

Full Year 2024 Results Presentation

13 May 2025



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Welcome



Mark Cubitt

Executive Chair



Strategic Review

The Board is currently conducting a comprehensive Strategic Review of IQE's asset base

The objective of the Strategic Review is to make IQE debt free with cash to invest in the refocused Group

A full sale of IQE Taiwan is being prioritised alongside a potential IPO

A range of proposals are currently being evaluated and further updates will be provided when appropriate



Introducing Jutta Meier – CEO

Proven leadership for transformation

- 25+ years of industry experience in senior finance roles across leading global semiconductor companies
- Joined IQE in January 2024 from Intel Corporation
- Former Vice President of Finance at GlobalFoundries
- Holds an MBA from Technische Universität Dresden, with strong experience in international finance and strategic planning



Stabilised and refocused the business, rebuilt confidence with industry partners

- Sharp focus on financial discipline, operational rigor and strategic transformation
- Deep understanding of semiconductor and foundry ecosystems including cyclical financing needs
- Well-positioned to guide IQE through recovery and growth, backed by global leadership experience

2024 in review



Jutta Meier

Chief Executive Officer and Chief Financial Officer



2024 | Challenging landscape continued

Global market conditions

Macro & industry headwinds

Slower than expected industry recovery amid global economic challenges

Market impacts

Softness in wireless markets, weaker demand for electric vehicles

Geopolitical shifts

Accelerated fragmentation of global supply chains

Technological disruption

Accelerated AI adoption created growth opportunities and investment into infrastructure

Macro environment underscored need for strategic rigour, operational agility and focus on key growth markets

2024 | Navigating the challenges

Strategic response

Extracting value from assets, reducing cost structure and focusing on core operations to drive profitable growth

- Initiated a comprehensive Strategic Review to assess global asset base
- Prioritisation of GaN R&D for Power and Display
- New customer engagement models to mitigate market uncertainty
- Dynamic management of supply chain to ensure resilience

Organisational change

Creating an aligned and efficient organisation with stronger operational delivery

- Refocused and streamlined executive team
- Targeted workforce reductions without compromising operational delivery
- Created Transformation Office to accelerate change and drive execution
- Continued digital transformation for manufacturing efficiency

2024 | Key achievements



CONNECT

- Expanded GaN RF business in Aerospace & Security, supporting growth in satellite internet (LEO) platforms
- Qualified high-performance HBTs for power amplifiers in next-generation 5G smartphones
- Launched Quantum Dot Laser foundry service targeting data centre optical comms



POWER

- Secured initial automotive-qualified HEMT orders
- Progressed capacity qualifications for delivery into IDM foundry partners
- JDA with X-FAB to establish a Europe-based GaN Power platform



SENSE

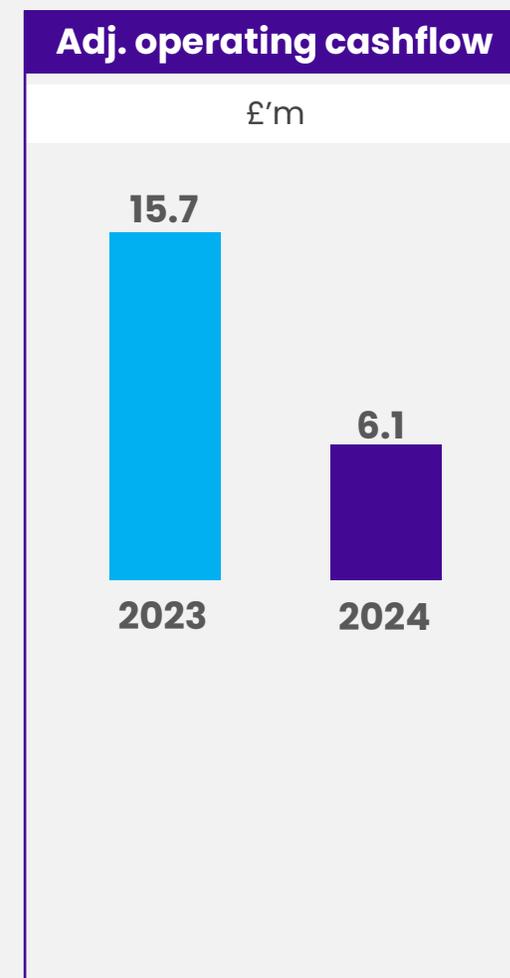
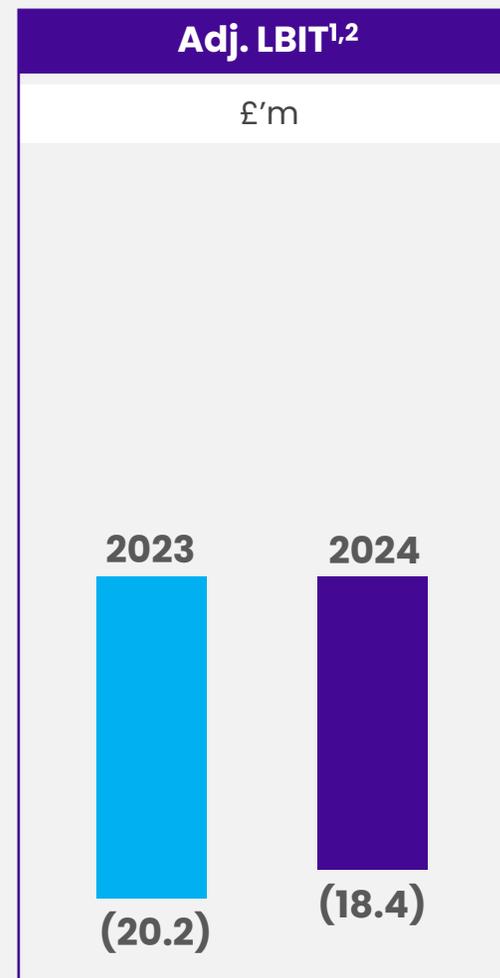
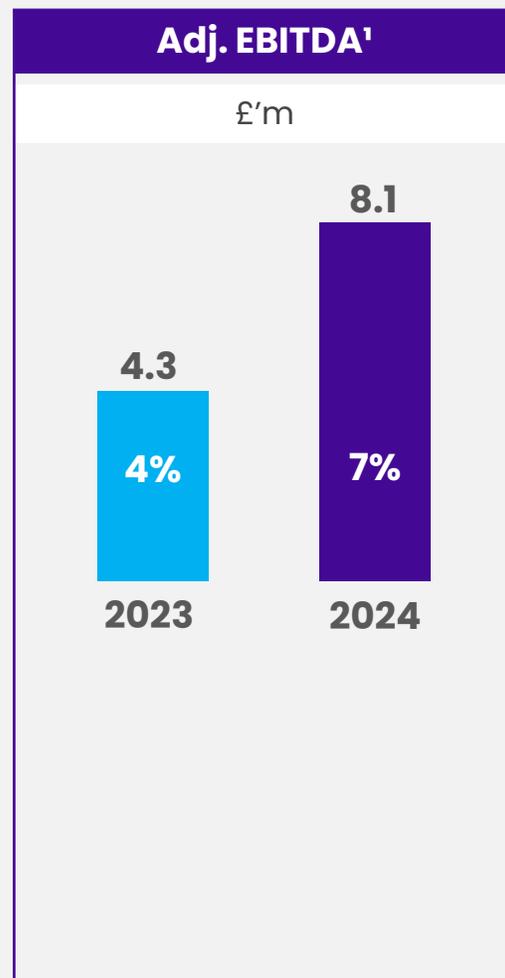
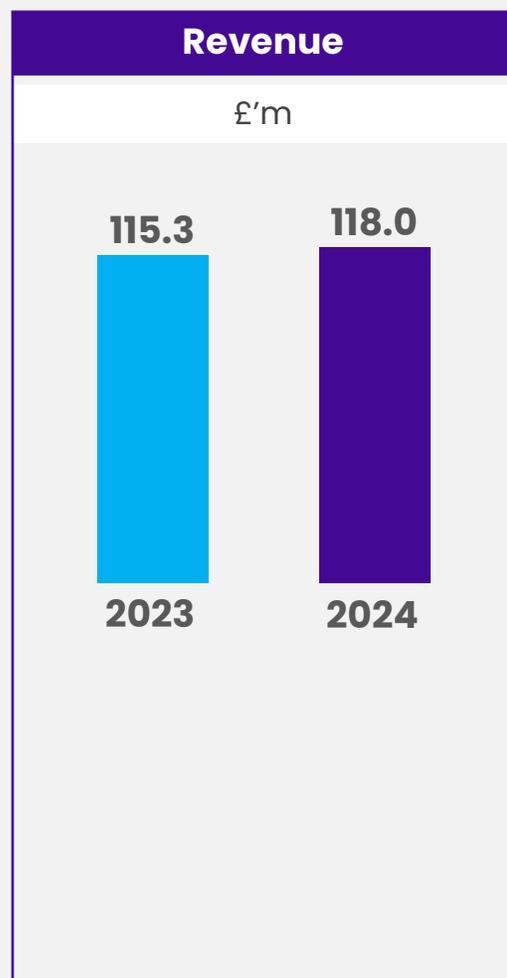
- Strong execution across healthcare and mobile sensing, with advanced laser and detector development
- Achieved key qualification milestones for next-gen consumer 3D Sensing VCSELs
- Secured long term agreements with two leading Infrared sensing customers



DISPLAY

- Launched 8" GaN-on-Si microLED foundry service , compatible with advanced silicon CMOS processes
- Extended partnership with leading AR smart glasses maker for GaN microLED displays
- Expanded microLED customer pipeline with new qualification orders

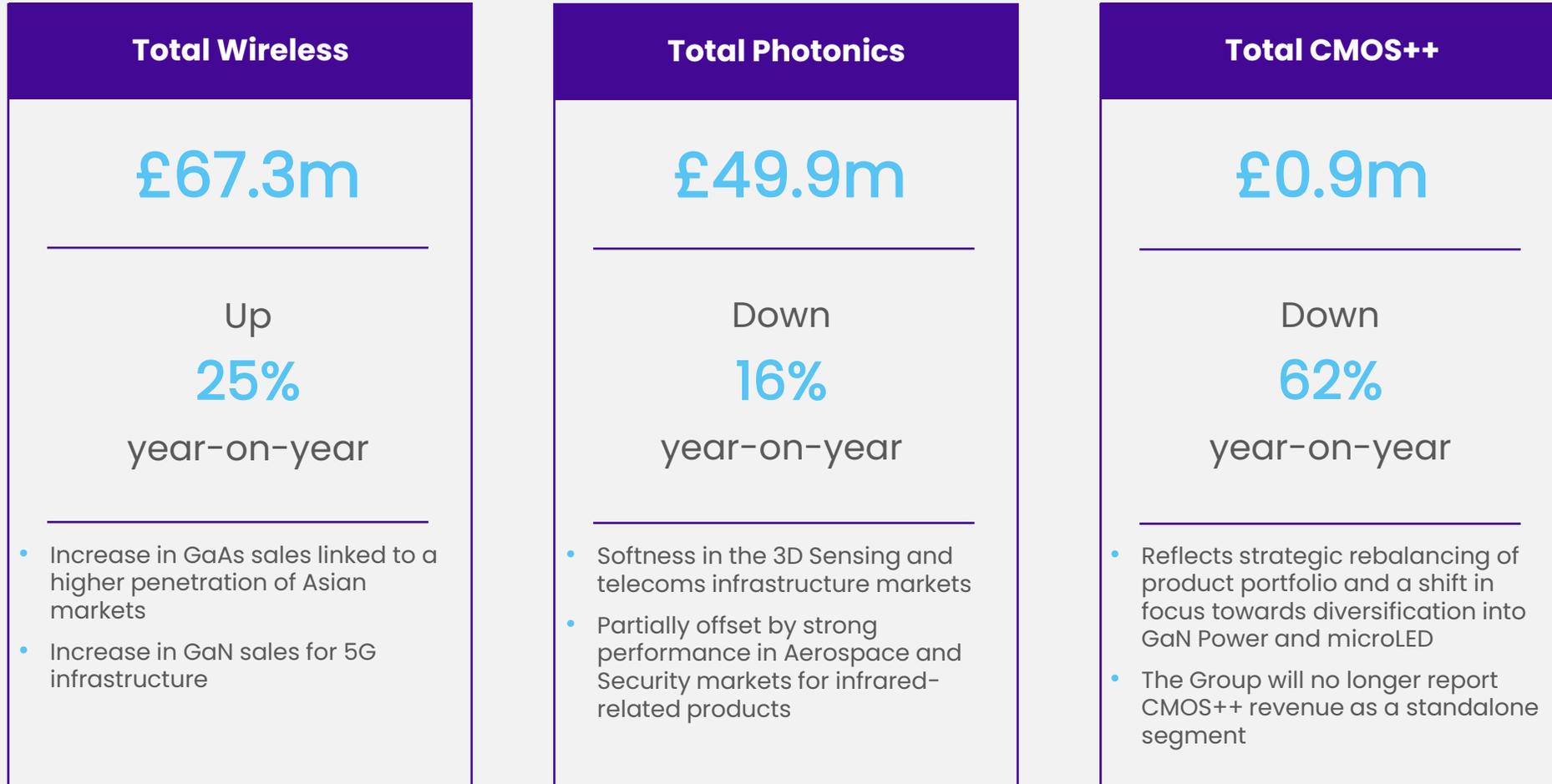
FY 2024 financial highlights



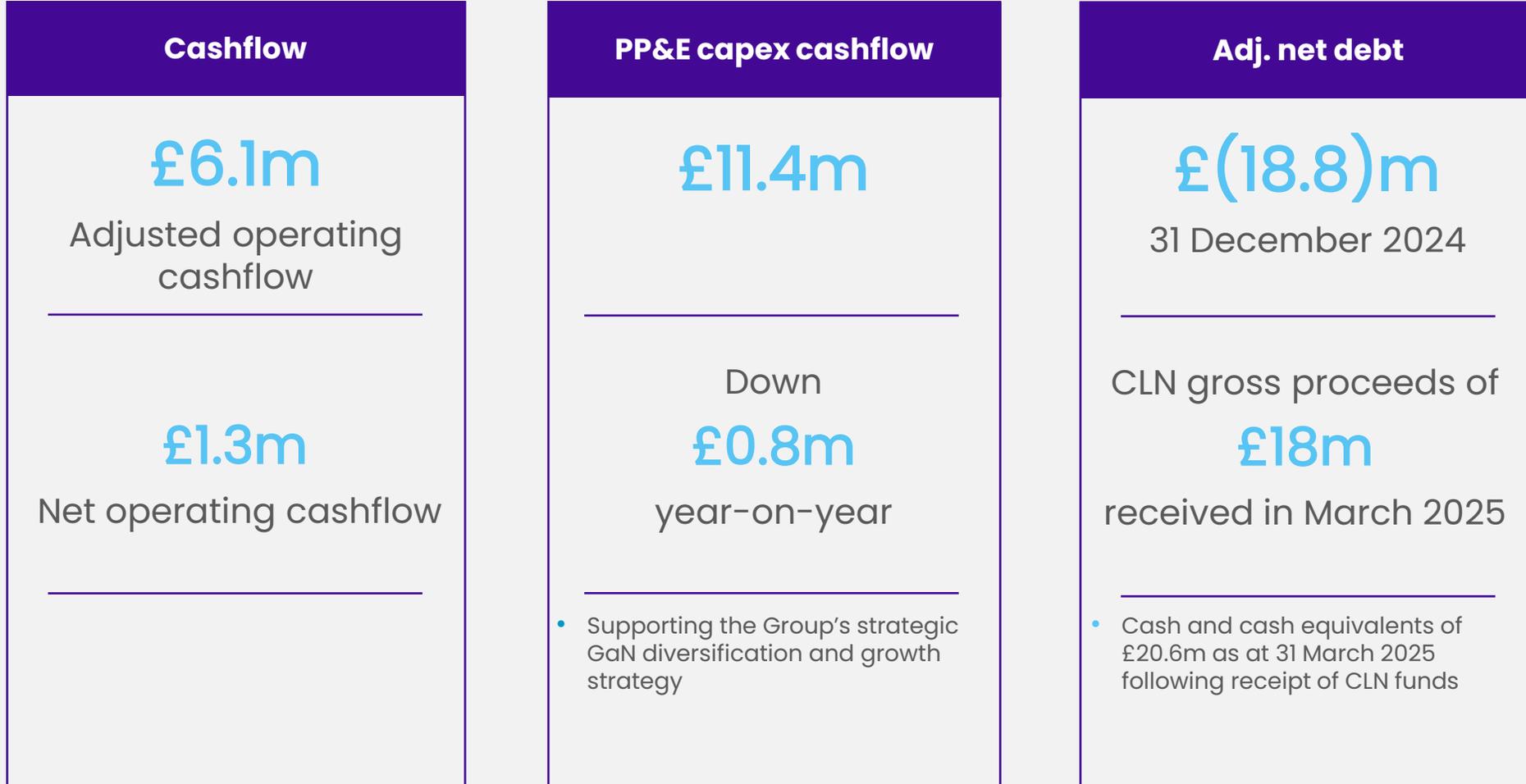
1. Adjusted EBITDA and LBIT are non-IFRS measures, may be calculated differently and therefore not directly comparable to other companies.

2. Adjustments include restructuring costs, CEO recruitment and severance costs, CFO recruitment costs, share-based payment charges and wireless CGU impairment.

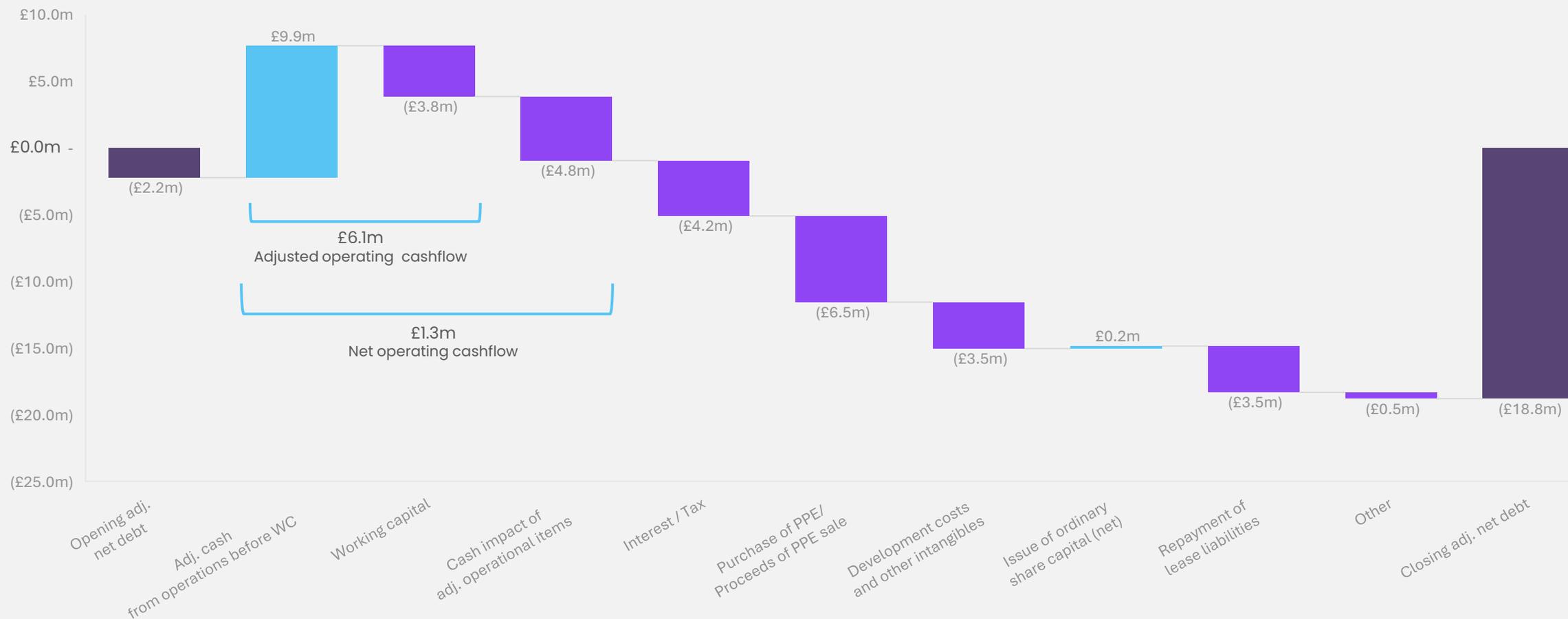
FY 2024 segmental revenue



FY 2024 cashflow, capex and net debt



Net debt bridge



Cost and balance sheet management

Actions taken:

- £18m Convertible Loan Note Financing (gross proceeds) completed in March 2025
- Restructuring of the Group's Executive Leadership Team
- Headcount restructuring resulting in over 10% reduction
- Adjusted SG&A reductions of 8% focused on discretionary non-labour expenses and headcount reductions
- Share swap in lieu of salary for senior management
- Continued asset optimisation, restructuring of manufacturing shift patterns, consolidation of capacity and subsequent sale of excess tools

Current trading and outlook

- Macroeconomic uncertainty continues to weight on global markets
- IQE's customer pipeline remains strong and is predicted to grow in H2 2025, driven by new product and customer engagements
- There is currently no direct impact to IQE from the implementation of US tariffs
- Revenue and adjusted EBITDA for the full year are expected to be within the range of analyst forecasts for FY 2025¹, with weighting towards H2 consistent with the destocking seen in Q1 and typical industry seasonality
- These forecasts assume the inclusion of IQE Taiwan revenues pending the outcome of the Strategic Review

¹The analyst range of expectations for FY 2025 revenue are from £115.1m to £123.0m and for adjusted EBITDA from £7.4m to £10.0m

Summary

- Revenue and improved profitability achieved despite continued market uncertainty

- Revitalised executive team and operational focus

- Expanded and engaged customer base with pipeline aligned to diversification strategy

- Continued optimisation of asset base and fiscal discipline

Strategic Review to unlock the potential value of the business

IQE to become debt-free with a strong platform to invest in growth

Appendix

Summary financials

£'million	FY 2024 (£'m)	FY 2023 (£'m)
Revenue	118.0	115.3
Sales, general & administrative costs	(30.0)	(32.5)
Impairment loss on intangible assets	(3.8)	-
Impairment loss on trade receivables and contract assets	(0.03)	(1.8)
Adjusted EBITDA ¹	8.1	4.3
Adjusted LBIT	(18.4)	(20.2)
Reported LBIT	(33.0)	(25.8)
Reported loss before tax	(36.9)	(28.8)
Reported loss after tax	(38.2)	(29.4)
Adjusted net cashflow from operations	6.1	15.7
Reported net cashflow from operations	1.3	10.1
Capital expenditure ²	(11.4)	(12.2)
Adjusted net debt ³	(18.8)	(2.2)
Reported net debt	(69.3)	(48.5)
Cash and cash equivalents	4.7	5.6
Reported Diluted EPS	(3.96p)	(3.28p)
Adjusted Diluted EPS	(2.46p)	(2.68p)

¹ Adjustments include CFO severance and recruitment costs, gain on acquisitions, restructuring costs, CEO recruitment costs and share-based payment charges.

² Capex stated is Property, Plant and Equipment cash capex

³ Adjusted net debt is calculated as cash less borrowings but excluding lease liabilities and fair value gains/losses on derivative instruments

Adjusted income statement items

£'million	2024	2023
Share based payments	£3.2m	£2.6m
Restructuring	£7.6m	£4.7m
Wireless CGU impairment	£3.1m	-
CEO recruitment	£0.3m	£0.3m
CEO severance	£0.4m	-
CFO severance	-	£0.5m
Gain on deemed disposal of JV	-	(£2.4m)

Balance sheet

As at 31 December 2024

£'million	FY 2024	FY 2023
Intangible assets	29.0	35.4
Property, plant & equipment	113.7	129.6
Right of use assets	42.2	37.9
Total current assets	62.2	70.7
Current liabilities*	(35.6)	(46.1)
Bank borrowings due within 1 year	-	(4.2)
Lease liabilities due within 1 year	(5.7)	(5.9)
Total non-current liabilities*	(3.3)	(3.4)
Bank borrowings due after 1 year	(23.5)	(3.7)
Lease liabilities due after 1 year	(44.9)	(40.4)
Net Assets	134.1	169.8

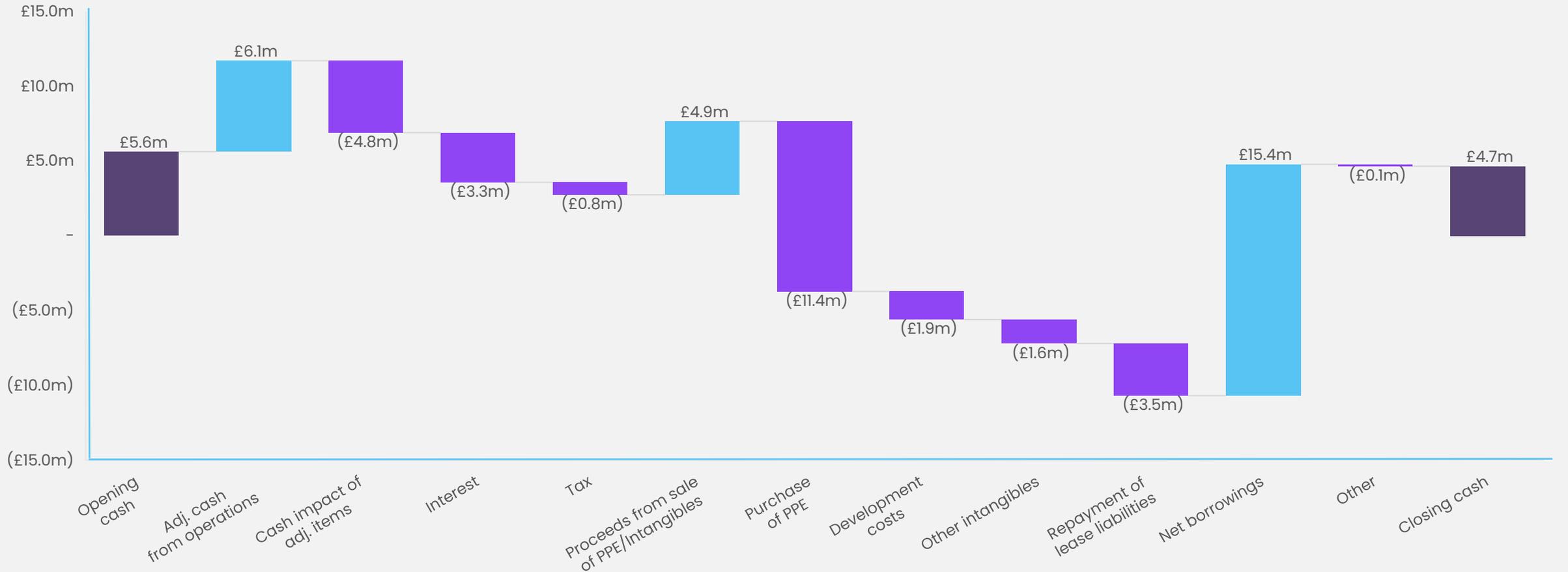
* Excludes bank borrowings and lease liabilities highlighted separately

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Cashflow bridge



IQE