IQE plc

Cardiff, UK
10 September 2024

Unaudited Results for the six months ended 30 June 2024

Steady progress with year-on-year revenue growth

IQE plc (AIM: IQE, "IQE" or the "Group"), the leading global supplier of compound semiconductor wafer products and advanced material solutions, announces its interim results for the six months ended 30 June 2024. Revenue for the period was £66.0m, with an adjusted non-GAAP EBITDA of £6.6m.

Americo Lemos, Chief Executive Officer of IQE, commented:

"IQE delivered a consistent performance in the first half of 2024, with a 27% rise in revenue year-on-year and a return to a positive adjusted EBITDA position. We expect the market to continue to show pockets of recovery during the second half, resulting in more moderate growth for 2024 on a full-year basis. We look forward to progressing the planned IPO of our Taiwanese subsidiary, which will help to accelerate our diversification strategy into the GaN Power market and microLED, and will provide additional significant cash resources for the Company."

H1 2024 Financial Results

	H1 2024 £'m*	**H1 2023 £'m***
Revenue	66.0	52.0
Adjusted EBITDA**	6.6	(5.7)
Operating loss	(12.1)	(19.6)
Adjusted operating loss**	(7.2)	(17.5)
Reported loss after tax	(15.1)	(21.3)
Diluted EPS	(1.57p)	(2.57p)
Adjusted diluted EPS**	(1.05p)	(2.30p)
Cash generated from operations	(2.6)	2.4
Adjusted cash from operations**	1.8	4.3
Capital Investment (PP&E)	5.0	5.2
Net funds / (debt)***	(17.0)	5.3

** All figures £'m excluding diluted and adjusted diluted EPS.*
*** Adjusted Measures: Alternative performance measures are disclosed separately after a number of non-cash charges, non-operational items and significant infrequent items that would distort period on period comparability. Adjusted items are material items of income or expense that have been shown separately due to the significance of their nature or amount as detailed in note 8.*
**** Net funds/debt excludes IFRS16 lease liabilities and fair value gains/losses on derivative instruments.*
The following highlights of the first half results are based on these adjusted performance measures, unless otherwise stated.

Strategic Highlights

Wireless

Growth driven by communications infrastructure and penetration into the Android smartphone and WiFi market

- Successful launch of an 8” GaN on Si product with a major Tier 1 foundry supporting 5G RF base station infrastructure.
- Delivered high power RF amplifier products using GaN on SiC for 5G base station radios to both IDM and fabless customers in North America, Europe and Asia.
- Delivered sample GaAs HBT power amplifiers to two leading compound semiconductor foundries, enabling 5G RF Front End products for Android smartphones and WiFi 7.

Photonics

Well positioned with new technology to capture demand from Gen AI data centres

- Qualification of InP laser technology for high-speed optical transceivers deployed within large-scale gen AI data centres.
- Delivery of new high speed data communications VCSEL product to address market demand for short-reach optical transceiver applications.
- Qualification of Quantum Dot Laser (QDL) products by an industry-leading Silicon Photonics customer, enabling the development of energy-efficient, on-chip laser architectures for next-generation data centre networking applications.
- Delivery of next-generation 3D Sensing VCSEL products for module-level qualification in new AR/VR and mobile platforms.

Power

Increased GaN capacity enabling qualification ramp-up

- Progress with customer qualification of 650V e/d-mode GaN products for Tier 1 OEMs.
- Continued to deploy GaN Power capacity in the US and UK to serve the global Power Electronics market

Display

Successful development driving sampling with new and existing customers

- Successful launch of new 8” GaAs and GaN RGB microLED product portfolio with strong engagement from Tier 1 consumer mobile and display manufacturers.
- Continuation of long term engagement with an AR/VR customer to deliver next-generation microLED display materials.

H1 2024 Financial Highlights

- **Revenue** of £66.0m (H1 2023: £52.0m) increased 26.9% vs H1 2023.
  - **Wireless** revenue of £38.8m (H1 2023: £22.4m) increased 73% year-on-year on a reported basis. This was a result of inventory normalisation and design wins in Android RF Front End markets.
  - **Photonics** revenue of £26.8m (H1 2023: £28.0m) was down 4% year-on-year on a reported basis. A reduction in segments of InP telecoms markets was partially offset by strength in GaAs Photonics and infrared sensing product sales.
  - **CMOS++** revenue of £0.5m (H1 2023: £1.6m) down 70% on a reported basis. This reflects a strategic rebalancing of IQE's product portfolio and a shift in focus towards diversification into GaN Power and MicroLED. Reporting on this segment will cease from 2025.
- **Adjusted EBITDA** of £6.6m (H1 2023: £(5.7)m LBITDA) up £12.3m, as a result of a combination of increased revenue, improved asset utilisation, and the benefit of cost control actions.
- **Reported operating loss** of £(12.1)m (H1 2023: £(19.6)m loss).
- **Adjusted cash inflow** from operations of £1.8m (H1 2023: £4.3m) reflecting a combination of improved trading performance offset by an increase in working capital.
- **Total net cash capex and cash investment in intangibles** of £6.5m (H1 2023: £8.4m)
- **Adjusted net debt** of £(17.0)m as at 30 June 2024 (net debt of £(2.2)m as at 31 Dec 2023, net funds of £5.3m as at 30 June 2023).
- **Cost control actions**
  - Reduced labour costs by c.10% year-on-year while ensuring balance of operational efficiency and skills retention.
  - Reduced non-labour costs by c.5% year-on-year.
  - Sale of decommissioned Pennsylvania site expected to complete in H2 2024.

Current trading and outlook

Signs of recovery in the global semiconductor industry continue, despite the pace of progress varying between regions and market segments.

IQE delivered an improved performance in H1 and year-on-year growth is expected in both revenue and adjusted EBITDA for FY 2024. With some markets remaining in recovery in H2 2024, performance is expected to be at the lower end of the range of analyst forecasts for the full year[1].

IQE will maintain a tight focus on structural cost controls, footprint optimisation and operational efficiencies. This will allow the business to continue to improve its profitability while building its market-led technology roadmap in partnership with key customers.

In July 2024, the Group announced plans for the IPO of its Taiwan operating subsidiary on the Taiwan Stock Exchange. This represents an exciting opportunity for IQE to maximise value across its asset base and accelerate the investment in its growth and diversification strategy while continuing to maintain its secure and resilient supply chain. The Group has had a very positive reaction from its first round of engagement with investors in the region, and expects to list on the Emerging Market Board of the Taiwan Stock Exchange in H1 2025. Further updates will be provided when appropriate.

1. The analyst range of expectations for FY 2024 revenue are from £130.0m to £153.7m and for adjusted EBITDA from £11.1m to £16.6m.

Results Presentation

IQE will present its H1 2024 Results via webcast at 9:00am today, Tuesday 10 September 2024. If you would like to view this webcast, please register by using the below link and following the instructions:

https://brrmedia.news/IQE_IR_24

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ABOUT IQE

http://iqep.com

IQE is the leading global supplier of advanced compound semiconductor wafers and materials solutions that enable a diverse range of applications across:

- Smart Connected Devices
- Communications Infrastructure
- Automotive and Industrial
- Aerospace and Security

As a scaled global epitaxy wafer manufacturer, IQE is uniquely positioned in this market which has high barriers to entry. IQE supplies the global market and is enabling customers to innovate at chip and OEM level. By leveraging the Group's intellectual property portfolio including know-how and patents, it produces epitaxy wafers of superior quality, yield and unit economics.

IQE is headquartered in Cardiff UK, with employees across manufacturing locations in the UK, US and Taiwan, and is listed on the AIM Stock Exchange in London.

Financial Review

Consolidated Income Statement (All figures £'000s)	Note	6 months to 30 Jun 2024 Unaudited	6 months to 30 Jun 2023 Unaudited	12 months to 31 Dec 2023 Audited
Revenue	7	**66,018**	**52,016**	**115,252**
Cost of sales		(61,026)	(56,241)	(112,924)
Gross profit/(loss)		**4,992**	**(4,225)**	**2,328**
Selling, general and administrative expenses		(16,301)	(16,404)	(32,486)
Impairment (loss)/reversal on trade receivables and contract assets		(31)	355	1,808
Gain on acquisition of remaining interest in CSC		-	-	2,419
(Loss)/profit on disposal of intangible assets and property, plant and equipment		(1,094)	-	152
Gains on remeasurement of right of use asset		296	-	-
Other gains		-	640	-
Operating loss	7	**(12,138)**	**(19,634)**	**(25,779)**
Finance costs		(1,765)	(1,832)	(3,032)
Adjusted loss before income tax		**(8,972)**	**(19,291)**	**(23,231)**
Adjustments	8	(4,931)	(2,175)	(5,580)
Loss before income tax	7	**(13,903)**	**(21,466)**	**(28,811)**
Taxation		(1,168)	141	(567)
Loss for the period		**(15,071)**	**(21,325)**	**(29,378)**
Loss attributable to:				
Equity shareholders		(15,071)	(21,325)	(29,378)
		(15,071)	**(21,325)**	**(29,378)**
Loss per share attributable to owners of the parent during the period				
Basic loss per share	10	(1.57p)	(2.57p)	(3.28p)
Diluted loss per share	10	(1.57p)	(2.57p)	(3.28p)

Adjusted basic and diluted earnings per share are presented in Note 10.

All items included in the loss for the period relate to continuing operations.

Consolidated statement of comprehensive income **(All figures £'000s)**	**6 months to 30 Jun 2024 Unaudited**	**6 months to 30 Jun 2023 Unaudited**	**12 months to 31 Dec 2023 Audited**
Loss for the period	(15,071)	(21,325)	(29,378)
Exchange differences on translation of foreign operations*	(1,181)	(7,682)	(8,088)
Total comprehensive expense for the period	**(16,252)**	**(29,007)**	**(37,466)**
Total comprehensive expense attributable to:			
Equity shareholders	(16,252)	(29,007)	(37,466)
	(16,252)	**(29,007)**	**(37,466)**

* Balance might subsequently be reclassified to the income statement when it becomes realised.

Consolidated Balance Sheet

(All figures £'000s)	Note	As At 30 Jun 2024 Unaudited	As At 30 Jun 2023 Unaudited	As At 31 Dec 2023 Audited
Non-current assets				
Intangible assets		34,275	35,061	35,378
Property, plant and equipment		124,716	121,640	129,553
Right of use assets		45,684	38,918	37,895
Total non-current assets		**204,675**	**195,619**	**202,826**
Current assets				
Inventories		24,618	25,874	24,577
Trade and other receivables		46,849	36,996	38,220
Derivative financial instruments	12	-	259	-
Cash and cash equivalents	12	7,810	12,314	5,617
Assets held for resale		2,304	-	2,274
Total current assets		**81,581**	**75,443**	**70,688**
Total assets		**286,256**	**271,062**	**273,514**
Current liabilities				
Trade and other payables		(48,794)	(33,458)	(42,572)
Current tax liabilities		(586)	(65)	(531)
Bank borrowings	12	(1,569)	(6,123)	(4,153)
Lease liabilities	12	(7,329)	(7,140)	(5,865)
Provisions for other liabilities and charges		(1,225)	(2,194)	(2,998)
Total current liabilities		**(59,503)**	**(48,980)**	**(56,119)**
Non-current liabilities				
Trade and other payables		(2,148)	-	(2,208)
Bank borrowings	12	(23,220)	(845)	(3,692)
Lease liabilities	12	(44,493)	(42,826)	(40,435)
Provisions for other liabilities and charges		(504)	(1,291)	(671)
Deferred tax liabilities		(710)	(710)	(604)
Total non-current liabilities		**(71,075)**	**(45,672)**	**(47,610)**
Total liabilities		**(130,578)**	**(94,652)**	**(103,729)**
Net assets		**155,678**	**176,410**	**169,785**
Equity attributable to shareholders of the parent				
Share capital	13	9,666	9,614	9,615
Share premium		155,920	155,825	155,844
Retained earnings		(62,537)	(39,413)	(47,466)
Exchange rate reserve		31,266	32,853	32,447
Other reserves		21,363	17,531	19,345
Total equity		**155,678**	**176,410**	**169,785**

Consolidated Statement of Changes in Equity

Unaudited (All figures £'000s)	**Share capital**	**Share premium**	**Retained earnings**	**Exchange rate reserve**	**Other reserves**	**Total equity**
At 1 January 2024	**9,615**	**155,844**	**(47,466)**	**32,447**	**19,345**	**169,785**
Loss for the period	-	-	(15,071)	-	-	(15,071)
Other comprehensive expense for the period	-	-	-	(1,181)	-	(1,181)
Total comprehensive expense	**-**	**-**	**(15,071)**	**(1,181)**	**-**	**(16,252)**
Share based payments	-	-	-	-	2,018	2,018
Proceeds from shares issued (net of expenses)	51	76	-	-	-	127
Total transactions with owners	**51**	**76**	**-**	**-**	**2,018**	**2,145**
At 30 June 2024	**9,666**	**155,920**	**(62,537)**	**31,266**	**21,363**	**155,678**

Unaudited (All figures £'000s)	**Share capital**	**Share premium**	**Retained earnings**	**Exchange rate reserve**	**Other reserves**	**Total equity**
At 1 January 2023	**8,048**	**154,720**	**(45,246)**	**40,535**	**17,003**	**175,060**
Loss for the period	-	-	(21,325)	-	-	(21,325)
Other comprehensive income for the period	-	-	-	(7,682)	-	(7,682)
Total comprehensive expense	**-**	**-**	**(21,325)**	**(7,682)**	**-**	**(29,007)**
Share based payments	-	-	-	-	528	528
Proceeds/charge from shares issued	1,566	1,105	(1,342)	-	28,500	29,829
Transfer of merger reserve to retained earnings	-	-	28,500	-	(28,500)	-
Total transactions with owners	**1,566**	**1,105**	**27,158**	**-**	**528**	**30,357**
At 30 June 2023	**9,614**	**155,825**	**(39,413)**	**32,853**	**17,531**	**176,410**

Audited (All figures £'000s)	**Share capital**	**Share premium**	**Retained earnings**	**Exchange rate reserve**	**Other reserves**	**Total equity**
At 1 January 2023	**8,048**	**154,720**	**(45,246)**	**40,535**	**17,003**	**175,060**
Loss for the year	-	-	(29,378)	-	-	(29,378)
Other comprehensive expense for the year	-	-	-	(8,088)	-	(8,088)
Total comprehensive expense	**-**	**-**	**(29,378)**	**(8,088)**	**-**	**(37,466)**
Share based payments	-	-	-	-	2,484	2,484
Tax relating to share options	-	-	-	-	(142)	(142)
Proceeds/(charge) from shares issued	1,567	1,124	(1,342)	-	28,500	29,849
Transfer of merger reserve to retained earnings	-	-	28,500	-	(28,500)	-
Total transactions with owners	**1,567**	**1,124**	**27,158**	**-**	**2,342**	**32,191**
At 31 December 2023	**9,615**	**155,844**	**(47,466)**	**32,447**	**19,345**	**169,785**

The comparative financial information for the 6 months to 30 June 2023 has been restated to reclassify £1,342,000 from transfer of merger reserve to retained earnings to proceeds/(charge) from shares issued in order to adopt a consistent presentation with the audited financial statements for the year ended 31 December 2023. The reclassification has had no impact on net assets, cash flows or loss after tax for the 6 months to 30 June 2023.

Consolidated Cash Flow Statement (All figures £'000s)	Note	6 months to 30 Jun 2024 Unaudited	6 months to 30 Jun 2023 Unaudited	12 months to 31 Dec 2023 Audited
Cash flows from operating activities				
Adjusted cash inflow from operations		**1,789**	**4,296**	**15,744**
Cash impact of adjustments	8	(4,421)	(1,864)	(5,670)
Cash generated from operations	11	**(2,632)**	**2,432**	**10,074**
Net interest paid		(1,410)	(1,565)	(3,242)
Income tax paid		(701)	(726)	(912)
Net cash generated from operating activities		**(4,743)**	**141**	**5,920**
Cash flows from investing activities				
Purchase of property, plant and equipment		(4,959)	(5,183)	(12,158)
Purchase of intangible assets		(916)	(1,681)	(3,113)
Capitalised development expenditure		(1,405)	(1,590)	(2,852)
Proceeds from disposal of property, plant and equipment and intangible assets		942	12	553
Acquisition of subsidiary, net of cash received		(128)	-	(390)
Adjusted cash used in investing activities		**(7,317)**	**(8,442)**	**(17,960)**
Cash impact of adjustments – proceeds from disposal of property, plant and equipment and intangible assets	8	851	-	-
Net cash used in investing activities		**(6,466)**	**(8,442)**	**(17,960)**
Cash flows from financing activities				
Proceeds from issuance of ordinary shares		127	31,219	31,239
Expenses associated with issue of ordinary shares		-	(1,390)	(1,390)
Proceeds from borrowings		19,493	5,833	9,932
Repayment of borrowings		(2,532)	(25,302)	(28,363)
Payment of lease liabilities		(3,613)	(748)	(4,787)
Net cash generated from financing activities		**13,475**	**9,612**	**6,631**
Net increase / (decrease) in cash and cash equivalents		**2,266**	**1,311**	**(5,409)**
Cash and cash equivalents at the beginning of the period		5,617	11,620	11,620
Exchange losses on cash and cash equivalents		(73)	(617)	(594)
Cash and cash equivalents at the end of the period	12	**7,810**	**12,314**	**5,617**

1. REPORTING ENTITY

IQE plc is a public limited company incorporated in the United Kingdom under the Companies Act 2006. The Company is domiciled in the United Kingdom and is quoted on the Alternative Investment Market (AIM).

These condensed consolidated interim financial statements ('interim financial statements') as at and for the six months ended 30 June 2024 comprise the Company and its Subsidiaries (together referred to as 'the Group'). The principal activities of the Group are the development, manufacture and sale of advanced semiconductor materials.

2. BASIS OF PREPARATION

These interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting', and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2023 which were approved by the Board of Directors on 9 April 2024 and have been delivered to the Registrar of Companies. The report of the auditors on those financial statements was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

The interim financial statements do not include all of the information required for a complete set of IFRS financial statements and do not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

Comparative information in the interim financial statements as at and for the year ended 31 December 2023 has been taken from the published audited financial statements as at and for the year ended 31 December 2023. All other periods presented are unaudited.

The Board of Directors and the Audit Committee approved the interim financial statements on 9 September 2024.

3. GOING CONCERN

The Group experienced weaker customer demand and lower customer orders in 2023 as a result of the global semiconductor industry downturn prior to a gradual improvement in market dynamics and customer demand from Q4 2023 which has delivered revenue growth of 26.9% in H1 2024. Despite the gradual improvement in market dynamics in H1 2024 the semiconductor industry remains in recovery as markets continue to correct at varying paces with slower growth now expected to extend throughout H2 2024, ahead of an expected full market recovery in 2025.

In the six months to 30 June 2024, reported revenue increased 26.9% with the group reducing its loss for the period to £15,071,000 (H1 2023: £21,325,000, FY23: £29,378,000). The cash impact of the loss for the period, combined with an increase in working capital, investment in capital and intangible asset development and debt and lease service costs has resulted in an increase in the Group's net debt position (excluding lease liabilities and fair value gains/losses on derivative instruments) to £16,979,000 (H1 2022: £5,346,000 net funds, FY23: £2,228,000 net debt). At 30 June 2024 the Group had undrawn committed funding of £4,300,000 ($5,500,000) available under the terms of its credit facilities.

In assessing the going concern basis of preparation the Directors have reviewed financial projections to 31 December 2025 ('the going concern assessment period'), containing both a 'base case' and a 'severe but plausible downside case'. The review period extends beyond the minimum required 12-month period from the date of approval of the interim financial statements to protect against the recovery in the semiconductor market occurring later than forecast by the Directors.

Base Case

The base case is the Group's latest Board approved 2024 and 2025 forecasts. The base case incorporates a gradual improvement in market dynamics in H2 2024 prior to a full market recovery in 2025 and the impact of cost cutting actions primarily implemented by the Board in 2023.

In the base case the Group is forecast to maintain liquidity headroom and to comply with its leverage and interest cover banking covenants throughout the going concern assessment period. Liquidity headroom falls to £5.5m in September 2024 prior to a gradual forecast improvement during 2025, interest cover as well as leverage covenant headroom is low at Q4 2024 before a gradual forecast increase in headroom during 2025 for both covenants.

Severe but plausible downside case

A severe but plausible downside scenario was modelled for H2 2024 and 2025, reflecting a combination of greater uncertainty further out into the future, a delay in market recovery and a delay in the new Power GaN business which is forecast to ramp up in 2025. In line with an assumed revenue reduction in both years, there is a reflective reduction in variable operating costs for 2024 and 2025, as well as mitigations in the form of further structural cost savings, and deferred investment in capital expenditure and technology asset development over and above those already reflected in the base case. These cost savings and cash management actions have already been identified, are in the control of management and are immediately actionable.

In the severe but plausible downside scenario modelled, the Group is forecast to maintain liquidity headroom and to comply with its leverage and interest cover banking covenants throughout the going concern assessment period. Liquidity headroom falls to a low of £4.1m in August 2025, interest cover as well as leverage covenant headroom is low at Q4 2024 before a gradual forecast increase in headroom during 2025 for both covenants.

Whilst acknowledging that under the severe but plausible scenario liquidity and covenant headroom is tight, the Directors believe that the Company and Group will have adequate cash resources to continue operating for the foreseeable future and to meet their liabilities as they fall due for the going concern assessment period, such that the Directors consider it appropriate to adopt the going concern basis of accounting in preparing the Company and Group consolidated financial statements.

4. USE OF JUDGEMENTS AND ESTIMATES

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements except as follows:

Impairment of Cash Generating Units ('CGU')

At the end of each reporting period, the Group assesses whether there is any indication of impairment of non-current assets allocated to the Group's CGU's. Multiple production facilities and production assets are included in a single CGU reflecting that production can (and is) transferred between sites and production assets for different operating segments to suit capacity planning and operational efficiency. Given the interdependency of facilities and production assets non-current assets are tested for impairment by grouping operational sites and production assets into CGUs based on type of production.

In the six months to 30 June 2024, the Group has experienced a gradual improvement in market dynamics and customer demand following the global semiconductor industry downturn, which, combined with a reduction in central corporate costs has resulted in a reduction in the loss for the period to £15,071,000 (H1 2023: £21,325,000, 2023: £29,378,000). The gradual improvement in market dynamics and customer demand has principally been focused in the Group's Wireless CGU which has delivered an operating profit of £3,995,000 (H1 2023: £3,262,000 loss, 2023: £3,634,000 profit). The Group's Photonics CGU continues to be loss making with an operating loss for the period of £7,495,000 (H1: 2023: £7,179,000, 2023: £12,433,000). The losses generated within the Photonics CGU and the low levels of profitability within the Group's Wireless CGU have been assessed as an indicator of impairment such that an impairment assessment of the non-current assets allocated to the Photonics and Wireless CGU's has been performed.

The recoverable amount of the Photonics and Wireless CGU's have been determined based on value in use calculations, using cash flow projections for a five-year period plus a terminal value based upon a long-term growth rate of 2% in line with The Bank of England's monetary policy 2% inflation target.

Value in use calculations are based on the Group's latest 2024 and 2025 forecast and latest 2026 to H1 2029 projections which have been adjusted to exclude the impact of expansionary capital expenditure and certain linked earnings and cash flows. The value in use calculations incorporate cashflows associated with the group's diversification into high-growth GaN power markets. Revenue assumptions in year 1 reflect a gradual improvement in market dynamics and customer demand, aligned with the low end of current analyst ranges ahead of an expected full market recovery in year 2 where revenue is aligned with the higher high end of current analyst ranges. Revenue assumptions in the adjusted cash flow projections for years 3 to 5 have typically been extrapolated from year 2 using business segment growth rates that take account of industry trends and external market research, with incremental customer and market share wins overlaid on top of market growth assumptions.

The calculation of the recoverable amount of the CGU in the value in use calculation is highly sensitive to small changes in the following key assumptions applied in the 2024 and 2025 cash flow forecast:

	Year 1 %	**Year 2** %	**Year 3** %	**Year 4** %	**Year 5** %	**5 Year CAGR** %
Risk adjusted discount rate	18.1%	18.1%	18.1%	18.1%	18.1%	N/A
Photonics revenue growth rate	Latest 2024 and 2025 forecast	Latest 2024 and 2025 forecast	5.8%	5.0%	7.0%	18.6%
Wireless revenue growth rate	Latest 2024 and 2025 forecast	Latest 2024 and 2025 forecast	9.3%	12.8%	6.0%	9.4%

Year 1 represents H2 2024 and H1 2025, year 2 represents H2 2025 and H1 2026, year 3 represents H2 2026 and H1 2027, year 4 represents H2 2027 and H1 2028, year 5 represents H2 2028 and H1 2029.

Wireless CGU
The recoverable amount of the Wireless CGU of £106,237,000, determined based on value in use calculations is greater than the carrying amount (£101,742,000) of the associated intangible assets, property, plant and equipment and right of use assets allocated to the CGU such that no impairment of Wireless CGU assets has been identified.

The Group has carried out a sensitivity analysis on the impairment test for the Wireless CGU, using various reasonably plausible scenarios focused on changes in business segment growth rates, direct wafer product margins and changes in the discount rate applied in the value in use calculations.

- Growth rates in the value in use calculations take account of continuing market demand for compound semiconductors and associated technology advancement, driven by macro trends of 5G and connected devices where 5G network infrastructure and 5G mobile handsets are being enabled by next generation wireless compound semiconductor material. If the aggregated compound annual revenue growth rate used in the value in use calculations to determine the recoverable amount was to decrease by 1.0%, the magnitude of the adverse impact on the recoverable amount of Wireless CGU non-current assets would be £17,993,000.
- If direct wafer product margins for all products used in the value in use calculations to determine the recoverable amount were reduced by 1.0%, the magnitude of the adverse impact on the Wireless CGU impairment would be £18,321,000.
- If the discount rate used in the value in use calculations to determine the recoverable amount was to increase by 0.5%, the magnitude of the adverse impact on the recoverable amount of Wireless CGU non-current assets would be £3,775,000.

Photonics CGU
The recoverable amount of the Photonics CGU of £160,715,000, determined based on value in use calculations is greater than the carrying amount (£115,448,000) of the associated intangible assets, property, plant and equipment and right of use assets allocated to the CGU such that no impairment of Photonics CGU assets has been identified.

The Group has carried out a sensitivity analysis on the impairment test for the Photonics CGU, using various reasonably plausible scenarios focused on changes in business segment growth rates, direct wafer product margins and changes in the discount rate applied in the value in use calculations.

- Growth rates in the value in use calculations take account of continuing market demand for compound semiconductors and associated technology advancement, driven by macro trends of 5G and connected devices, and the increasing proliferation of 3D and advanced sensing end user applications that require enabling compound semiconductor material. If the aggregated compound annual revenue growth rate used in the value in use calculations to determine the recoverable amount was to decrease by 1.0%, the magnitude of the adverse impact on the recoverable amount of Photonics CGU non-current assets would be £26,503,000.
- If direct wafer product margins for all products used in the value in use calculations to determine the recoverable amount were reduced by 1.0%, the magnitude of the adverse impact on the Photonics CGU impairment would be £14,556,000.
- If the discount rate used in the value in use calculations to determine the recoverable amount was to increase by 0.5%, the magnitude of the adverse impact on the recoverable amount of Photonics CGU non-current assets would be £5,743,000.

5. MATERIAL ACCOUNTING POLICIES

The accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2023. A number of new standards are effective from 1 January 2024 but they do not have a material effect on the Group's financial statements.

Recent accounting developments and the policy for recognising and measuring income taxes in the interim period are described below.

5.1 Recent accounting developments

In preparing the interim financial statements, the Group has adopted the following Standards, amendments and interpretations, which are effective for 2024 and will be adopted in the financial statements for the year ended 31 December 2024:

- Amendment to IAS 1 'Presentation of Financial Statements' on classification of liabilities which is intended to clarify that liabilities are classified as either current or non-current depending upon the rights that exist at the end of the reporting period. The amendment also requires disclosure of information for non-current liabilities that are subject to future covenants relating to the risk that the liability could become repayable within 12 months.
- Amendment to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosures' related to the disclosure and transparency of supplier finance arrangements.
- Amendment to IAS 12 'Income taxes' which provides temporary mandatory relief from deferred tax accounting for top up tax and disclosure of new information to compensate for the potential loss of information arising from the mandatory relief.
- Amendment to IFRS 16 'Leases' which confirms the initial and subsequent recognition principles for variable lease payments as a liability in a sale and leaseback transaction

The adoption of these standards and amendments has not had a material impact on the interim financial statements.

5.2 Income tax expense

Income tax expense is recognised at an amount determined by multiplying the loss before tax for the interim reporting period by management's best estimate of the weighted-average annual income tax rate expected for the full financial year, adjusted for the tax effect of certain items recognised in full in the interim period. As such, the effective tax rate in the interim financial statements may differ from management's estimate of the effective tax rate for the annual financial statements.

6. PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties affecting the Group are set out in the Strategic Report in the 2023 Annual report and financial statements and remain unchanged at 30 June 2024.The principal risks and uncertainties include:

- Health, safety, security and environment as the Group operates a number of manufacturing sites which utilise potentially harmful gases, materials and equipment
- Availability of sufficient capital and cash liquidity as the group has been exposed to the semiconductor industry downturn through late 2022, 20283 and into 2024 which has resulted in financial losses
- Climate change and the risks relating to supply chain and business disruption arising from extreme weather events and risks arising from the failure to meet climate reporting obligations and increased energy costs
- Loss of key people
- International trade compliance and the risks associated with non-compliance with complex international export control laws
- Intellectual property and the risks associated with either IQE infringing the intellectual property rights of a third party or a third party infringing on IQE's intellectual property rights
- Information technology risks including cyber-attacks, ransom ware and/or viruses and risks associated with legacy system failure or cessation
- Business environment, including customer demand and input cost risks

7. SEGMENTAL INFORMATION

Revenue	**6 Months to 30 June 2024 Unaudited £'000**	**6 Months to 30 June 2023 Unaudited £'000**	**12 Months to 31 Dec 2023 Audited £'000**
Wireless	38,779	22,438	53,877
Photonics	26,765	28,012	59,098
CMOS++	474	1,566	2,277
Revenue	**66,018**	**52,016**	**115,252**
Adjusted operating loss			
Wireless	4,981	(2,978)	4,638
Photonics	(4,338)	(6,354)	(9,988)
CMOS++	(964)	(932)	(2,269)
Central corporate costs	(6,886)	(7,195)	(12,580)
Adjusted operating loss	**(7,207)**	**(17,459)**	**(20,199)**
Adjusted items			
Wireless	(986)	(284)	(1,004)
Photonics	(3,157)	(825)	(2,445)
CMOS++	(79)	(15)	(45)
Central corporate costs	(709)	(1,051)	(2,086)
Operating loss	**(12,138)**	**(19,634)**	**(25,779)**
Finance costs	(1,765)	(1,832)	(3,032)
Loss before tax	**(13,903)**	**(21,466)**	**(28,811)**

8. ADJUSTED PERFORMANCE MEASURES

The Group's results report certain financial measures after a number of adjusted items that are not defined or recognised under IFRS including, adjusted earnings before interest, tax, depreciation and amortisation, adjusted operating loss, adjusted loss before income tax and adjusted losses per share. The Directors believe that the adjusted performance measures provide a useful comparison of business trends and performance and allow management and other stakeholders to better compare the performance of the Group between the current and prior year, excluding the effects of certain non-cash charges, non-operational items and significant infrequent items that would distort period on period comparability. The Group uses these adjusted performance measures for internal planning, budgeting, reporting and assessment of the performance of the business. The tables below show the adjustments made to arrive at the adjusted performance measures and the impact on the Group's reported financial performance.

£'000s	Adjusted Results	Adjusted Items	**6 months to 30 Jun 2024 Reported Results**	Adjusted Results	Adjusted Items	**6 months to 30 Jun 2023 Reported Results**	Adjusted Results	Adjusted Items	**2023 Reported Results**
Revenue	66,018	-	**66,018**	52,016	-	**52,016**	115,252	-	**115,252**
Cost of sales	(60,316)	(710)	**(61,026)**	(56,088)	(153)	**(56,241)**	(111,244)	(1,680)	**(112,924)**
Gross profit/(loss)	5,702	(710)	**4,992**	(4,072)	(153)	**(4,225)**	4,008	(1,680)	**2,328**
Other gains	-	-	**-**	640	-	**640**	-	-	**-**
SG&A	(13,229)	(3,072)	**(16,301)**	(14,382)	(2,022)	**(16,404)**	(26,167)	(6,319)	**(32,486)**
Impairment (loss)/reversal of receivables	(31)	-	**(31)**	355	-	**355**	1,808	-	**1,808**
Gains on acquisitions	-	-	**-**	-	-	**-**	-	2,419	**2,419**
Profit/(loss) on disposal of PPE	55	(1,149)	**(1,094)**	-	-	**-**	152	-	**152**
Gain on remeasurement of right of use asset	296	-	**296**	-	-	**-**	-	-	**-**
Operating loss	(7,207)	(4,931)	**(12,138)**	(17,459)	(2,175)	**(19,634)**	(20,199)	(5,580)	**(25,779)**
Finance costs	(1,765)	-	**(1,765)**	(1,832)	-	**(1,832)**	(3,032)	-	**(3,032)**
Loss before tax	(8,972)	(4,931)	**(13,903)**	(19,291)	(2,175)	**(21,466)**	(23,231)	(5,580)	**(28,811)**
Taxation	(1,168)	-	**(1,168)**	141	-	**141**	(759)	192	**(567)**
Loss for the period	(10,140)	(4,931)	**(15,071)**	(19,150)	(2,175)	**(21,325)**	(23,990)	(5,388)	**(29,378)**

£'000s	Pre-tax Adjustment	Tax Impact	**6 months to 30 Jun 2024 Reported Results**	Pre-tax Adjustment	Tax Impact	**6 months to 30 Jun 2023 Reported Results**	Pre-tax Adjustment	Tax Impact	**2023 Reported Results**
Share based payments	(2,129)	-	**(2,129)**	(460)	-	**(460)**	(2,520)	192	**(2,328)**
Share based payments – CEO recruitment	(38)	-	**(38)**	(6)	-	**(6)**	(45)	-	**(45)**
Share based payments – CFO recruitment	(67)	-	**(67)**	-	-	**-**	-	-	**-**
CEO recruitment	(153)	-	**(153)**	(147)	-	**(147)**	(300)	-	**(300)**
CFO recruitment	-	-	**-**	(326)	-	**(326)**	(454)	-	**(454)**
Gain on deemed disposal of CSC	-	-	**-**	-	-	**-**	2,419	-	**2,419**
Restructuring	(1,305)	-	**(1,305)**	(1,236)	-	**(1,236)**	(4,680)	-	**(4,680)**
Restructuring – loss on disposal of PPE	(1,149)	-	**(1,149)**	-	-	**-**	-	-	**-**
Restructuring – impairment of PPE	(90)	-	**(90)**	-	-	**-**	-	-	**-**
Total	(4,931)	-	**(4,931)**	(2,175)	-	**(2,175)**	(5,580)	192	**(5,388)**

The nature of the adjusted items is as follows:

Current period:

- Share based payments – The charge recorded in accordance with IFRS 2 'share based payment' of which £710,000 (H1 2023: £153,000 2023: £840,000) has been classified within cost of sales in gross profit and £1,419,000 (H1 2023: £307,000, 2023: £1,680,000) in selling, general and administrative expenses within operating loss. Cash costs defrayed in the period total £117,000 (H1 2023: £nil 2023: £nil) in respect of employer social security contributions relating to unapproved employee share options. Share based payments which arise each financial year are classified as an APM due to the non-cash charge being partially outside of the Group's control as it is based on factors such as share price volatility and interest rates which may be unrelated to the performance of the Group during the period in which the expense occurred.
- Chief Executive Officer recruitment – The Chief Executive Officer's starting bonus of £1,000,000, of which £200,000 relates to a share-based payment award and £800,000 relates to a cash award, is payable over the first three years of employment. The charge of £38,000 (H1 2023: £6,000, 2023: £45,000) relates to the share element of the new starter award and the charge of £153,000 (H1 2023: £153,000, 2023: £345,000) relates to costs associated with the cash element of the award. Cash costs defrayed in the period total £nil (H1 2023: £463,000, 2023: £463,000).

- Chief Finance Officer recruitment – The charge of £67,000 (H1 2023: £nil, 2023: £nil) relates to the share-based payment element of the new Chief Finance Officer's starter award. No other recruitment or severance costs relating to the change in Chief Finance Officer have been incurred in the current period with prior year costs relating to external recruitment costs in relation to newly appointed Chief Finance Officer and settlement costs and legal fees in relation to the former Chief Financial Officer (H1 2023: £326,000, 2023: £454,000). Cash costs defrayed in the period total £nil (H1 2023: £280,000, 2023: £454,000).
- Restructuring – The charge of £2,544,000 (H1 2023: £1,236,000, 2023: £4,680,000) relates to the closure of the Group's manufacturing facility in Pennsylvania, the strategic repurposing of the Group's silicon site in the UK and final costs and expenses related to the closure of the Group's Singapore operations:

    - Restructuring charges of £2,496,000 (H1 2023: £450,000, 2023: £3,390,000) consist of employee related costs of £135,000 (H1 2023: £450,000, 2023: £1,789,000), site decommissioning costs of £1,101,000 (H1 2023: £nil, 2023: £1,601,000) and loss on disposal and impairment of PPE of £1,260,000 (H1 2023: £nil, 2023: £nil) relating to the announced closure of the Group's manufacturing facility in Pennsylvania, USA in 2024. The charge was classified as selling, general and administrative expenses and loss on disposal of PPE within operating loss. As at 30 June 2024, cumulative restructuring charges of £7,842,000 (H1 2023 £2,096,000, 2023: £5,346,000) have been incurred. Cash costs totalling £7,878,000 (H1 2023: £1,136,000, 2023: £4,037,000) has been incurred to date with £3,841,000 (H1 2023: 186,000, 2023: £3,087,000) defrayed in the current period.

    - Restructuring charges of £67,000 (H1 2023: £nil, 2023: £nil) consist of employee related costs of £88,000 (H1 2023: £nil, 2023: £nil) and profit on disposal of PPE of £21,000 (H1 2023: £nil, 2023: £nil), in relation to the strategic repurposing of the silicon site in the UK. The charge was classified as selling, general and administrative expenses and loss on disposal of PPE within operating loss. Cash costs defrayed in the period total £88,000 (H1 2023: £nil, 2023: £nil). Proceeds on disposal of PPE in the period total £851,000 (H1 2023: £nil, 2023: £nil).

    - Restructuring charges of £nil (H1 2023: £786,000, FY23: £1,290,000) relate to labour costs associated with a group wide restructuring programme and associated employee redundancies (excluding costs relating to the closure of the group's manufacturing facility in Pennsylvania). The charge was classified as selling, general and administrative expenses within operating loss. Cash costs defrayed in the period total £nil (H1 2023: £786,000 2023: £1,290,000).

    - Restructuring credit of £19,000 (H1 2023: £nil, 2023: £nil) relating to the voluntary liquidation of the Group's Singapore subsidiaries, where manufacturing operations ceased in June 2022. The credit was classified as selling, general and administrative expenses within operating loss. Cash credits in the period total (£19,000) (H1 2023: £nil, 2023: £nil).

Prior periods

- Gain on acquisitions of £nil (H1 2023: £nil, 2023: £2,419,000) relates to the gain recognised on acquisition of the remaining shares in the Group's joint venture, CSC, increasing its shareholding to 100%. Cash costs defrayed in the period relating to deferred consideration in respect of the acquisition total £128,000 (H1 2023: £nil, 2023: £nil).

The cash impact of adjusted items in the consolidated cash flow statement represents costs associated with employer social security contributions relating to unapproved employee share options of £117,000 (H1 2023: £nil 2023: £nil), the recruitment of the group's Chief Executive Officer of £nil (H1 2023: £463,000, 2023: £463,000), the recruitment and severance of the group's new and former Chief Finance Officer of £nil (H1 2023: £280,000, 2023: £454,000), payment of employee and site related decommissioning costs associated with the closure of the Group's site in Pennsylvania of £3,841,000 (H1 2023: £186,000, 2023: £3,087,000), payment of employee related costs associated with the repurposing of the silicon site in the UK of £88,000 (H1 2023: £nil, 2023: £nil), final net cash receipts of £19,000 (H1 2023: £nil, 2023: £nil) relating to the voluntary liquidation of the Group's Singapore subsidiaries following closure of the site in 2022, onerous contract royalty payments related to the Group's cREO™ technology of £394,000 (H1 2023: £41,000, 2023: £256,000) and payment of employee related costs associated with labour cost reductions within the Group of £nil (H1 2023: £786,000, 2023: £1,290,000).

Adjusted EBITDA (adjusted earnings before interest, tax, depreciation and amortisation) has been calculated as follows:

(All figures £'000s)	**6 months to 30 June 2024 Unaudited**	**6 months to 30 June 2023 Unaudited**	**12 months to 31 Dec 2023 Audited**
Loss attributable to equity shareholders	**(15,071)**	**(21,325)**	**(29,378)**
Finance costs	1,765	1,832	3,032
Tax	1,168	(141)	567
Depreciation of property, plant and equipment	8,796	6,073	13,186
Depreciation of right of use assets	1,791	1,898	3,790
Impairment of right of use asset	32	-	-
Amortisation of intangible fixed assets	3,546	3,750	7,688
Profit on disposal of PPE and intangibles*	(55)	-	(152)
Gain on remeasurement	(296)	-	-
Adjusted Items	4,931	2,175	5,580
Share based payments	2,129	460	2,520
Share based payments – CEO & CFO recruitment	105	6	45
CEO recruitment	153	147	300
CFO recruitment & severance	-	326	454
Gain on deemed disposal of JV	-	-	(2,419)
Restructuring	1,305	1,236	4,680
Restructuring – loss on disposal of PPE	1,149	-	-
Restructuring – impairment of PPE	90	-	-
Adjusted EBITDA	**6,607**	**(5,738)**	**4,313**
Share based payments	(2,129)	(460)	(2,520)
Share based payments – CEO & CFO recruitment	(105)	(6)	(45)
CEO recruitment	(153)	(147)	(300)
CFO recruitment & severance	-	(326)	(454)
Gain on deemed disposal of JV	-	-	2,419
Restructuring	(1,305)	(1,236)	(4,680)
EBITDA	**2,915**	**(7,913)**	**(1,267)**

* Excludes the adjustment 'Restructuring – loss on disposal of PPE' which is separately disclosed as part of the groups adjusted items

9. TAXATION

The Group's consolidated effective tax rate for the six months ended 30 June 2024 was 8.4% (H1 2023: 0.7%, 2023: 2.0%). The effective tax rate differs from the theoretical amount that would arise from applying the standard corporation tax in the UK of 25.0% (H1 2023: 19.0%, 2023: 23.5%) principally due to non-recognition of current year tax losses in the UK and USA.

10. LOSS PER SHARE

(All figures £'000s)	6 months to 30 June 2024 Unaudited	6 months to 30 June 2023 Unaudited	12 months to 31 Dec 2023 Audited
Loss attributable to ordinary shareholders	(15,071)	(21,325)	(29,378)
Adjustments to loss after tax (note 8)	4,931	2,175	5,388
Adjusted loss attributable to ordinary shareholders	**(10,140)**	**(19,150)**	**(23,990)**
Number of shares:			
Weighted average number of ordinary shares	961,679,720	830,940,409	896,744,318
Dilutive share options	8,031,368	4,621,705	10,155,464
	969,711,088	**835,562,114**	**906,899,782**
Basic loss per share	(1.57p)	(2.57p)	(3.28p)
Adjusted loss per share	(1.05p)	(2.30p)	(2.68p)
Diluted loss per share	(1.57p)	(2.57p)	(3.28p)
Adjusted diluted loss per share	(1.05p)	(2.30p)	(2.68p)

Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders by the weighted average number of ordinary shares during the period.

Diluted loss per share is calculated by dividing the loss attributable to ordinary shareholders by the weighted average number of shares and 'in the money' share options in issue. Share options are classified as 'in the money' if their exercise price is lower than the average share price for the period. As required by IAS 33, this calculation assumes that the proceeds receivable from the exercise of 'in the money' options would be used to purchase shares in the open market in order to reduce the number of new shares that would need to be issued.

11. CASH GENERATED FROM OPERATIONS

(All figures £'000s)	6 months to 30 June 2024 Unaudited	6 months to 30 June 2023 Unaudited	12 months to 31 Dec 2023 Audited
Loss before tax	(13,903)	(21,466)	(28,811)
Finance costs	1,765	1,832	3,032
Depreciation of property, plant and equipment	8,796	6,073	13,186
Impairment of property, plant and equipment	90	-	-
Depreciation of right of use assets	1,791	1,898	3,790
Impairment of right of use assets	32	-	-
Amortisation of intangible assets	3,546	3,750	7,688
Inventory provision write downs	469	760	522
Non-cash movement on trade receivable expected credit losses	31	(355)	(1,808)
Non-cash provision movements	143	404	1,599
Fair value gain on derivative financial instruments	-	(640)	-
Gain on deemed disposal of JV	-	-	(2,419)
Loss/(profit) on disposal of property, plant and equipment	1,094	-	(152)
Gain on remeasurement of right of use asset	(296)	-	-
Share based payments	2,234	466	2,565
Cash inflow from operations before changes in working capital	**5,792**	**(7,278)**	**(808)**
(Increase)/decrease in inventories	(1,345)	5,946	7,503
(Increase)/decrease in trade and other receivables	(9,315)	7,185	6,601
Increase/(decrease) in trade and other payables	4,566	(3,043)	(1,760)
Decrease in provisions	(2,330)	(378)	(1,462)
Cash inflow from operations	**(2,632)**	**2,432**	**10,074**

12. ANALYSIS OF NET DEBT

(All figures £'000s)	6 months to 30 June 2024 Unaudited	6 months to 30 June 2023 Unaudited	12 months to 31 Dec 2023 Audited
Bank borrowings due after one year	(23,220)	(845)	(3,692)
Bank borrowings due within one year	(1,569)	(6,123)	(4,153)
Lease liabilities due after one year	(44,493)	(42,826)	(40,435)
Lease liabilities due within one year	(7,329)	(7,140)	(5,865)
Total borrowings	(76,611)	(56,934)	(54,145)
Fair value of derivative financial instruments	-	259	-
Cash and cash equivalents	7,810	12,314	5,617
Net debt	**(68,801)**	**(44,361)**	**(48,528)**

On 17 May 2023, the Company refinanced its £27,300,000 ($35,000,000) multi-currency revolving credit facility, provided by HSBC Bank plc. The facility is secured on the assets of IQE plc and its subsidiary companies with a committed term to 1 May 2026. Interest on the facility is payable at a margin of between 2.50 and 3.50 per cent per annum over SONIA on any drawn balances and the facility is subject to quarterly leverage and Interest cover covenants tests. The facility was £23,220,000 (H1 2023 £nil, 2023: £3,937,000) utilised at 30 June 2024.

On 29 August 2019, the Company agreed a new £30,000,000 asset finance facility, provided by HSBC Bank plc that is secured over various plant and machinery assets. The facility has a five-year term and an interest rate margin of 1.65% per annum over base rate on any drawn balances.

The Group's bank facilities provided by HSBC Bank plc are subject to certain leverage and interest cover financial covenants. The Group has complied with all the financial covenants of its borrowing facilities during 2024 and 2023.

Bank borrowings relate to amounts drawn down on the Group's multi-currency revolving credit and asset finance facilities.

Cash and cash equivalents comprise balances held in instant access bank accounts and other short-term deposits with a maturity of less than 3 months.

13. SHARE CAPITAL

Number of shares	6 months to 30 June 2024 Unaudited	6 months to 30 June 2023 Unaudited	12 months to 31 Dec 2023 Audited
As at 1 January	961,518,692	804,841,965	804,841,965
Employee share schemes	5,114,245	1,052,260	1,183,997
Placing	-	150,000,000	150,000,000
Retail Offer	-	5,492,730	5,492,730
As at 30 June / 31 December	**966,632,937**	**961,386,955**	**961,518,692**

(All figures £'000s)	6 months to 30 June 2024 Unaudited	6 months to 30 June 2023 Unaudited	12 months to 31 Dec 2023 Audited
As at 1 January	9,615	8,048	8,048
Employee share schemes	51	11	12
Placing	-	1,500	1,500
Retail Offer	-	55	55
As at 30 June / 31 December	**9,666**	**9,614**	**9,615**

On 17 May 2023, IQE plc raised funds by way of a Placing and a Retail Offer to all existing shareholders. In each case these were offered at an issue price of 20 pence per share (the 'Issue Price'). The Placing utilised a cashbox structure and therefore the premium on the ordinary shares and associated costs, in accordance with section 612 of the Companies Act 2006, were initially recognised within the merger reserve (incorporated within 'Other reserves'). The investment in the newly incorporated subsidiary utilised within the cashbox structure was dissolved in the year ended 31 December 2023 and the merger reserve was subsequently transferred into retained earnings as it was determined to be distributable in accordance with the Companies Act 2006. The Placing and Retail Offer raised net funds of £29,708,000 from the issue of 155,492,730 ordinary shares.

14. COMMITMENTS

The Group had capital commitments at 30 June 2024 of £452,000 (H1 2023: £12,197,000, 2023: £553,000).

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK;
- the interim management report includes a fair review of the information required by:

  (a) 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 year; and

  (b) 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 entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

Americo Lemos	Jutta Meier
Chief Executive Officer, IQE plc.	Chief Financial Officer, IQE plc.
9 September 2024	9 September 2024