

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

IQE plc

Cardiff, UK
9 March 2023

Trading Update

IQE plc (AIM: IQE, "IQE" or the "Group"), the leading supplier of compound semiconductor wafer products and advanced material solutions to the global semiconductor industry, provides an update on current trading.

Management's expectations for FY22 results remain in line with the update provided on 16 January 2023. Since that update, the Group has seen an acceleration of the trends anticipated, with weaker demand leading to inventory build-up throughout the supply chain. This reduction in customer orders and forecasts is expected to result in a decline of approximately £30m in reported revenues for H1 2023 year-on-year.

Similar trends are evident across the industry, with the US Semiconductor Industry Association (SIA) reporting that global industry sales decreased in January 2023, down 18.5% year-on-year.

This near-term market softness is expected to be temporary and a return to year-on-year growth is anticipated in H2 2023 based on dialogue with our existing customers and our pipeline of new opportunities.

IQE continues to make positive progress towards the Group's strategy as set out at the November 2022 Capital Markets Day, diversifying into high-growth markets including Power Electronics and MicroLED. The Group has a strong pipeline of strategic and long-term partnerships and new business opportunities that will underpin growth in 2024 and beyond.

Americo Lemos, CEO of IQE, commented:

"The current inventory cycle is temporary. Ours is an industry that has consistently demonstrated growth over many decades. We expect IQE to return to growth in the second half of the year and remain excited about the future as we continue to execute our diversification strategy."

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This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014, as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended). This announcement is issued on behalf of the Company by Tim Pullen, CFO.

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:

- handset devices
- global telecoms infrastructure
- connected devices
- 3D sensing

As a scaled global epitaxy wafer manufacturer, IQE is uniquely positioned in this market which has high barriers to entry. IQE supplies the whole market and is agnostic to the winners and losers 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 c. 685 employees across eight manufacturing locations in the UK, US and Taiwan, and is listed on the AIM Stock Exchange in London.

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