

X-FAB Silicon Foundries
European company (*Societas Europaea*)
Transportstraat 1
3980 Tessenderlo
Register of Legal Entities Antwerp, division Hasselt
VAT: BE 0882.390.885
(the “Company”)

**SPECIAL REPORT OF THE BOARD OF DIRECTORS PURSUANT TO
ARTICLE 5 OF THE SE REGULATION *JUNCTO* ARTICLE 7:199 OF THE
COMPANIES AND ASSOCIATIONS CODE WITH RESPECT TO THE USE
AND PURPOSE OF THE AUTHORISED CAPITAL**

This special board report is submitted to the shareholders in accordance with Article 5 of the Council Regulation (EC) no 2157/2001 of 8 October 2001 on the Statute for a European company (the “**SE Regulation**”) *juncto* Article 7:199 of the Companies and Associations Code with respect to our proposal to renew an authorisation for the board of directors to increase the capital of the Company in the framework of the authorised capital. This special board report sets out the particular circumstances in which, and the purposes for which, the authorised capital can be used.

1 Authorised capital

The board of directors proposes to the shareholders of the Company to renew the authorised capital, which is about to expire, in the articles of association.

The board of directors proposes that the extraordinary shareholders’ meeting authorises the board of directors to increase the registered capital of the Company in one or several times by a (cumulated) amount of maximum 100% of the current amount of the registered capital.

The board of directors can exercise this power, if granted, for a period of five (5) years as from the date of publication in the Annexes to the Belgian State Gazette of the authorisation by the extraordinary shareholders’ meeting. The authorisation may be renewed in accordance with the relevant legal provisions.

2 Circumstances in which and purposes for which the authorised capital can be used

The board of directors proposes that the extraordinary shareholders’ meeting grants the above-mentioned authorisation in order to allow the board of directors to use the authorised capital:

- when the sound management of the Company’s business or the need to react to appropriate business opportunities calls for a strategic alliance, a restructuring, a takeover or an acquisition (whether private or public) of securities or assets in one

or more companies to be financed entirely or partially by issuing shares or financial instruments giving right to shares;

- to raise funds by issuing new shares to investors, either in public or private placements; and
- within the framework of the remuneration policy of the Company, namely to implement any stock option plans, share-based plans or other incentive plans open to members of the personnel within the meaning of Article 1:27 of the Companies and Associations Code, to the extent that the Company would need to issue new shares in this regard.

The technique of the authorised capital offers the board of directors a degree of flexibility and allows swift execution, which could be necessary to ensure an optimal management of the Company.

In certain circumstances, the relatively complex, expensive and time consuming procedure of convening an extraordinary shareholders' meeting for a capital increase in a listed company could be irreconcilable with certain fluctuations on the capital markets or certain opportunities presented to the Company. A convocation of an extraordinary shareholders' meeting could in such circumstances, for example, lead to a delay in the execution of the concerned transaction.

The board of directors proposes that any capital increases which can be decided pursuant to this authorisation will take place in accordance with the modalities to be determined by the board of directors and may be effected:

- by means of a contribution in cash or in kind; and
- through conversion of reserves, whether available or unavailable for distribution, and issuance premiums, with or without issuance of new shares with or without voting rights.

The board of directors proposes that it can also use the authorisation, if granted, for the issuance of convertible bonds, subscription rights or bonds to which subscription rights or other tangible values are connected, or other securities.

The board of directors proposes that the authorisation empowers the board to limit or cancel the preferential subscription right of the shareholders in the interest of the Company, subject to the limitations and in accordance with the conditions provided for by the Companies and Associations Code and that this limitation or cancellation can also occur to the benefit of the members of the personnel within the meaning of Article 1:27 of the Companies and Associations Code or to the benefit of one or more specific persons even if these are not members of the personnel.

The proposed authorisation expressly empowers the board of directors to proceed with a capital increase in any and all form, including but not limited to a capital increase accompanied by the limitation or cancellation of the preferential subscription right, even after receipt by the Company of a notification by the Financial Services and Markets Authority (FSMA) of a takeover bid for the Company's shares. Where this is the case, however, the capital increase must comply with the additional terms and conditions laid down in Article 5 of the SE Regulation *juncto* Article 7:202 of the Companies and Associations Code. This authorisation, if granted, remains in effect for a period of three (3) years from the date of the amendment to the articles of association of the Company approved by shareholders'

meeting granting such authorisation to the board of directors and may be renewed for further periods of three (3) years by resolution of the shareholders' meeting, deliberating and deciding in accordance with applicable rules.

3 Corresponding amendment to the articles of association

If the extraordinary shareholders' meeting approves the above proposal, article 7 of the articles of association of the Company will be amended as follows:

“Authorised capital

§1. 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.

This authorisation 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 28 April 2022.

§2. Any capital increases which can be decided pursuant to this authorisation will take place in accordance with the modalities to be determined by the board of directors and may be effected (i) by means of a contribution in cash or in kind, (ii) through conversion of reserves, whether available or unavailable for distribution, and issuance premiums, with or without issuance of new shares with or without voting rights. The board of directors can also use this authorisation for the issuance of convertible bonds, subscription rights or bonds to which subscription rights or other tangible values are connected, or other securities.

When exercising its authorisation within the framework of the authorised capital, the board of directors can limit or cancel the preferential subscription right of the shareholders in the interest of the company, subject to the limitations and in accordance with the conditions provided for by the Companies and Associations Code. This limitation or cancellation can also occur to the benefit of the members of the personnel within the meaning of Article 1:27 of the Companies and Associations Code or to the benefit of one or more specific persons even if these are not members of the personnel.

§3. If, pursuant to a capital increase that has been decided within the framework of the authorised capital, an issuance premium is paid, this shall be booked on the account “Issuance Premiums”, that shall serve as guarantee for third parties in the same manner as the company's registered capital and of which, apart from the possibility to convert this reserve into registered capital, can only be disposed in accordance with the conditions provided for by the Companies and Associations Code in respect of amendments to the articles of association.

§4. The board of directors is hereby expressly empowered to proceed with a capital increase in any and all form, including but not limited to a capital increase accompanied by the restriction or withdrawal of the preferential subscription right, even after receipt by the company of a notification by the Financial Services and Markets Authority (FSMA – “Autorité des Services et Marchés Financiers” / “Autoriteit voor Financiële Diensten en Markten”) of a takeover bid for the company's shares. Where this is the case, however, the capital increase must comply with the additional terms and conditions laid down in Article 5 of the Council Regulation (EC) no 2157/2001 of 8 October 2001 on the Statute for a European company juncto Article 7:202 of the Companies and Associations Code. The powers hereby conferred on the board of directors remain in effect for a period of three years from the date of the

amendment to these articles of association approved by shareholders' meeting held on 28 April 2022. These powers may be renewed for a further period of three years by resolution of the shareholders' meeting, deliberating and deciding in accordance with applicable rules. If the board of directors decides upon an increase of authorised capital pursuant to this authorisation, this increase will be deducted from the remaining part of the authorised capital specified in the first paragraph.

§5. The board of directors is authorised, with power of substitution, to amend the articles of association after each capital increase realised within the framework of the authorised capital, in order to bring them in line with the new situation of the registered capital and the shares.”

Done on 29 March 2022.

The board of directors