		
Interest income from customer	-	102
Interest income from bank	362	-
	362	**102**
Finance expense		
Interest expense		
– bank charges	-	14
Lease interest	160	145
	160	**159**
Net finance income/(expense)	**202**	**(57)**

10 Non-recurring IPO costs and non-recurring M&A-related costs

In accordance with the Group's policy for non-recurring items, the following charges were included in this category for the period:

One-off costs relating to the Group's acquisition of Precise ITC on 1 January 2022, as well as one-off costs relating to the Group's acquisition of the OpenFive business, which closed on 31 August 2022. The majority of these costs relate to legal and financial due diligence expenses for the acquisitions.

For the prior period, one-off costs relating to Project Aurora, the project name for the Group's Initial Public Offering on the London Stock Exchange, that were not able to be offset against share premium under IAS 32, totalled US$7.9m. This is a restated figure as at 30th June 2021, which is further detailed at note 23. Over half of these costs related to LSE admission fees and legal costs associated with the IPO. Per IAS 32, costs that relate to the stock market listing or are otherwise not incremental and not directly attributable to issuing new shares should be recorded in the statement of comprehensive income.

11 Exchange gain/(loss)

The exchange gain recorded in the H1 2022 condensed consolidated statement of comprehensive income of US$19.3m (H1 2021: exchange loss of US$1.1m) is due to the weakening of GBP against USD. The Company's functional currency is GBP and it has significant cash and cash equivalents balances denominated in USD. Large exchange gains have resulted from translating USD to GBP each month at weakening exchange rates.

12 Share of post-tax loss of equity-accounted joint ventures

(US$'000)	**Six months ended 30 June 2022**
Share of loss	1,566
Elimination of gains from sales to the joint venture	6,302
	7,868

The joint venture did not exist at 30 June 2021 so there are no comparatives in the table above.

13 Income tax expense

During the six months ended 30 June 2022 and 2021, the Group recorded a consolidated tax expense of US$6.0m and US$1.1m, respectively, which represented effective tax rates of 26.9% and 29.7%, respectively.

Income tax expense has been recognised based on management's estimate of the effective rate for the financial period, being 26.9%, multiplied by the reported profit before tax of the interim reporting period. The effective tax rate used in the period is an approximation of the effective rate expected in Canada, which is the jurisdiction of the Group's principal operations, as opposed to applying a separate annual average income tax rate to each tax jurisdiction and category of income in the respective tax jurisdiction.

14 Earnings per share

Basic earnings per share is calculated by dividing net income from operations by the weighted average number of common shares outstanding during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding during the period to assume conversion of all potential dilutive share options and restricted share units to common shares.

(US$'000 except shares)	**Six months ended 30 June 2022**	**Restated six months ended 30 June 2021**
Numerator:		
Net income from operations	16,252	103
Denominator:		
Weighted average number of common shares outstanding for basic EPS	668,415,191	585,328,447
Adjustment for share options	32,904,025	93,760,220
Weighted average number of common shares outstanding for diluted EPS	**701,319,217**	**679,088,667**
Basic EPS (US$ cents)	**2.43**	**0.02**
Diluted EPS (US$ cents)	**2.32**	**0.02**

15 Intangible assets

(US$'000)	**Six months ended 30 June 2022**
At 1 January 2022	1,167
Intangibles from Precise ITC acquisition	7,667
Additions	1,636
Amortisation of Precise ITC intangibles	(767)
At 30 June 2022	**9,703**

The identifiable intangible asset from the acquisition of Precise ITC was provisionally valued at US$7.8m, against which amortisation of US$0.8m was recorded in H1 2022. Please refer to note 20 for further information.

The US$1.6m of additions is a licence to use IP. This IP is being developed by a 3rd party vendor and amounts paid to date represent instalments to initiate the development which is carried at cost. No amortisation is recorded as the intangible asset is not yet available for use.

16 Cash and cash equivalents

(US$'000)	**As at 30 June 2022**	**As at 31 December 2021**
Cash at bank and in hand	451,833	500,964

Please see the 'Financial Highlights' section on page 10 for further information on cash, including the decrease in cash as at 30 June 2022 compared to 31 December 2021.

17 Share capital

On 14 May 2021, the Company acquired the entire issued share capital of Alphawave IP Inc. in return for 576,908,920 Ordinary Shares issued by the Company with a nominal value of £1. This was based on 20 shares in the Company for each share in Alphawave IP Inc.

In addition, the Company issued 87,835,796 shares with a nominal value of £1 as part of its listing on the London Stock Exchange at a price of US$5.79 (£4.10), resulting in gross proceeds to the Company of US$509.0m (£360.1m) accounted for as share capital of US$124.1m (£87.8m) and share premium of US$384.9m (£272.3m).

Net proceeds after bank syndication fees were US$492.1m (£347.1m) with further costs relating to the issuance of shares resulting in restated total costs of US$20.3m (£14.4m), of which US$3.5m was unpaid as at 30 June 2021, chargeable to the share premium account. However, the Company received US$22.2m (£15.7m) as proceeds of a stock stabilisation programme which were set off against these IPO costs, resulting in the net proceeds of US$0.8m being posted to the share premium account.

As part of the transaction, all options held over Alphawave IP Inc. stock became, by way of an amendment to option agreements, options in Company shares, on the basis of 20 options in the Company for 1 option in Alphawave IP Inc., each with an exercise price of 1/20th of the original exercise price at the grant date.

On the IPO date, 13,049,861 options were exercised into ordinary shares in the Company. The options exercised all had prices below the £1 nominal value as a result of them maintaining their original exercise prices when they were granted as options in the shares of Alphawave IP Inc. This resulted in exercise proceeds of US$4.1m (£2.8m) with the shortfall in Share Capital of US$14.4m (£10.2M), being transferred from the merger reserve to the Share Capital account.

The reorganisation of the Company's corporate structure described above has been accounted for as a common control transaction and has been given effect from 1 January 2020. This has resulted in the opening share capital position being adjusted as if the reorganisation had happened on that date. In addition, a merger reserve has been established which reflects the difference between the share capital issued to acquire the shares in Alphawave IP Inc. and the share capital of Alphawave IP Inc. acquired at the transaction date of 14 May 2021.

The Currency Translation reserve arises out of the difference between the Net Asset position as at 30 June 2021 being translated into our presentational currency of USD at that date and the Equity balances being translated into our presentational currency at the date of the transaction.

	Shares	US$'000
Balance as at 31 December 2020 in Alphawave IP Inc.	27,927,252	
Exercise of options pre-IPO	265,701	
Sub-total	28,192,953	
20 for 1 share exchange*	563,859,060	796,958
Shares issued to option holders on exercise	13,049,861	18,445
	576,908,920	815,403
Primary share issue at IPO	87,835,796	124,147
Further issue of shares	221,217	313
	664,965,934	939,863
Capital reduction	-	(930,464)
Balance as at 31 December 2021	**664,965,934**	**9,399**
Further issue of shares	16,456,177	197
Balance as at 30 June 2022	**681,422,111**	**9,596**

** Reflects the 20 ordinary shares in the Company issued with a nominal value of £1 in exchange for 1 share in Alphawave IP Inc., immediately prior to the IPO on 14 May 2021 and as part of the reorganisation. See prospectus for more details of the IPO and Reorganisation.*

18 Share-based payments

	As at 30 June 2022		As at 30 June 2021	
	Share options	Weighted average exercise price (US$)	Shares options	Weighted average exercise price (US$)
Outstanding at the beginning of the period	95,273,220	0.280	4,557,955	2.514
Exercised during the period	(16,456,177)	0.050	(918,194)	7.294
Forfeited during the period	(1,237,812)	1.217	-	-
Granted during the period	6,906,285	2.149	1,048,250	28.230
Share split during the period*	-	-	89,072,209	-
Outstanding at the end of the period	**84,485,516**	**0.507**	**93,760,220**	**0.371**
Exercisable at the end of the period	**44,088,144**	**0.537**	**48,421,600**	**0.111**

** 30 June 2021 number of shares has been adjusted for the 20 for 1 split that happened immediately prior to the IPO in May 2021.*

Each share option in Alphawave IP Inc. became 20 share options in the Company by way of an amendment to the option agreements. Conditions largely remained the same with twenty five per cent of options granted vesting on the first anniversary date of issuance and the remaining options vesting equally over the following 36 months. Options expire within five years of their issue under the terms of the option agreements.

The following assumptions were used in the Black-Scholes-Merton model used to determine the fair value of the share-based compensation expense relating to share options issued in the period:

	6 months ended 30 June 2022	6 months ended 30 June 2021
Risk-free interest rate	2.82%	0.91%
Expected volatility	29.72%	29.72%
Expected dividend yield	-	-
Expected life of share option	4	5

The Group has determined the forfeiture rate to be nil and volatility was determined in reference to listed entities similar to the Group.

Share-based payment split by function

6 months to June 2022

(US$'000)	R&D/engineering	Sales & marketing	General & administration	**Total**
Share-based payment charge	5,869	291	1,032	**7,192**

6 months to June 2021

(US$'000)	R&D/engineering	Sales & marketing	General & administration	**Total**
Share-based payment charge	1,557	115	286	**1,958**

19 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions with Directors and key management personnel of the Group are disclosed in note 7. In addition, the Group entered into the following transactions and had the following outstanding balances with related parties who are not consolidated in these interim financial statements:

	As at and for the period ended		
(US$'000)	**30 June 2022**	**31 December 2021**	*** Restated 30 June 2021**
Transactions:			
Revenue from a company on which a Director is the chairman of the board[1&2]	546	9,855	3,403
Revenue from a company on which a Director is a board observer[3]	-	-	1,730
Revenue from VeriSilicon[4]	1,653	8,861	737
Revenue from WiseWave, a joint venture, where there is common directorship[4]	20,154	29,846	-
Costs capitalised as intangible assets from a company on which a Director is a director	(800)	-	-
	21,553	**48,562**	**5,870**

Balances:			
Accounts receivable from a company on which a Director is a board observer	-	500	-
Accounts receivable from VeriSilicon[4]	-	2,469	1,961
Accrued revenue for a company on which a Director is a board observer[3]	-	-	1,368
Accrued revenue for a company on which a Director is the chairman of the board	4,710	5,631	261
Accrued revenue from VeriSilicon[4]	2,323	423	941
Accrued revenue from WiseWave, a joint venture, where there is common directorship[4]	11,249	5,803	-
Accrued liabilities with a company on which a Director is a director	(600)	-	-
	17,682	**14,826**	**4,531**
Deferred revenue from a company on which a Director is the chairman of the board[1&2]	49	727	356
Deferred revenue from a company on which a Director is a board observer[3]	-	-	205
Deferred revenue from VeriSilicon[4]	392	593	38
Deferred revenue from WiseWave, a joint venture, where there is common directorship[4]	479	-	-
	920	**1,320**	**599**

* *Restated 30 June 2021 related party note to align reporting to our annual report. See the final sentence in footnote 4.*

1. US$949,000 of the revenue in the period ended 31 December 2021 and US$677,000 of the deferred revenue balance as at 31 December 2021 is from Achronix Semiconductor Corporation, where John Lofton Holt ceased to be chairman of the board on 8 July 2021. Therefore, revenue and deferred revenue from this customer has not been included in this note for H1 2022.
2. Companies on which a Director is the chairman of the board are FLC Technology Group and DreamBig Semiconductor Inc.
3. The H1 2021 revenue of US$1,730,000, the accrued revenue balance of US$1,368,000 as at 30 June 2021 and the deferred revenue balance of US$205,000 as at 30 June 2021 have been kept in this note for consistency purposes. The Director who was a board observer ceased their interest in the customer in March 2021.
4. All revenue from VeriSilicon and related balances are in respect of transactions signed with VeriSilicon as reseller prior to the VeriSilicon reseller agreement moving under WiseWave as master reseller effective from November 2021. All revenue and associated balances in respect of transactions signed with VeriSilicon since that date are now recognised through the WiseWave joint venture line. The line item wording has changed to align this with our 2021 annual report.

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.

20 Business combinations

On 1 January 2022, the Group acquired 100% of Precise ITC ("Precise"). Precise is an emerging leader in the Ethernet and Optical Transport Network (OTN) communications connectivity IP space. The acquisition results in the addition of a team of leading engineers focused on delivering a high-performance Ethernet and OTN communications controller IP portfolio.

The total consideration stated in the share purchase agreement is US$19.5m. This comprises initial cash consideration of US$8.5m and future key employee remuneration of US$11.5m, less the estimated closing cash on acquisition of US$0.7m.

All M&A-related costs relating to the acquisition of Precise were recorded in the financial year ending 31 December 2021. Of the US$0.5m total amount of 'non-recurring M&A-related costs/professional costs' for the year ended 31 December 2021, US$0.3m related to the Precise acquisition.

The Group has a contingent liability of US$11.5m which represents remuneration to the single shareholder of Precise, payable on the earlier of achievement of certain revenue targets or completion of three years continuing employment, assessed at the second and third anniversaries of closing.

The provisional fair values, assessed as part of the ongoing purchase price allocation exercise, of the identifiable assets purchased and liabilities assumed as at the date of acquisition are detailed below. The Black Scholes Option Pricing Model has been used to determine the provisional fair value of contingent consideration.

(US$'000)	
Purchase consideration	
Cash paid on closing	8,470
Fair value of contingent consideration	740
Fair value of purchase consideration	**9,210**
Net tangible assets	
Working capital excluding deferred revenue	269
Fixed assets	52
Cash	803
Non-operating liabilities	(70)
Deferred revenue	(1,120)
Net tangible assets	**(66)**
Identifiable intangible assets	
Technology	7,800
Identifiable intangible assets	**7,800**
Goodwill	
Assembled workforce	326
Purchase price unallocated	1,150
Goodwill	**1,476**
Total Consideration	**9,210**

The provisional working capital balance of US$0.3m is made up of US$0.4m accounts receivable and US$0.1m of accounts payable and accrued liabilities. There has been no fair value adjustment to working capital, which remains at its net book value from 31 December 2021.

Provisionally, we don't expect any tax deduction in respect of goodwill.

From the date of acquisition to 30 June 2022, Precise contributed US$1.2m revenue to the Group.

21 Subsidiaries of the Group as at 30 June 2022

	Description and proportion of share capital held directly or indirectly by Alphawave IP Group plc	Country of incorporation or registration	Nature of business	Registered office address
Alphawave IP Inc.	Ordinary 100%	Canada	Developing and licensing high performance connectivity intellectual property for the semiconductor industry	70 University Avenue, Toronto, Ontario, M5J 2M4
Alphawave IP Corp.	Ordinary 100%	United States	Sales and sale support to license intellectual property for the semiconductor industry	1730 N. First Street, Suite 650, San Jose, California, 95112, USA
Alphawave IP (BVI) Ltd	Ordinary 100%	British Virgin Islands	To facilitate IP licensing to WiseWave Technology Co., Ltd	Trinity Chambers, PO Box 4301, Road Town, Tortola, British Virgin Islands
Alphawave Call. Inc.	Ordinary 100%	Canada	Holding company incorporated to facilitate the exchangeable share structure	
Alphawave Exchange Inc.	Ordinary and Exchangeable 100%	Canada	Holding company incorporated to facilitate the exchangeable share structure	
Alphawave IP Limited	Ordinary 100%	China	To facilitate the investment into WiseWave Technology Co., Ltd	
Precise ITC	Ordinary 100%	Canada	Developing and licensing high performance connectivity intellectual property for the semiconductor industry	170 University Avenue, 10th Floor, Toronto, Ontario, M5H 3B3
AWIPINSURE Limited	Ordinary 100%	Barbados	Captive insurance company	1st Floor, Limegrove Centre, Holetown, St. James, Barbados

22 Post balance sheet events

The Company has evaluated subsequent events after 30 June 2022, the date of issuance of the condensed consolidated interim financial statements, and has identified one recordable or disclosable event not otherwise reported in these condensed consolidated financial statements or notes thereto, which is disclosed below.

OpenFive acquisition

On 14 March 2022, the Group announced it had entered into a definitive agreement to acquire the OpenFive business of SiFive. All regulatory approvals for the transaction were received on 25 August 2022 and the Group announced completion of the acquisition on 1 September 2022. The initial cash consideration for the transaction was US$203.6m representing a purchase price of US$210.0m less adjustments for estimated net working capital and indebtedness at closing. Closing statements will be finalised in the 90-day period following completion.

23 Prior year adjustments

The prior period comparative unaudited condensed consolidated statements of comprehensive income, changes in equity and cash flows have been restated as explained below.

Unaudited condensed consolidated statement of comprehensive income

	Note	As previously reported six months ended 30 June 2021 US$'000	Adjustment US$'000	*Restated six months ended 30 June 2021 US$'000
Revenue	5	**27,589**	**-**	**27,589**
Cost of sales		(1,336)	-	(1,336)
Gross profit		**26,253**	**-**	**26,253**
R&D/engineering		(10,749)	-	(10,749)
Sales & marketing		(672)	-	(672)
General & administration		(2,490)	-	(2,490)
Other items		(8,415)	(2,619)	(11,034)
Operating profit		**3,927**	**-**	**1,308**
'Other items' charged in arriving at operating profit:				
Non-recurring IPO costs	10	(5,316)	(2,619)	(7,935)
Non-recurring M&A-related costs	10	-	-	-
Share-based payment	18	(1,958)	-	(1,958)
Exchange gain/(loss)	11	(1,141)	-	(1,141)
Other items		**(8,415)**	**(2,619)**	**(11,034)**
Finance income	9	102	-	102
Finance expense	9	(159)	-	(159)
Share of post-tax loss of equity-accounted joint ventures	12	-	-	-
Profit before tax		**3,870**	**(2,619)**	**1,251**
Income tax expense	13	(1,148)	-	(1,148)
Profit after tax		**2,722**	**(2,619)**	**103**
Other comprehensive income				
Exchange differences on the reorganisation		(11,035)	(71)	(11,106)
Exchange (losses) arising on translation of foreign operations		-	-	-
Other comprehensive income for the period, net of tax		**(11,035)**	**(71)**	**(11,106)**
Total comprehensive loss for the period		**(8,313)**	**(2,690)**	**(11,003)**

During the period ended 31 June 2021, the group debited US$23.0m of costs against share premium. Following a review, it was identified that US$2,619k of these costs did not relate to the issue of new shares, and therefore should have been expensed as incurred. The effect of this restatement is to increase non-recurring IPO costs by US$2,619k, to decrease share premium by US$2,690k and to decrease the currency translation reserve by US$71k.

Unaudited condensed consolidated statement of changes in equity

As a consequence of the adjustment described above, profit for the period has been restated by US$2,619k. Exchange differences on the reorganisation has been restated by US$71k, and the line item 'Net costs on issuance of shares relating to IPO' has been restated by US$2,690k, both for the same reason.

In addition, the following further restatement has been made to the consolidated statement of changes in equity. During the IPO process, upon issuing shares, a resolution was passed to issues shares at lower than the nominal price and take the difference from a reserves balance. This was taken from the merger reserve, but should have been deducted from the share premium account. As a consequence, the line item 'Effect of exercise price below nominal value' has been restated to move US$14,381k from merger reserve to share premium.

Unaudited condensed consolidated statement of cash flows

	Note	As previously reported six months ended 30 June 2021 US$'000	Adjustment US$'000	*Restated six months ended 30 June 2021 US$'000
Cash flows from operating activities				
Cash generated from operating activities before tax	(a)	**6,368**	**(1,619)**	**4,749**
Income tax paid		(3,133)	-	(3,133)
Net cash generated from operating activities		**3,235**	**(1,619)**	**1,616**
Cash flows from investing activities				
Purchase of property and equipment		(557)	-	(557)
Purchase of intangible asset		(541)	-	(541)
Net cash used in investing activities		**(1,098)**	**-**	**(1,098)**
Cash flows from financing activities				
Issuance of common shares	17	509,003	-	509,003
IPO share issuance costs	17	(23,061)	6,119	(16,942)
Exercise of options	17	4,064	-	4,064
Proceeds from IPO stabilisation	17	22,238	-	22,238
Decrease in bank indebtedness		(38)	-	(38)
Interest paid		(144)	-	(144)
Collection of notes receivable		428	-	428
Repayment of principal under lease liabilities		(951)	-	(951)
Net cash generated from financing activities		**511,539**	**6,119**	**517,658**
Net increase in cash and cash equivalents		**513,676**	**4,500**	**518,176**
Cash and cash equivalents at start of year		14,039	-	14,039
Effects of foreign exchange on cash and cash equivalents		(8,578)	(4,500)	(13,078)
Cash and cash equivalents at end of period	16	**519,137**	**-**	**519,137**

	Note	As previously reported six months ended 30 June 2021 US$'000	Adjustment US$'000	*Restated six months ended 30 June 2021 US$'000
Cash flows from operating activities				
Net income		2,722	(2,619)	103
Items not affecting cash:				
Income tax expense		1,148	-	1,148
Depreciation of property and equipment		144	-	144
Depreciation of right-of-use asset		1,134	-	1,134
Share-based payment	18	1,958	-	1,958
Lease interest		144	-	144
		7,250	(2,619)	4,631
Changes in working capital:				
Decrease in trade and other receivables		364	-	364
(Increase) in accrued revenue	5	(8,656)	-	(8,656)
Increase in trade and other payables		2,823	1,000	3,823
Increase in deferred revenue & flexible spending account	5	4,587	-	4,587
		(882)	1,000	118
Cash generated from operating activities before tax		**6,368**	**(1,619)**	**4,749**

Cash flows from operating activities has been restated to decrease net income by US$2,619k, based on the restatement of the consolidated statement of comprehensive income described above.

In addition, following a review of the prior year cash flow statement, two further restatements of the cash flow statement have been made.

The increase in trade and other payables within changes in working capital has been restated by US$1,000k to reflect IPO costs which remained unpaid at 30 June 2021. 'IPO share issuance costs' within cash flows from financing activities has also been restated by US$3,500k.

The effect of all of the above restatements is to increase the loss on 'effects of foreign exchange on cash and cash equivalents' line by US$4,500k.