

H1 2023 Results Presentation

12 September 2023



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Welcome



Americo Lemos
Chief Executive Officer



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The semiconductor industry downturn persisted in H1

£52m

revenue delivered in line with revised market guidance

The industry downturn is stabilising

**Pockets of recovery in H2 2023,
further improvement expected in 2024**

Focus for H2 2023



H1 2023 Financial Performance



Neil Rummings
Interim Chief Financial Officer

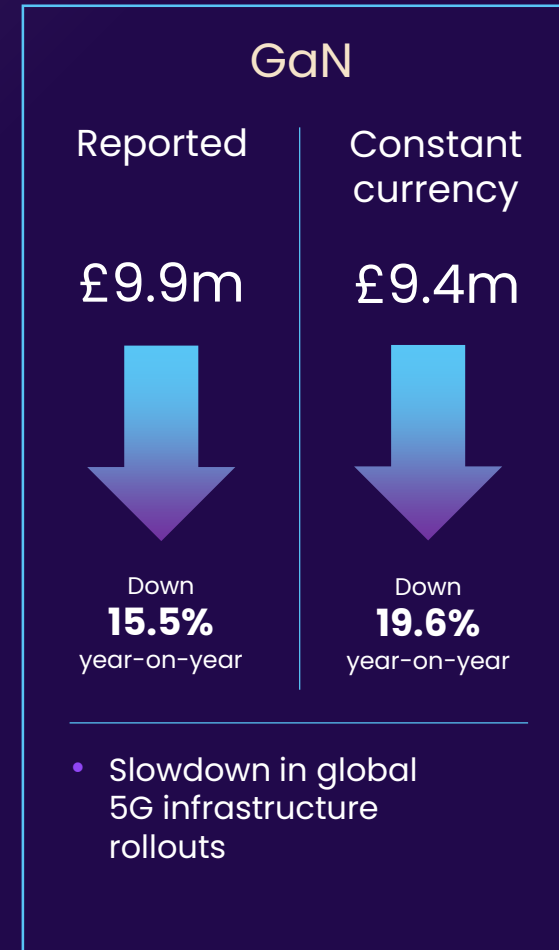
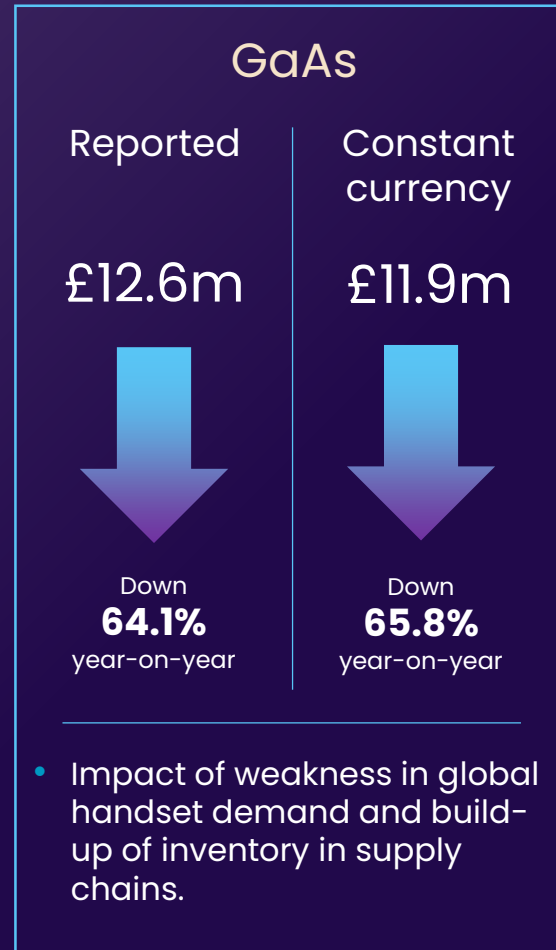
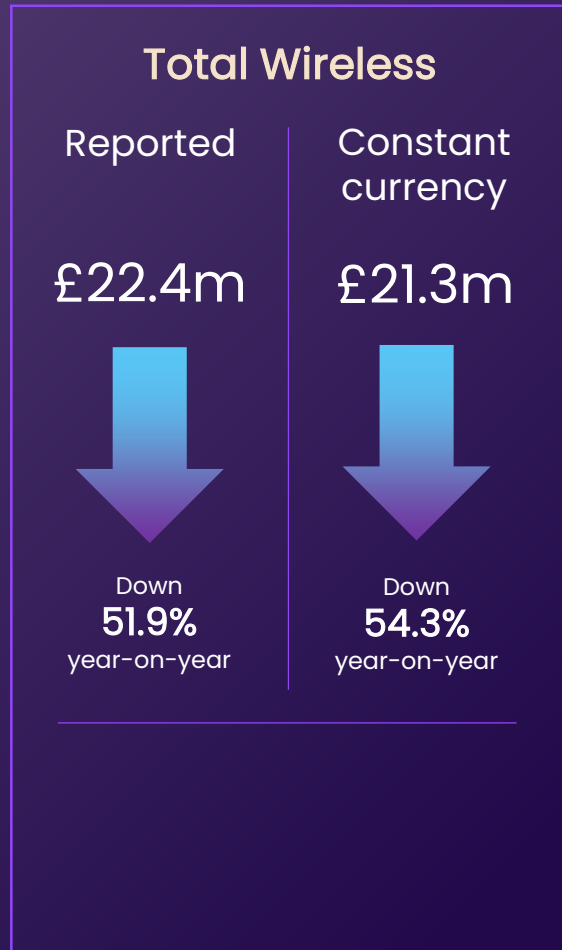


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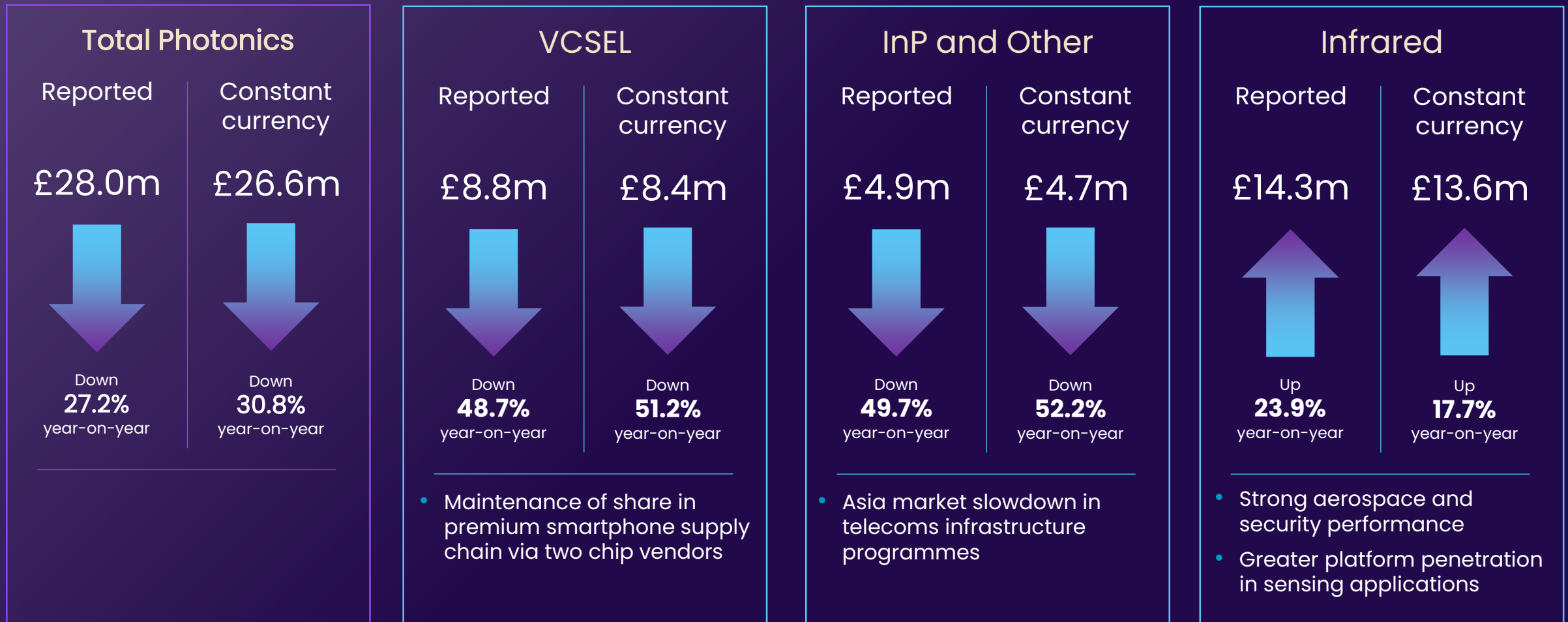
Financial highlights

	Reported	Adjusted ²	Adjusted at constant currency
Revenue	£52.0m	£52.0m	£49.4m
LBITDA ¹	(£7.9m)	(£5.7m)	(£7.0m)
LBIT ¹	(£19.6m)	(£17.4m)	(£18.6m)
Operating cashflow	£2.4m	£4.3m	N/A
Net (debt) / funds	(£44.4m)	£5.3m	

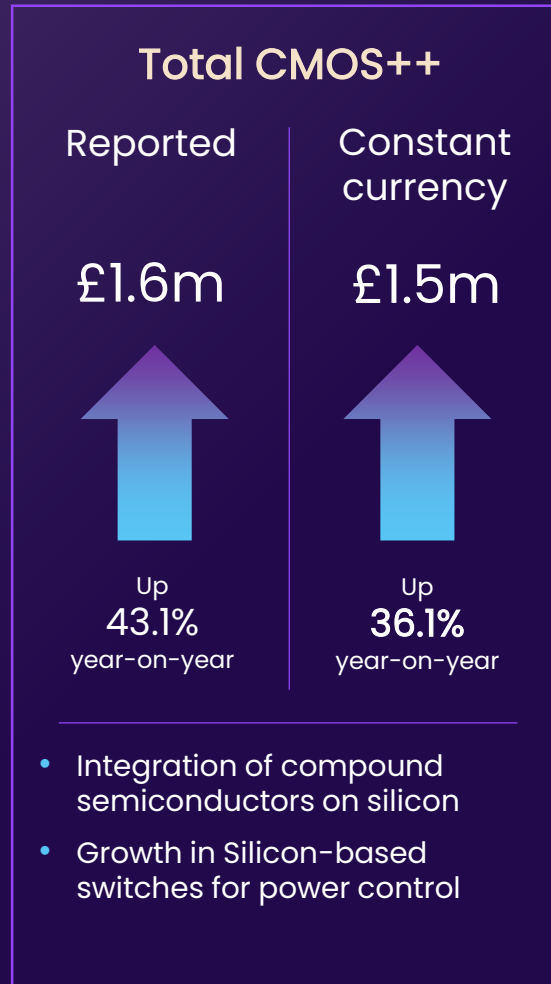
Segmental revenue – Wireless



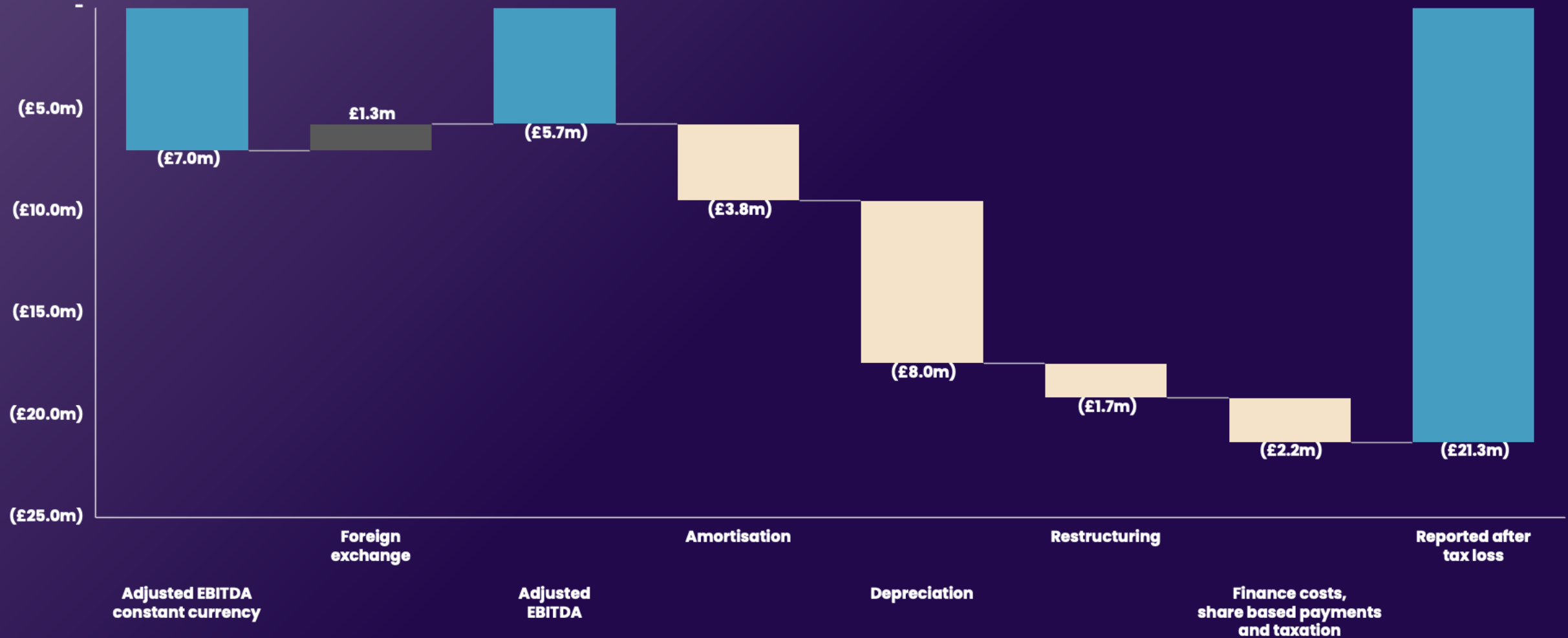
Segmental revenue – Photonics



Segmental revenue – CMOS++



EBITDA bridge



EBITDA bridge



Cost management

- Optimised manufacturing asset utilisation
- Headcount reductions delivering c.10% in year savings, while retaining key skills for growth
- Reduction in non-labour costs to deliver greater than 20% in year savings

EBITDA bridge



Cash management

- £29.7m net proceeds from equity fundraise
- Refinancing of \$35m HSBC Revolving Credit Facility with extension of term to May 2026
- Controlled working capital management with £9.7m of cash released to the business in H1

H1 2023 capex, cashflow and net funds

Adjusted net funds

£5.3m

As at
30 June 2023

(H1 2022: £6.7m
net debt)

- Repayment of Revolving Credit Facility

Cashflow

£4.3m

Adjusted net
operating cashflow

£2.4m

Reported net
operating cashflow

- Equity fund raise of £29.7m (net)
- Period end cash and cash equivalents of £12.3m

Investment in intangibles

£1.7m



Down
25.4%
(H1 2022: £2.3m)

- Investment in IP protection and IT systems

Capitalised technology development

£1.6m



Up
1.5%
(H1 2022: £1.6m)

- Continued investment in market-led R&D

PP&E capex cashflow

£5.2m



Up
38.2%
(H1 2022: £3.8m)

- Investment in GaN capacity for high growth power and display markets

Current trading and outlook

The current temporary semiconductor industry downturn is stabilising, with continued pockets of recovery expected in H2 2023, albeit more slowly than anticipated at the time of the FY 2022 results

Improvement is expected in 2024 as the supply chain normalises and customer demand recovers

The Group anticipates double digit revenue growth in H2 2023 versus H1 2023, and expects to be profitable at an adjusted EBITDA level for FY 2023

Strategic update



Americo Lemos
Chief Executive Officer



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Building a resilient business

Manage the
temporary
downturn

Invest
for growth

Improve
profitability

Deliver 3X revenue by 2027

Building a resilient business

Manage the temporary downturn

Diligently manage costs to deliver significant savings in H2

Improving operational efficiencies

Invest for growth

Capacity investment to meet customer R&D demand for GaN Power

Technology investment to defend and diversify business – next gen Connect and Sense, microLED, GaN Power

Expanding customer pipeline driven by three market-led business units

Improve profitability

Structurally reshaping cost base

Retaining key skills for growth while optimising headcount

Ongoing review into global footprint optimisation to improve operational efficiency and profitability

We remain focused on delivering our strategic goals

Increase
revenue
3x

Over
30%
EBITDA margin

by 2027

Appendix 1



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Summary financials

£'million	HI 2023 (£'m)	HI 2022 (£'m)
Revenue	52.0	86.2
Sales, general & administrative costs	16.4	16.5
Adjusted EBITDA ¹	(5.7)	12.3
Adjusted EBIT	(17.5)	(1.4)
Reported EBIT	(19.6)	(7.4)
Reported loss before tax	(21.5)	(8.5)
Reported loss after tax	(21.3)	(8.3)
Adjusted cashflow from operations	4.3	8.3
Reported cashflow from operations	2.4	6.2
Capital expenditure ²	5.2	3.8
Adjusted net funds/(debt) ³	5.3	(6.7)
Reported net debt	(44.4)	(61.7)
Cash and cash equivalents	12.3	15.4
Reported Diluted EPS	(2.57p)	(1.03p)
Adjusted Diluted EPS	(2.30p)	(0.36p)

¹ Adjustments include impairment of intangible assets, restructuring costs, CEO recruitment costs and share-based payment charges.

² Capex stated is Property, Plant and Equipment cash capex

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

Adjusted income statement items

	2023	2022
Share based payments	(£0.5m)	(£1.1m)
Share based payments – CEO recruitment	(£0.0m)	(£0.0m)
Costs of executive director changes	(£0.5m)	(£0.2m)
Impairment – other intangibles	-	(£3.4m)
Restructuring*	(£1.2m)	(£1.3m)
Restructuring – profit on disposal of PPE	-	£0.0m

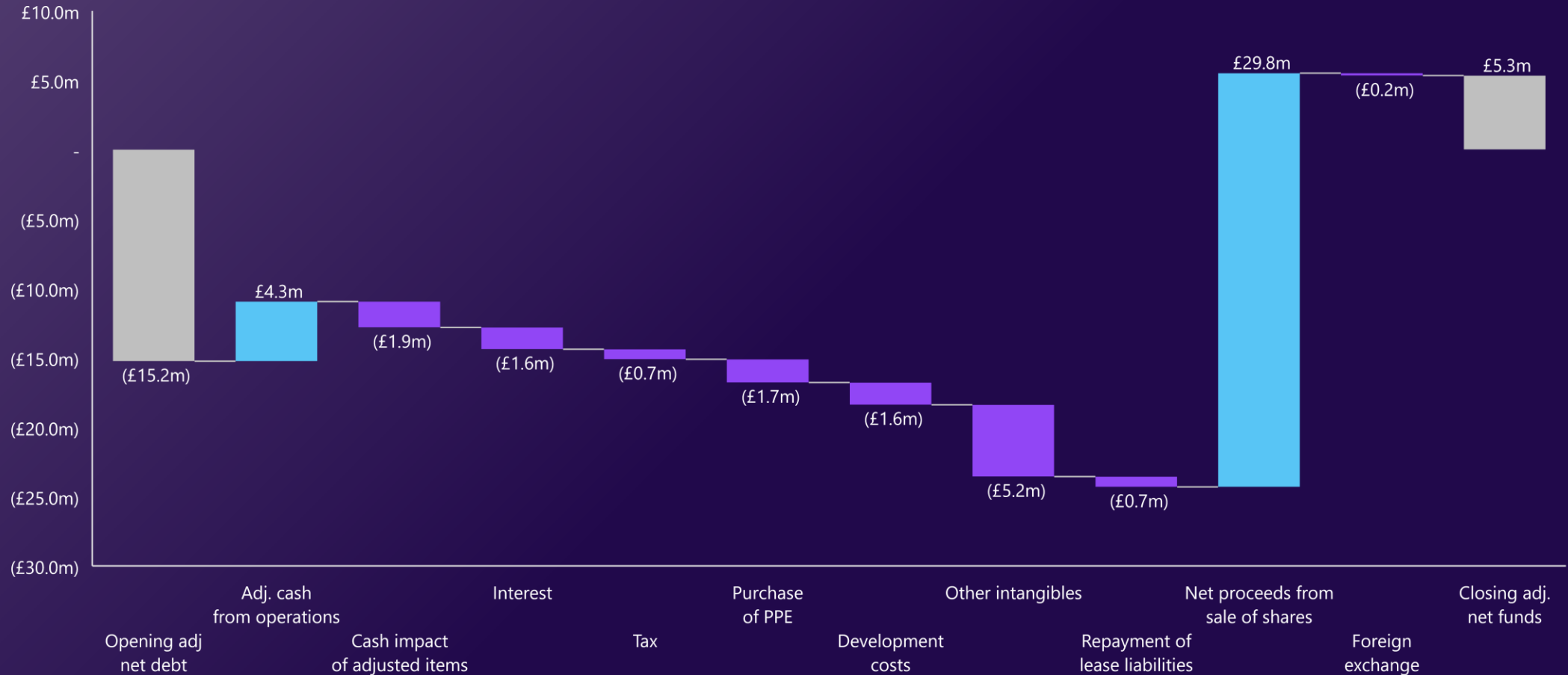
Balance sheet

As at 30 June 2023

£'million	H1 2023	H1 2022
Intangible assets	35.1	99.6
Property, plant & equipment	121.6	127.0
Right of use assets	38.9	43.4
Total current assets	75.4	103.3
Current liabilities*	(35.7)	(50.4)
Bank borrowings due within 1 year	(6.1)	(14.9)
Lease liabilities due within 1 year	(7.1)	(5.3)
Total non-current liabilities*	(2.0)	(2.8)
Bank borrowings due after 1 year	(0.8)	(7.2)
Lease liabilities due after 1 year	(42.8)	(48.4)
Net Assets	176.4	244.3

* Excludes bank borrowings and lease liabilities highlighted separately

Net (debt) / funds bridge



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