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Cardiff, UK
14 March 2025

IQE plc

Closing of Convertible Loan Note Financing

Director / PDMR Shareholding Notification

IQE plc ("IQE" or "the Company"), a leading supplier of compound semiconductor wafer products and advanced material solutions to the global semiconductor industry, is pleased to announce the closing of its convertible loan note fundraising and that IQE has raised aggregate subscription proceeds of £18 million (the "**Fundraising**").

Closing of the Fundraising follows the Company's announcement on 12 February 2025 that it had entered into subscription agreements with a consortium of existing shareholders, and certain senior executives and Directors, led by IQE's largest shareholder Lombard Odier, and shareholder approval for the necessary resolutions to implement the Fundraising at the general meeting of the Company held on 10 March 2025.

No offer or invitation is being made to shareholders more generally to purchase, acquire or subscribe for any of the loan notes being issued as part of the Fundraising. No application will be made for the admission of such loan notes to trading on AIM or any recognised securities exchange.

Additional details on the terms of the Fundraising can be found in the Company's news release on 12 February 2025 and in the circular sent to the Company's shareholders and published on 14 February 2025.

The Fundraising is secured against the Company's assets in the UK and subordinated to the Company's existing financing facility with HSBC UK Bank PLC ("**HSBC**") which has been amended and restated simultaneously with the closing of the Fundraising.

PDMR dealing

Mark Cubitt and Bami Bastani are Directors and PDMRs of the Company and have participated in the Fundraising in the following amounts.

	Principal amount of loan notes subscribed for	Subscription price paid	Current shareholding (and % of existing issued share capital)	Maximum number of conversion shares
Mark Cubitt (Executive Chair)	£235,294	£200,000	0	1,568,627
Bami Bastani (Non-executive Director)	£94,118	£80,000	171,000 (0.02%)	627,451

The FCA notification made in accordance with the requirements of UK MAR is set out at the end of this announcement.

Strategic Review

As previously announced, the Group is currently conducting a comprehensive Strategic Review of its asset base to ensure a strong capital position to further invest in core operations. The Board has retained Lazard to advise on the Strategic Review, which will be overseen by IQE's Board of Directors, with input from key stakeholders.

As part of the Strategic Review, IQE has broadened its options in relation to the proposed IPO of IQE Taiwan to include the possibility of a full sale of IQE Taiwan. 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. IQE will provide a further update when appropriate. At this stage, there can be no certainty as to the outcome of the Review.

Mark Cubitt, Executive Chair of IQE, commented:

"We are pleased to have closed our convertible loan note fundraising, which will significantly strengthen our near-term

financial position. This reflects the support we have from our shareholders, who recognise the significant market opportunity for IQE and its long-term strategy. Our Strategic Review will enable IQE to unlock the significant unrealised value within the business and ensure it is able to invest in its growth strategy."

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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.

1. Details of the Person discharging managerial responsibilities ("PDMR") / person closely associated with them ("PCA")	
a) Name	Mark Cubitt
2. Reason for the notification	
a) Position / status	Executive Chair
b) Initial notification / amendment	Initial notification
3. Details of the issuer, emission allowance market participant, auction platform, auctioneer or auction monitor	
a) Name	IQE plc
b) Legal Entity Identifier	213800Y33WHD3ESJJP16
4. Details of the transaction(s): section to be repeated for (i) each type of instrument; (ii) each type of transaction; (iii) each date; and (iv) each place where transactions have been conducted	
a) Description of the financial instrument	Subscription for convertible loan notes convertible into ordinary shares of 1 pence each in the Company at a price of 15 pence per share. The underlying ordinary shares have an ISIN of GB0009619924
b) Nature of the transaction	Participation in subscription for convertible loan notes
c) Price(s) and volume(s)	Price: Conversion price of 15 pence per ordinary share Volume: (principal value of convertible loan notes subscribed for): £235,294
d) Aggregated information	N/A
• Aggregated volume	

	<ul style="list-style-type: none"> Aggregated price 	
e) Date of the transaction(s)	13 March 2025	
f) Place of the transaction	Off-market	

1. Details of the Person discharging managerial responsibilities ("PDMR") / person closely associated with them ("PCA")	
a) Name	Bami Bastani
2. Reason for the notification	
a) Position / status	Non-executive Director
b) Initial notification / amendment	Initial notification
3. Details of the issuer, emission allowance market participant, auction platform, auctioneer or auction monitor	
a) Name	IQE plc
b) Legal Entity Identifier	213800Y33WHD3ESJJP16
4. Details of the transaction(s): section to be repeated for (i) each type of instrument; (ii) each type of transaction; (iii) each date; and (iv) each place where transactions have been conducted	
a) Description of the financial instrument	Subscription for convertible loan notes convertible into ordinary shares of 1 pence each in the Company at a price of 15 pence per share. The underlying ordinary shares have an ISIN of GB0009619924
b) Nature of the transaction	Participation in subscription for convertible loan notes
c) Price(s) and volume(s)	Price: Conversion price of 15 pence per ordinary share Volume: (principal value of convertible loan notes subscribed for): £94,117.65
d) Aggregated information	N/A <ul style="list-style-type: none">• Aggregated volume• Aggregated price
e) Date of the transaction(s)	13 March 2025
f) Place of the transaction	Off-market

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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