

<b>40</b>				<b>1</b>	<b>EUR</b>	
NAT.	Date of the deposition	No. 0882.390.885	pp.	E.	D.	C 1

**ANNUAL ACCOUNTS AND OTHER DOCUMENTS TO BE DEPOSITED  
IN ACCORDANCE WITH THE COMPANIES CODE**

**IDENTIFICATION**

NAME: **X-FAB SILICON FOUNDRIES**

Legal form: **SE**

Address: **TRANSPORTSTRAAT**

Nr.: **1**

Postal Code: **3980**

City: **Tessenderlo**

Country: **Belgium**

Register of Legal Persons (RLP) - Office of the commercial court at: **Antwerpen, Division Hasselt**

Internet address : <sup>1</sup>

Company number: **0882.390.885**

DATE **07/04/2017** of the deposition of the partnership deed OR of the most recent document mentioning the date of publication of the partnership deed and the act changing the articles of association.

ANNUAL ACCOUNTS **IN EURO** <sup>2</sup>

ANNUAL ACCOUNTS approved by by the General Meeting of	<b>26/04/2018</b>
concerning the financial year covering the period from	<b>01/01/2017</b> till <span style="border: 1px solid black; padding: 2px;"><b>31/12/2017</b></span>
Previous period from	<b>01/01/2016</b> till <span style="border: 1px solid black; padding: 2px;"><b>31/12/2016</b></span>

The amounts of the previous financial year are / ~~are not~~ <sup>3</sup> identical to those which have been previously published.

Total number of pages deposited: **65**                      Number of the pages of the standard form not deposited for not being of service: 6.1, 6.2.1, 6.2.2, 6.2.3, 6.2.4, 6.2.5, 6.3.1, 6.3.2, 6.3.3, 6.3.4, 6.3.5, 6.3.6, 6.4.2, 6.4.3, 6.5.2, 6.6, 6.8, 6.12, 6.17, 6.18.2, 9

Signature  
(name and position)

Signature  
(name and position)

<sup>1</sup> Optional statement.

<sup>2</sup> If necessary, adjust the unit and currency in which the amounts are expressed

<sup>3</sup> Delete where appropriate.

**LIST OF DIRECTORS, MANAGERS AND AUDITORS  
AND DECLARATION ABOUT SUPPLEMENTARY  
AUDITING OR ADJUSTMENT MISSION**

**LIST OF DIRECTORS, MANAGERS AND AUDITORS**

COMPLETE LIST WITH name, first name, profession, residence-address (address, number, postal code, municipality) and position with the enterprise

**Duchatelet Roland**

Eduard van Steenbergelaan 52, 2100 Deurne (Antwerpen), Belgium

Title : Director

Mandate : 16/03/2017- 29/04/2021

**TARMIZI BIN SULAIMAN Ahmad**

Lorong E5B Satria Jaya 1492, box 224, 93350 Kuching, Malaysia

Title : Director

Mandate : 16/03/2017- 29/04/2021

**BIN BUGO Hamid**

Jalan Siol Kandis Petra Jaya 325, 93050 Kuching, Malaysia

Title : Director

Mandate : 16/03/2017- 29/04/2021

**STRAUB Hans-Jurgen**

Weissdornweg 6, 99334 Elleben Riehheim, Germany

Title : Director

Mandate : 16/03/2017- 29/04/2021

**Sensinnovat PLLC 0884.338.607**

Boektlaan 14, 3550 Heusden-Zolder, Belgium

Title : Delegated director

Mandate : 17/03/2017- 29/04/2021

Represented by:

1. De Winter Rudi

Boektlaan 14 , 3550 Heusden-Zolder, Belgium

**Aurore PLC 0445.038.572**

Beigemsesteenweg 55, 1850 Grimbergen, Belgium

Title : Director

Mandate : 04/08/2017- 26/04/2018

Represented by:

1. Juliam Christine

Beigemsesteenweg 55 , 1850 Grimbergen, Belgium

**KPMG CALL 0419.122.548**

Luchthaven Brussel Nationaal 1K, 1930 Zaventem, Belgium

Title : Auditor, Membership number : B00001

Mandate : 16/03/2017- 30/04/2020

Represented by:

1. Carmans Herwig

Luchthaven Brussel Nationaal 1K , 1930 Zaventem, Belgium

, Membership number : A02326

## LIST OF DIRECTORS, MANAGERS AND AUDITORS (Continued from previous page)

**Iacona Estelle**

Avenue du 8 Mai 61, 91120 Palaiseau, France

Title : Director

Mandate : 16/03/2017- 29/04/2021

**Verschaeren Christel Constancia C.**

Vinkeniersweg 10, 2150 Borsbeek (Antw.), Belgium

Title : Director

Mandate : 16/03/2017- 29/04/2021

**DECLARATION ABOUT SUPPLEMENTARY AUDITING OR ADJUSTMENT MISSION**

The managing board declares that the assignment neither regarding auditing nor adjusting has been given to a person who was not authorised by law pursuant to art. 34 and 37 of the Law of 22nd April 1999 concerning the auditing and tax professions.

Have the annual accounts been audited or adjusted by an external accountant or auditor who is not an statutory auditor ? ~~Yes~~ / No

If YES, mention here after: name, first names, profession, residence-address of each external accountant or auditor, the number of membership with the professional Institute ad hoc and the nature of this engagement:

- A. Bookkeeping of the undertaking \*\*,
- B. Preparing the annual accounts \*\*,
- C. Auditing the annual accounts and/or
- D. Adjusting the annual accounts.

If the assignment mentioned either under A or B is performed by authorised accountants or authorised accountants-tax consultants, information will be given on: name, first names, profession and residence-address of each authorised accountant or accountant-tax consultant, his number of membership with the Professional Institute of Accountants and Tax consultants and the nature of this engagement.

Name, first name, profession, residence-address	Number of membership	Nature of the engagement (A, B, C and/or D)

\* Delete where appropriate.

\*\* Optional disclosure.

<b>ANNUAL ACCOUNTS</b>
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**BALANCE SHEET AFTER APPROPRIATION**

	Notes	Codes	Period	Previous period
<b>ASSETS</b>				
<b>FORMATION EXPENSES</b> .....	6.1	20		
<b>FIXED ASSETS</b> .....		21/28	<u>618.928.545</u>	<u>510.261.218</u>
<b>Intangible fixed assets</b> .....	6.2	21		
<b>Tangible fixed assets</b> .....	6.3	22/27		
Land and buildings .....		22		
Plant, machinery and equipment .....		23		
Furniture and vehicles .....		24		
Leasing and other rights .....		25		
Other tangible fixed assets .....		26		
Tangible assets under construction and advance payments made .....		27		
<b>Financial fixed assets</b> .....	6.4 / 6.5.1	28	618.928.545	510.261.218
Affiliated enterprises .....	6.15	280/1	618.928.545	510.261.218
Participating interests .....		280	509.875.759	509.875.759
Amounts receivable .....		281	109.052.786	385.459
Other enterprises linked by participating interests .....	6.15	282/3		
Participating interests .....		282		
Amounts receivable .....		283		
Other financial assets .....		284/8		
Shares .....		284		
Amounts receivable and cash guarantees .....		285/8		

	Notes	Codes	Period	Previous period
<b>CURRENT ASSETS</b> .....		29/58	138.675.092	70.203
<b>Amounts receivable after more than one year</b> .....		29		
Trade debtors .....		290		
Other amounts receivable .....		291		
<b>Stocks and contracts in progress</b> .....		3		
Stocks .....		30/36		
Raw materials and consumables .....		30/31		
Work in progress .....		32		
Finished goods .....		33		
Goods purchased for resale .....		34		
Immovable property intended for sale .....		35		
Advance payments .....		36		
Contracts in progress .....		37		
<b>Amounts receivable within one year</b> .....		40/41	27.679.194	5.717
Trade debtors .....		40		
Other amounts receivable .....		41	27.679.194	5.717
<b>Current investments</b> .....	6.5.1 / 6.6	50/53		
Own shares .....		50		
Other investments and deposits .....		51/53		
<b>Cash at bank and in hand</b> .....		54/58	110.995.898	64.486
<b>Deferred charges and accrued income</b> .....	6.6	490/1		
<b>TOTAL ASSETS</b> .....		20/58	757.603.637	510.331.421

	Notes	Codes	Period	Previous period
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b> .....		10/15	<u>756.614.039</u>	<u>502.888.128</u>
<b>Capital</b> .....	6.7.1	10	657.456.851	500.358.943
Issued capital .....		100	657.456.851	500.358.943
Uncalled capital <sup>4</sup> .....		101		
<b>Share premium account</b> .....		11	92.902.092	
<b>Revaluation surpluses</b> .....		12		
<b>Reserves</b> .....		13	321.716	135.421
Legal reserve .....		130	321.716	135.421
Reserves not available .....		131		
In respect of own shares held .....		1310		
Others .....		1311		
Untaxed reserves .....		132		
Available reserves .....		133		
<b>Accumulated profits (losses)</b> .....(+)/(-)		14	5.933.380	2.393.764
<b>Investment grants</b> .....		15		
<b>Advance to associates on the sharing out of the assets</b> <sup>5</sup> .....		19		
<b>PROVISIONS AND DEFERRED TAXES</b> .....		16	<u>                    </u>	<u>                    </u>
<b>Provisions for liabilities and charges</b> .....		160/5		
Pensions and similar obligations .....		160		
Taxation .....		161		
Major repairs and maintenance .....		162		
Environmental liabilities .....		163		
Other risks and costs .....	6.8	164/5		
<b>Deferred taxes</b> .....		168		

<sup>4</sup> Amount to be deducted from the issued capital.

<sup>5</sup> Amount to be deducted from the other components of equity.

	Notes	Codes	Period	Previous period
<b>AMOUNTS PAYABLE</b> .....		17/49	<u>989.598</u>	<u>7.443.293</u>
<b>Amounts payable after more than one year</b> .....	6.9	17		
Financial debts .....		170/4		
Subordinated loans .....		170		
Unsubordinated debentures .....		171		
Leasing and other similar obligations .....		172		
Credit institutions .....		173		
Other loans .....		174		
Trade debts .....		175		
Suppliers .....		1750		
Bills of exchange payable .....		1751		
Advances received on contracts in progress .....		176		
Other amounts payable .....		178/9		
<b>Amounts payable within one year</b> .....	6.9	42/48	894.598	7.258.043
Current portion of amounts payable after more than one year falling due within one year .....		42		
Financial debts .....		43		
Credit institutions .....		430/8		
Other loans .....		439		
Trade debts .....		44	140.590	7.258.043
Suppliers .....		440/4	140.590	7.258.043
Bills of exchange payable .....		441		
Advances received on contracts in progress .....		46		
Taxes, remuneration and social security .....	6.9	45		
Taxes .....		450/3		
Remuneration and social security .....		454/9		
Other amounts payable .....		47/48	754.008	
<b>Accrued charges and deferred income</b> .....	6.9	492/3	95.000	185.250
<b>TOTAL LIABILITIES</b> .....		10/49	757.603.637	510.331.421



**INCOME STATEMENT**

	Notes	Codes	Period	Previous period
<b>Operating income and charges</b> .....		70/76A	5.794.518	3.518.263
Turnover .....	6.10	70	5.794.518	3.518.263
Increase (decrease) in stocks of finished goods, work and contracts in progress .....		71		
.....(+)/(-)				
Own construction capitalised .....		72		
Other operating income .....	6.10	74		
Non-recurring operating income .....	6.12	76A		
<b>Operating charges</b> .....		60/66A	11.806.364	3.663.351
Raw materials, consumables .....		60		
Purchases .....		600/8		
Decrease (increase) in stocks .....		609		
.....(+)/(-)				
Services and other goods .....		61	11.798.462	3.663.289
Remuneration, social security costs and pensions ..	6.10	62	7.902	
.....(+)/(-)				
Depreciation of and amounts written off formation expenses, intangible and tangible fixed assets .....		630		
Increase, Decrease in amounts written off stocks contracts in progress and trade debtors: Appropriations (write-backs) .....		631/4		
.....(+)/(-)				
Provisions for risks and charges - Appropriations (uses and write-backs) .....	6.10	635/8		
.....(+)/(-)				
Other operating charges .....	6.10	640/8		62
Operation charges carried to assets as restructuring costs .....		649		
.....(-)				
Non-recurring operating charges .....	6.12	66A		
<b>Operating profit (loss)</b> .....		9901	-6.011.846	-145.088
.....(+)/(-)				

	Notes	Codes	Period	Previous period
<b>Financial income</b> .....		75/76B	10.809.757	122.982
Recurring financial income .....		75	10.809.757	122.982
Income from financial fixed assets .....		750	9.970.719	
Income from current assets .....		751	811.286	15.401
Other financial income .....	6.11	752/9	27.752	107.581
Non-recurring financial income .....	6.12	76B		
<b>Financial charges</b> .....	6.11	65/66B	1.072.000	157.665
Recurring financial charges .....		65	1.072.000	157.665
Debt charges .....		650	31.528	31.393
Amounts written down on current assets except stocks, contracts in progress and trade debtors .....		651		
Other financial charges .....		652/9	1.040.472	126.272
Non recurring financial charges .....	6.12	66B		
<b>Profit (loss) for the period before taxes</b> .....		9903	3.725.911	-179.771
<b>Transfer from postponed taxes</b> .....		780		
<b>Transfer to postponed taxes</b> .....		680		
<b>Income taxes</b> .....	6.13	67/77		-542
Income taxes .....		670/3		
Adjustment of income taxes and write-back of tax provisions .....		77		542
<b>Profit (loss) for the period</b> .....		9904	3.725.911	-179.229
<b>Transfer from untaxed reserves</b> .....		789		
<b>Transfer to untaxed reserves</b> .....		689		
<b>Profit (loss) for the period available for appropriation</b> .....		9905	3.725.911	-179.229

**APPROPRIATION ACCOUNT**

	Codes	Period	Previous period
<b>Profit (loss) to be appropriated</b> .....(+)/(-)	9906	6.119.675	2.393.764
Gain (loss) to be appropriated .....(+)/(-)	(9905)	3.725.911	-179.229
Profit (loss) to be carried forward .....(+)/(-)	14P	2.393.764	2.572.993
<b>Transfers from capital and reserves</b> .....	791/2		
from capital and share premium account .....	791		
from reserves .....	792		
<b>Transfers to capital and reserves</b> .....	691/2	186.295	
to capital and share premium account .....	691		
to the legal reserve .....	6920	186.295	
to other reserves .....	6921		
<b>Profit (loss) to be carried forward</b> .....(+)/(-)	(14)	5.933.380	2.393.764
<b>Owner's contribution in respect of losses</b>	794		
<b>Profit to be distributed</b> .....	694/7		
Dividends .....	694		
Director's or managers' entitlements .....	695		
Workers .....	696		
Other beneficiaries .....	697		



**INFORMATION RELATING TO THE SHARE IN THE CAPITAL****SHARE IN THE CAPITAL AND OTHER RIGHTS IN OTHER COMPANIES**

List of both enterprises in which the enterprise holds a participating interest (recorded in the headings 280 and 282 of assets) and other enterprises in which the enterprise holds rights (recorded in the headings 284 and 51/53 of assets) in the amount of at least 10% of the capital issued.

NAME, full address of the REGISTERED OFFICE and for the enterprise governed by Belgian law, the COMPANY NUMBER	Shares held by			Information from the most recent period for which annual accounts are available				
	Nature	directly		subsidiaries	Primary financial statement	Monetary unit	Capital and reserves	Net result
		Number	%				%	(+) of (-) (in units)
<b>X-FAB SEMICONDUCTOR FOUNDRIES AG</b> HAARBERGSTRASSE 67 99097 ERFURT Germany		21.564.560	97,20	2,80	31/12/2017	EUR	233.755.471	-3.297.859
<b>X-FAB SARAWAK SDH. BDH.</b> SILICON DRIVE 1 93350 KUCHING Malaysia		2.184.594. 835	100,00	0,00	31/12/2017	USD	290.938.900	83.895.300
<b>X-FAB JAPAN KK</b> SHIN YOKOHAMA DAINI CENTER BUILDING 10F 3-19-5 SHIN YOKOHAMA Japan		160	100,00	0,00	31/12/2017	USD	-1.279.600	46.900
<b>X-FAB MEMS FOUNDRY GMBH</b> Haarbergstrasse 67 99097 ERFURT Germany		0	100,00	0,00	31/12/2017	EUR	-43.141.148	-4.459.367
<b>X-Fab France SAS PLC</b> Rue du Faubourg Saint Honore 72 75008 Parijs France		9.200.000	100,00	0,00	31/12/2017	EUR	-4.123.889	-12.711.615

**STATEMENT OF CAPITAL AND SHAREHOLDING STRUCTURE**

**STATEMENT OF CAPITAL**

**Social capital**

Issued capital at the end of the period .....  
 Issued capital at the end of the period .....

Codes	Period	Previous period
100P	XXXXXXXXXXXXXX	500.358.943
(100)	657.456.851	

Changes during the period

Structure of the capital  
 Different categories of shares

Registered shares .....  
 Shares dematerialized .....

Codes	Amounts	Number of shares
	157.097.908	97.604.446
	657.456.851	130.781.669
8702	XXXXXXXXXXXXXX	77.455.740
8703	XXXXXXXXXXXXXX	53.325.929

**Capital not paid**

Uncalled capital .....  
 Capital called, but not paid .....  
 Shareholders having yet to pay up in full

Codes	Uncalled capital	Capital called, but not paid
(101)		XXXXXXXXXXXXXX
8712	XXXXXXXXXXXXXX	

**OWN SHARES**

Held by the company itself  
 Amount of capital held .....  
 Number of shares held .....  
 Held by the subsidiaries  
 Amount of capital held .....  
 Number of shares held .....

**Commitments to issue shares**

Owing to the exercise of conversion rights  
 Amount of outstanding convertible loans .....  
 Amount of capital to be subscribed .....  
 Corresponding maximum number of shares to be issued .....  
 Owing to the exercise of subscription rights  
 Number of outstanding subscription rights .....  
 Amount of capital to be subscribed .....  
 Corresponding maximum number of shares to be issued .....

**Authorized capital, not issued** .....

Codes	Period
8721	
8722	
8731	752.803
8732	149.748
8740	
8741	
8742	
8745	
8746	
8747	
8751	

**Shared issued, not representing capital**

Distribution

Number of shares held .....

8761

Number of voting rights attached thereto .....

8762

Allocation by shareholder

Number of shares held by the company itself .....

8771

Number of shares held by its subsidiaries .....

8781

Codes	Period
8761	
8762	
8771	
8781	

**STRUCTURE OF SHAREHOLDINGS OF THE ENTERPRISE AT YEAR-END CLOSING DATE**

as shown by the notifications received by the company in accordance with the Companies Code, Article 631 §2, final paragraph, and Article 632 §2, final paragraph; the act of 2 May 2007 on the disclosure of major holdings, Article 14, paragraph four; and the Royal Decree of 21 August 2008 comprising further rules on certain multilateral trading facilities, Article 5.

NAME AND ADDRESS	Kind of shares	Total voting rights	%
XTRION NV TRANSPORTSTRAAT 1 3980 TESSENDERLO 0878.389.438	Registered shares	61.141.179	47,2
	Dematerialized shares	576.900	
SARAWAK TECHNOLOGIES HOLDING SB, MALAYSIA	Registered shares	14.948.655	11,4
X-FAB SEMICONDUCTOR FOUNDRIES AG HAARBERGSTRASSE 67 99097 ERFURT DUITSLAND	Registered shares	149.748	0,11
OTHERS (Private & Public)	Registered shares / Dematerialized shares	53.965.187	41,29



**STATEMENT OF AMOUNTS PAYABLE, ACCRUED CHARGES AND DEFERRED INCOME**
**BREAKDOWN OF AMOUNTS PAYABLE WITH AN ORIGINAL PERIOD TO MATURITY OF MORE THAN ONE YEAR, ACCORDING TO THEIR RESIDUAL TERM**
**Current portion of amounts payable after more than one year falling due within one year**

	Codes	Period
Financial debts .....	8801	
Subordinated loans .....	8811	
Unsubordinated debentures .....	8821	
Leasing and other similar obligations .....	8831	
Credit institutions .....	8841	
Other loans .....	8851	
Trade debts .....	8861	
Suppliers .....	8871	
Bills of exchange payable .....	8881	
Advance payments received on contracts in progress .....	8891	
Other amounts payable .....	8901	
<b>Total amounts payable after more than one year, not more than one year .....</b>	<b>(42)</b>	

**Amounts payable after more than one year, between one and five years**

Financial debts .....	8802	
Subordinated loans .....	8812	
Unsubordinated debentures .....	8822	
Leasing and other similar obligations .....	8832	
Credit institutions .....	8842	
Other loans .....	8852	
Trade debts .....	8862	
Suppliers .....	8872	
Bills of exchange payable .....	8882	
Advance payments received on contracts in progress .....	8892	
Other amounts payable .....	8902	
<b>Total amounts payable after more than one year, between one and five years .....</b>	<b>8912</b>	

**Amounts payable after more than one year, over five years**

Financial debts .....	8803	
Subordinated loans .....	8813	
Unsubordinated debentures .....	8823	
Leasing and other similar obligations .....	8833	
Credit institutions .....	8843	
Other loans .....	8853	
Trade debts .....	8863	
Suppliers .....	8873	
Bills of exchange payable .....	8883	
Advance payments received on contracts in progress .....	8893	
Other amounts payable .....	8903	
<b>Total amounts payable after more than one year, over five years .....</b>	<b>8913</b>	

**AMOUNTS PAYABLE GUARANTEED** (headings 17 and 42/48 of liabilities)**Amounts payable guaranteed by Belgian public authorities**

	Codes	Period
Financial debts .....	8921	
Subordinated loans .....	8931	
Unsubordinated debentures .....	8941	
Leasing and other similar obligations .....	8951	
Credit institutions .....	8961	
Other loans .....	8971	
Trade debts .....	8981	
Suppliers .....	8991	
Bills of exchange payable .....	9001	
Advance payments received on contracts in progress .....	9011	
Remuneration and social security .....	9021	
Other amounts payable .....	9051	
<b>Total amounts payable guaranteed by Belgian public authorities .....</b>	<b>9061</b>	

**Amounts payable guaranteed by real guarantees given or irrevocably promised by the enterprise on its own assets**

Financial debts .....	8922	
Subordinated loans .....	8932	
Unsubordinated debentures .....	8942	
Leasing and other similar obligations .....	8952	
Credit institutions .....	8962	
Other loans .....	8972	
Trade debts .....	8982	
Suppliers .....	8992	
Bills of exchange payable .....	9002	
Advance payments received on contracts in progress .....	9012	
Taxes, remuneration and social security .....	9022	
Taxes .....	9032	
Remuneration and social security .....	9042	
Other amounts payable .....	9052	
<b>Total amounts payable guaranteed by real guarantees given or irrevocably promised by the enterprise on its own assets .....</b>	<b>9062</b>	

**AMOUNTS PAYABLE FOR TAXES, REMUNERATION AND SOCIAL SECURITY****Taxes** (headings 450/3 and 178/9 of the liabilities)

Expired taxes payable .....	9072	
Non expired taxes payable .....	9073	
Estimated taxes payable .....	450	

**Remuneration and social security** (headings 454/9 and 178/9 of the liabilities)

Amount due to the National Office of Social Security .....	9076	
Other amounts payable relating to remuneration and social security .....	9077	

**ACCRUED CHARGES AND DEFERRED INCOME**

Allocation of heading 492/3 of liabilities if the amount is significant

Period
95.000



	Codes	Period	Previous period
<b>Provisions for pensions</b>			
Additions (uses and write-back) ..... (+)/(-)	635		
<b>Amounts written off</b>			
Stocks and contracts in progress			
Recorded .....	9110		
Written back .....	9111		
Trade debtors			
Recorded .....	9112		
Written back .....	9113		
<b>Provisions for risks and charges</b>			
Additions .....	9115		
Uses and write-back .....	9116		
<b>Other operating charges</b>			
Taxes related to operation .....	640		62
Other charges .....	641/8		
<b>Hired temporary staff and persons placed at the enterprise's disposal</b>			
Total number at the closing date .....	9096		
Average number calculated as full-time equivalents .....	9097		
Number of actual worked hours .....	9098		
Charges to the enterprise .....	617		

**FINANCIAL RESULTS**

	Codes	Period	Previous period
<b>RECURRING FINANCIAL INCOME</b>			
<b>Other financial income</b>			
Subsidies granted by public authorities and recorded as income for the period			
Capital subsidies .....	9125		
Interest subsidies .....	9126		
Allocation of other financial income		27.751	107.581
<b>RECURRING FINANCIAL CHARGES</b>			
Depreciation of loan issue expenses .....	6501		
Capitalized Interests .....	6503		
<b>Amounts written off current assets</b>			
Recorded .....	6510		
Written back .....	6511		
<b>Other financial charges</b>			
Amount of the discount borne by the enterprise, as a result of negotiating amounts receivable .....	653		
<b>Provisions of a financial nature</b>			
Appropriations .....	6560		
Uses and write-backs .....	6561		
Allocation of other financial charges		1.026.335	115.472
		14.137	10.800



**RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET**

	Codes	Period
<b>PERSONAL GUARANTEES PROVIDED OR IRREVOCABLY PROMISED BY THE ENTERPRISE AS SECURITY FOR DEBTS AND COMMITMENTS OF THIRD PARTIES</b> .....	9149	<u>70.000.000</u>
<b>Of which</b>		
Bills of exchange in circulation endorsed by the enterprise .....	9150	
Bills of exchange in circulation drawn or guaranteed by the enterprise .....	9151	
Maximum amount for which other debts or commitments of third parties are guaranteed by the enterprise .....	9153	70.000.000
 <b>REAL GUARANTEES</b>		
<b>Real guarantees provided or irrevocably promised by the enterprise on its own assets as security of debts and commitments of the enterprise</b>		
Mortgages		
Book value of the immovable properties mortgaged .....	9161	
Amount of registration .....	9171	
Pledging of goodwill - Amount of the registration .....	9181	
Pledging of other assets - Book value of other assets pledged .....	9191	
Guarantees provided on future assets - Amount of assets involved .....	9201	
 <b>Real guarantees provided or irrevocably promised by the enterprise on its own assets as security of debts and commitments of third parties</b>		
Mortgages		
Book value of the immovable properties mortgaged .....	9162	
Amount of registration .....	9172	
Pledging of goodwill - Amount of the registration .....	9182	
Pledging of other assets - Book value of other assets pledged .....	9192	
Guarantees provided on future assets - Amount of assets involved .....	9202	

	Codes	Period
<b>GOODS AND VALUES, NOT DISCLOSED IN THE BALANCE SHEET, HELD BY THIRD PARTIES IN THEIR OWN NAME BUT AT RISK TO AND FOR THE BENEFIT OF THE ENTERPRISE</b>		
 <b>SUBSTANTIAL COMMITMENTS TO ACQUIRE FIXED ASSETS</b>		
 <b>SUBSTANTIAL COMMITMENTS TO DISPOSE OF FIXED ASSETS</b>		
 <b>FORWARD TRANSACTIONS</b>		
<b>Goods purchased (to be received)</b> .....	9213	
<b>Goods sold (to be delivered)</b> .....	9214	
<b>Currencies purchased (to be received)</b> .....	9215	
<b>Currencies sold (to be delivered)</b> .....	9216	



**RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET**

**COMMITMENTS RELATING TO TECHNICAL GUARANTEES IN RESPECT OF SALES OR SERVICES**

Period

**AMOUNT, NATURE AND FORM CONCERNING LITIGATION AND OTHER IMPORTANT COMMITMENTS**

Period

**SUPPLEMENT RETIREMENTS OR SURVIVORS PENSION PLANS IN FAVOUR OF THE PERSONNEL OR THE EXECUTIVES OF THE ENTERPRISE**

Brief description

Measures taken by the enterprise to cover the resulting charges

**PENSIONS FUNDED BY THE ENTERPRISE**

Estimated amount of the commitments resulting from past services .....

Methods of estimation

Code	Period
9220	

**NATURE AND FINANCIAL IMPACT OF SIGNIFICANT EVENTS AFTER THE CLOSING DATE NOT INCLUDED IN THE BALANCE SHEET OR THE INCOME STATEMENT**

Period

**COMMITMENTS TO PURCHASE OR SALE AVAILABLE TO THE COMPANY AS ISSUER OF OPTIONS FOR SALE OR PURCHASE**

Period

**NATURE AND COMMERCIAL OBJECTIVE OF TRANSACTIONS NOT REFLECTED IN THE BALANCE SHEET**

Provided that the risks or advantages coming from these transactions are significant and if the disclosure of the risks or advantages is necessary to appreciate the financial situation of the company

Period

**RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET**

**OTHER RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET (including those which can not be quantified)**

Period

**RELATIONSHIPS WITH AFFILIATED ENTERPRISES, ASSOCIATED ENTERPRISES AND OTHERS  
ENTERPRISES LINKED BY PARTICIPATING INTERESTS**

	Codes	Period	Previous period
<b>AFFILIATED ENTERPRISES</b>			
<b>Financial fixed assets</b> .....	(280/1)	618.928.545	510.261.218
Participating interests .....	(280)	509.875.759	509.875.759
Subordinated amounts receivable .....	9271		
Other amounts receivable .....	9281	109.052.786	385.459
<b>Amounts receivable</b> .....	9291		
Over one year .....	9301		
Within one year .....	9311		
<b>Current investments</b> .....	9321		
Shares .....	9331		
Amounts receivable .....	9341		
<b>Amounts payable</b> .....	9351		7.236.242
Over one year .....	9361		
Within one year .....	9371		7.236.242
<b>Personal and real guarantees</b>			
Provided or irrevocably promised by the enterprise as security for debts or commitments of affiliated enterprises .....	9381		
Provided or irrevocably promised by affiliated enterprises as security for debts or commitments of the enterprise .....	9391		
<b>Other significant financial commitments</b> .....	9401		
<b>Financial results</b>			
Income from financial fixed assets .....	9421	9.955.318	
Income from current assets .....	9431	811.286	
Other financial income .....	9441	27.751	107.581
Debt charges .....	9461	31.528	
Other financial charges .....	9471	1.040.472	115.472
<b>Disposal of fixed assets</b>			
Capital gains obtained .....	9481		
Capital losses suffered .....	9491		

**RELATIONSHIPS WITH AFFILIATED ENTERPRISES, ASSOCIATED ENTERPRISES AND OTHERS  
ENTERPRISES LINKED BY PARTICIPATING INTERESTS**

	Codes	Period	Previous period
<b>ASSOCIATED ENTERPRISES</b>			
<b>Financial fixed assets</b> .....	9253		
Participating interests .....	9263		
Subordinated amounts receivable .....	9273		
Other amounts receivable .....	9283		
<b>Amounts receivable</b> .....	9293		
Over one year .....	9303		
Within one year .....	9313		
<b>Amounts payable</b> .....	9353		
Over one year .....	9363		
Within one year .....	9373		
<b>Personal and real guarantees</b>			
Provided or irrevocably promised by the enterprise as security for debts or commitments of associated enterprises .....	9383		
Provided or irrevocably promised by associated enterprises as security for debts or commitments of the enterprise .....	9393		
<b>Other significant financial commitments</b> .....	9403		
<b>OTHER ENTERPRISES LINKED BY PARTICIPATING INTERESTS</b>			
<b>Financial fixed assets</b> .....	9252		
Participating interests .....	9262		
Subordinated amounts receivable .....	9272		
Other amounts receivable .....	9282		
<b>Amounts receivable</b> .....	9292		
Over one year .....	9302		
Within one year .....	9312		
<b>Amounts payable</b> .....	9352		
Over one year .....	9362		
Within one year .....	9372		

**TRANSACTIONS WITH ENTERPRISES LINKED BY PARTICIPATING INTERESTS OUT OF MARKET  
CONDITIONS**

**Mention of these transactions if they are significant, including the amount of the transactions, the nature of the link, and all information about the transactions which should be necessary to get a better understanding of the situation of the company**

Null

Period

**FINANCIAL RELATIONSHIPS WITH****DIRECTORS, MANAGERS, INDIVIDUALS OR BODIES CORPORATE WHO CONTROL THE ENTERPRISE WITHOUT BEING ASSOCIATED THEREWITH OR OTHER ENTERPRISES CONTROLLED BY THESE PERSONS****Amounts receivable from these persons** .....

Conditions on amounts receivable, rate, duration, possibly reimbursed amounts, canceled amounts or renounced amounts

**Guarantees provided in their favour** .....**Other significant commitments undertaken in their favour** .....**Amount of direct and indirect remunerations and pensions, included in the income statement, as long as this disclosure does not concern exclusively or mainly, the situation of a single identifiable person**

To directors and managers .....

To former directors and former managers .....

Codes	Period
9500	
9501	
9502	
9503	
9504	

**AUDITORS OR PEOPLE THEY ARE LINKED TO****Auditor's fees** .....**Fees for exceptional services or special missions executed in the company by the auditor**

Other attestation missions .....

Tax consultancy .....

Other missions external to the audit .....

**Fees for exceptional services or special missions executed in the company by people they are linked to**

Other attestation missions .....

Tax consultancy .....

Other missions external to the audit .....

Codes	Period
9505	109.500
95061	242.875
95062	
95063	
95081	205.625
95082	
95083	

**Mentions related to article 133, paragraph 6 from the Companies Code**

## INFORMATION RELATING TO CONSOLIDATED ACCOUNTS

### INFORMATION TO DISCLOSE BY EACH ENTERPRISE THAT IS SUBJECT TO COMPANY LAW ON THE CONSOLIDATED ACCOUNTS OF ENTERPRISES

The enterprise has drawn up published a consolidated annual statement of accounts and a management report\*

~~The enterprise has not published a consolidated annual statement of accounts and a management report, since it is exempt for this obligation for the following reason\*~~

~~The enterprise and its subsidiaries on consolidated basis exceed not more than one of limits mentioned in art. 16 of Company Law\*~~

~~The enterprise only has subsidiaries which, considering the assessment of the consolidated assets, consolidated financial position or consolidated results, individual or together, are of a negligible size\* (Art. 110 of Company Law) —~~

~~The enterprise itself is a subsidiary of an enterprise which does prepare and publish consolidated accounts in which annual accounts of the enterprise are included\*~~

### INFORMATION TO DISCLOSE BY THE REPORTING ENTERPRISE BEING A SUBSIDIARY OR A JOINT SUBSIDIARY

Name, full address of the registered office and, for an enterprise governed by Belgian Law, the company number of the parent company(ies) and the specification whether the parent company(ies) prepare(s) and publish(es) consolidated annual accounts in which the annual accounts of the enterprise are included\*\*

**XTRION NV**

**Transportstraat 1**

**3980 Tessenderlo, Belgium**

**0878.389.438**

**The enterprise draws up consolidated annual accounts data for the major part of the enterprise**

If the parent company(ies) is (are) (an) enterprise(s) governed by foreign law disclose where the consolidated accounts can be obtained\*\*

\* Delete where no appropriate.

\*\* Where the accounts of the enterprise are consolidated at different levels, the information should be given for the consolidated aggregate at the highest level on the one hand and the lowest level on the other hand of which the enterprise is a subsidiary and for which consolidated accounts are prepared and published.

## VALUATION RULES

### 1. Principle

The valuation rules are determined according to the provisions of chapter II of the Royal Decree of 30 January 2001 in implementation of Company Law.

In respect of the requirement of a true and fair view the valuation rules of this Decree shall be deviated from in the following exceptional cases:

Reasons for the deviation:

The effects of the deviation on assets and liabilities, financial position and the result before taxation of the enterprise are as follows:

The valuation rules are ~~(changed)~~ (not changed) in wording and application as compared to the preceding financial period; if so, the change related to:

and has a (positive) (negative) effect on the result for the financial period before taxation to the amount of EUR.

The income statement ~~(is)~~ (is not) significantly effected by income or charges relating to a previous financial period; if so, the material effect results from:

The figures of the financial period are not comparable with those of the preceding financial period for the following reason:

(In order to maintain comparability the figures of the preceding financial period are adjusted regarding to following reasons)  
(To compare the annual accounts of both financial periods involved following information should be taken into account):

In absence of objective standards of appraisal following valuation of foreseeable liabilities, contingent losses and diminutions in value is inevitably uncertain:

Other information necessary to give a true and fair view of the enterprise's liabilities, financial position and result:

### 2. Fixed assets

#### Formation expenses:

Formation expenses are charged against income except for following costs capitalised:

#### Reorganization costs:

The reorganization costs are (capitalised) (not capitalised) during the financial period; if so, this is justified as follows:

#### Intangible fixed assets:

The amount of intangible assets includes EUR research and development costs. Depreciation of these costs and the depreciations for goodwill are charged over a period of (more than) (not more than) 5 years; if more than 5 years the period involved is justified as follows :

#### Tangible fixed assets:

During the financial period the tangible assets ~~(are)~~ (are not) revalued; if so, the revaluation if justified are as follows:

**VALUATION RULES****Depreciation recorded during the financial period:**

Assets	Method S (straightline) R (reducing balance) O (other)	Basis NR (non-revalued) R (revalued)	Depreciation rate	
			Principal costs Min. - Max.	Ancillary costs Min. - Max.
<b>1. Formation expenses</b> <b>2. Intangible fixed assets</b> <b>3. Buildings*</b> <b>4. Plant, machinery and equipments *</b> <b>5. Vehicles*</b> <b>6. Office furniture *</b> <b>7. Other tangible fixed assets</b>				

\* Including leased assets which should be disclosed on a separate line.

Tax deductible accelerated depreciation in excess of depreciation based on economic circumstances:

- amount for the financial period: EUR.
- cumulative amount regarding tangible assets acquired as of the financial period beginning after December 31, 1983: EUR.

**Financial fixed assets:**

During the financial period investments ~~(are)~~ (are not) revalued; if so, the revaluation is justified as follows:

**3. Current assets****Inventories:**

Inventories are valued at **acquisition cost** determined according to the method *(to be disclosed)* of the weighted average price method, Fifo, Lifo, by identifying individually the price of each element or by the **lower market value**

1. Raw materials and consumables:
2. Work in progress - finished goods:
3. Goods purchased for resale:
4. Immovable property intended for sale:

**Products:**

- Production costs (include) (do not include) costs that are only indirectly attributable to the product.
- Production costs of stock and work in progress the production of which exceeds more than one year (includes) (does not include) on capital borrowed to finance the production.

Stocks total valued at market value amount to % of its book value at the end of the financial period.  
(This information is only required in the event of a substantial difference).

**Contracts in progress:**

Contracts in progress are valued (at production cost)  
(at production cost increased by a portion of the profit according to the state of completion of the contract)

**4. Liabilities****Debts:**

Liabilities ~~(include)~~ (do not include) long-term debts, bearing no interests or at an unusual low interest; if so, a discount (has) (has not) been recognised and capitalised.



**VALUATION RULES****Foreign currencies:**

Debts, liabilities and commitments denominated in foreign currencies are translated in EUR using following criteria:

Exchange differences have been disclosed in the annual accounts as follows:

**Leasing agreements:**

Concerning the rights to use property not capitalised (*art. 102, § 1 of the Royal Decree of 30 January 2001 in implementation of Company Law*), consideration and rental relating to the financial period if the leased immovable property, amount to: EUR.

**OTHER DOCUMENTS TO BE DEPOSITED IN ACCORDANCE  
WITH THE COMPANIES CODE****MANAGEMENT REPORT**

**X-Fab Silicon Foundries  
Societas Europaea  
Public European limited company  
Transportstraat 1  
3980 Tessenderlo  
Register Legal Persons Hasselt 0882.390.885**

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**ANNUAL REPORT CONCERNING THE FINANCIAL YEAR ENDED AT  
DECEMBER 31, 2017**

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According legal requirements, we have the honour to report to you on the economic situation of the company concerning the financial year covering the period from January 1st, 2017 till December 31st, 2017.

This Annual Report and also the Annual Accounts will be made available to you.

**1. Comments on the Annual Accounts**

X-FAB Silicon Foundries SE was founded on July 5<sup>th</sup>, 2006 as X-FAB Silicon Foundries NV. On November 4<sup>th</sup>, 2011 it changed its form to a European Company (Societas Europaea/SE). The company currently still takes the form of a European Company and acts as a holding company, mainly investing in 'pure-play semiconductor wafer' companies. The registered office of the company is located at Transportstraat 1, 3980 Tessenderlo, Belgium.

These comments are based on the balance sheet after appropriation and are consequently valid under reservation of approval of the proposed appropriation by the ordinary general meeting.

The draft of the annual accounts has been drawn up in accordance with the provisions of the Royal Decree of 30 January, 2001 concerning the implementation of the Companies Code, and more in particular book II, title I concerning the annual accounts of companies and in accordance with the special legal and regulatory provisions applying to the Company.

The company realized a turnover of 5,8 mio EUR. The total turnover increased by 64,7% compared to 2016.

The operating loss in 2017 amounted to 6 mio EUR, while the operating loss last year was only 145k EUR. This change can mainly be attributed to, on the one hand, an increase in Operating charges of 8,1 mio EUR for Services and other goods, and on the other hand, on an increased Turnover of 2,3 mio EUR. The costs related to the IPO lead to an increase in the Services and other goods. The increase in other charges caused higher recharging of management and administrative services to her subsidiaries.

The profit to be appropriated for this financial year amounts to 3,7 mio EUR since the financial result is positive by 9,7 mio EUR. This positive result is mainly attributable to the dividend payment by X-FAB Sarawak Sdn. Bhd. Together with the Profit to be carried

**OTHER DOCUMENTS TO BE DEPOSITED IN ACCORDANCE  
WITH THE COMPANIES CODE**

**MANAGEMENT REPORT**

forward from the previous financial year (2,4 mio EUR), the total Profit to be appropriated amounts to 6,1 mio EUR.

The total balance sheet increased with 247 mio EUR.

In 2017, the Financial fixed assets increased from 510 mio EUR to 618 mio EUR, mainly due to the increase in Amounts receivable from X-FAB France and X-FAB MEMS Foudry

The Current assets increased with 136,6 mio EUR as a result of the increase in Cash at bank and in hand of 111 mio EUR and an increase of 27,6 mio EUR in the Other amounts receivable from Associated parties, and mainly from X-FAB AG.

At the Equity and liabilities side, the total increase of 247 mio EUR can be attributed to an increase in Issued capital for an amount of 253,8 mio EUR as a result of the IPO and a decrease of the Amounts payable within one year of 6,5 mio EUR.

**2. Appropriation of the results**

The Board of Directors proposes to present the profit to be appropriated of 6.119.675 EUR as follows:

- Dividends	0 EUR
- Transfer to legal reserves	186.295 EUR
- Transfer to other reserves	0 EUR
- Profit to be carried forward	5.933.380 EUR

**3. Important events after the closing of the financial year**

Since the closing of the financial year ending on December 31st, 2017, no special events have occurred that may significantly influence the results or the financial situation of the company.

**4. Research and Development**

The research and development expenses made during the financial year by the X-FAB group are described in section 6.3 of chapter 5 of the consolidated report.

**5. Branch Offices**

The company has no branch offices.

**6. Information about the circumstances that could have a considerable impact on the development of the company**

We do not expect any circumstances that could have a considerable impact on the evolution of our company.

**OTHER DOCUMENTS TO BE DEPOSITED IN ACCORDANCE  
WITH THE COMPANIES CODE****MANAGEMENT REPORT****7. Risks and uncertainties related to the company and its subsidiaries**

An investment in shares involves risks and uncertainties. Prior to making a decision to invest into shares of X-FAB, the information provided in this annual report and, in particular, the risks and uncertainties described below should be read and considered carefully. The occurrence of any of these risks could adversely affect the Company's business, results of operations, and/or financial condition.

Risks relating to X-FAB's business and the semiconductor industry

**Structural trends in the markets for the end-user products produced by X-FAB's customers, or material volatility in demand for these products, may limit X-FAB's ability to maintain or increase sales and profit levels.**

A significant portion of X-FAB's revenues is derived from customers who use ICs manufactured by the Group as components for the production of a wide range of products including automotive, industrial, medical, and communications devices. If consumer demand for these products is volatile, or past and expected structural growth trends in these industries do not continue, it may lead to reduced demand for X-FAB's analog/mixed-signal ICs.

**A global systemic economic or financial crisis, increased political uncertainty, or increased economic protectionism could negatively affect X-FAB.**

X-FAB's business is subject to inherent and indirect risks arising from general and sector-specific economic conditions in the markets in which it operates. In recent years, several major systemic economic and financial crises and events leading to political uncertainty have negatively affected global business conditions, the semiconductor industry, and a variety of consumer and industrial markets. X-FAB's protection against downturns is limited, since a substantial majority of customer contracts do not contain minimum order requirements, and as a result any decline or slow GDP growth, whether caused by political uncertainty, changes in trade regulation, or broader economic conditions, which leads to reduced consumer and industrial spending, may adversely impact X-FAB's customers and result in lower demand for its analog/mixed-signal ICs.

**A significant portion of X-FAB's revenue comes from a relatively limited number of customers, with its largest customer being a related party.**

X-FAB's largest customer accounted for 35% of the Group's revenue in 2017, while the Group's top three customers accounted for 58% of revenue and its top five customers accounted for 65% of revenue during the year. None of X-FAB's customers are prohibited by contract from purchasing from other semiconductor suppliers. In the past, customers have switched to other semiconductor suppliers with little or no notice, or have notified the Group that they would source semiconductors for new end-user products from other semiconductor manufacturers. Further, Melexis is a related party, as it is controlled by X-FAB's largest shareholder, XTRION (which is beneficially owned by Roland Duchâtelet, Rudi De Winter and Françoise Chombar, and X-FAB's CEO, Rudi De Winter, is married to Melexis' CEO Françoise Chombar). Changes in X-FAB's relationships with its top customers, the loss of one or more of these customers, or a change in the competitive position of any of these customers could have a material adverse impact on X-FAB.

**Due to X-FAB's relatively fixed-cost structure, its ability to grow profitability is dependent on its ability to maintain appropriate utilization levels.**

The profitability of X-FAB's operations is closely tied to its level of utilization. X-FAB's ability to improve or maintain utilization levels depends, among other things, on the general economic environment, the success of its major customers, and its ability to offer

**OTHER DOCUMENTS TO BE DEPOSITED IN ACCORDANCE  
WITH THE COMPANIES CODE****MANAGEMENT REPORT**

the technologies and processes required for it to stay competitive. Failure to maintain or improve utilization levels could have a material adverse impact on X-FAB.

**X-FAB faces difficulties in forecasting demand and may therefore be unable to match its production capacity to demand.**

Difficulties in projecting future business levels make it more difficult to reach and to maintain optimal utilization levels and adequately predict capacity needs across X-FAB's operations. Because customers usually place orders on a short-term basis, X-FAB may face difficulties accurately predicting demand. Significant capacity problems or inability or delay in shifting production to another fab could harm X-FAB's relationships with its customers and lead to lost sales.

**X-FAB may be unsuccessful in its attempts to increase its production capacity and capabilities.**

As part of its strategy to expand capacity, X-FAB intends to expand capabilities and capacity at the Group's existing sites. Although X-FAB does not have any current targets for future acquisitions, the Group may acquire additional companies or production sites over the medium term. X-FAB may also seek to grow its production capacity through the development of new manufacturing sites. Failure to integrate any acquired company, fab, or technology successfully, or to achieve desired synergies, may inhibit X-FAB's future expansion.

**X-FAB may not realize all the anticipated benefits from its acquisition of Altis' core business.**

X-FAB acquired the Altis assets in 2016, including a fab located in Corbeil-Essonnes, France. The integration process includes a series of technology introductions, capacity enhancements, adoptions of Group-wide systems, and implementation of cost-efficiency measures. X-FAB may encounter delays or interruptions in this integration process, among others due to delays in customer qualifications in the fab or a need to make additional capital expenditures. Further, the Group may face risks meeting targeted returns in the event of a decline in operating levels since it has committed to keep at least 800 staff employed at the fab until 2021. There can be no assurance that this integration will be successful, that X-FAB will meet targeted synergies or financial returns at the new facility, or that X-FAB will be able to keep all existing customers to secure satisfactory fab utilization during the business transition.

**X-FAB's expectations of an increase in market share by foundries might not occur.**

A key component of X-FAB's strategy is its belief that the market for foundries will grow, due to increased outsourcing of analog/mixed-signal ICs by IDMs and increasing prevalence of fabless companies. Although this trend has been prevalent in the digital IC market, it may not develop to the same extent in the market for analog/mixed-signal ICs. If increasing market growth for foundries were to slow or reverse, it could have a material adverse impact on X-FAB.

**X-FAB may face increasing competition.**

Although X-FAB operates in a narrow market segment within the broader semiconductor manufacturing industry, the Group faces competition from other semiconductor producers, some of which have greater manufacturing, financial, research and development, and marketing resources than X-FAB does. In the long term, these competitors may win a higher portion of new customers than X-FAB, or win existing customers from X-FAB. If X-FAB cannot provide the same level of design and engineering support, capacity, or advanced capabilities as competitors, it may have a material adverse effect on X-FAB.

**OTHER DOCUMENTS TO BE DEPOSITED IN ACCORDANCE  
WITH THE COMPANIES CODE****MANAGEMENT REPORT****X-FAB may face competitive pricing pressures.**

Competitors may have an impact on X-FAB's selling prices and demand for its services. Although X-FAB has not experienced significant pricing pressure in the past, there can be no assurance this will be the case in the future. Significant declines in Average Selling Prices (ASPs) could have a material adverse effect on X-FAB.

**X-FAB is subject to risks associated with currency fluctuations.**

X-FAB records its financial results in US dollars, but receives revenues and incurs costs in a variety of currencies, including euros and Malaysian ringgit. Changes in the exchange rate of the US dollar to the euro or Malaysian ringgit could result in translational losses in a given year, as compared to prior operating periods, or a mismatch between local currency expenses and US dollar revenues. X-FAB has engaged in exchange rate hedging transactions, but these only cover a portion of the Group's business and may not be effective in preventing exchange rate losses. For price, credit, liquidity and cash flow risks as well as the use of financial instruments, please refer to section 10 of the notes in chapter 5, X-FAB Consolidated Financial Statements.

**X-FAB is also subject to the following risks:**

- X-FAB depends on successful technological advances.
- X-FAB depends on successful materials, machinery, and component procurement for its manufacturing processes.
- X-FAB may be unable to recruit or retain the personnel required for its growth strategy.
- X-FAB may be affected by reductions in government subsidies and grants and could fail to comply with the conditions and obligations under such subsidy programs.
- Industry studies, forecasts, and growth rates relating to the semiconductor market as a whole may not be indicative of X-FAB's operations within the analog/mixed-signal semiconductor market.
- X-FAB's ability to compete successfully and achieve future growth will depend, in part, on its ability to protect its proprietary technology.
- X-FAB may be subject to claims for alleged infringement of third parties' intellectual property rights.
- X-FAB depends on intellectual property rights of third parties, and failure to maintain or acquire licenses could harm the Group's business.
- X-FAB could be adversely affected by manufacturing interruptions.
- If X-FAB experiences difficulty in achieving acceptable device yields or process performance as a result of manufacturing problems, it could result in delayed deliveries.
- X-FAB's insurance coverage may not be adequate to compensate for any interruptions or loss of business.
- X-FAB could incur material costs to comply with regulation, including environmental and health and safety laws.
- X-FAB may be subject to litigation, disputes, or other legal proceedings.
- X-FAB carries a significant amount of deferred tax assets on its balance sheet.

**OTHER DOCUMENTS TO BE DEPOSITED IN ACCORDANCE  
WITH THE COMPANIES CODE****MANAGEMENT REPORT****Risks related to the shares:**

- The interests of X-FAB's principal shareholder may not necessarily be aligned with X-FAB's interests or the interests of the holders of the shares.
- Future sales of substantial amounts of X-FAB's ordinary shares, or the perception that such sales could occur, could adversely affect the market value of the shares.
- X-FAB may not be able to pay dividends.
- Investors with a reference currency other than euros will become subject to foreign exchange rate risk when investing in the shares.
- Any sale, purchase, or exchange of shares may become subject to the financial transaction tax.
- Certain provisions of the Belgian Company Code and the Articles of Association may affect potential takeover attempts and may affect the market price of the shares.

**Forward-looking information**

This annual report may include forward-looking statements. Forward-looking statements are statements regarding or based upon management's current intentions, beliefs, or expectations relating to, among other things, X-FAB's future results of operations, financial condition, liquidity, prospects, growth, strategies, or developments in the industry in which it operates. By their nature, forward-looking statements are subject to risks, uncertainties, and assumptions that could cause actual results or future events to differ materially from those expressed or implied thereby. These risks, uncertainties, and assumptions could adversely affect the outcome and financial effects of the plans and events described herein. Forward-looking statements contained in this annual report regarding trends or current activities should not be taken as a report that such trends or activities will continue in the future. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. You should not place undue reliance on any such forward-looking statements, which speak only as of the date of this annual report. The information contained in this annual report is subject to change without notice. No re-report or warranty, express or implied, is made as to the fairness, accuracy, reasonableness, or completeness of the information contained herein, and no reliance should be placed on it.

**8. Financial instruments**

The X-FAB group uses derivative financial instruments as described in section 10 of chapter 5 of the consolidated report.

**9. Independence and expertise regarding accounting and audit of at least one member of the Audit Committee**

According to Article 526bis, paragraph 2 of the Belgian Companies Code the members of the Audit Committee dispose of a collective expertise in the field of the Company's activities. At least one of them shall have accounting and audit expertise. Given his education as well as extensive experience as a board member for a number of different companies, Mr. Hamid Bin Bugo complies with this latest requirement

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The Royal Decree of June 6, 2010 (published in the Belgian Official Gazette on June 28, 2010) designated the Belgian Code on Corporate Governance 2009 as the reference code for Belgian listed companies. This Code is available for download on the website of the Belgian Corporate Governance Committee ([www.corporategovernancecommittee.be](http://www.corporategovernancecommittee.be)).

X-FAB has aligned its Corporate Governance Charter with the 2009 Belgian Code on Corporate Governance. In view of the “comply-or-explain” principle of the Code, Section 12 of X-FAB’s Corporate Governance Charter gives an overview of the provisions of the Code that X-FAB does not comply with, along with an explanation of the reasons for non-compliance. The Corporate Governance Charter can be consulted on the “Investors” page of the Company’s website.

**10.1 Shareholders**

X-FAB seeks to guarantee transparent and clear communication with its shareholders. Active participation of the shareholders is encouraged by X-FAB.

In order to achieve this goal, shareholders can find important and relevant information on X-FAB’s website. X-FAB publishes its annual reports, half-year reports, statutory reports, quarterly results, and financial calendar on its website in the “Investors” section. X-FAB realizes that the publication of these reports and information benefits its trust-based relationship with its shareholders and other stakeholders.

Furthermore, X-FAB is committed to guaranteeing shareholder rights.

- At the shareholders’ meeting, the Chairman will lead the meeting in such a manner that there will be sufficient time to answer questions that shareholders may have relating to the annual report, special reports, and/or the items on the agenda.
- At the latest 30 days prior to the general meeting, the agenda and other relevant documents are published in different locations including X-FAB’s website and the Belgian Official Gazette.
- Shareholders representing at least 10% of the share capital have the right to add items and/or resolution proposals to the agenda.
- During the general meeting, shareholders have the right to vote on each item on the agenda. If they cannot attend the general meeting, they have the right to appoint a proxy.
- The minutes of the general meeting with the voting results will be kept in a special register after the general meeting.

Chapter 8 of the consolidated financial report shows the shareholder structure of X-FAB based on the transparency notifications received and contains more details on the IPO.

**10.2 Management structure**

X-FAB has opted for a “one-tier” governance structure whereby the Board of Directors is the ultimate decision-making body, with overall responsibility for the management and control of the Company. The Board of Directors is vested with the power to perform all acts that are necessary or useful for the realization of the Company’s purpose, except for those actions that are specifically reserved by law or the Articles of Association to the shareholders’ meeting or other management bodies. As such, the Board among others



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defines the general policy orientations, decides on major strategic, financial, and operational matters, and oversees the management.

The Board has established committees (an Audit Committee and a Remuneration and Nomination Committee) to analyze specific issues and advise the Board on those issues. The decision-making power remains within the responsibility of the Board of Directors itself.

The daily management of X-FAB has been delegated by the Board of Directors to the Chief Executive Officer, Mr. Rudi De Winter, who can represent the Company with his sole signature within and outside the framework of the daily management. For actions that fall outside the scope of the daily management, X-FAB is also validly represented by two directors acting jointly.

The Chief Executive Officer is also the chairman of the Executive Management. The Executive Management is responsible for leading X-FAB in accordance with the global strategy, values, planning, and budgets as set out and approved by the Board of Directors. The Executive Management is also responsible for screening the various risks and opportunities that the Company might encounter in the short, medium, or longer term, as well as for ensuring that systems are in place to identify and address these risks and opportunities.

**10.3 Board of Directors**Composition

In accordance with Article 15 of X-FAB's Articles of Association, the Board of Directors consists of at least five members and may be comprised of a maximum of nine members. At least three members should be independent in accordance with Article 526ter of the Companies Code. As of the date of this annual report, the Board of Directors comprises eight members, three of which are indeed independent.

At least half of the Board of Directors consists of non-executive members and there is at least one executive member. Independent directors qualify as non-executive directors.

The term of office of directors under Belgian law is limited to six years (renewable) but the Corporate Governance Code recommends that it be limited to four years. Directors of X-FAB are appointed for a period of four years by the majority of the votes cast at the general meeting, after having received a recommendation of the Remuneration and Nomination Committee. In the same way the general meeting may revoke a director at any time. There is no age limit for directors, and directors with an expiring mandate can be reappointed within the limits stipulated in the Companies Code.

The Chief Executive Officer is the only member of the Board of Directors that has an executive mandate. The Chairman of the Board is Mr. Ahmad Tarmizi Bin Haji Sulaiman.

Mr. Matthias Bopp was member of the Board of Directors until he resigned on July 17, 2017. The remaining directors decided unanimously on August 4, 2017 to appoint Aurore NV (represented by Ms. Christine Juliam) as independent director effective immediately. This appointment is subject to the confirmation of the shareholders' meeting in 2018.

The composition of the Board of Directors already takes into account Article 518bis of the Companies Code which requires that one third of its members have to be of a different gender.

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The directors of X-FAB are:

Name	Age	Mandate expires	Position
Dato Sri Ahmad Tarmizi bin Haji Sulaiman	55	2021	Chairman of the Board (non-executive director)
Sensinnovat BVBA (Represented by Rudi De Winter)	57	2021	Managing Director, CEO
Roland Duchâtelet	71	2021	Non-executive director
Thomas Hans-Jürgen Straub	63	2021	Non-executive director
Tan Sri Dr. Hamid Bin Bugo	72	2021	Non-executive director
Aurore NV (Represented by Christine Juliam) (as from August 4, 2017)	57	2018	Non-executive and independent director
Christel Verschaeren	53	2021	Non-executive and independent director
Estelle Iacona	45	2021	Non-executive and independent director

**Mr. Dato Sri Ahmad Tarmizi bin Haji Sulaiman**, Chairman, is the State Financial Secretary of the Malaysian State of Sarawak since July 1, 2004. Prior to his current appointment, he was the Deputy State Financial Secretary of the Malaysian State of Sarawak since October 1, 2002. He served as the Chief Executive Officer of Amanah Saham Sarawak Berhad from August 1993 to September 2002. He was the fund manager at Arab-Malaysian Merchant Bank Berhad and, following that, American International Assurance. He is currently also a board member of several corporate and governmental agencies. He has a degree in business administration from Syracuse University, New York, and a master in business administration from the University of Wisconsin, USA.

**Sensinnovat BVBA** is represented by Mr. Rudi De Winter. Mr. De Winter joined X-FAB in 2011 as Co-CEO and became CEO in 2014. Between 1996 and 2011 he served as the Chief Executive Officer and Managing Director of Melexis NV. Prior to that date, Mr. De Winter served as a development engineer at Mietec Alcatel (Belgium) from 1984 to 1985 and as a development manager at Elmos GmbH (Germany) from 1985 to 1989. In 1990, Mr. De Winter became director together with Mr. Duchâtelet of Xtrion NV, the parent company of X-FAB. Mr. De Winter holds a degree in electronic engineering from the University of Ghent. Mr. De Winter is married to Ms. Chombar, the Chief Executive Officer and Managing Director of Melexis NV.

**Mr. Roland Duchâtelet** started his career serving in various positions in production, product development, and marketing functions for several large and small companies. He contributed to the start-up of two other semiconductor manufacturers: Mietec Alcatel (Belgium) from 1983 to 1985 as business development/sales manager and Elmos GmbH (Germany) from 1985 to 1989 as marketing manager. Mr. Duchâtelet is the co-founder of the parent company of X-FAB. He holds a degree in electronic engineering and applied economics and an MBA from the University of Leuven.

**Mr. Thomas Hans-Jürgen Straub** has more than 30 years of experience in the management of semiconductor companies. From 1982 to 1990, Mr. Straub served as Director of Central Planning at the Kombinat Mikroelektronik in Erfurt. Thereafter, Mr. Straub was a member of the managing board of PTC Electronic AG, a holding company that managed 18 subsidiaries. From 1991 to 1999, Mr. Straub served as president of

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several companies, including Mikroelektronik und Technologie-Gesellschaft mbH, Dresden and Thesys Gesellschaft für Mikroelektronik mbH, Erfurt. From 1999 to 2014, Mr. Straub served as Chief Executive Officer of X-FAB. Mr. Straub holds a diploma in economics from the Hochschule für Ökonomie Berlin (Berlin Business School).

**Mr Tan Sri (Dr) Hamid Bugo** has worked as Personnel Manager for Malaysia LNG Sdn Bhd, a joint venture between Petronas, SHELL and Mitsubishi. He was the first General Manager of Land Custody and Development Authority, Sarawak; Permanent Secretary to the Ministry of Resource Planning and State Secretary of Sarawak. Tan Sri (Dr) Hamid Bugo also served as a board member of several corporate and governmental agencies and charitable organizations. Tan Sri (Dr) Hamid Bugo is a graduate in economics and political science. He studied at the University of Canterbury, New Zealand. He has a post-graduate diploma in teaching from Christchurch Teachers' College, New Zealand and a certificate in business studies from the Harvard Institute of Development Studies, USA. He was awarded an honorary PhD in commerce by Lincoln University, New Zealand. Currently, he sits on the Board of Sapura Energy Berhad, Sarawak Consolidated Industries Berhad and the Institute of Integrity, Malaysia.

**Aurore NV** is represented by Ms. Christine Juliam. She started her career in clinical research at MSD in Belgium before moving into product management, and subsequently into sales, marketing, and business planning responsibilities. In July 1996 she started to work for Abbott Belgium as director of its pharmaceutical product division and joined Nycomed as Managing Director Belgium/Luxembourg in 2006. From 2011 onwards she was Region Head for France, the Netherlands, Belgium, and Luxembourg for Nycomed, which was acquired by Takeda in the same year. Subsequently, Ms. Juliam managed Takeda Italy and France as country manager between 2013 and 2017. Chris Juliam has a doctor of medicine degree from the University of Ghent, a license in marketing from St. Aloysius College in Brussels, a master's in management from Solvay Commercial School in Brussels, and an MBA from Northwestern University.

**Ms. Christel Verschaeren** served for 29 years at IBM. She held different technical positions as well as commercial leadership positions in general business, channel sales, and inside sales. She led business operations for IBM Belgium/Luxembourg for three years. In 2005 she became Director of Business Transformation and IT for IBM Europe. From 2010 until 2012 she served as Director Global Organizational Change Management. From 2012 until 2016 she was the VP of CIO Services in EMEA. Ms. Verschaeren holds a master's in economics from the University of Antwerp.

**Ms. Estelle Iacona** was a director of EM2C laboratory (CNRS, École Centrale Paris) from 2008 to 2012 after which she became Dean and Vice-President Research of the École Centrale Paris until December 2014. In 2014 she also became Dean and Vice-President Research and Industrial Partnership of the École Supérieure d'Électricité (Supélec) in Paris. From January 2015 until September 2016 she was the Dean and Vice-President Research of the CentraleSupélec. Currently, Ms. Iacona is Executive Vice-President for Academic Affairs and Research Professor in the CentraleSupélec and member of the board of École Centrale Casablanca. Ms. Iacona holds an engineering degree and a master of science from the University of Nantes (PolytechNantes) and a PhD in physics of transfer from the École Centrale Paris.

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The Articles of Association (Article 16) and the X-FAB Corporate Governance Charter contain specific rules concerning the (re)appointment, the induction, and the evaluation of directors.

Directors are appointed for a term not exceeding four years by the general meeting of shareholders, who can also revoke their mandate at any time. An appointment or dismissal requires a simple majority of the votes cast.

If and when a position of a director prematurely becomes vacant within the Board, the remaining directors have the right to temporarily appoint a new director until the next general meeting which shall confirm such appointment. Said appointment will then be included in the agenda of the next general meeting.

The Remuneration and Nomination Committee makes recommendations to the Board with regard to the appointment of directors, the CEO, and the other members of the Executive Management. The Committee will consider proposals made by the members of the Board or other relevant parties.

Functioning of the Board

The internal regulation of the Board is part of the Corporate Governance Charter. In principle, the Board of Directors meets on a quarterly basis. Additional meetings may be called with appropriate notice at any time to address specific needs of the business. A meeting of the Board of Directors must in any event be convened if so requested by at least two directors.

The Board convened ten times in 2017 and discussed, among others, the following topics:

- financial results of the Group;
- merger and acquisition activity;
- strategic review;
- budget for the financial years 2018-2020; and
- management structure.

Mr. Dato Sri Ahmad Tarnizi Bin Sulaiman and Aurore NV, represented by Christine Juliam, could not attend one meeting of the Board. Mr. Dato Sri Ahmad Tarnizi Bin Sulaiman was represented by a proxyholder during three other meetings. Mr. Hamid Bin Bugo was represented by proxy during two meetings of the Board.

**10.4 Committees**Audit Committee

The Audit Committee advises the Board of Directors on accounting, audit, and internal control matters as further detailed in the Company's Corporate Governance Charter. The Audit Committee also assists the Executive Management in its assessment and follow-up of the auditor's recommendations.

The Audit Committee is composed of four non-executive members: Mr. Hamid Bin Bugo, Chairman; Aurore NV, represented by Ms. Christine Juliam, independent director; Ms. Christel Verschaeren, independent director; and Ms. Estelle Iacona, independent director.

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According to Article 526bis, section 2 of the Belgian Companies Code the members of the Audit Committee dispose of a collective expertise in the field of the Company's activities. At least one of them shall have accounting and audit expertise. Given his education as well as extensive experience as a board member for a number of different companies, Mr. Hamid Bin Bugo complies with this requirement.

Since X-FAB became a listed company in April 2017, the Audit Committee only met twice during the remainder of 2017. During these meetings the audit plan and key audit matters were discussed with the external auditor. There were also discussions on upcoming regulatory requirements. At the first meeting Mr. Matthias Bopp did not attend because the committee meeting took place after his resignation and before the appointment of Aurore NV (represented by Ms. Christine Juliam). All other members did attend the meeting. At the second meeting of the Audit Committee only Mr. Hamid Bin Bugo did not attend.

### Remuneration and Nomination Committee

The Remuneration and Nomination Committee advises the Board of Directors principally on matters regarding the appointment and remuneration of directors and members of the Executive Management.

The Remuneration and Nomination Committee is composed of four non-executive members: Ms. Christel Verschaeren, Chairman, Aurore NV, represented by Ms. Christine Juliam, independent director, Mr. Hamid Bin Bugo, non-executive director, and Ms. Estelle Iacona, independent director.

The Remuneration and Nomination Committee met twice in 2017. At the first meeting, all members were present. At the second meeting, where a successor to Mr. Matthias Bopp was discussed, all remaining members were present.

## **10.5 Executive Management**

### Composition

The Executive Management is composed of the following members:

Name	Age	Position
Rudi De Winter	57	Chief Executive Officer
Alba Morganti	49	Chief Financial Officer
Dr. Manfred Riemer	62	Chief Operating Officer
Dr. Jens Kosch	57	Chief Technology Officer
Mike Young	57	Chief Executive Officer, X-FAB Sarawak
Jean-Paul Beisson	64	Chief Executive Officer, X-FAB France
Lloyd Whetzel	60	Chief Executive Officer, X-FAB Texas
Dr. Dirk Drescher	52	Chief Executive Officer, X-FAB Dresden

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The Executive Management Team is composed of the CEO, the CFO, the COO, the CTO, and the site managers of X-FAB France, X-FAB Sarawak, X-FAB Texas, and X-FAB Dresden. The members are appointed and removed by the Board of Directors after having received the advice of the CEO and the Remuneration and Nomination Committee.

The Executive Management Team exercises the duties assigned to it by the Board of Directors and the CEO, under the ultimate supervision of the Board of Directors.

The CEO leads the Executive Management Team, within the framework established by the Board of Directors and under its ultimate supervision. The CEO chairs the Executive Management Team.

**10.6 Diversity policy**

Three of the eight members of the Board are female. Consequently, the composition of the Board is in line with the requirements of the Belgian Companies Code on diversity.

X-FAB continues to be managed by the Executive Management in place prior to the initial public offering in light of their proven track record. Nevertheless, X-FAB will continue to optimize its recruitment policy and will consider gender diversity in future recruitments. An example of this is the appointment of Ms. Alba Morganti as new CFO of the Company effective November 1, 2017.

**10.7 Remuneration Report**Remuneration of directors

The remuneration policy of the directors is determined by the shareholders' meeting. The company's non-executive directors are remunerated for their services with a fixed annual compensation for attending Board meetings, as well as meetings of the Remuneration and Nomination Committee and the Audit Committee in which they are appointed. X-FAB strives to set the remuneration in such a way to ensure the right people can be attracted and to ensure directors can spend sufficient time on their mandate. The remuneration policy will not materially change in the next two financial years.

If members of the Executive Management are appointed as director in the Board, their director mandate will not be remunerated, but they will receive remuneration for their executive duties within the Company.

The general meeting approved a fixed annual remuneration of EUR 15,000, an additional annual remuneration of EUR 5,000 for each membership in a Board committee as well as a reimbursement of reasonable costs to attend the Board and/or committee meetings. The directors are expected to uphold the expenditure policy within X-FAB and to submit suitable justification for their costs. Mr. Roland Duchâtelet waived his right to receive any remuneration as non-executive Board member. In 2017, X-FAB paid in total EUR 109,998 as remuneration to the non-executive directors and EUR 30,000 as reimbursement of costs as follows:

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Name	Remuneration (in EUR)	Remuneration (in USD)	Costs (in EUR)	Costs (in USD)
Dato Sri Ahmad Tarmizi bin Haji Sulaiman	EUR 15,000	USD 16,934	EUR 15,000	USD 16,934
Roland Duchâtelet	-	-	-	-
Thomas Hans-Jürgen Straub	EUR 15,000	USD 16,934	-	-
Hamid Bin Bugo	EUR 25,000	USD 28,223	EUR 15,000	USD 16,934
Aurore NV (represented by Christine Juliam)	EUR 10,190	USD 11,504	-	-
Christel Verschaeren	EUR 18,750	USD 21,167	-	-
Estelle Iacona	EUR 18,750	USD 21,167	-	-
Matthias Bopp (until July 17, 2017)	EUR 7,308	USD 8,250	-	-

The performances of directors are evaluated by the Board of Directors to ensure that only persons with competences matching X-FAB's international ambitions are nominated as director.

Remuneration of Executive Management

The Board, upon recommendations by the Remuneration and Nomination Committee, decides on the policy governing the remuneration of the CEO and of the other members of the Executive Management Team, including any share-based or other incentives (without prejudice to the powers of the shareholders' meeting, to the extent applicable). In fixing compensation levels for the Executive Management, both the market pay levels and internal practices are considered.

The remuneration of the Executive Management is designed to:

- ensure that the Company can continually attract, motivate, and retain high-caliber and high-potential executive talent for which the Company competes internationally;
- promote the achievement of Board approved performance goals and targets, aligned with building stakeholder value over the short and longer term; and
- stimulate, recognize, and reward strong individual contribution and team performance.

The Articles of Association, as allowed under the Belgian Companies Code, authorize the Company to deviate from the following rules set out in Article 520ter of the Belgian Companies Code:

- in the event that the variable remuneration constitutes more than 25%, at least 25% of the variable remuneration must relate to predetermined and objectively measurable performance criteria deferred over a minimum period of two years, and at least

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another 25% must relate to such criteria deferred over a minimum period of three years; and

- in respect of share-based remuneration, shares can only vest and options giving the right to receive shares or any other rights to acquire shares can only be exercisable as from three years after the grant.

The compensation of the Executive Management members combines three integrated elements: base salary, variable pay, and other benefits.

The base salaries remain in line with market average. Variable pay payments are dependent on the Company's performance and the individual/team performance measured through the achievement of pre-established targets. They can vary up to 60% of the annual base salary, except for the CEO, who can potentially receive a variable pay up to 50% of his annual base salary. Variable pay is paid out in cash. No shares, options, or other rights to acquire shares are granted as part of the compensation. The other benefits concern only a smaller part of the total compensation of the Executive Management.

The Remuneration and Nomination Committee evaluates the performance of the CEO and discusses with the CEO the performance of the other members of the Executive Management.

The Remuneration and Nomination Committee then makes recommendations to the Board of Directors with respect to the compensation level of the CEO and the other members of the Executive Management based on performance outputs and a benchmark analysis of compensation levels for similar positions at comparable companies. The Company has not materially deviated from its remuneration policy during the reported financial year and has no plans to materially change the policy in the next two financial years.

### CEO

The remuneration of the CEO will be based on recommendations made by the Remuneration and Nomination Committee. The remuneration is determined by the Board of Directors.

Of all the members of the Executive Management only the CEO is also a member of the Board of Directors. The CEO does not receive additional remuneration for this mandate.

The remuneration of the CEO is composed of a fixed amount and a variable pay. The variable pay of the CEO may vary up to 50% of the determined fixed compensation.

In 2017, the CEO received a fixed remuneration amounting to EUR 250,000 and a variable pay of EUR 125,000.

<b>Sensinnovat BVBA (represented by Rudi De Winter)</b>	<b>Remuneration 2017 (in EUR)</b>	<b>Remuneration 2017 (in USD)</b>
Base remuneration	EUR 250,000	USD 292,425
Variable remuneration	EUR 125,000*	USD 140,162*
Pension	EUR 0	USD 0
Extra-legal arrangements	EUR 0	USD 0
Reimbursement of costs	EUR 15,237	USD 18,266

\*Note: the variable remuneration represents the amount paid in 2017 for performance in 2016.



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The CEO does not benefit from contributions to a pension scheme, nor does he have any extra-legal arrangements through an individual/group insurance paid for by the Company, nor does he receive any other fringe benefits.

### Other Executive Managers

The total amount of the fixed remuneration of the other members of the Executive Management amounted to USD 1,360,785 in 2017. The total of the 2017 variable pay component payouts amounted to USD 280,473.

Executive Managers	Remuneration 2017 (in EUR)	Remuneration 2017 (in USD)
Base remuneration	EUR 1,205,376	USD 1,360,785
Variable remuneration	EUR 248,441	USD 280,473*
Pension	EUR 56,155	USD 63,395
Extra-legal arrangements	EUR 146,959	USD 165,906
Reimbursement of costs	EUR 7,056	USD 7,966

\*Note: the variable remuneration represents the amount paid in 2017 for performance in 2016.

The Executive Management variable pay scheme does not include a multi-year payout horizon so far.

The annual variable pay opportunities of the Executive Management, except for the CEO, can constitute up to maximum 60% of the annual base remuneration, and include (i) a global business performance measured through revenue growth and EBIT growth, which represents a 50% opportunity of the total variable pay (ii) an assessment of individual performance measured through achievement of pre-established targets, which represents a 50% opportunity of the total variable pay.

In the event that any variable remuneration would be paid based on incorrect financial data, such miscalculation could be compensated with the payment of future remuneration.

The members of the Executive Management, except for the CEO, also benefit from extra-legal arrangements through a group insurance that is in effect in their respective home countries, i.e. pension, life insurance, disability, and medical insurance, all defined contribution schemes. All these group insurance elements are in line with home country market practices and only represent a minor portion of their remuneration.

Members of the Executive Management have contractual agreements with the Company or with a subsidiary of the Company that provide for severance payments in case of termination of the cooperation in line with the applicable laws of the country where the Company or its subsidiary is located.

In 2017, one member of the Executive Management Team chose to pursue a career in a different field. In order to ensure continuity within the management of the organization, the Board agreed to a severance payment. The amount of the severance payment was the result of bilateral negotiations between the Executive Manager and the Board, with close involvement of the Remuneration and Nomination Committee.

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According to Article 523 of the Companies Code a member of the Board of Directors has to inform the other directors about any item on the agenda of the Board that will cause a direct or indirect conflict of interest of a financial nature to him/her. In this event the respective director may not participate in the deliberation and voting on this agenda item.

Pursuant to Article 524 of the Belgian Companies Code, companies listed on the stock exchange must follow a special procedure before decisions are taken or operations are executed concerning (i) the relations of the listed company with an affiliated company, except its subsidiaries, and (ii) the relations between a subsidiary of the listed company and an affiliated company of the subsidiary, other than a subsidiary of the subsidiary. Prior to the decision or transaction, a committee composed of three independent directors, assisted by one or more independent experts, must prepare written advice for the Board of Directors. The auditor delivers an opinion regarding the accuracy of the information contained in the committee advice and in the minutes of the Board of Directors' decision. The advice of the committee, an excerpt from the minutes of the Board of Directors, and the opinion of the auditor have to be recorded in the annual report of the Company.

In 2017, there was one topic on the agenda of the Board of Directors meeting of 17 March for which there was a conflict of interest. It concerned the approval of the management contract of the CEO. Please find the full excerpt of the board minutes on this subject below:

***“3.Approval of the Management Contract of the CEO******3.1 Conflict of interest***

*Before proceeding with the deliberation on this agenda item, Rui De Winter, permanent representative of Sensinnovat BVBA, director of the Company, declares to have a conflicting interest of a patrimonial nature in a decision within the authority of the Board of Directors, with regard to entering into Management Agreements with the Company (the Management Agreement).*

*This conflict of interest arises from the fact that Sensinnovat BVBA is both a director of the Company and a party to the Management Agreement.*

*The Management Agreement will have property consequences for the Company as the Company will have to pay a management fee to Sensinnovat BVBA under this agreement to compensate for the provision of its services under the Management Agreement.*

*Pursuant to Article 9 of Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Statute for a European company (the 'SE Regulation') juncto Article 523 of the Company Code, a conflict of interest in a company whose shares are not admitted to trading on a regulated market, does not preclude participation in the deliberation and voting on the decision for which there may be a conflict of interest, by the manager in question.*

*Pursuant to article 9 of the SE Regulation juncto article 523 of the Company Code, the external auditor of the Company, KPMG Bedrijfsrevisoren Burg CVBA, permanently represented by Herwig Carmans, will be informed of the existence of the conflict of interest. Furthermore, the relevant excerpts of these minutes will be included in their entirety in the annual report of the board of directors.*

***3.2 Approval of the Management Agreement***

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*The board of directors acknowledged the Management Agreement.*

*Knowing the existence of a conflict of interest regarding this agreement, the board of directors nevertheless decided to approve entering into the agreement. The Company needs highly qualified specialists with extensive knowledge and experience in its industry. The board of directors is of the opinion that Sensinnovat BVBA (represented by its permanent representative Rudi De Winter) possesses these skills.*

*The board of directors has decided that the Management Agreement is in the interest of the Company, since, even if it involves the payment of a management fee by the Company to Sensinnovat BVBA, this management fee is in proportion to the services provided by this manager to the Company.*

*RESOLVED the Management Agreement in the form as submitted to the board of directors."*

**Other transactions with directors and Executive Management**

As determined by section 3.6.2 (a) of the X-FAB Corporate Governance Charter, members of the Board of Directors should arrange their personal and business affairs in such a way as to avoid conflicts with X-FAB. Moreover, the members of the Board of Directors and the Executive Management are not permitted to enter, either directly or indirectly, into agreements with X-FAB or any of its subsidiaries for the provision of paid services or goods, unless explicitly authorized by the Board of Directors. Such agreements must always be at arm's length.

In 2017, however, there were no transactions between the Company and its directors or Executive Managers involving a conflict of interest.

**Insider trading**

In compliance with the Belgian Corporate Governance Code 2009 and EU regulation on market abuse (EU No. 596/2014) the X-FAB Insider Trading Policy was updated in 2017. A summary of the Dealing and Disclosure Code has been incorporated into the Corporate Governance Charter of X-FAB. The Dealing and Disclosure Code was approved by the Board of Directors on March 17, 2017.

X-FAB complies with the Belgian provisions on insider trading and market abuse. In this respect a list is kept up to date of all people with managerial responsibilities as well as all other people who have access to sensitive information which could have an effect on the share price.

The purpose of the X-FAB Insider Trading Policy is to prevent the abuse of information which could have a considerable effect on the share price, in particular during the periods prior to the publication of financial results, or decisions or events that can affect the share price. As determined in the X-FAB Insider Trading Policy it is prohibited to sell X-FAB shares during such a closed period. This closed period is a period of 30 calendar days immediately preceding the announcement of the financial results.

Moreover, before trading any company shares, the members of the Board and the Executive Management have to receive the green light from the Compliance Officer and have to report back once the transaction has been completed. Furthermore, in compliance with the same legislation, the members of the Board and the Management have to notify all their transactions above a certain threshold in X-FAB shares to the Belgian Financial Services and Markets Authority, who will publish these notices on its website.

Compliance with the X-FAB Insider Trading Policy will be supported and verified by the Compliance Officer.

**OTHER DOCUMENTS TO BE DEPOSITED IN ACCORDANCE  
WITH THE COMPANIES CODE****MANAGEMENT REPORT****10.9 Internal control and risk assessment procedures in relation to financial reporting**

The internal control and risk assessment procedures in relation to the process of financial reporting are coordinated by the Chief Financial Officer. Such procedures are in place to ensure that the financial reporting is based on reliable information and that the continuity of the financial reporting in conformity with the IFRS accounting principles is guaranteed.

The process of internal control in relation to the financial reporting is based on the following principles:

- Data on transactions or use of assets of the Company are registered accurately and saved in an automated global enterprise resource planning (ERP) system by the different X-FAB business units.
- Accounting transactions are registered in globally standardized operating charts of accounts.
- The financial information is prepared and reported in first instance by the accounting teams in the different legal entities of X-FAB worldwide.
- Consequently the finance managers at the different X-FAB sites will review the prepared and reported local financial information before sending it to the Global Finance Department.
- In the Global Finance Department the financial information will receive its final review before it is included in the consolidated financial statements.

X-FAB is validly represented by the sole signature of the CEO for all aspects within and outside the daily management of the Company. Specific powers are granted to members of the Executive Management to represent X-FAB in matters that relate to the functional area for which they are responsible. For actions that fall outside the scope of the daily management, the Company is validly represented by two directors acting together.

In the event of detection of certain deficiencies, this will be reported to the Executive Management to determine which appropriate measures can be taken.

The risk assessment in connection with the financial reporting is based on the following principles:

- Risks that the Company is confronted with are detected and monitored with the responsible persons of the different departments of the Company.
- By using an automated ERP system, the responsible persons of the departments have permanent access to the financial information with regard to their functional area for monitoring, controlling, and directing purposes with regard to their business activities.
- Closing the accounts at the end of every month warrants that the financial consequences of the identified risks are monitored closely to be able to anticipate to possible adverse evolutions.
- The financial results are also monthly reviewed on a global level.
- A data protection system based on antivirus software, internal and external backup of data, and the controlling of access rights to information protects the Company's information and guarantees the continuity of the financial reporting. The adequacy and integrity of these IT systems and procedures are reviewed regularly.
- In accordance with the 2009 Belgian Code on Corporate Governance X-FAB has set up an internal audit function for its financial department, whose resources and skills

**OTHER DOCUMENTS TO BE DEPOSITED IN ACCORDANCE  
WITH THE COMPANIES CODE****MANAGEMENT REPORT**

are adapted to assess the financial reporting and the risk management of the Company. The Audit Committee receives a periodic summary of the internal audit activities.

**10.10 Description of certain information from the Articles of Association and elements pertinent to a take-over bid**Capital Structure

The registered capital of X-FAB amounts to EUR 657,456,850.68 and is represented by 130,781,669 equal shares without par value. The shares are in registered or dematerialized form.

Restriction on the transfer of securities

The Articles of Association contain no restrictions on the transfer of the shares. The Board of Directors is furthermore not aware of any restrictions imposed by law on the transfer of shares by any shareholder, except in the framework of market abuse regulations.

Restrictions on the exercise of voting rights

Each share entitles the holder to one vote. The Articles of Association contain no restrictions on the voting rights and each shareholder can exercise his voting rights provided he is validly admitted to the general meeting and his rights have not been suspended. Pursuant to Article 11 of the Articles of Association the Company is entitled to suspend the exercise of the rights attaching to securities belonging to several owners until one person is appointed towards the Company as representative of the security.

No one can vote at the general meeting using voting rights attached to securities that have not been reported in due time in accordance with the Articles of Association and with the law.

The Board is not aware of any other restrictions imposed by law on the exercise of voting rights.

Agreements among shareholders

Xtrion NV and Sarawak Technology Holdings Sdn. Bhd. have entered into a shareholders' agreement as shareholders of X-FAB (the "Shareholders' Agreement").

The Shareholders' Agreement applies for as long as each of the shareholders holds more than 7.5% of the shares in X-FAB. The Shareholders' Agreement addresses certain matters relating to the governance of X-FAB as well as the transfer of shares in X-FAB held by the parties to this Shareholders' Agreement.

Pursuant to the terms of the Shareholders' Agreement, Xtrion NV and Sarawak Technology Holdings Sdn. Bhd. each have the right to appoint two directors on the Board of Directors. The Shareholders' Agreement furthermore provides for certain restrictions on the ability of Xtrion NV and Sarawak Technology Holdings Sdn. Bhd. to transfer their shares in X-FAB.

**OTHER DOCUMENTS TO BE DEPOSITED IN ACCORDANCE  
WITH THE COMPANIES CODE****MANAGEMENT REPORT**Amendments to the Articles of Association

Matters involving special legal quorum requirements include, among others, amendments to the Articles of Association, issues of new shares, convertible bonds, or warrants and decisions regarding mergers and demergers, which require at least 50% of the share capital to be present or represented. If the quorum is not reached, a second meeting may be convened at which no quorum shall apply.

Matters involving special majority requirements include, among others, decisions regarding mergers and demergers, which require a majority of at least 75% of the votes cast.

Authorities of the Board to issue, buy back, or dispose of own shares

The Articles of Association foresee that the Board of Directors may increase the registered capital of the Company in one or several times by a (cumulated) amount of maximum EUR 657,456,850.68. Such authorization may be renewed in accordance with the relevant legal provisions. The Board of Directors can exercise this power for a period of five (5) years as from the date of publication in the Annexes to the Belgian State Gazette of the amendment to these Articles of Association approved by the shareholders' meeting on March 16, 2017 (i.e. April 26, 2017).

The Board of Directors is further authorized by Article 13 of the Articles of Association to acquire own shares in the Company, either directly, by a person acting in his/her own name on behalf of the Company or by a direct subsidiary within the meaning and the limits set out by Article 627, indent 1 of the Companies Code, under following conditions:

- This authorization applies for a number of own shares, profit-sharing certificates, or associated certificates that is at most equal to that which, after acquisition, results in a total number of own shares held by the Company equal to the set limit of 20% as stipulated in Article 5 of the SE Regulation juncto Articles 620 ff. of the Companies Code;
- Under this authorization a share should be acquired at a for a price which will respect the legal requirements, but which will in any case not be more than 10% below the lowest closing price in the last 30 trading days preceding the transaction and not more than 5% above the highest closing price in the last 30 trading days preceding the transaction;
- This authorization is valid for five years from March 16, 2017.

By resolution of the shareholders' meeting held on March 16, 2017 the Board of Directors is also authorized, subject to compliance with the provisions of the Companies Code, to acquire for the Company's account the Company's own shares, profit-sharing certificates, or associated certificates if such acquisition is necessary to avoid serious and imminent harm to the Company. Such authorization is valid for three years as from the date of publication of the authorization in the Annexes to the Belgian State Gazette (i.e. April 26, 2017).

By resolution of the shareholders' meeting held on March 16, 2017 the Board of Directors is authorized to divest itself of part of or all the Company's shares, profit-sharing certificates or associated certificates.

- This can be done at any time and at a price it determines, on or outside the stock market or in the framework of its remuneration policy to employees, directors, or

**OTHER DOCUMENTS TO BE DEPOSITED IN ACCORDANCE  
WITH THE COMPANIES CODE****MANAGEMENT REPORT**

consultants of the Company or to prevent any serious and imminent harm to the Company.

- The authorization covers the divestment of the Company's shares, profit-sharing certificates, or associated certificates by a direct subsidiary within the meaning of Article 627, indent 1 of the Companies Code.
- The authorization is valid without any time restriction, except when the divestment is to prevent any serious and imminent harm, in which case the authorization is valid for three years as from the date of publication of the authorization in the Annexes to the Belgian State Gazette (i.e. April 26, 2017).

**Other elements**

The Company has not issued securities with special control rights.

No agreements have been concluded between the Company and its directors or employees providing for a compensation if, as a result of a take-over bid, the directors should resign or are made redundant without valid reason or if the employment of the employees is terminated.

**10.11 Auditor**

KPMG Bedrijfsrevisoren BV CVBA, whose registered office is situated at 1930 Zaventem, Luchthaven Brussel Nationaal 1K, was appointed as statutory auditor of the Company. Mr. Herwig Carnans, auditor, was appointed as the permanent representative of the auditor.

The mandate of KPMG Bedrijfsrevisoren BV CVBA was renewed for three years at the annual shareholders' meeting held on March 16, 2017.

Regarding the fees, we refer to the consolidated financial report and the notes in the statutory annual accounts. Non-audit-related services mainly relate to attestation and assurance services in connection with the company's Initial Public Offering.

**10.12 Compliance with the 2009 Belgian Code on Corporate Governance**

X-FAB complies with the principles of the 2009 Belgian Code on Corporate Governance. In view of the "comply-or-explain" principle of the Code the following overview sets out the provision of the Code that X-FAB does not comply with, along with an explanation of the reasons for non-compliance:

- the level of shareholding for the submission of proposals to the shareholders' meeting is, in accordance with the rules applicable to a Societas Europaea such as the Company, set at 10% of the share capital, while provision 8.8 of the Corporate Governance Code recommends that this level should not exceed 5%.

**11. Non-financial information**

Concerning the non-financial information, we refer to chapter 6 of the consolidated report.

**OTHER DOCUMENTS TO BE DEPOSITED IN ACCORDANCE  
WITH THE COMPANIES CODE****MANAGEMENT REPORT****12. Approval Annual Accounts and discharge**

Herewith the Annual Accounts for your approval which give a fair, complete and faithful representation of the activities that took place during the year ended on December 31, 2017. This report, the auditors' report and financial statements for the year ended December 31, 2017 were at your disposal.

We suggest you to discharge the Directors and Auditors KPMG Bedrijfsrevisoren BV CVBA, represented by Mr. Herwig Camans, for any liability which arises from the exercise of his duties during the past year.

The Board proposes the profit to be divided as included in the accompanying financial data.

Done at Tessenderlo on March 19, 2018

On behalf of the Board of Directors

Rudi De Winter  
CEO



## REPORT OF THE AUDITORS



**Statutory auditor's report to the general meeting of X-FAB Silicon Foundries SE on the annual accounts as of and for the year ended 31 December 2017**

**FREE TRANSLATION OF UNQUALIFIED STATUTORY AUDITOR'S REPORT ORIGINALLY PREPARED IN DUTCH**

In the context of the statutory audit of the annual accounts of X-FAB Silicon Foundries SE ("the Company"), we provide you with our statutory auditor's report. This includes our report on the audit of the annual accounts for the year ended 31 December 2017, as well as our report on other legal, regulatory and professional requirements. These reports are one and indivisible.

We were appointed as statutory auditor by the general meeting of 16 March 2017, in accordance with the proposal of the board of directors issued on the recommendation of the audit committee. Our mandate will expire on the date of the general meeting deliberating on the annual accounts for the year ended 31 December 2019. We have performed the statutory audit of the annual accounts of X-FAB Silicon Foundries SE for 10 consecutive financial years.

**Report on the audit of the annual accounts**

***Unqualified opinion***

We have audited the annual accounts of the Company as of and for the year ended 31 December 2017, prepared in accordance with the financial reporting framework applicable in Belgium. These annual accounts comprise the balance sheet as at 31 December 2017, the income statement for the year then ended and notes. The balance sheet total amounts to EUR 757.603.637 and the income statement shows a profit for the year of EUR 3.725.911.

In our opinion, the annual accounts give a true and fair view of the Company's equity and financial position as at 31 December 2017 and of its financial performance for the year then ended in accordance with the financial reporting framework applicable in Belgium.

***Basis for our unqualified opinion***

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Statutory auditors' responsibility for the audit of the annual accounts" section of our report. We have complied with the ethical requirements that are relevant to our audit of the annual accounts in Belgium, including the independence requirements.

We have obtained from the board of directors and the Company's officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**REPORT OF THE AUDITORS**

*Statutory auditor's report to the general meeting X-FAB Silicon Foundries SE on the annual accounts as of and for the year ended 31 December 2017*

***Key audit matter***

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have ascertained that there was no key audit matter to report in our statutory auditor's report.

***Board of directors' responsibilities for the preparation of the annual accounts***

The board of directors is responsible for the preparation of these annual accounts that give a true and fair view in accordance with the financial reporting framework applicable in Belgium, and for such internal control as board of directors determines, is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the board of directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

***Statutory auditor's responsibilities for the audit of the annual accounts***

Our objectives are to obtain reasonable assurance as to whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of the users taken on the basis of these annual accounts.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also perform the following procedures:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not

## REPORT OF THE AUDITORS



*Statutory auditor's report to the general meeting X-FAB Silicon Foundries SE on the annual accounts as of and for the year ended 31 December 2017*

for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by board of directors;
- Conclude on the appropriateness of board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Report on the other legal, regulatory and professional requirements**

#### ***Responsibilities of the Board of Directors'***

The board of directors is responsible for the preparation and the content of the board of directors' annual report on the annual accounts, of the documents required to be filed in accordance with the legal and regulatory requirements, for maintaining the Company's accounting records in compliance with the applicable legal and regulatory requirements, as well as for the Company's compliance with the Companies' Code and the Company's articles of association.

#### ***Statutory auditor's responsibilities***

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing as applicable in Belgium, our responsibility is to verify, in all material respects, the board of directors' annual report on the annual accounts, certain documents to be filed in accordance with legal and regulatory requirements<sup>Error! Bookmark not defined.</sup> and compliance with certain requirements of the Companies' Code and with the articles of association, and to report on these matters.

**REPORT OF THE AUDITORS**

*Statutory auditor's report to the general meeting X-FAB Silicon Foundries SE on the annual accounts as of and for the year ended 31 December 2017*

***Aspects concerning the board of directors' annual report on the annual accounts***

Based on specific work performed on the board of directors' annual report on the annual accounts, we are of the opinion that this report is consistent with the annual accounts for the same period and has been prepared in accordance with articles 95 and 96 of the Companies' Code.

In the context of our audit of the annual accounts, we are also responsible for considering, in particular based on the knowledge gained throughout the audit, whether the board of directors' annual report on the annual accounts contains material misstatements, that is information incorrectly stated or misleading. In the context of the procedures carried out, we did not identify any material misstatements that we have to report to you. We do not express any form of assurance on the board of directors' annual report on the annual accounts.

The non-financial information required by article 96 §4 of the Companies' Code has been included in the board of directors' annual report on the annual accounts. The Company has prepared this non-financial information based on Global Reporting Initiative ("GRI") standards. However, we do not comment on whether this non-financial information has been prepared, in all material respects, in accordance with the GRI standards. In addition, we do not express any form of assurance regarding the individual elements included in this non-financial information.

***Information regarding the social balance sheet***

The social balance sheet, which is to be filed with the National Bank of Belgium in accordance with article 100 § 1, 6°/2 of the Companies' Code, includes, with respect to form and content, the information required by law and does not present any material inconsistencies with the information available in our mandate.

***Information about the independence***

- Our audit firm and our network have not performed any engagement which is incompatible with the statutory audit of the annual accounts and our audit firm remained independent of the Company during the term of our mandate.
- The fees for the additional engagements which are compatible with the statutory audit of the annual accounts referred to in article 134 of the Companies' Code were correctly stated and disclosed in the notes to the annual accounts.

***Other aspects***

- Without prejudice to formal aspects of minor importance, the accounting records were maintained in accordance with the legal and regulatory requirements applicable in Belgium.
- The appropriation of results proposed to the general meeting complies with the legal provisions and the provisions of the articles of association.
- Except for the fact that the deposit of the annual accounts of the accounting year 2016 has not been done within the 30 days after approval in accordance

**REPORT OF THE AUDITORS**

*Statutory auditor's report to the general meeting X-FAB Silicon Foundries SE on the annual accounts as of and for the year ended 31 December 2017*

with article 98 of the Companies' Code we do not have to inform you of any transactions undertaken or decisions taken in breach of the company's articles of association or the Companies' Code.

- This report is consistent with our additional report to the audit committee on the basis of Article 11 of Regulation (EU) No 537/2014.
- In accordance with article 523 of the Companies' Code, we are required to report on the following operation that has taken place since the last annual general meeting, and that also was mentioned in the annual report:
  - Following the deliberations and decision of the board of directors of 17 March 2017, the CEO and also permanent representative of Sensinnovat BVBA, director of the Company, has declared a conflict of interest with financial consequences as regards entering into its management agreement with the Company. The management agreement will have financial consequences for the Company since, following this agreement, a management fee would have to be paid to Sensinnovat BVBA in consideration of its services provided under the management agreement, corresponding to a fixed annual remuneration of EUR 250,000 and a variable annual remuneration of up to a maximum of 50% of the fixed remuneration.

In the annual report, the board of directors, in accordance with article 523 of the Companies' Code, has provided appropriate information relating to the said transaction.

Hasselt, 23 March 2018

KPMG Bedrijfsrevisoren / Réviseurs d'Entreprises  
Statutory auditor  
represented by

Herwig Carmans  
Réviseur d'Entreprises / Bedrijfsrevisor

**SOCIAL BALANCE SHEET**

Number of joint industrial committee:

**STATEMENT OF THE PERSONS EMPLOYED****EMPLOYEES FOR WHOM THE ENTERPRISE SUBMITTED A DIMONA DECLARATION OR WHO ARE RECORDED IN THE GENERAL PERSONNEL REGISTER**

<b>During the current period</b>	Codes	Total	1. Men	2. Women
<b>Average number of employees</b>				
Full-time .....	1001	2,4	1,5	0,9
Part-time .....	1002			
Total in full-time equivalents .....	1003	2,4	1,5	0,9
<b>Number of hours actually worked</b>				
Full-time .....	1011	228	228	
Part-time .....	1012			
Total .....	1013	228	228	
<b>Personnel costs</b>				
Full-time .....	1021	7.902	7.902	
Part-time .....	1022			
Total .....	1023	7.902	7.902	
<b>Advantages in addition to wages</b> .....	1033			

<b>During the preceding period</b>	Codes	P. Total	1P. Men	2P. Women
Average number of employees in FTE .....	1003			
Number of hours actually worked .....	1013			
Personnel costs .....	1023			
Advantages in addition to wages .....	1033			

	Codes	1. Full-time	2. Part-time	3. Total full-time equivalents
<b>At the closing date of the period</b>				
<b>Number of employees</b> .....	105	3		3,0
<b>By nature of the employment contract</b>				
Contract for an indefinite period .....	110	3		3,0
Contract for a definite period .....	111			
Contract for the execution of a specifically assigned work .....	112			
Replacement contract .....	113			
<b>According to gender and study level</b>				
Men .....	120	2		2,0
primary education .....	1200	1		1,0
secondary education .....	1201			
higher non-university education .....	1202			
university education .....	1203	1		1,0
Women .....	121	1		1,0
primary education .....	1210	1		1,0
secondary education .....	1211			
higher non-university education .....	1212			
university education .....	1213			
<b>By professional category</b>				
Management staff .....	130			
Employees .....	134	3		3,0
Workers .....	132			
Others .....	133			

**HIRED TEMPORARY STAFF AND PERSONNEL PLACED AT THE ENTERPRISE'S DISPOSAL****During the period**

Average number of persons employed .....

Number of hours actually worked .....

Costs for the enterprise .....

Codes	1. Hired temporary staff	2. Persons placed at the enterprise's disposal
150		
151		
152		

**LIST OF PERSONNEL MOVEMENTS DURING THE PERIOD****ENTRIES**

**Number of employees for whom the enterprise submitted a DIMONA declaration or who have been recorded in the general personnel register during the financial year .....**

**By nature of employment contract**

Contract for an indefinite period .....

Contract for a definite period .....

Contract for the execution of a specifically assigned work .....

Replacement contract .....

Codes	1. Full-time	2. Part-time	3. Total full-time equivalents
205	4		4,0
210	4		4,0
211			
212			
213			

**DEPARTURES**

**Number of employees whose contract-termination date has been entered in DIMONA declaration or in the general personnel register during the financial year .....**

**By nature of employment contract**

Contract for an indefinite period .....

Contract for a definite period .....

Contract for the execution of a specifically assigned work .....

Replacement contract .....

**By reason of termination of contract**

Retirement .....

Unemployment with extra allowance from enterprise .....

Dismissal .....

Other reason .....

Of which the number of persons who continue to render services to the enterprise at least half-time on a self-employed basis .....

Codes	1. Full-time	2. Part-time	3. Total full-time equivalents
305	1		1,0
310	1		1,0
311			
312			
313			
340			
341			
342			
343	1		1,0
350			



**INFORMATION ON TRAINING PROVIDED TO EMPLOYEES DURING THE PERIOD**

	Codes	Men	Codes	Women
<b>Total of initiatives of formal professional training at the expense of the employer</b>				
Number of employees involved .....	5801		5811	
Number of actual training hours .....	5802		5812	
Net costs for the enterprise .....	5803		5813	
of which gross costs directly linked to training .....	58031		58131	
of which fees paid and payments to collective funds .....	58032		58132	
of which grants and other financial advantages received (to deduct) ..	58033		58133	
<b>Total of initiatives of less formal or informal professional training at the expense of the employer</b>				
Number of employees involved .....	5821		5831	
Number of actual training hours .....	5822		5832	
Net costs for the enterprise .....	5823		5833	
<b>Total of initiatives of initial professional training at the expense of the employer</b>				
Number of employees involved .....	5841		5851	
Number of actual training hours .....	5842		5852	
Net costs for the enterprise .....	5843		5853	