

# H1 2024 Interim Results Presentation

10 September 2024



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# Welcome



**Americo Lemos**  
Chief Executive Officer



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# Market update



**Americo Lemos**  
Chief Executive Officer



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# Industry recovering at varying paces

**Wireless market  
inventory correction**

**Photonics market  
slower recovery**

# £66m

revenue delivered in line with market guidance

# 27%

revenue growth vs H1 2023

# £6.6m

Adjusted EBITDA<sup>1</sup>

£12.3m increase vs H1 2023

# H1 2024 Financial Performance

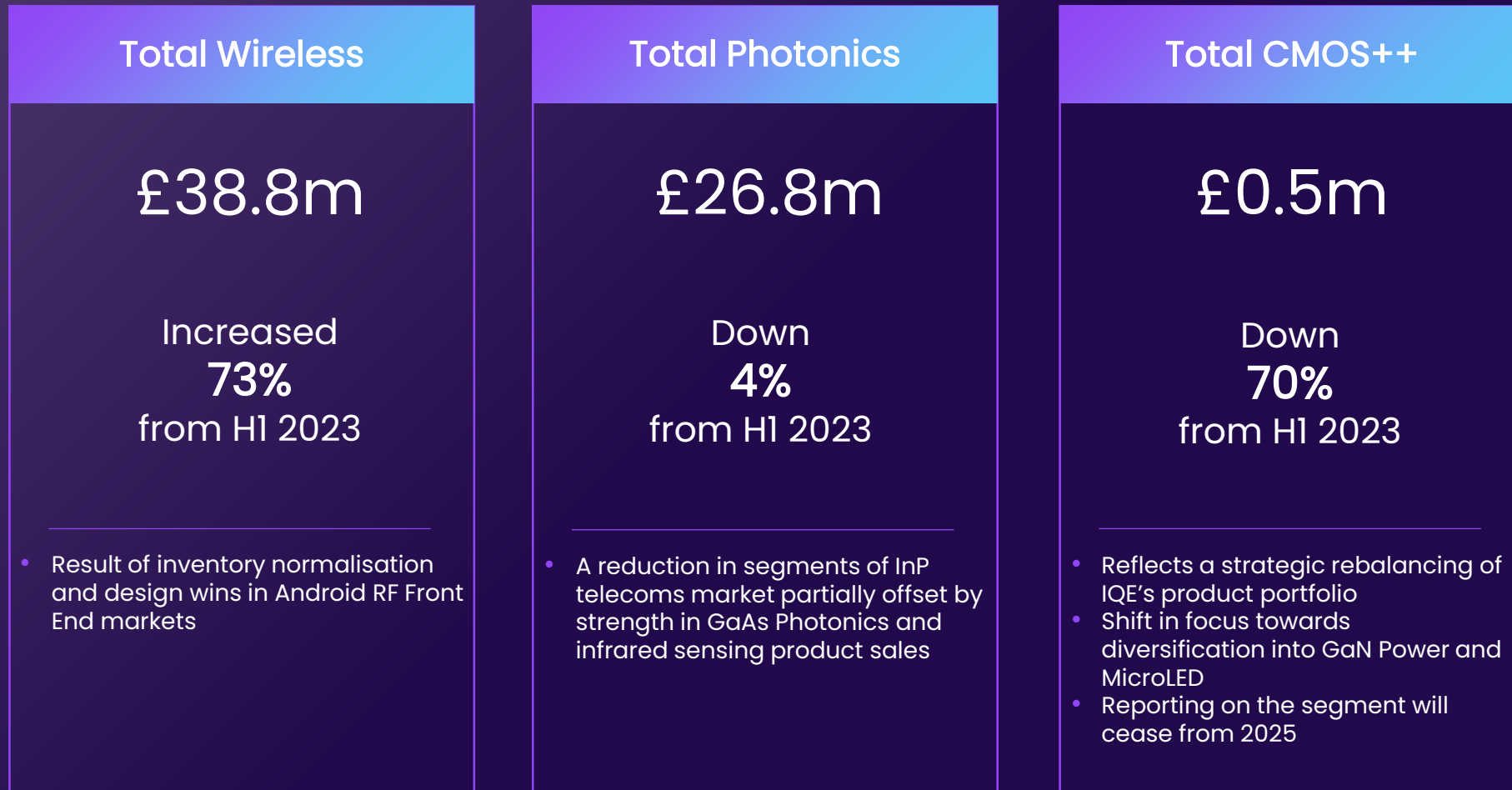


**Jutta Meier**  
Chief Financial Officer



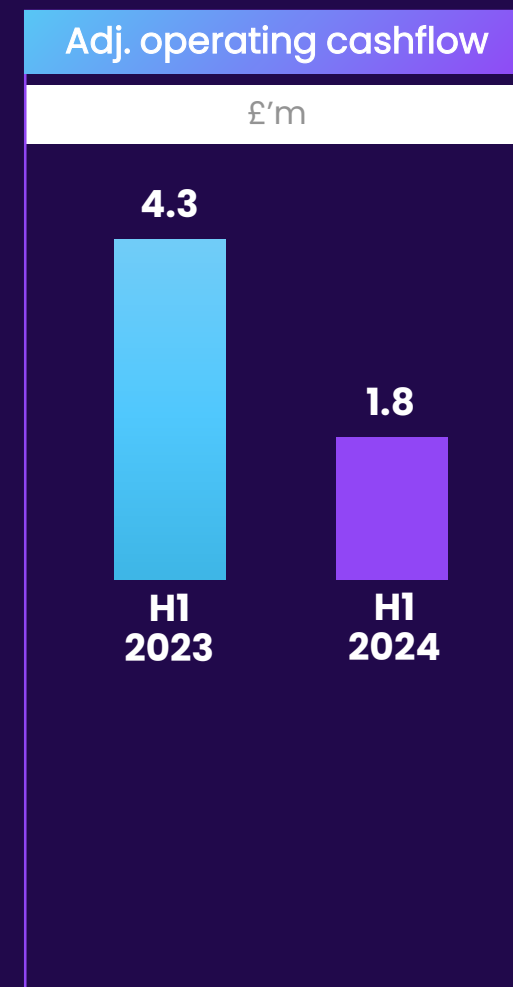
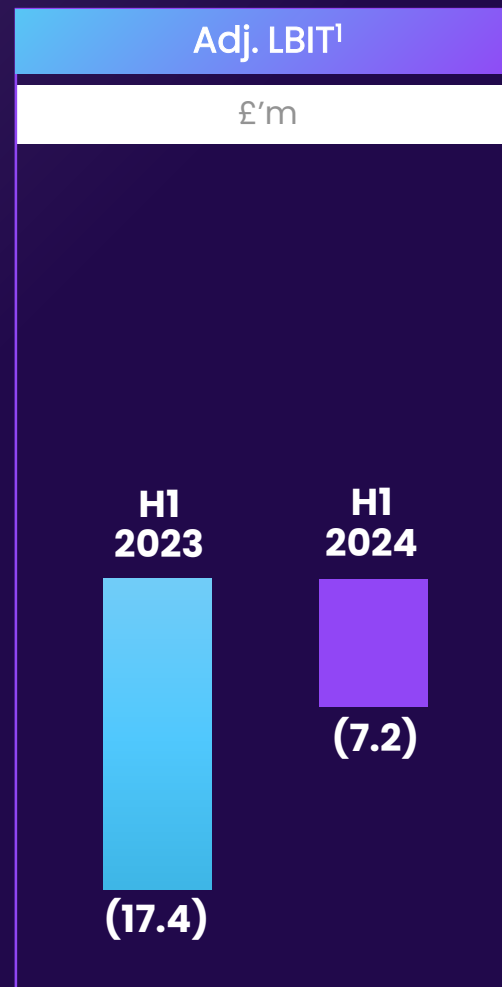
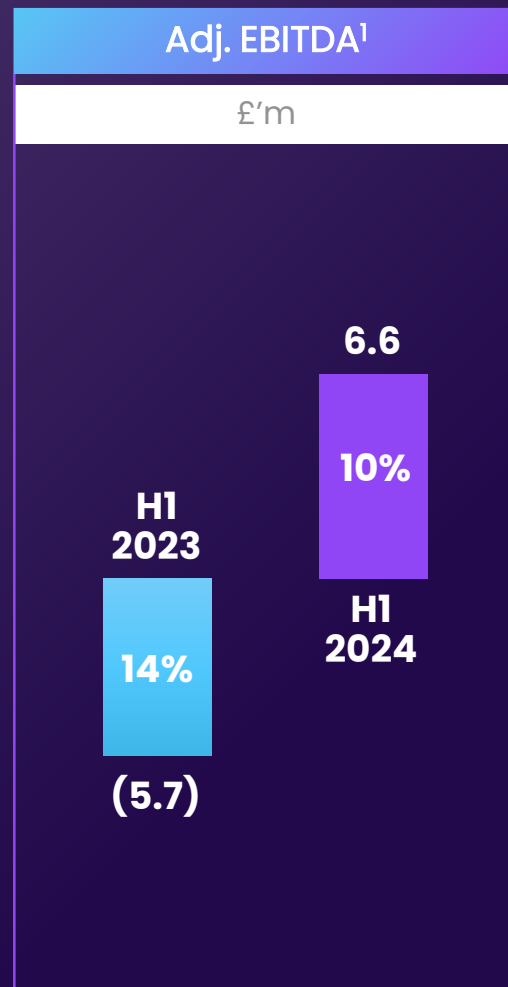
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# H1 2024 segmental revenue

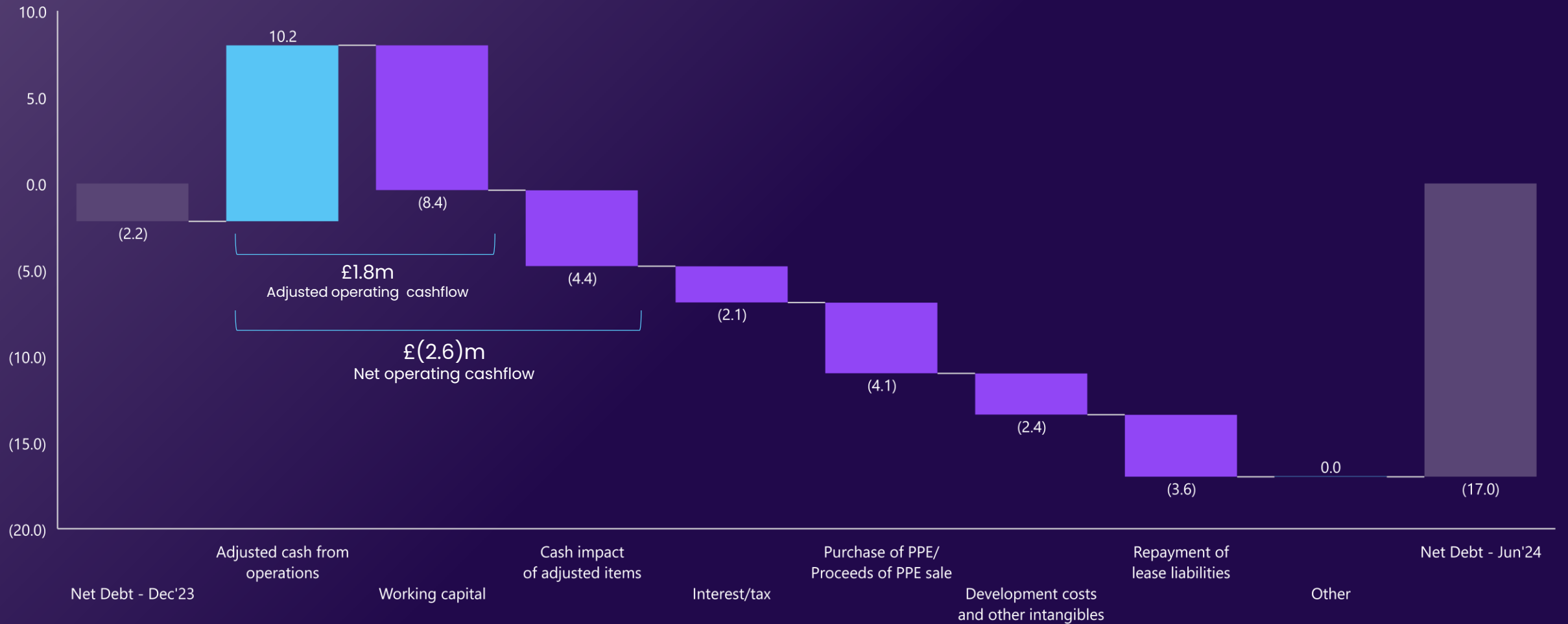




# H1 2024 financial highlights



# Net debt bridge



# Cost control initiatives

Reduced labour costs by c.10% year-on-year while ensuring balance of operational efficiency and skills retention

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Reduced non-labour costs by c.5% year-on-year

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Sale of decommissioned Pennsylvania site expected to complete in H2 2024

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Continued focus in H2 on structural cost controls, footprint optimisation and operational efficiencies

# Strategic update



**Americo Lemos**  
Chief Executive Officer



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# We have the right strategy

**Maintain**

**Diversify**



**CONNECT**



**SENSE**



**POWER**



**DISPLAY**

# Addressing the growing GaN Power market

## GaN investment

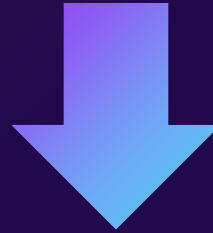
Investment in GaN tools  
Deployed capacity in two continents  
R&D and production ramp capacity

## R&D

Accelerated GaN Power R&D  
Pipeline of Power GaN R&D projects

## Industry inflection point

Power demand from key technology trends including GenAI and EVs require new GaN technologies



## Pipeline of GaN Power design wins

Engaged with foundries, fabless and OEMs to target GaN Power markets  
Customer sampling underway  
Pathways to secure long-term outsourcing agreements

## Targeting growth power markets

Automotive  
Communications infrastructure  
AI ecosystem and datacentres

# GenAI ready portfolio

Edge AI



VCSELs, lasers,  
detectors

Connect anywhere



GaN RF, GaAs HBT

Cloud



Quantum lasers,  
Photonics InP,  
VCSELs

**InP: Accurate & advanced sensing**

**InP: Ultra-low latency, high bandwidth connectivity**

**GaN: Efficient power**

# Proposed IQE Taiwan IPO

Strategic move to accelerate implementation of the growth initiatives set out at the Capital Markets Day

## Enhance our market position

Accelerate growth strategy

Enhance R&D efforts

Upgrade & expand production capacity

Public offering to sell a minority shareholding (min. 30%)

IQE to remain majority shareholder of IQE Taiwan

Provide additional cash resources for the Company

**Expect to enter Emerging Market Board in H1 2025**



# Current trading and outlook – 2024

Moderated pace of recovery expected to continue

Sector recovery expected to continue in H2, albeit at different rates across market segments and regions – macro factors continue to impact consumer confidence

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Revenue and adjusted EBITDA expected at lower end of analyst forecasts for FY 2024<sup>1</sup>

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Ongoing commitment to diversification and growth strategy, with focus on building market-led technology roadmap in partnership with key customers

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Planned IPO of IQE Taiwan on track to enter Emerging Markets Board of TWSE in Q1 2025

# Appendix

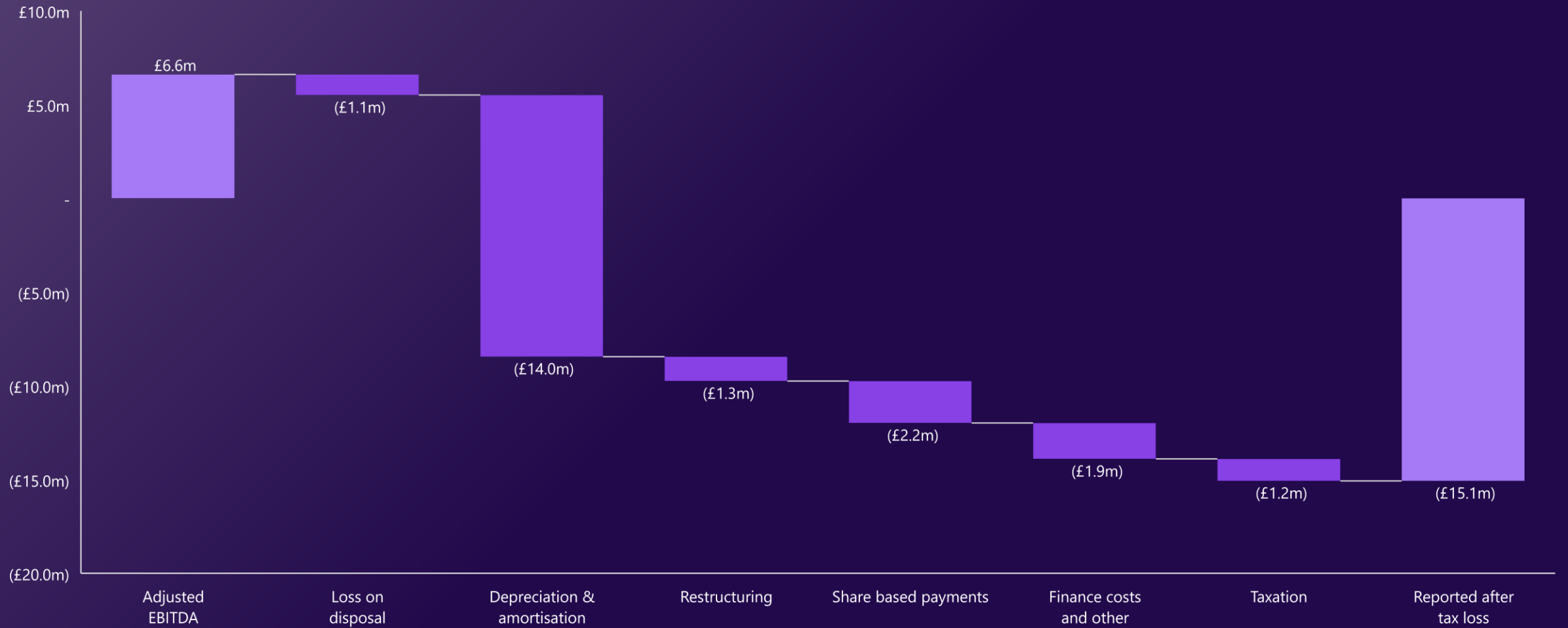


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# H1 2024 cashflow, capex and net debt



# EBITDA bridge



# Summary financials

£'million	H1 2024	H1 2023
Revenue	66.0	52.0
Sales, general & administrative costs	(16.3)	(16.4)
Impairment loss on trade receivables and contract assets	0.1	0.4
Adjusted EBITDA <sup>1</sup>	6.6	(5.7)
Adjusted LBIT	(7.2)	(17.4)
Reported LBIT	(12.1)	(19.6)
Reported loss before tax	(13.9)	(21.5)
Reported loss after tax	(15.1)	(21.3)
Adjusted net cashflow from operations	1.8	4.3
Reported net cashflow from operations	(2.6)	2.4
Capital expenditure <sup>2</sup>	(5.0)	(5.2)
Adjusted net debt/funds <sup>3</sup>	(17.0)	5.3
Reported net debt	(68.8)	(44.4)
Cash and cash equivalents	7.8	12.3
Reported Diluted EPS	(1.57p)	(2.57p)
Adjusted Diluted EPS	(1.05p)	(2.30p)



Note: H1 2024 financials are unaudited

<sup>1</sup>Adjusted EBITDA and LBIT are non-IFRS measures, may be calculated differently and therefore not directly comparable to other companies. Adjustments include CEO recruitment costs, restructuring and share based payment costs.

<sup>2</sup>Capex stated is Property, Plant and Equipment cash capex.

<sup>3</sup>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

	H1 2024	H1 2023
Share based payments	£2.1m	£0.5m
Share based payments – CEO and CFO recruitment	£0.1m	£0.0m
CEO recruitment	£0.2m	£0.2m
CFO severance and recruitment	-	£0.3m
Restructuring	£1.3m	£1.2m
Restructuring – loss on disposal of PPE	£1.1m	-
Restructuring – impairment of PPE	£0.1m	-

# Balance sheet

As at 30 June 2024

£'million	H1 2024	H1 2023
Intangible assets	34.3	35.1
Property, plant & equipment	124.7	121.6
Right of use assets	45.7	38.9
Total current assets	81.6	75.4
Current liabilities*	(50.6)	(35.7)
Bank borrowings due within 1 year	(1.6)	(6.1)
Lease liabilities due within 1 year	(7.3)	(7.1)
Total non-current liabilities*	(3.4)	(2.0)
Bank borrowings due after 1 year	(23.2)	(0.8)
Lease liabilities due after 1 year	(44.5)	(42.8)
<b>Net Assets</b>	<b>155.7</b>	<b>176.4</b>

\* Excludes bank borrowings and lease liabilities highlighted separately