

## **IQE plc**

Cardiff, UK  
18 November 2024

**This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR").**

### **Trading Update, Strategic Review and Proposed Financing**

IQE plc (AIM: IQE, "IQE" or the "Group"), the leading global supplier of compound semiconductor wafer products and advanced material solutions, provides a trading update for the year ending 31 December 2024.

Revenue for the Full Year 2024 is expected to be broadly flat year-on-year, resulting in around £115m. In line with the rest of the industry, we are continuing to see a slower than anticipated recovery in key sectors driven by weak consumer demand in end markets. The group expects this to result in an Adjusted EBITDA of at least £5m.

#### **Strategic Review**

The Board remains confident in IQE's long-term prospects because of the Group's leading position in providing advanced compound semiconductors across several market verticals and to a base of global marque customers. The Board believes there is significant value in IQE that is not currently reflected in its market capitalisation. Consequently, IQE announces today that it will be conducting a comprehensive strategic review of its asset base to ensure that it has a strong capital position to further invest in its core operations (the "Strategic Review"). The Board believes there is a significant market opportunity in IQE's core operations and remains focused on reducing its cost structure for profitable growth, servicing its customers and maximising value for shareholders.

In the first instance, IQE will broaden its options in relation to the proposed IPO of its Taiwan operations to include all strategic options, including a full sale. The Board has retained Lazard to advise on the Strategic Review. The Strategic Review will be overseen by IQE's Board of Directors, with input from key stakeholders.

#### **Proposed Financing**

The Group is in the process of negotiating a proposal from Lombard Odier, its largest shareholder, regarding short-term financing to help IQE navigate the ongoing market softness. Lombard Odier's willingness to extend up to c.£15 million via a convertible loan note with a conversion price of 15p per share (the "Proposed Financing") is a strong demonstration of Lombard Odier's confidence in the embedded value within the Group. The Group intends to consult with its other major shareholders regarding the Proposed Financing following this announcement.

The Group also continues to have a constructive dialogue with HSBC, and the Directors do not foresee the need to raise further equity should these ongoing discussions progress as expected.

#### **Mark Cubitt, Executive Chair of IQE, commented:**

"The impact of the slow pace of recovery in the semiconductor industry can be seen across the sector and is reflected in our revenue expectations for FY24. Looking ahead, the strategic review, including the broader assessment of options for our Taiwan operations, will ensure we have a strong capital base to continue investing in our core business and support IQE's long-term strategy. We remain committed to delivering maximum value for our shareholders and serving our customers. We are confident in IQE's long-term prospects and inherent value."

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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 eight manufacturing locations in the UK, US and Taiwan, and is listed on the AIM Stock Exchange in London.

## **IMPORTANT NOTICES**

Lazard & Co., Limited ("Lazard"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively as financial adviser to IQE and no one else in connection with the Strategic Review and will not be responsible to anyone other than IQE for providing the protections afforded to clients of Lazard & Co., Limited nor for providing advice in relation to the Strategic Review or any other matters referred to in this announcement. Neither Lazard & Co., Limited nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Lazard & Co., Limited in connection with this announcement, any statement contained herein or otherwise.

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