

The logo for xfab, featuring the lowercase letters 'xfab' in a white, sans-serif font. The logo is positioned in the upper right corner of the cover, set against a solid orange triangular background that points towards the top right.

xfab

The year '2024' is written in a bold, orange, sans-serif font. It is located in the lower-middle section of the cover, above a thin white horizontal line. The background behind the text consists of a dark teal field with a complex pattern of light blue, parallel diagonal lines that create a sense of depth and movement.

2024

The words 'ANNUAL REPORT' are written in a bold, white, sans-serif font. They are positioned at the bottom of the cover, below the '2024' text and a thin white horizontal line. The background is the same dark teal field with light blue diagonal lines as the rest of the page.

ANNUAL REPORT

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The Annual Financial Report in ESEF format is the official version of X-FAB's Financial Report. Other versions are provided on a voluntary basis for convenience. In the event of any conflict, the Annual Financial Report in ESEF format shall prevail. The ESEF version can be downloaded here: www.xfab.com/investors.

Dear stakeholders,



© Axel Sulzbache/Panos pictures

On behalf of the board of directors of X-FAB Silicon Foundries SE, I have the pleasure of submitting to you the annual report for the year ended December 31, 2024, which has been prepared in accordance with articles 3:6 and 3:32 of the Belgian Code on Companies and Associations (BCCA).

We live in a complex world facing significant challenges and constant change, but this also creates opportunities. There are no easy solutions to these challenges, but it is important that we accept them and work together to make the world a better place, in every respect. I am very proud of the solutions our specialty technologies offer, enabling us to address some of today's most important megatrends, such as the "electrification of everything" to mitigate climate change, or the need for more efficient healthcare to better manage growing and aging population.

Our specialty technologies include several flavors of high-voltage CMOS, microsystems, and silicon carbide, and they are tailored to the needs of X-FAB's key end markets: automotive, industrial, and medical. In the past year we prototyped several hundreds of products, and we have ramped up exciting applications such as microsystems for advanced headlamps, BCD-on-SOI for automotive battery monitoring systems, and contactless temperature sensors for medical applications.

All of these products make a difference in our lives. However, there is no time to rest. Innovation is in our DNA, and in 2024 we continued to explore new opportunities to stay competitive, meet the ever-changing market needs, and ensure long-term sustainable success. A particular example of innovation that I would like to highlight is silicon photonics. X-FAB is coordinating the EU-funded PhotonixFAB project, which aims to establish a European silicon photonics value chain. This project builds on our expertise in SOI technologies and heterogeneous integration. Although the revenue contribution in 2024 has been small, this groundbreaking technology has great potential; it is used in medical sensors, LIDAR, high performance computing, and quantum computing applications, to name but a few.

In 2024 our business was impacted by the weak economic climate coupled with global uncertainties, on the one hand, and high inventory levels in the supply chain on the other. This triggered inventory adjustments in the semiconductor industry, with impact and severity varying by end market and technology type. Overall, X-FAB recorded revenues of USD 816.4 million in 2024, down 10% from the record level achieved in 2023. Within this, X-FAB's automotive business recorded year-on-year growth of 2% despite the weak environment, while industrial and medical business declined by 25% and 16%, respectively. By technology type, X-FAB's CMOS business was down by 6% and microsystems business decreased by 4%. Our silicon carbide business declined by 30% year-on-year, being impacted the most by the SiC inventory corrections.

In this rather weak environment, we posted a solid EBITDA margin of 23% in 2024, compared to 6% during the previous downturn in 2019. X-FAB has become a much more resilient company in recent years, and this is no coincidence; our positive development is the result of the successful transformation of our business that we have been driving forward. This includes the transition to increasingly complex technologies to grow the share of high value-added business in our key end markets, which accounted for 93% of total revenues in 2024. It is also due to the optimization and automation projects across the Group that are helping to improve productivity, and it reflects the economies of scale from increasing production at existing sites, supported by X-FAB's major capacity expansion program.

Our three-year expansion program was launched in 2023 with a total volume of more than USD 1 billion over three years, of which we spent the main portion of USD 510 million in 2024. What may have seemed like a contradiction, given that these high levels of investment coincided with market weakness, is not. The majority of these investments were made in the expansion of our popular 180nm CMOS platform, for which demand has been holding up well. The additional capacity is essential to support the needs of our customers and the strong new business pipeline going forward. I am therefore very pleased with the progress we have made on our expansion projects. We have successfully completed the construction of the new building and cleanroom at our Malaysian site, and we have started to install equipment; first production is expected to commence in the second half of 2025. Additional equipment has been delivered to our French site as part of the expansion program, and we have made good progress in ramping up production. In addition to complementing the 180nm CMOS capacity of X-FAB Sarawak in Malaysia, X-FAB France will also support the business with our new state-of-the-art 110nm BCD-on-SOI technology.

In response to market weakness, in 2024 we halted investments to expand our silicon carbide capacity. However, silicon carbide remains one of the key technologies supporting the transition to electric mobility and renewable energy, and X-FAB is perfectly placed to grow this business significantly. I am very excited about the next-generation SiC process platform that we launched in 2024. This enables our customers to accelerate product development and benefit from a 30% increase in dies per wafer. Although volume production was low in 2024, we recorded a record activity of new product developments.

At X-FAB we recognize that sustainable success can only be achieved when business success is balanced with environmental protection and social equity, and we want to do our part by reducing carbon emissions and water consumption, promoting and fostering a diverse and inclusive corporate culture, and selecting suppliers responsibly. Most importantly, we will continue to use all our expertise and innovative strength to further increase the share of technologies that enable the development of sustainable and energy-efficient products. In my opinion, this is X-FAB's most important contribution to sustainability. Unfortunately, however, today's reporting requirements do not adequately reflect this, and the administrative burden on companies is excessive.

We will continue to improve X-FAB's sustainability reporting over time and in line with the requirements of our stakeholders, but legislation needs to be streamlined so that companies can focus on taking real action to tackle challenges such as global warming, which is one of the existential threats facing the world today.

In December 2024 X-FAB received a very special honor; we won the prestigious Onderneming van het Jaar® 2024 (Entrepreneur of the Year® 2024) award in Belgium. This award is organized by EY annually and covers the whole globe, and our success is testament to the hard work, dedication, and passion of everyone at X-FAB. I am very proud of this achievement, and I would like to express my sincere thanks to the entire X-FAB team for their exceptional contributions and for being part of our xfabulous global team.

I look forward to continuing to work with all X-FAB's stakeholders in 2025 and beyond, and I thank you for the trust you have placed in us.

There have been no major events that require disclosure since December 31, 2024.

Best regards,

Rudi De Winter

CEO

X-FAB at a glance

Specialty foundry for analog/mixed-signal semiconductor technologies
with strategic focus on automotive, industrial, and medical markets

Key financials 2020–2024 in USD million

Our fab locations

Erfurt, Germany
Dresden, Germany
Itzehoe, Germany
Kuching, Malaysia
Corbeil-Essonnes, France
Lubbock, USA



Robust technologies
suited for harsh
environments



Listed on
Euronext Paris
since April 6

2017

Approximately
4,500
employees representing
45 nationalities



Best-in-class
support

6

manufacturing
facilities in US,
Europe and Asia

Proven automotive
quality system



SiC

Silicon carbide

Serving
~400

customers
worldwide



**MICRO-
SYSTEMS**
expertise



Modular
CMOS
process families

3. OUR CULTURE

OUR VISION

To be the foundry of choice for the analog world.

OUR MISSION

We are fully engaged to be the foundry of choice for the analog world by focusing on innovative solutions and manufacturing excellence that meet customer expectations, enabling long-lasting success for all our stakeholders.

OUR VALUES

Strong values build the basis for the success of X-FAB, the way we work together, and how we interact with each other and with our stakeholders. At X-FAB, we put our clients and customers at the center of what we do, and our values of integrity and respect, teamwork, commitment, and innovation are guiding us every day to live up to being a customer-oriented company.



Fig. 3.1: X-FAB's corporate values

Social media highlights 2024




Fabmobil – a school laboratory on wheels goes on semiconductor tour through Saxony! 🇩🇪 We all come across microchips every day, whether in our mobile phones, cars or games consoles, but very few people actually know how microchips are made. The aim of the "Fabmobil"

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🕒 1 yr. ago




X-FAB is happy to be back in Lyon for the ODDO BHF Forum! The 27th edition of the ODDO BHF Forum, one of the largest European events bringing together listed companies and investors, kicked off

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🕒 1 yr. ago




Impressions from SEMICON China in Shanghai with X-FAB presence. Last week, X-FAB – as one of the event sponsors – had the chance to speak at the country's largest

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🕒 11 mo. ago




For us, diversity stands for openness, respect and tolerance across all our sites. It is about embracing the unique values, character traits, and perspectives that make each of us special. We believe that the greatest success comes from giving room for

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🕒 9 mo. ago




At last week's charity football match, X-FAB and MELEXIS were fighting for more than just goals – they were championing diversity, respect, and a good cause! 🏆

The game ended in a 6-5 victory for Team X-FAB, but that wasn't the only

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🕒 8 mo. ago




X-FAB – Active and successful together! 🏃 At X-FAB, team spirit is one of our core values. 🏆 Our employees from four locations impressively demonstrated this during the recent company runs.

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🕒 7 mo. ago




On Monday, X-FAB Sarawak had the honor to host a visit of Malaysia's Minister of Investment, Trade and Industry, YB Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz and a delegation of approximately

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🕒 7 mo. ago




Environment, Health, Safety – it was "EHS" Week at X-FAB Erfurt! 🌱 X-FAB cares. That's why we make sure that our employees are healthy and well informed. Our goal is to create a safe and healthy working

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🕒 6 mo. ago




Our Texan colleagues recently held their People & Culture week at X-FAB Texas and it was action-packed and fun! Over 200 employees had the opportunity to swim, play basketball and volleyball – and enjoy a burger

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🕒 5 mo. ago




We're delighted that X-FAB Sarawak has won one of the prestigious Asia HRD awards. 🏆 The award was handed over to Maureen Labarge, Senior Director People & Culture at X-FAB Sarawak, on October 8 and recognises X-FAB Sarawak's

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🕒 4 mo. ago




★ Just wanted to share how amazing it was to be at electronica 2024 ...★

The event in Munich last week was a great opportunity for X-FAB to showcase our latest innovations and

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🕒 3 mo. ago




🏆 X-FAB Wins 2024 Onderneming van het Jaar® Award 🏆 We are thrilled to announce that X-FAB has been awarded the prestigious 2024 Onderneming van het Jaar® award (Entrepreneur of the Year®). His Majesty King Filip

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🕒 2 mo. ago



04

Our business

4. OUR BUSINESS

X-FAB is a global foundry group providing a comprehensive set of specialty technologies and design IP to enable its customers to develop world-leading semiconductor products that are manufactured at X-FAB's six wafer fabs located in Malaysia, Germany, France, and the United States. With its expertise in analog/mixed-signal technologies, microsystems/MEMS and silicon carbide (SiC), X-FAB is the development and manufacturing partner for its customers, primarily serving the automotive, industrial, and medical end markets.

The specialty foundry business model

In the semiconductor industry there are two different business models: the fabless/foundry model and the integrated model. While the so-called IDMs (integrated device manufacturer) cover the entire value chain, the fabless/foundry model means that the semiconductor value chain is split into companies specializing in the design of ICs (integrated circuits), so-called fabless companies, and those who provide process technologies

and manufacturing capacities, so called foundries. The advantages are specialization effects on both sides, the freedom fabless companies have to select the foundry with the best technological offer for their needs, and the higher efficiencies foundries can achieve by consolidating the demand of many different customers to drive utilization up and take advantage of the high operational leverage. Additionally, X-FAB's customers, mainly fabless companies, do not need to fear competition as X-FAB does not design its own products.

As a **specialty foundry**, X-FAB is the development and manufacturing partner for its customers that design analog/mixed-signal ICs, microsystems/MEMS and SiC devices for use in their own products or the products of their customers. X-FAB offers a modular, highly specialized portfolio of process technologies and associated design IP, enabling innovative semiconductor products. X-FAB's customers design their products on the basis of these technologies and contract X-FAB for their manufacturing.

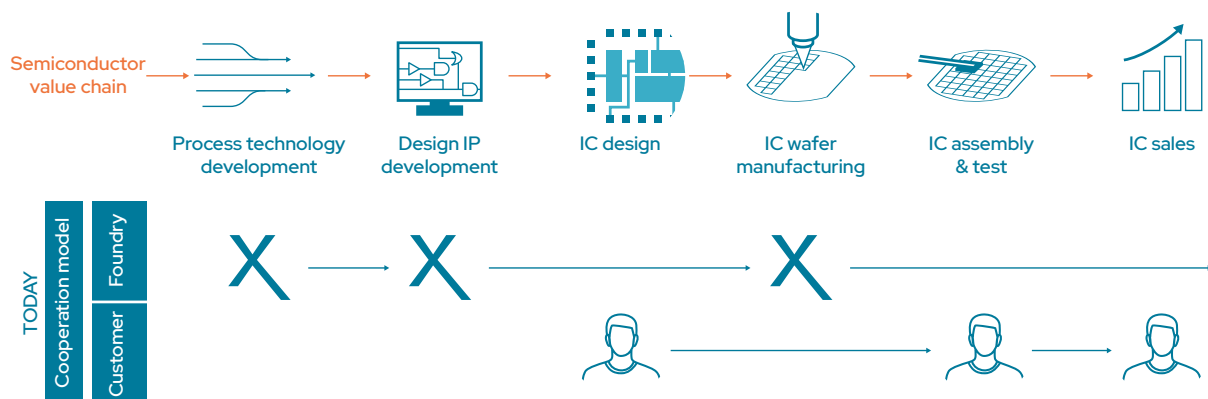


Fig. 4.1: Value chains for foundries, fabless companies, and IDMs

The X-FAB Group has an established track record with over 30 years of experience providing proprietary manufacturing processes and advanced design and

engineering support offerings. Excellent service, reliability, and first-class technical support: that's what X-FAB stands for.

X-FAB's technology offering

X-FAB offers its customers a wide range of enhanced options across many semiconductor technologies, designs and processes, including complementary metal-oxide semiconductor (CMOS), silicon on insulator (SOI), silicon carbide, and micro-electro-mechanical systems (MEMS). Customers can draw on a variety of features in order to develop ICs specifically tailored to their end-use requirements and to optimize product performance, product size, power consumption, and other parameters. Currently, the foundry offers process technologies with feature sizes of 1.0µm on 150 mm wafers and 350nm, 180nm, 130nm and 110nm on 200 mm wafers.

CMOS and SOI: X-FAB's open-platform technologies

The vast majority of X-FAB's technologies are based on CMOS, with SOI being a specialty variant offering a so-called SOI layer for better technical performance within certain electrical parameters. These processes are available for all customers and include performance-optimized primitive analog devices such as low-noise transistors, high-voltage transistors (up to 700-volt breakdown voltage), or integrated sensor elements such as optical sensor diodes.

Even though those open-platform technologies typically address multiple applications and sometimes

more than one market, most of them are qualified for automotive use and support high temperatures up to 175°C. In 2024, revenues based on X-FAB's CMOS technologies amounted to USD 679.3 million.

The extensive IP offering comes with the option of customizing certain IP blocks, which means that customers can combine X-FAB IP with their own IP for optimized functionality. To enable fast and easy design of new products, X-FAB also provides process design kits (PDKs), libraries with digital and analog circuit elements, and complex IP blocks such as embedded flash memories, related software, and consultancy services.

X-FAB's DNA: Analog/mixed-signal ICs

X-FAB produces microchips and other semiconductor devices. These microchips and devices prepare real-world signals from the analog world (sensory data such as sound, light, pressure, motion, temperature, etc.) for subsequent digital processing or converting digital values into analog signals. Mixed-signal circuits (also referred to as "analog/mixed-signal ICs") embed both digital and analog circuitry onto a single IC. With more and more electronic devices interfacing with the "real world" (such as through the Internet of Things, IoT), the demand for such devices is growing continually, making mixed-signal semiconductor ICs an increasingly important part of the market for electronic equipment.

X-FAB's open platform technology portfolio (see Figure 4.2) spans geometries from 110nm to 1.0µm. All these technologies share the common principle of high modularity and support the selection of the different process features based on the specific product needs, which enables a wide range of applications. The technology portfolio is continuously enhanced, driven by customer demand and by the needs of future products. Existing technologies are updated with improved features and new modules, which extend the application area and improve the performance while using the same technology. Examples are the integration of next-generation high-voltage modules within the XP018 technology or the introduction of new high-performance photodiodes in the XS018 technology. Likewise, new platform technologies like the 110nm BCD-on-SOI technology XT011 enable the long-term customer product roadmaps and support a smooth transition from previous technology nodes.



Fig. 4.2: X-FAB open platform process portfolio and features

A major advantage of X-FAB's open platform technologies is their modularity. Digital features can be combined with a wide range of analog functions, including high-voltage, embedded sensors and MEMS. Individual modules and features can be selected according to product requirements, allowing for a wide range of products while helping to increase the customer base for the technology.

The demanding requirements of automotive applications often determine the key process features of open platform technologies. A good example is the deep trench isolation (DTI) in X-FAB's 180nm and 110nm BCD-on-SOI technologies. DTI forms the basis of robust and reliable dielectric isolation between low

and high voltage regions on a chip. Driver circuits operating at up to 375 volts can be placed next to sensitive amplifiers handling low voltages of a few mV. DTI enables reliable protection against electrostatic discharge (ESD) and electromagnetic interference (EMI), making it safe for use in cars.

X-FAB supports the automotive quality standard AEC-Q100 grade 0 up to 175°C, allowing the development of ICs that fulfil the high automotive temperature profiles. Such high temperatures can occur close to the combustion engine in hybrid electric vehicles, in battery management systems, or close to the inverter of electric vehicles.

Microsystems: Bridging the physical and the microelectronic worlds

Microsystems are miniaturized components that combine the functions of entire systems or subsystems. At X-FAB's Microsystems business unit, the goal is to deliver custom solutions that serve as the interface between microelectronics and the physical world. X-FAB focuses on three key technology areas:

- MEMS (micro-electro-mechanical systems), which integrate mechanical functions with electronics;
- monolithically integrated on-chip solutions for sensors, sensor interfaces, and actuators with analog/mixed-signal ASICs; and
- advanced wafer-level integration, including 2.5D integration and heterogeneous integration.

These systems use complex processes to create silicon-based structures or components that convert mechanical parameters, like pressure or acceleration, into electrical signals. MEMS and microsystem devices are used in a variety of products and modules, such as airbags, medical diagnostic tools, and inkjet printer heads. Unlike integrated circuits, MEMS development often requires customizing manufacturing processes to the final product's specifications, which can lead to higher development costs and longer timelines. However, this also opens opportunities to create products with unique features and strong intellectual property protection due to the specialized knowledge embedded in the production process.

Manufacturing MEMS products also necessitates the use of materials that are typically avoided in integrated circuit production to prevent contamination. Consequently, manufacturers either specialize in MEMS production or, like X-FAB, maintain separate facilities for producing CMOS and MEMS wafers.

X-FAB is leveraging its existing capabilities to further expand addressable MEMS and microsystems applications, with particular focus on the medical domain. This expansion, coupled with its ability to respond to customer needs and integrate additional manufacturing steps into the supply chain, has been central to the success of its MEMS business.

A major proportion of X-FAB's MEMS and microsystems products - 72% - go into the automotive market segment. The consolidation and decrease in demand generally observed in the automotive sector as a whole also had a significant impact on X-FAB's microsystems business which recorded revenues of USD 91 million in 2024, down 4.4% compared to the previous year.

While sensors and actuators remain traditional MEMS applications, X-FAB continues to build on its established processes to grow in this area. The Company offers next-generation sensor technologies for relative and absolute pressure sensors across various media, including those exposed to corrosive and high-temperature environments. Additionally, X-FAB provides proprietary inertial sensing technology

(XMB10) for accelerometers and gyroscopes in the X, Y, and Z axes. This platform is gaining momentum through its availability via the EUROPRACTICE initiative, which supports low-entry design and fabrication of electronic circuits.

X-FAB's gas and flow sensors leverage its well-established noble-metal processes to create compact sensor devices, while temperature sensors based on the thermopile principle require precise etching processes. This part of X-FAB's MEMS business focuses on continuous technological and operational improvement.

An emerging technology in the market are thin-film piezoelectric MEMS. Supported by strong partnerships with research organizations, X-FAB is currently developing a piezo-MEMS technology based on aluminium nitride (AlN). This material offers superior performance figures compared to established thin-film piezoelectric materials while enabling energy-efficient and environmentally friendly products. Since AlN can be processed using standard semiconductor equipment, it enables scalable and cost-competitive manufacturing and a high degree of integration on device level. Typical applications include ultrasound transducers for proximity sensors or fingerprint sensors, bio-sensors, and MEMS printheads.

Medical and pharmaceutical research is advancing rapidly through the use of silicon technology. Lab-on-a-chip devices, which integrate microfluidic structures onto silicon chips, are critical components in today's lab equipment. CMOS chips, capped with glass or coated with antibodies, are employed to directly analyze biological samples. This miniaturization reduces the probe size to just a few microliters and shortens testing time, allowing for smaller, lighter devices that can perform on-site sample analysis, such as at a patient's home. The COVID-19 pandemic highlighted the urgent need for fast, cost-effective testing. DNA sequencing, virus mutation detection, pathogen identification in blood samples, and monitoring cell responses to pharmaceuticals are other critical applications for this technology.

Glass wafer processing, a crucial capability offered by X-FAB, is being utilized in biomedical and life science devices. The integration of robust analog/mixed-signal CMOS technologies with specialized post-processing for medical applications is generating considerable interest in the market. X-FAB's customer base includes both established companies expanding into new application areas and innovative start-ups aiming to combine integrated circuits with microfluidic structures on lab-on-a-chip devices. X-FAB's platform approach enables the Company to support a wide variety of applications, driving dynamic business development and revenue growth. Further investments in development and facilities will allow X-FAB to deliver comprehensive solutions to medical customers.

X-FAB's microsystems business unit also offers 3D integration and wafer-level packaging capabilities. Through-silicon vias (TSVs) are key for 3D stacking of

integrated circuits and components. While the first sensor products using this technology are being ramped into mass production, X-FAB has successfully engaged in development projects with additional customers, supporting applications like cellular research and next-generation computed tomography.

Micro-transfer printing, an emerging technology for wafer-level assembly of micro-components on foreign chips or substrates, shows promise in applications such as integrating micro LEDs for high-performance displays or photonics integrated circuits for data communication and life sciences. X-FAB is also exploring other methods for integrating heterogeneous electronic components in system-in-package (SiP) designs, working with research and technology organizations (RTOs) in alignment with industry trends and the EU Chips Act.

X-FAB's microsystems business unit successfully initiated two projects within the IPCEI (Integrated Project of Common European Interest) framework, aimed at developing and demonstrating innovative technologies for heterogeneous integration in communication, automotive, and medical applications, as well as glass wafer processing for biomedical applications.

These activities align with customer demands and aim to enhance X-FAB's value creation throughout the supply chain. The strong collaboration with X-FAB customers, reflected in substantial prototyping revenue from the MEMS business, suggests a promising future for these initiatives.

Silicon carbide: Powering the future of energy and mobility

X-FAB pioneered the foundry market for wide-bandgap materials when it entered the SiC business, establishing itself as the leading pure-play foundry for SiC. Following strong performance in previous years, X-FAB's SiC business recorded revenue of USD 51.6 million in 2024.

SiC is a semiconductor substrate that, thanks to its material properties, supports the global trend to reduce greenhouse gas emissions. In the transition to CO₂ emissions-free mobility and transport, devices manufactured in SiC address two of the main challenges: driving range and charging time. The use of SiC technology in components used in the power trains powering electric vehicles helps extend the driving range achievable with one battery charge by approximately 9%. Similarly, used in charging infrastructure, SiC enables high-power, high-speed DC charging.

SiC is an already established material for components in the energy sector. An increasing number of suppliers are moving towards greener and more sustainable energy technologies. At the same time, the demand for electrification is growing dramatically, creating an ever-growing market for these components. SiC transistors are a core component in systems for power generation from renewable sources such as photovoltaic or wind energy. SiC also enables huge

energy savings in power supplies for data centers, computers, chargers for mobile phones, and devices for the Internet of Things.

The majority of devices manufactured in silicon carbide are offered by integrated device manufacturers (IDM) designing, manufacturing, and selling semiconductor components under their own brand. X-FAB decided to offer silicon carbide processing capabilities to a variety of customers, strictly following its business model as a specialty foundry. Customers are enabled by X-FAB to develop solutions based on their own specifications to differentiate and compete in the market.

X-FAB's success as the number 1 foundry for SiC is built on four pillars:

- secure supply chain;
- leading technology offer;
- economy of scale; and
- trusted partnership.

Customers sourcing SiC wafers from X-FAB can rely on the supply chain that has been established for the entire foundry business for over 30 years. The access to leading technology in services, equipment, and processes enables them to create outstanding device performance. The existing foundry infrastructure ensures ramping to production volumes individually suited to any respective customer and product need.

Since the launch of its foundry offer for silicon carbide, X-FAB has achieved a number of successes. X-FAB provides standard process blocks that supports customers in the development of diodes and transistor products across the broad technology platform that has been established in recent years. A state-of-the-art tool set is available for all relevant process steps, enhanced with next-generation processing capabilities. This has enabled the thinning of wafers and solderable backside metals. X-FAB has established collaborations with design houses that can support customers during product design and has built an extensive processing knowledge base that will support each customer with their individual process.

X-FAB has established long-term partnerships with its customers and is supporting more customers than ever. The majority of the non-IDM suppliers of SiC devices are choosing X-FAB as their manufacturing site. Also, smaller IDMs leverage the unique capabilities offered by X-FAB for their products.

The SiC processes are complementing X-FAB's offer for power electronics in the automotive and industrial markets. A growing number of customers using X-FAB's SiC technology, strong growth in prototyping revenue, and increasing production volumes from a variety of customers support the promising outlook for this part of X-FAB's business.

SiC revenues for the full year reached USD 51.6 million, demonstrating resilience in a year marked by a market stall that impacted the entire SiC supply chain. Despite these challenges, X-FAB continued to see strong interest, and is expanding its SiC-related equipment and capabilities to position itself for future growth as market conditions stabilize and recovery begins.

Innovation: an essential part of X-FAB

Innovation is one of X-FAB's core values and embedded at all levels of the organization. X-FAB's collaborative and forward-thinking culture is fostered through internal innovation programs and cross-functional teams. It is addressed in the Group through various initiatives such as hackathons, internal projects, and publicly funded programs.

Highlights from 2024 are:

- Release of a new embedded flash non-volatile memory in 110nm BCD-on-SOI technology. The memory solution is based on the proven and robust SONOS technology and enables highly efficient design of products requiring memory access over the entire automotive temperature range from -40°C to 175°C.
- Extension of the 180nm automotive-grade platform with second-generation high-voltage components that enable more cost-effective products with improved operational robustness.
- Introduction of a new generation of photodiodes in the 180nm image sensor technology platform with increased sensitivity. These new components offer customers improvements in terms of their operational capabilities and reliability.
- Launch of the next-generation SiC process platform, which enables up to 30% increase in dies per wafer compared to the previous generation, while maintaining robustness as well as breakdown performance.
- The photonics customer engagement portal has been launched as part of the EU-funded photonixFAB project, which marks an important step towards establishing a European value chain for photonics. The portal will enable first technology evaluations and early product development over the course of 2024 to 2026. PhotonixFAB is supported by the Key Digital Technologies Joint Undertaking (KDT JU), with funding from the EU and the national authorities. Possible applications for the capabilities to be developed include data communication, telecoms, biomedical sensors/detectors, quantum computing, and vehicle LiDAR.
- 29 new patent applications and 37 patents were granted in 2024, contributing to an overall patent portfolio of 467 patents and patent applications.

Investments in additional capacity, capabilities, and productivity improvements

X-FAB has been making significant investments in the expansion of its production capacity to meet the demand of its customers. X-FAB is creating additional production capacity at the 200 mm CMOS sites in Kuching, Corbeil-Essonnes, and Dresden, and at the SiC foundry in Lubbock. X-FAB is also investing in additional capacity and capabilities in the manufacturing of microsystems at its sites in Erfurt and Itzehoe.

A main driver for productivity improvement is automation, standardization and digitization of processes. In 2024, X-FAB has made progress in implementing its automation roadmap aimed at increasing fab efficiency and productivity. This includes software-controlled material movement, automated equipment setup and monitoring, and automated transport systems. Automation projects are underway at all sites and will continue in 2025.

These expansions and activities will enable X-FAB to manufacture products with an increased level of integration for its customers and thus achieving greater added value. A complex product, such as a chip for DNA sequencing, requires 54 masks, compared with 19 photomasks for a conventional consumer product. This means that the manufacturing complexity almost triples with a proportional increase in the value of the product.

Customer orientation: Long-standing relationships and strong product customization

Most of X-FAB's customers are fabless semiconductor companies: companies that have no own manufacturing and process technology expertise but rely on foundries for those services and related expertise. A smaller portion of X-FAB's customer base are either original equipment manufacturers (OEMs) or integrated device manufacturers (IDMs). Overall, X-FAB has a diverse base of more than 390 customers worldwide and continually wins new customers in its core markets (see Figure 4.3).

X-FAB takes a partnership approach to working with its customers, with the goal to achieve long-term success together and to create innovative products that help make the world a better place.

As a specialized foundry, X-FAB has developed a high level of customer proximity and services. One of the things that customers praise X-FAB for is the strong support they get throughout the entire journey with X-FAB to create a microchip: from the selection of the right process technologies, through chip design, prototyping, and qualification, and finally the transition to volume production.

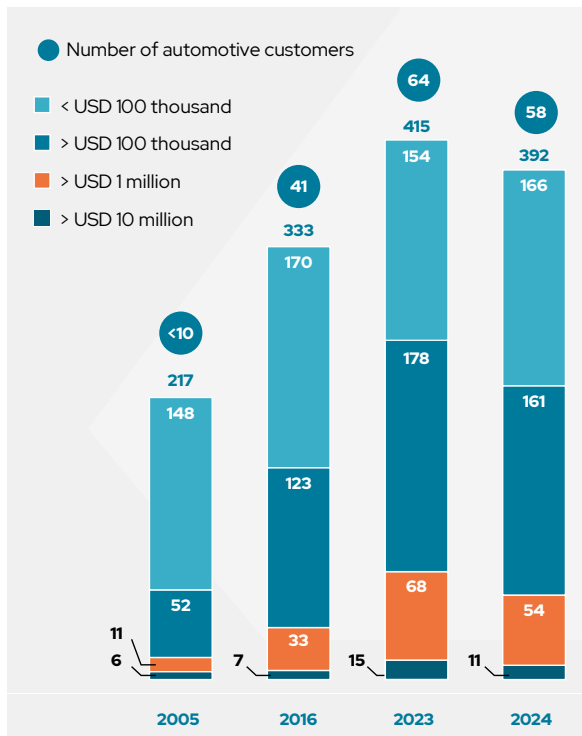


Fig. 4.3: X-FAB's customer count by annual revenue

X-FAB is placing great focus on enabling customers to make the best use of its technologies and to achieve results quickly. Time to market is of the essence, which is mainly determined by the time it takes to prototype and qualify a design. The goal is to achieve first-time-right designs, i.e., aiming to ensure that the customer designs are "right" the first time a prototype is produced. To achieve this, X-FAB makes significant investments in its design IP and the precision of its design models to enable its customers to simulate and predict exactly what they will get afterwards in real silicon.

X-FAB offers its specialized CMOS technologies (open-platform technologies) along with a strong design support, which its customers often refer to as best in class. A customer who decides to work with X-FAB using its modular open-platform technologies (CMOS) is provided with free access to accurate design models, design libraries as well as complex design IP blocks enabling fast and easy designs aimed at being right first time. X-FAB, as opposed to its competitors, does not rely on third-party providers to develop this design IP; this is done in-house.

MEMS and SiC devices are typically highly specific and there are almost no standard open-platform MEMS technologies available. This is referred to as customer-specific technologies. Such technologies require high-touch customer interactions to manage all the challenges arising from concurrent technology and device development, which adds significant value and drives long-lasting customer engagements.

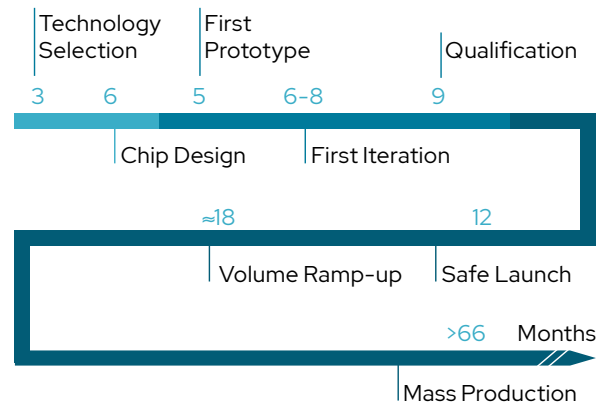


Fig. 4.4: Illustrative lifecycle for automotive: Analog/mixed-signal products are much more specialized for their applications and are used for many years

Due to the high degree of product customization usually required by customers, X-FAB as a specialty foundry is less vulnerable to the extreme price and demand volatility experienced by many competitors in the broader foundry market. X-FAB's focus on highly customized analog/mixed-signal ICs results in smaller production volumes per each product and requires more engineering input per unit creating a high value-add for the customer.

The long-term availability of these high-quality products is essential for X-FAB's customers, since X-FAB is the sole source for more than 90% of the products it manufactures. A large portion of these products have long product lifecycles of ten or more years. For example, X-FAB's first medical MEMS product, a sensor used to monitor blood pressure, has been in production for more than 25 years.

These are all important aspects that contribute to very close customer relationships. The great support that X-FAB offers throughout the development and lifecycle of a product and the considerable effort required by the customer to migrate products to other foundries, an effort that would often be equivalent to a new development, result in strong customer loyalty.

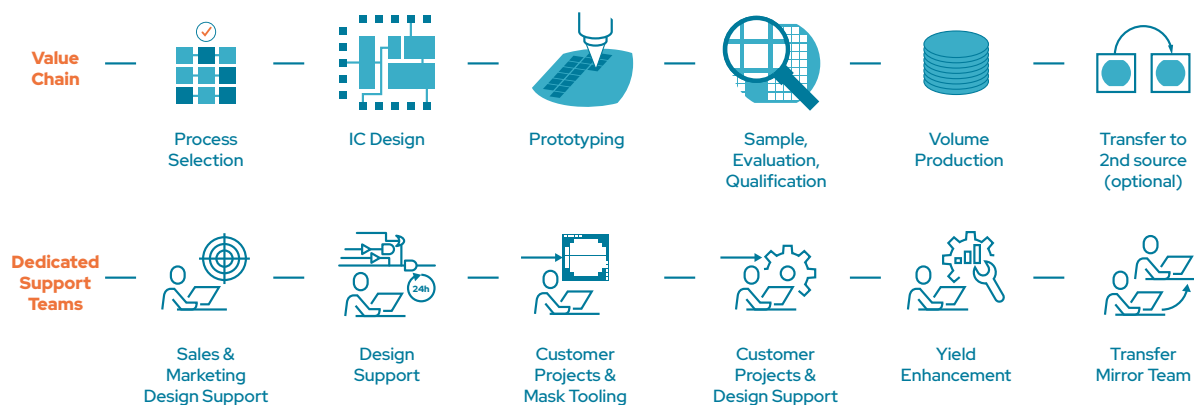


Fig. 4.5: X-FAB aims to differentiate its business through unique technologies combined with excellent technical support. A strong asset of X-FAB is its close collaboration with customers in every phase of an IC product lifetime. From a request for a quotation and the selection of the best suited process technology to the start of volume production, X-FAB has dedicated teams to assist its customers with technical, commercial, and logistical support and consultation.

X-FAB's strategic markets



Fig. 4.6: X-FAB's strategic markets and main application areas

X-FAB serves the markets for automotive, industrial, and medical (AIM) applications. The AIM market segments all share the same requirements for quality and reliability and feature similar long product lifetimes. Consequently, X-FAB places a strategic focus on AIM while selling into the market for consumer, communications, and computer (CCC) products when product requirements demand technologies that are within X-FAB's existing portfolio.

Development of the business in 2024 was characterized by the reduction of inventories that customers had built up in previous years in response to the chip shortage. X-FAB's automotive business remained flat with 1.5% growth, slightly above the previous year. Business in the industrial segment fell by 25% due to weak demand for silicon carbide, which is mainly sold to the industrial end market. Revenues achieved with medical applications shrunk by 16%, reflecting the effects of inventory adjustments.

On the other hand, a high level of prototyping activity and a number of new product launches in the fourth quarter, including an application for battery monitoring systems for electric vehicles, will contribute positively to X-FAB's automotive business going forward. Industrial CMOS revenue started to recover in the fourth quarter. Inventory adjustments in the industrial end market, which began as early as 2023, are slowly coming to an end. Medical bookings continue to be above average, with strong growth coming from applications for personal medical devices, such as contactless temperature sensors, pacemakers, and hearing aids.

X-FAB enables innovative solutions to address global challenges such as:

- global warming;
- the replacement of fossil energy by sustainable energy; and
- the cost of healthcare and an aging population.

X-FAB is confident of success due to its:

- close collaboration with market leaders in various segments;
- ongoing investment in new technologies;
- wide portfolio of technologies and capabilities; and
- strong pipeline of projects in prototyping stage.

Automotive electronics – We think automotive

Product reliability and established trust in suppliers are two key prerequisites for successfully serving the automotive industry. Meeting these demands is part of X-FAB's DNA.

Furthermore, X-FAB actively supports its automotive customers in driving innovation in electronics. In addition to further developments in advanced vehicle safety and comfort systems, the electrification of vehicles might be the biggest technology shift the automotive industry has ever seen. By 2040 electric vehicles will represent about 70% of global light duty vehicle sales, according to Bloomberg. As cars become more and more sophisticated, X-FAB will be right there to develop the technologies to make it happen.

All these new technologies combined are leading to a sharp increase in the number of semiconductor devices in a car. Based on 2020, the total value of the automotive semiconductor market is expected to triple by 2030, with demand for analog chips growing much faster than demand for microcontroller units (MCU).

Around two-thirds of the chips in a car can be realized with the processes offered by X-FAB. With CMOS, BCD-on-SOI and SiC, X-FAB offers the right mix of technologies, and with its optimization for processing analog signals the right features for chips that interface with the "real world."

ICs produced at X-FAB can be found everywhere in a car – in the interior as well as under the hood. Functions directly accessible to the driver, such as control of the interior lighting, hands-free phone kits, and parking assistance, as well as tire pressure monitoring and anti-lock braking systems, all make use of X-FAB technologies.

NEXT-GEN ADAPTIVE HEADLIGHTS EXPLAINED

Ten or twenty years ago, a car's headlight was just a light bulb in a reflective bowl. Today, one in four cars has so-called adaptive headlights. They guide the driver through curves or prevent oncoming traffic from being dazzled. Over the past five years, X-FAB has worked with a customer to develop an industry-leading technology called high-resolution adaptive headlights. At the heart of this technology is a chip with 25,000 LEDs. X-FAB manufactures the CMOS wafer and special functions and layers in its microsystems facility. The customer applies the LEDs. Each of the 25,000 LEDs can be controlled individually, and in combination with an intelligent camera, the system adjusts the high beam by turning off certain LEDs to prevent others from being blinded. It can also increase driver attention by projecting images onto the road to indicate hazards and dangers. This new technology is a major step forward in improving the safety of driving in the dark.

The **electrification of cars** requires intelligent solutions for battery management and charging. Batteries for electric vehicles consist of several thousand individual battery cells, each of which needs to be monitored by the so-called battery management systems (BMS). The temperature, the voltage, and the charge of each cell must stay in an optimal range. The better this is managed, the further the car can drive.

Typically, a BMS has up to 16 ICs to manage the battery. X-FAB's analog-mixed signal processes with their high-voltage and high-temperature capabilities and their rich portfolio of IP including embedded flash memory are particularly well suited for this. Transistors manufactured at X-FAB's SiC foundry enable inverters with higher efficiency and contribute to increased range on a single battery charge.

Safety in traffic will be improved by sophisticated techniques of collision prevention, distance control, lane change assistance, and blind spot detection, ultimately paving the way for autonomous driving. The increasing relevance of environmental protection is leading to innovations to improve fuel efficiency and reduce pollution of hybrid vehicles. Connected cars will be enabled by the advent of 5G cellular mobile networks.

Industrial electronics – We empower the future

The market for application-specific analog ICs for industrial applications is a highly fragmented market spanning applications from avionics to factory automation. About 60% of X-FAB's current customers in production address the industrial market and rely on X-FAB's ability to provide volume production over a 10- to 15-year period. Four global megatrends are driving the next industrial revolution and will change our way of producing, consuming, and living: **Industry 4.0** with an end-to-end connected value chain; **factory automation** including industrial IoT, robots, machine-to-machine communication; **smart cities**, enabling central building management and improving urban lives through interaction and management of connected services; and, finally, **sustainable energy** through exploiting renewable sources of energy and improving power management.

X-FAB is positioned to play a major role in addressing those megatrends based on its commitment to industrial markets and customers. The Group's competitive advantages rely on four pillars:

- Easy to work with. Collaboration with X-FAB is made easy for industrial customers as X-FAB can efficiently handle small to medium volumes often required for industrial applications.
- Design support. X-FAB provides comprehensive design support and high-quality IP to achieve first-time-right design. For industrial customers that want to outsource their IC design efforts, X-FAB maintains a global partner network of service providers for design, test, assembly, and supply chain management.
- X-FAB's quality systems. X-FAB's automotive technologies fit well with most industrial applications, which often also operate in harsh environments.
- X-FAB is a reliable foundry partner. X-FAB is a trusted supplier and has built long relationships with its industrial customers.

Medical electronics – We save lives

The chips X-FAB manufactures for medical applications are used in equipment or devices where people, doctors, and patients depend on reliable, accurate, and error-free operation or data. X-FAB delivers chips for **personal medical devices** from cardiac pacemakers and spinal cord stimulators to traditional and implanted hearing aids. X-FAB's specialized technologies can be found in **equipment for medical imaging technologies** such as ultrasound and X-ray sensors.

A trend for the next few years is the **evolution of consumer wearables** with the aim of medical precision, offering the user actionable insights into her or his physical conditions.

Implantable devices are very important for patients with chronic diseases, and research in this area will continue to provide new therapies, for example for rheumatism, strokes, or obesity. Portable devices will move medical imaging from hospitals and medical practices to patients' homes for point-of-care testing. Further trends in ultrasonic imaging are wireless probe heads and 3D imaging.

With the rapid decline in the costs of DNA sequencing since the availability of next-generation sequencing technology in 2007, new uses have been introduced for health care, industry, and research. There are not only companies that offer genetic testing as a service, DNA sequencing is also being used for the analysis of pathogens helping to contain epidemics as well as the examination of food to identify contamination or allergens. The availability of affordable genetic information is pushing the development of personalized medicine, with great benefits for patients and huge potential for cost-saving in the health care sector as a result of more effective therapies. Lab-on-a-chip or microfluidics are devices to handle minute quantities of liquids or biomaterial, usually on a chip or in a small cavity. That is where X-FAB's capability to **combine CMOS and MEMS** is a key benefit. Manufacturing steps, for which customers initially had to engage with several suppliers, are now provided by X-FAB exclusively.

According to market research, the lab-on-a-chip market is expected to grow at a CAGR of up to 14% over the next five years.

Consumer, communications, and computer – We connect people

X-FAB's specialty technologies are also used in the CCC market enabling applications such as optical sensors, camera autofocus, haptic drivers, touchscreen controllers, and gesture recognition solutions to create intuitive user interfaces that guarantee a great mobile experience.

Devices for augmented reality (AR) and virtual reality (VR) require a multitude of sensors, analog/mixed-signal chips, and wireless connectivity. X-FAB's high-voltage CMOS and SOI technologies enable enhanced power management solutions to improve the energy efficiency of consumer devices, communication infrastructure, and computers. Examples where chips manufactured by X-FAB help to reduce power consumption, optimize battery lifetime, and prolong device usage are AC/DC chargers, 5G base station switches, and battery management ICs for power tool applications.

An abstract geometric pattern composed of numerous overlapping, parallel lines in a light blue color. The lines are arranged in a way that creates a sense of depth and movement, resembling a stylized 'X' or a series of nested planes. The pattern is most prominent on the left side of the page and extends towards the center.

05

Consolidated
financial
statements

5. X-FAB CONSOLIDATED FINANCIAL STATEMENTS

5.1 Summary of important developments

Revenue and results

The Group's total sales revenue in 2024 amounted to USD 816,383 thousand (2023: USD 906,786 thousand), a decrease of 10% compared to the previous year. The decrease is due to a fall in demand, mainly due to inventory adjustments in the automotive supply chain. The Group recorded a net profit in 2024 of USD 61,526 thousand compared to a net profit of USD 161,895 thousand in the previous year.

Gross profit decreased from USD 258,052 thousand in 2023 to USD 182,949 thousand in 2024 as a result of the lower sales revenues.

Operating profits and profit before tax in the previous year were reduced by costs amounting to USD 5,095 thousand incurred to settle a third-party liability claim for damages (note 6.10).

Cost of sales

Cost of sales includes material expenses such as raw materials, the costs of maintaining fixed assets, depreciation, staff costs, and costs for external services. In 2024 cost of sales decreased by USD 15,300 thousand or 2% compared to the financial year 2023. The fall in cost of sales was lower than the fall in revenues, reflecting the Group's substantial fixed cost base and increases in the procurement cost for materials.

Research and development expenses

Research and development expenses amounted to USD 49,785 thousand in 2024, representing 6% of revenue (2023: 5%). Compared to the previous year the research and development expenses increased by 5%. The Group's research and development activities focus on development of new fabrication processes, optimization of existing processes using the Group's key process technologies, and development of new integrated circuit features in order to meet customers' analog/mixed-signal needs.

General, administrative, and selling expenses

General, administrative, and selling expenses increased by 1% in 2024.

Financial result

The Group's net financial expense (finance costs less finance income) amounted to USD 2,254 thousand (previous year: net expense of USD 2,491 thousand).

5.2 Statement of the Board of Directors

The Board of Directors certifies, on behalf and for the account of the Company, that, to their knowledge,

- the consolidated financial statements, which have been prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Company and the entities included in the consolidation as a whole; and
- the annual report provides a fair view of the development and results of the Company and the companies included in the consolidation, as well as a description of the main risks and uncertainties that they are exposed to.

5.3 Statutory auditor's report to the general meeting of X-Fab Silicon Foundries SE on the consolidated financial statements as of and for the year ended December 31, 2024

In the context of the statutory audit of the consolidated financial statements of X-Fab Silicon Foundries SE ("the Company") and its subsidiaries (jointly "the Group"), we provide you with our statutory auditor's report. This includes our report on the consolidated financial statements and the other legal and regulatory requirements. Our report is one and indivisible.

We were appointed as statutory auditor by the general meeting of April 27, 2023, 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 December 31, 2025. We have performed the statutory audit of the consolidated financial statements of the Group for 17 consecutive financial years.

Report on the consolidated financial statements

Unqualified opinion

We have audited the consolidated financial statements of the Group as of and for the year ended December 31, 2024, prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated financial

statements comprise the consolidated statement of financial position as at December 31, 2024, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising material accounting policies and other explanatory information. The total of the consolidated statement of financial position amounts to USD 1,906.713 thousand and the consolidated statement of profit or loss and other comprehensive income shows a profit for the year of USD 61.526 thousand.

In our opinion, the consolidated financial statements give a true and fair view of the Group's equity and financial position as at December 31, 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

Basis for our unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") as adopted in Belgium. In addition, we have applied the ISAs as issued by the IAASB and applicable for the current accounting year while these have not been adopted in Belgium yet. Our responsibilities under those standards are further described in the "Statutory auditors' responsibility for the audit of the consolidated financial statements" section of our report. We have complied with the ethical requirements that are relevant to our audit of the consolidated financial statements 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.

Key audit matter

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

Valuation of deferred tax assets

We refer to Note 4.19 of the consolidated financial statements for the accounting policies relating to deferred taxes and to Note 6.13 for the disclosures relating to deferred taxes as at December 31, 2024.

Description

The Group, which is subject to various tax jurisdictions and resulting obligations, has a significant amount of unused tax losses carried forward (USD 226,4 million)

and deductible temporary differences (USD 263,2 million) and has recognized deferred tax assets of USD 66,7 million as at December 31, 2024.

Deferred tax assets are recognized only to the extent that it is probable that sufficient future taxable profits will be generated, against which the unused tax losses carried forward and deductible temporary differences can be utilized. Significant judgement is required to assess the amount of probable future taxable profits that support the recognition of deferred tax assets.

Our audit procedures

In collaboration with our own tax specialists, we have assessed the Group's ability to utilize the deferred tax assets. Our procedures included:

- Obtaining the forecasted taxable income in the various tax jurisdictions and reconciling these to the latest budget and forecasts approved by the board of directors;
- Assessing the consistency and reliability of the Group's approach to budgeting by comparing historical budgets to actual results;
- Challenging management's key assumptions used in its budget and forecasts, such as projected growth rates, by comparing them with our own expectations derived from our knowledge of the industry and our knowledge gained during our audit;
- Recalculating independently the deferred tax assets which comprise a combination of temporary differences between tax and accounting values as well as available tax losses;
- Assessing whether deferred tax assets had been appropriately recognized in the consolidated financial statements as at December 31, 2024 based on the extent to which they can be recovered by future taxable profits; and
- Assessing the adequacy of the relevant disclosures.

Assessment of impairment indicators and the determination of the Value In Use ("VIU") of Cash Generating Units ("CGU")

We refer to Note 4.10 of the consolidated financial statements for the accounting policies relating to impairment and to Note 7.1 for the disclosures relating to property, plant, equipment, and investment properties as at December 31, 2024.

Description

The net carrying value of property, plant and equipment as at December 31, 2024 amounts to USD 1,144,6 million, representing 60,0% of the Group's total assets. As discussed in Note 4.10, at each reporting date, management assesses whether there is any indication of impairment (i.e. a triggering event). If any such indication exists then the recoverable amount of the CGU, to which the property, plant and equipment belongs, is estimated. Management identified two indicators of potential impairment as

explained in note 7.1 of the consolidated financial statements. Management subsequently tested each relevant CGU for which impairment indicators were identified. This process involved projections and assumptions for revenues, changes in working capital, economic performance of the assets, prevailing market interest rates, and weighted average cost of capital (WACC). Management concluded that the recoverable amount (VIU) of each relevant CGU exceeded the CGU's carrying value as at December 31, 2024 and consequently, that no impairment loss is to be recognized as at December 31, 2024.

We identified the assessment of impairment indicators for property, plant and equipment and the determination of the VIU for each CGU in scope as a key audit matter. This process requires considerable judgment for the identification of impairment indicators and the determination of the critical assumptions such as the WACC, projected revenue growth rates, and terminal growth rate used in determining the VIU of the CGU. The underlying calculations are complex by nature and require the use of specialists.

Our audit procedures

In collaboration with our own valuation specialists, we performed the following procedures to address this key audit matter:

- We inquired management regarding the indicators they assessed as possible indicators of impairment for CGUs;
- We evaluated the design of key internal controls related to management's assessment of impairment triggers. This included controls related to certain key assumptions used by management in determining the VIU of the CGU, such as the WACC and forecasted cashflows;
- We inspected management's assessment and considered whether further indicators should have been assessed based on our knowledge of the business, its operating environment, industry knowledge, current market conditions and other information obtained during the audit;
- We assessed the accuracy of management's calculations for the CGU subject to impairment testing, including the underlying data used, and consider whether the list of CGUs tested are complete;
- We evaluated the valuation techniques, assumptions and data used by management to make their accounting estimates used for VIU;
- We challenged key assumptions and judgements such as the discount rate as applied in the value in use calculation;
- We performed sensitivity analyses on the WACC and the future growth rates used by Management to assess the impact of changes to the

assumptions, and assess whether there were any indications of management bias in the selection of these assumptions; and

- We evaluated the completeness, accuracy and relevance of disclosures required by IAS 36.

Board of directors' responsibilities for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines, is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Statutory auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements 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 consolidated financial statements.

When performing our audit, we comply with the legal, regulatory and professional requirements applicable to audits of the consolidated financial statements in Belgium. The scope of the statutory audit of the consolidated financial statements does not extend to providing assurance on the future viability of the Group nor on the efficiency or effectiveness of how the board of directors has conducted or will conduct the business of the Group. Our responsibilities regarding the going concern basis of accounting applied by the board of directors are described below.

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 consolidated financial statements, 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 for the purpose of expressing an opinion on the effectiveness of the Group'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 the 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 Group'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 consolidated financial statements 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 Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

For the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory 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 consolidated financial statements including the sustainability information.

Statutory auditor's responsibilities

In the context of our engagement and in accordance with the Belgian additional standard (revised version 2025) 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 consolidated financial statements, and to report on these matters.

Aspects concerning the board of directors' annual report on the consolidated financial statements

The annual report on the consolidated financial statements contains the consolidated sustainability information that is the subject of our separate report on the limited assurance with respect to this sustainability information. This section does not cover the assurance on the consolidated sustainability information included in the annual report on the consolidated financial statements. For this part of the annual report on the consolidated financial statements, we refer to our separate report on this matter.

The consolidated sustainability information included in the annual report on the consolidated financial statements was prepared without complying with the dispositions of article 3:32/2 of the Code of Companies and Associations, regarding the preparation of sustainability information, resulting in an adverse conclusion, due to material and significant matters identified, regarding the assurance on the consolidated sustainability information.

Based on specific work performed on the board of directors' annual report on the consolidated financial statements, and except for the effect on the annual report of the matter described above, we are of the opinion that this annual report is consistent with the consolidated financial statements for the same period and has been prepared in accordance with article 3:32 of the Companies' and Associations' Code.

In the context of our audit of the consolidated financial statements, 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 consolidated financial statements contains material misstatements, that is information incorrectly stated or misleading. In the context of the procedures carried out, and except for the effect on the annual report of the matter described above, we did not identify any material misstatements that we have to report to you.

Information about the independence

- Our audit firm and our network have not performed any engagement which is incompatible with the statutory audit of the consolidated accounts and our audit firm remained independent of the Group during the term of our mandate.
- The fees for the additional engagements which are compatible with the statutory audit referred to in article 3:65 of the Companies' and Associations' Code were correctly stated and disclosed in the notes to the consolidated financial statements.

European Single Electronic Format (ESEF)

In accordance with the draft standard on the audit of compliance of the annual report with the European Single Electronic Format (hereafter "ESEF"), we have also audited whether the ESEF-format is in accordance with the regulatory technical standards as laid down in the EU Delegated Regulation nr. 2019/815 of 17 December 2018 (hereafter "Delegated Regulation") and the Royal Decree of 14 November 2007 on the obligations of issuers of financial instruments admitted to trading on a regulated market (hereafter the "Royal Decree of 14 November 2007").

The Board of Directors is responsible for the preparation of an annual report, in accordance with the ESEF requirements, including the consolidated financial statements in the form of an electronic file in ESEF format (hereafter "digital consolidated financial statements").

It is our responsibility to obtain sufficient and appropriate information to conclude whether the format of the annual report and the XBRL tagging of the digital consolidated financial statements comply, in all material respects, with the ESEF requirements under the Delegated Regulation and the Royal Decree of 14 November 2007.

In our opinion, based on our work performed, the digital format of the annual report and the tagging of information in the English version of the consolidated financial statements as per December 31, 2024, included in the annual report of X-Fab Silicon Foundries SE and which will be available in the Belgian official mechanism for the storage of regulated information (STORI) of the FSMA, are, in all material respects, in compliance with the ESEF requirements under the Delegated Regulation and the Royal Decree of 14 November 2007.

Other aspect

- This report is consistent with our additional report to the audit committee on the basis of Article 11 of Regulation (EU) No 537/2014.

Hasselt, March 24, 2025

KPMG Bedrijfsrevisoren – Réviseurs d'Entreprises
Statutory Auditor
represented by

Herwig Carmans

Bedrijfsrevisor / Réviseur d'Entreprises

5.4 Consolidated financial statements

Consolidated statement of profit or loss and other comprehensive income

For the year ended December 31

in thousands of U.S. dollars	Note	2024	2023
Revenue	6.1/12	816,383	906,786
Cost of sales	6.2/6.6/12	(633,434)	(648,734)
Gross profit		182,949	258,052
Research and development expenses	6.3/6.6/12	(49,785)	(47,191)
Selling expenses	6.4/6.6/12	(9,070)	(8,463)
General and administrative expenses	6.5/6.6	(47,351)	(47,157)
Rental income and expenses from investment properties	6.7/6.8/12	2,770	2,906
Impairment loss on trade receivables	7.4	(2)	(297)
Other income and other expenses	6.9/6.10/12	6,032	(175)
Operating profit		85,543	157,675
Finance income	6.11/12	36,006	34,658
Finance costs	6.12/12	(38,260)	(37,149)
Net finance income/(costs)		(2,254)	(2,491)
Profit before tax		83,289	155,184
Income tax	6.13	(21,763)	6,711
Profit for the period		61,526	161,895

Consolidated statement of profit and loss and other comprehensive income (continued)**For the year ended December 31**

in thousands of U.S. dollars	Note	2024	2023
Profit for the period		61,526	161,895
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit obligation (asset)	7.11	(37)	(532)
Items that are or may be transferred to profit or loss as follows:			
Foreign currency translation differences for foreign operations		763	(75)
Other	7.8	–	2,287
Other comprehensive income/(loss) for the period, net of income tax		726	1,680
Total comprehensive income for the period		62,252	163,575
Weighted average number of shares outstanding, basic and diluted	6.14	130,631,921	130,631,921
Earnings per share			
Basic and diluted (in U.S. dollars)	6.14	0.47	1.25

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of financial position

in thousands of U.S. dollars	Note	December 31, 2024	December 31, 2023
			(restated, see note 4.20)
ASSETS			
Non-current assets			
Property, plant, and equipment	7.1	1,144,620	734,488
Investment properties	7.1	7,412	7,171
Intangible assets	7.2	6,319	5,627
Other assets	7.6	42	58
Deferred tax assets	6.13	66,725	83,772
Total non-current assets		1,225,118	831,116
Current assets			
Inventories	7.3	281,765	269,227
Contract assets	7.4	18,092	24,010
Trade and other receivables	7.5/12	96,648	123,101
Income tax receivables	6.13	1,830	594
Other assets	7.6	67,423	50,065
Cash and cash equivalents	7.7	215,837	405,701
Total current assets		681,595	872,698
Total assets		1,906,713	1,703,814
EQUITY AND LIABILITIES			
Equity			
Share capital	7.8	432,745	432,745
Share premium	7.8	348,709	348,709
Retained earnings	7.8	241,648	180,159
Cumulative translation adjustment	7.8	462	(301)
Treasury shares	7.8	(770)	(770)
Total equity		1,022,794	960,542
Non-current liabilities			
Loans and borrowings	7.10	369,616	235,318
Other liabilities and provisions	7.11	4,257	4,024
Total non-current liabilities		373,873	239,342
Current liabilities			
Trade payables	7.12/12	67,658	90,681
Loans and borrowings	7.10	44,517	25,659
Income tax payable	6.13	7,737	10,233
Provisions	7.13	11,978	9,775
Other liabilities	7.12	378,157	367,582
Total current liabilities		510,046	503,930
Total equity and liabilities		1,906,713	1,703,814

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of changes in Group equity

in thousands of U.S. dollars	Note	Shares issued and fully paid	Share capital	Share premium	Retained earnings	Cumulative translation adjustment	Treasury shares	Total attributable to owners of the Company	Non-controlling interests	Total equity
At December 31, 2022		130,781,669	432,745	348,709	16,509	(226)	(770)	796,967	–	796,967
Profit for the period		–	–	–	161,895	–	–	161,895	–	161,895
Remeasurement of defined benefit plans		–	–	–	(532)	–	–	(532)	–	(532)
Currency translation effect, net of tax		–	–	–	–	(75)	–	(75)	–	(75)
Other	7.8	–	–	–	2,287	–	–	2,287	–	2,287
Total comprehensive income		–	–	–	163,650	(75)	–	163,575	–	163,575
At December 31, 2023		130,781,669	432,745	348,709	180,159	(301)	(770)	960,542	–	960,542
Profit for the period		–	–	–	61,526	–	–	61,526	–	61,526
Remeasurement of defined benefit plans		–	–	–	(37)	–	–	(37)	–	(37)
Currency translation effect		–	–	–	–	763	–	763	–	763
Total comprehensive income		–	–	–	61,489	763	–	62,252	–	62,252
At December 31, 2024		130,781,669	432,745	348,709	241,648	462	(770)	1,022,794	–	1,022,794

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of cash flows**For the year ended December 31**

in thousands of U.S. dollars	Note	2024	2023
Cash flow from operating activities:			
Profit for the period		61,526	161,895
Income tax	6.13	21,763	(6,711)
Income before taxes		83,289	155,184
Reconciliation of net income to cash flow arising from operating activities:		106,148	88,948
Depreciation and amortization, before effect of grants and subsidies	6.6/7.1/7.2	103,386	87,939
Amortization of investment grants and subsidies	6.6	(3,735)	(2,972)
Interest income and expenses (net)	6.11/6.12	5,525	2,600
Loss/(gain) on the sale of plant, property and equipment (net)	6.9/6.10/ 7.1/7.2	(4,030)	(3,373)
Loss/(gain) on disposal of subsidiary	6.10	1,144	–
Other non-cash transactions (net)	8	3,858	4,754
Changes in working capital		8,726	172,490
Decrease/(increase) of trade and other receivables	7.4	30,808	(39,774)
Decrease/(increase) of other assets	7.5	5,687	4,855
Decrease/(increase) of inventories	7.3	(9,733)	(52,504)
Decrease/(increase) of contract assets		5,919	(24,010)
(Decrease)/increase of trade payables	7.11/8	(17,373)	16,634
(Decrease)/increase of other liabilities and provisions	7.11/7.12/7.13	(6,582)	267,289
Income taxes (paid)/received		(2,113)	(6,658)
Net cash from operating activities		196,050	409,964
Cash flow from investing activities:			
Payments for property, plant, equipment, and intangible assets	7.1/7.2	(509,467)	(337,789)
Payments for investments in investment properties	7.1	(84)	–
Acquisition of subsidiary, net of cash acquired	5	(1,633)	–
Payments for loan investments to related parties	12	–	(276)
Proceeds from loan investments related parties	12	–	252
Proceeds from the sale of property, plant, and equipment	7.1	4,024	3,733
Interest received	6.11/6.12	11,032	10,457
Net cash used in investing activities		(496,128)	(323,623)
Proceeds from loans and borrowings	7.10	209,669	205,784
Repayment of loans and borrowings	7.10	(124,237)	(241,806)
Receipts from sale and leaseback arrangements	7.10/8	60,584	–
Payment of lease liabilities	7.10	(12,502)	(5,512)
Interest paid	6.10/6.11	(17,214)	(11,630)
Net cash from/(used in) financing activities		116,300	(53,164)
Effects of changes in foreign currency exchange rates on cash balances		(6,086)	3,099
Net increase/(decrease) of cash and cash equivalents		(183,778)	33,177
Cash and cash equivalents at the beginning of the period		405,701	369,425
Cash and cash equivalents at the end of the period		215,837	405,701

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1 Basic information and description of the X-FAB Silicon Foundries SE Group's business

X-FAB Silicon Foundries SE (hereafter referred to as "X-FAB SE," "the Company," or "the parent company" and, together with its subsidiaries, as "X-FAB SE Group" or "the Group") is a European limited company (Societas Europaea/SE) registered under the number BE0882.390.885 in Hasselt, Belgium. The parent company's registered address is Transportstraat 1, 3980 Tessenderlo, Belgium.

The Group has no associates, joint ventures, joint operations, or investments in unconsolidated structured entities (entities designed so that voting or similar rights are not the dominant factor in deciding which party controls the entity).

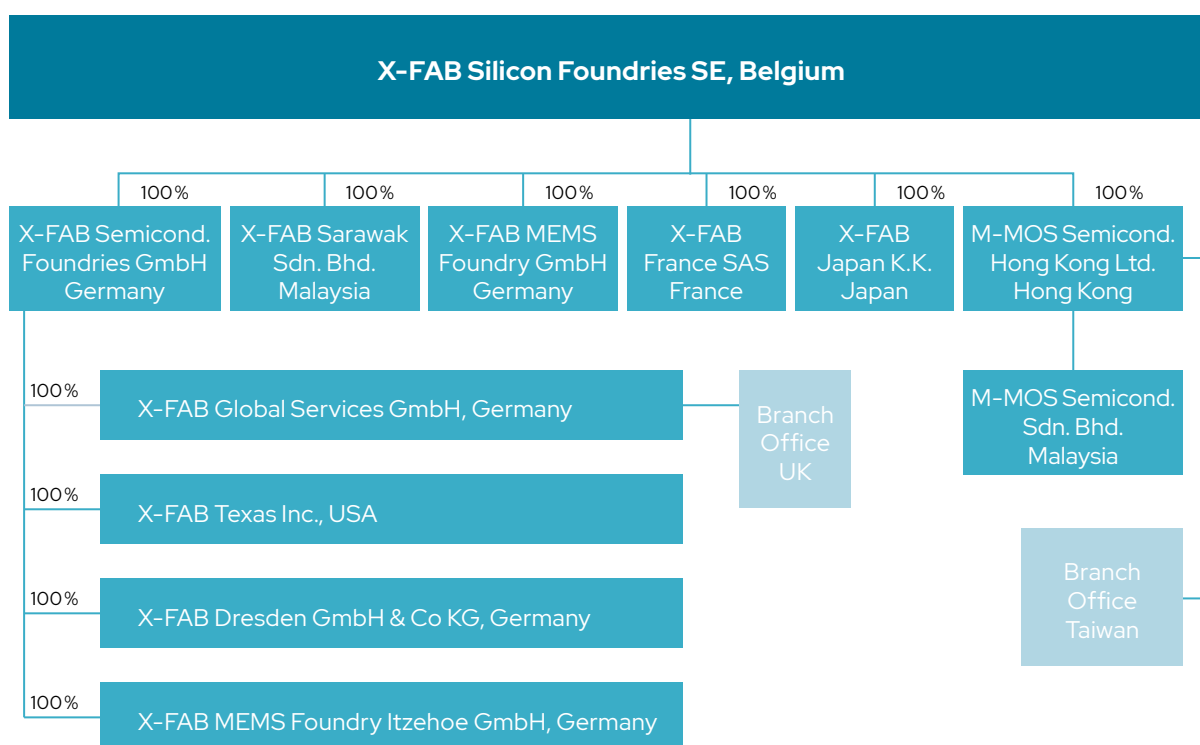
The X-FAB SE Group is one of the world's leading pure-play foundry providers specializing in analog/mixed-signal technologies.

Analog/mixed-signal products are circuits capable of processing digital as well as analog signals. As a pure-play foundry, the Group develops its own technologies, offering its customers a comprehensive range of product development (design support) and production services. The X-FAB SE Group manufactures integrated circuits to customers' designs, supplying these in the form of silicon wafers. For this purpose, X-FAB SE offers special technology modules, cell libraries, and design kits, which allow the Group's customers to develop specific circuits with broad function spectrum and to accelerate their development processes.

X-FAB SE Group's customers include companies that concentrate on the development of integrated circuits (ICs) and leave their manufacture to others (fabless companies). The Group's customers are primarily in the communication, automotive, consumer, and industrial product sectors, and are located in Europe, the United States, and Asia.

2 Group structure

The X-FAB SE Group structure as of December 31, 2024, is illustrated below.



X-FAB Dresden GmbH & Co. KG refers to X-FAB Dresden GmbH & Co. KG and X-FAB Dresden Verwaltungs-GmbH

The Group's primary operations are held by X-FAB Semiconductor Foundries GmbH (X-FAB GmbH), X-FAB Dresden GmbH & Co. KG (X-FAB Dresden), X-FAB Texas Inc., Lubbock, Texas (X-FAB Texas), X-FAB Sarawak Sdn. Bhd. (X-FAB Sarawak), and X-FAB France SAS (X-FAB France), each of which operate wafer factories at their respective locations. X-FAB MEMS Foundry Itzehoe GmbH (MFI) and X-FAB MEMS Foundry GmbH (XMF) offer process technologies for the fabrication of micro mechanical sensors for the detection of pressure, acceleration, rotation, and IR-radiation including integrated solutions that combine MEMS and CMOS. The remaining entities provide research and development, marketing and sales, and administration services to other Group entities or serve administrative purposes.

The Group acquired the entire share capital of M-MOS Semiconductor Hong Kong Limited (M-MOS), a limited liability company incorporated under the laws of Hong Kong in 2024. Details of the acquisition are provided in note 5.

Business activities at MikroDesign OOO, Voronezh, Russia ceased in the financial year 2023 and the Company was liquidated in 2024.

3 Basis of preparation

3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union. All IFRS and IAS standards and associated interpretations were adopted to the extent that they had been endorsed by the European Union by the date of issue of these financial statements.

The consolidated financial statements of X-FAB SE Group for the year ended December 31, 2024, were authorized for issue in accordance with a resolution of the directors on March 20, 2025.

3.2 Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial assets and liabilities and the net defined benefit liability for post-retirement obligations, which is measured at the present value of the defined obligation less the fair value of plan assets.

3.3 Functional and presentation currency

The consolidated financial statements are presented in U.S. dollars (USD), which is the functional and presentation currency of the parent company and the Group's primary operating companies. Amounts are rounded to the nearest thousand except when otherwise indicated. Rounding differences may occur.

3.4 Use of judgments, assumptions, and estimation uncertainties

In preparing these consolidated financial statements management has made judgments, assumptions, and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual amounts may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Judgments

Determination of functional currency

The functional currency of the holding company and most of its subsidiaries has been assessed as the U.S. dollar (USD) due to the fact that the currency that mainly influences sales prices for goods and services is the USD. Subsidiaries with a different functional currency (primarily the euro) are not significant to the Group's consolidated financial statements.

With respect to the holding company the assessment is based on the fact that the holding acts as an investment holding entity (in operational subsidiaries with USD as their functional currency) and its sole activity consists of the re-allocation of Group costs which are incurred and subsequently recharged in USD. Hence the USD is deemed the most appropriate functional currency of the holding for the preparation of the consolidated financial statements.

Revenue recognition (note 4.3)

The Group changed the method used to recognize revenues for the sale of process control wafers (PCM wafers) from January 1, 2023. PCM wafers manufactured and sold by the Group are generally customer-specific, i.e., when manufacturing goods for a customer X-FAB is creating an asset for the customer that has no alternative use for X-FAB. Prior to 2023, for the majority of contracts with its most important customers X-FAB had determined that it does not have an enforceable right to obtain payment for work completed should a customer cancel an incomplete contract for reasons other than any failure by X-FAB to perform as promised. Based on this assessment, revenue from the sale of PCM wafers was recognized when shipment had been made. For periods from the previous financial year and thereafter X-FAB has determined that the volume of contracts for which it supplies customer-specific goods and for which it has an enforceable right to obtain payment for work completed should a customer cancel an incomplete contract for reasons other than any failure by X-FAB to perform as promised is significant. For such contracts revenue is recognized over time, i.e., over the period in which the Group meets its performance obligations under those contracts proportionate to the fulfillment of its performance obligations under the contracts.

There has been no change in the accounting policy for the recognition of revenues for which the Group does not have an enforceable right to obtain payment for work completed.

Invoices are usually payable within 30 days. No discounts of the invoiced amounts are offered to customers in exchange for prompt payment of invoices. Sales prices with customers do not include a significant financing component.

Recognition of right-of-use assets and lease liabilities (notes 4.17 and 11)

The Group recognizes right-of-use assets and lease liabilities for certain assets held under leasing arrangements. Some of the Group's lease contracts include renewal or termination options. In order to determine the lease term for these contracts the Group took into account all relevant facts and circumstances in order to assess whether it is reasonably certain that these options will be exercised. This assessment has an impact on the term of the lease, which has a significant effect on the amount of the lease liabilities and the measurement of the right-of-use asset recognized. Should the Group make changes to its assessment of whether the renewal or termination options will be exercised, it may be necessary to increase or decrease the right-of-use assets and lease liabilities recognized.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the next financial year is included in the following notes:

Recognition of deferred tax assets (note 6.13)

Deferred tax assets are recorded where it is considered probable that tax savings will be made in future periods from the use of losses carried forward and from the reversal of taxable timing differences arising on the difference between the accounting and tax values of the Group's assets. Taxable profits and the reversal of timing differences in the next financial year may differ from the amounts assumed, and assumptions made in the next financial year about future taxable profits and reversals of subsequent years may change. Such changes could result in a material adjustment.

Measurement of expected credit losses (ECLs) on trade receivables (note 7.5)

Allowances are made to reflect estimates of the amount of ECLs on any receivables. The actual amount of credit losses for receivables in the next financial year may differ from the amounts recorded as impairments in the year ended December 31, 2024, which may result in a material adjustment.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial

statements as at and for the year ended December 31, 2023.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, both for financial and non-financial assets and liabilities.

If third-party information is used to measure fair values, the evidence obtained from third parties is assessed to support the conclusion that such valuations meet the requirements of IFRS 13, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible.

Fair values are classified into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques that use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group measures transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- 7.1 Property, plant, equipment, and investment properties
- 7.5 Trade and other receivables
- 7.10 Loans and borrowings
- 10 Financial instruments – fair values and risk management

4 Summary of accounting policies

An amendment has been made to the criteria applied to classify borrowings between non-current and current liabilities, which has resulted in a retrospective reclassification of certain borrowings from current to non-current in the consolidated statement of financial position. The change to the classification resulted from an amendment to IAS 1. The nature of the change and the amounts affected are described in detail in note 4.20.

With the exception of the above, the accounting policies applied are consistent with those applied in the annual consolidated financial statements for the year ended December 31, 2023.

4.1 Basis of consolidation

Entities included in the consolidation

The consolidated financial statements include the financial statements of the parent company and its subsidiaries, which are entities directly or indirectly controlled by the parent company. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Control is generally obtained by ownership of a majority of shares.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

All intra-group balances, transactions, income, and expenses, as well as profits and losses resulting from intra-group transactions, are fully eliminated in these consolidated financial statements.

Non-controlling interests

Non-controlling interests represent the portion of profit or loss, component of other comprehensive income and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly, by the parent company. Non-controlling interests' share of income and share of equity are presented separately in the income statement and within equity in the consolidated statement of financial position respectively, separately from parent shareholder's equity.

Non-controlling interests are measured at the date of acquisition at their proportionate share of the acquired company's identifiable net assets.

4.2 Foreign currency translation

Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the statement of financial position date. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the dates of the initial transactions. If the functional currency of a consolidated entity differs from the Group's presentation currency, assets and liabilities of that entity are translated into the presentation currency at the closing rate at the statement of financial position date, whereas equity is translated using the historic rates, and the income statement is translated at the average rate of the reporting period. All resulting differences are recognized in the cumulative translation adjustment in equity.

4.3 Revenue from contracts with customers

Sales revenue is measured based on the consideration specified in a contract with a customer. Sales revenues are recognized net of discounts, customer bonuses, and rebates granted.

There is no significant uncertainty concerning the nature, amount, or timing of the revenue or the cash flows of the revenues reported. The Group recognizes revenue when it transfers control over a good or service to a customer.

Sale of process control wafers (PCM wafers)

PCM wafers are goods that are generally customer specific, i.e. when manufacturing goods for a customer, X-FAB is creating an asset for the customer that has no alternative use to X-FAB. In general, revenue from the sale of wafers is recognized at a point in time. From the previous financial year, the financial year 2023, and in subsequent periods the Group also reports revenues from wafer sales which are recognized over time, i.e., on the basis of progress made towards fulfilling the Group's performance obligation under the supply contract, and not, as is the case with revenue recognized at a point in time, only when the wafers are completed and delivered to the customer. Revenue for wafer sales recognized over time represents the Group's rights to consideration for work completed but not invoiced at the reporting date for wafer sales under long-term contracts which meet the criteria for revenue recognition over time. Contracts with customers meet the criteria for recognition over time when work performed under the contract creates an asset which has no alternative use to X-FAB (for example, due to the specific nature of the product or to exclusivity agreements) and X-FAB has an enforceable right to payment for the performance of the work completed. Progress towards fulfilling the Group's performance obligations under such contracts is determined based on the cost-to-cost method as X-FAB is of the opinion that this measure most faithfully depicts the transformation of the work in

progress. Revenues for the sale of wafers which meet the criteria for revenue recognition over time were not material in previous reporting periods.

In connection with long-term contracts with customers, the Group receives prepayments from customers for future wafer sales and capacity reservation deposits. These amounts, which are initially recognized as other liabilities, include variable consideration for the goods transferred to the customer within the contract. When recognizing revenue for the contract, the Group is required to estimate the amount of variable consideration to which it will be entitled in exchange for transferring the promised goods to the customer. To the extent that part of the prepayment will be retained by X-FAB without X-FAB being required to offset amounts against valid purchase orders (for example, when there is a shortfall in customer orders compared to the amounts agreed under the sales contract when X-FAB is entitled to retain the revenue prepaid), the revenue recognized as revenue for the goods that have been delivered includes amounts attributable to the expected shortfall. However, variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved.

Invoices are usually payable within 30 days. No discounts of the invoiced amounts are offered to customers in exchange for prompt payment of invoices. Sales prices with customers do not include a significant financing component.

Sales of non-recurring engineering (NRE) services and technology services

When providing non-recurring engineering (NRE) services and technology services X-FAB creates an asset for a customer that has no alternative use to X-FAB as the prototype wafers created are generally customer specific. Invoices are issued according to contractual terms – based on milestones – and are usually payable within 30 days. X-FAB has an enforceable right to payment for the performance of work completed up to the agreed milestones. Revenue is therefore recognized over time, and X-FAB applies a practical expedient for the measurement of progress. Invoicing based on milestones is a reasonable approximation of the progress made to completing the performance obligation. No discounts of the invoiced amounts are offered to customers in exchange for prompt payment of invoices. Sales prices with customers do not include a significant financing component.

Rental and other income

Revenue in respect of rental and other income is recognized over time when the relevant service is provided (see note 4.6 below).

Warranty obligations

The Group typically provides warranties for defects that existed at the time of sale, as required by the

terms and conditions of sale. These are assurance-type warranties which are accounted for as warranty provisions based on past experience. No service-type warranties are sold either separately or bundled together with the sale of the Group's products.

Contract costs and contract fulfillment costs

Costs of obtaining contracts requiring capitalization have been incurred by the Group; however, the deferral of such costs is not material for the purposes of these consolidated financial statements.

No costs of fulfilling contracts requiring capitalization have been incurred which are not recorded as assets in accordance with IAS 2 Inventories, IAS 16 Property, Plant and Equipment, or IAS 38 Intangible Assets.

4.4 Research and development expenses

Research and development expenses comprise staff expenses, depreciation, and other directly attributable expenses and are allocated process based, i.e. relate to research and development activities that are not related to the improvement of the existing production technologies. Costs incurred in connection with improving existing production technologies used in operational production lines are allocated to cost of sales.

Research and development costs are expensed as incurred. X-FAB SE Group considers that development work performed does not qualify for capitalization because the amount of future benefits to be derived from use of work performed is characterized by a high level of uncertainty until the projects are completed.

Government grants are awarded to the Group for its research and development activities in the form of cash tax payments or tax credits. IAS 20 Government Grants is applied to all grants, including the research and development grants received by X-FAB France, which are paid out using the French corporation tax system. The grants are recognized as income and as a non-current or current asset, as appropriate, when there is reasonable assurance that the entity will comply with the relevant conditions set out in the terms of the grant arrangement and that the grant will be received. These income-related grants are recognized in profit or loss on a systematic basis as the entity recognizes as expenses the costs that the grants are intended to compensate.

4.5 Finance income and finance costs

Interest income or expense is recognized using the effective interest method. Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

4.6 Rental income from investment properties

Rental income from operating leases on investment property is accounted for on a straight-line basis over the lease term. Lease incentives granted are

recognized as an integral part of the total rental income and recognized over the term of the lease.

4.7 Employee benefits

Employee benefits consist of short-term employee benefits, payments into defined contribution pension schemes, and a long-service retirement lump-sum payment scheme at the Group's subsidiary X-FAB France. The Group has no share-based payment arrangements.

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

The Group's net obligation in respect of the long-service retirement lump-sum payment scheme is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount, and deducting the fair value of any plan assets. The calculation of the obligation is performed annually by an independent third-party expert actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements. Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest), and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Termination benefits are recorded as an expense at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs of a restructuring. The benefits are discounted if it is not expected that they will be settled wholly within 12 months of the reporting date.

4.8 Property, plant, equipment, and investment properties

Property, plant, and equipment are measured at purchase cost less accumulated depreciation and accumulated impairment losses. Purchase cost includes expenditure that is directly attributable to the acquisition of the asset. These accounting policies have also been applied to investment properties under the cost model in accordance with IAS 40.

Depreciation is provided using the straight-line method for property, plant, factory, and office equipment and for investment properties. Depreciation is calculated to write off the cost of items of property, plant, and equipment less their estimated residual values using the straight-line method over their estimated useful lives. If significant parts of an item of property, plant, and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant, and equipment.

The following useful lives are used as a basis for calculating depreciation:

- Buildings, including investment properties: over 40–50 years
- Factory and office equipment: straight-line over 3–10 years

Borrowing costs were not capitalized because no borrowing costs applicable to the assets qualifying for the capitalization of borrowing costs were incurred in the period. Costs incurred which extend the useful life of assets, or which increase performance or capacity of assets, are capitalized where appropriate. Maintenance and repair costs are expensed as incurred.

Assets are recorded as disposals when they are sold or scrapped. The resulting gain or loss is recorded in income within "other income" or "other expenses" as appropriate.

4.9 Intangible assets

Purchased intangible assets are capitalized at purchase cost, including, where applicable, own work capitalized in preparing the intangible assets for use, and depreciated on a straight-line basis over their expected useful lives. The useful life applied is five years.

Internally generated intangible assets were not capitalized because the criteria for capitalization were not met (see note 4.4).

The Group has no intangible assets with indefinite useful lives.

4.10 Impairment

The carrying amounts of the Group's non-financial assets other than inventories and deferred tax assets (for which separate reviews are performed) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.11 Financial instruments

Recognition and initial measurement

Trade receivables are initially recognized when they are originated, i.e. when or as the goods and services are provided and the revenue for those goods and services is recognized. Regular way purchases and sales of financial assets were accounted for at the settlement date. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the financial instrument. The Group's trade receivables do not include a significant financing component and the amounts recognized for trade receivables are initially recognized at the transaction price. All other financial assets and financial liabilities are initially recognized at fair value plus, for items not recognized at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

(a) Financial assets at amortized cost

A financial asset is classified as measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Debt investments at fair value through other comprehensive income (FVOCI)

A debt investment is classified as measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(c) Equity investments at fair value through other comprehensive income (FVOCI)

An equity investment is classified as measured at fair value through other comprehensive income if it is not held for trading and the Group irrevocably elects to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

(d) Financial assets at fair value through profit or loss (FVTPL)

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets, equity investments held for trading, and equity instruments not held for trading, but for which the Group did not elect to present fair value changes in other comprehensive income.

On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. No such designations have been made by the Group.

Financial assets – business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash

outflows, or realizing cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume, and timing of sales of financial assets in prior periods, the reasons for such sales, and the expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal

amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par value, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss. The Group does not apply hedge accounting and accordingly does not apply alternative allowed accounting treatment permitted for derivatives designated as hedging instruments.

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative, or it is designated as such on initial recognition, whereby no liabilities as at FVTPL have been made by the Group. Financial liabilities at FVTPL are measured at fair value, and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Derecognition*Financial assets*

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or canceled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

Offsetting

No financial assets or liabilities are presented on a net basis in these consolidated financial statements.

Impairment

The Group recognizes loss allowances for the expected credit losses (ECLs) that it expects to incur over the lifetime of financial assets which it measures at amortized cost.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs for non-credit-impaired receivables is assessed collectively based on a probability-weighted estimate of credit losses dependent on the number of days the balances are overdue. Expected credit losses are measured based on past experience of the recovery of similar portfolios

of receivables as the Group considers this to be a reasonable approximation of the present value of the shortfalls that can be expected in future. ECLs are discounted at the effective interest rate of the financial asset if the discounting effect is determined to be material. Based on the contractual agreements, receivables are in default when the balances are unpaid by the due date. Dunning collection procedures commence when a receivable is five days overdue. Receivables are classified as credit impaired from the date on which the receivable is 90 days overdue, despite dunning procedures having been performed, or from the date any other specific indications are received that a significant deterioration in credit has occurred. Credit-impaired receivables are assessed on a case-by-case basis and assessments of collectability are based on the information available concerning the outstanding balance, including discussions with the customer, assessments of the reliability of the information provided, available counterclaims or security, an understanding of the economic climate in which the customer operates, and experience with that customer, as well as experience of similar collection procedures.

The relevant amounts are written off when the Group considers that there is no realistic prospect of recovery of the receivable and when no further enforcement activity is taken. When a customer is in liquidation the outstanding amounts are listed and monitored in an ongoing liquidation register until the liquidation process is complete.

No loss allowances are made for cash and cash equivalents as it has been determined that, because of the good standing of the Group's banking partners, the credit risk at the reporting date is so low that the ECLs are insignificant both at the date of their initial recognition and since initial recognition.

Fair values of cash and cash equivalents and current receivables and liabilities

The fair values of cash and cash equivalents, current receivables, and current liabilities approximate their book values due to their short-term nature.

4.12 Derivative financial instruments

The Group holds derivative financial instruments to hedge certain foreign currency and interest risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met. Derivative financial instruments are not designated as hedging instruments for hedge accounting purposes and are accordingly classified as fair value through profit or loss.

Gains and losses from changes in the fair values of the derivative financial instruments are reported in the income statement within finance income and finance expenses. The fair values of the derivative financial instruments are presented in the statement of financial position as other current assets and/or other current

liabilities, as appropriate, unless their maturity exceeds 12 months in which case they will be presented as non-current.

4.13 Inventories

Inventories of raw materials, consumables, and supplies are measured at the lower of cost and net realizable value. The cost of inventories comprises all costs of purchase, cost of conversion, and other costs incurred in bringing the inventories to their present location and condition, determined by using the weighted average acquisition cost method. Allowances are recognized if the carrying amount exceeds the expected sales price less the estimated cost to complete the inventories and the cost of marketing, sales, and distribution activities. Allowances are made in full for inventories with no realizable value.

4.14 Cash and cash equivalents

Cash and cash equivalents represent cash in hand, checks, and available balances on bank current accounts with an original maturity of four weeks or less. The use of cash and cash equivalents reported are in general not subject to restrictions with the exception of term deposits reported as cash in note 7.7.

4.15 Equity Share capital

The nominal paid-in contribution amount on each share is recorded in share capital.

Share premium

Incremental costs directly attributable to the issue of share capital are recognized as a deduction from the share premium account, less any related tax effects.

Treasury shares

The Group reports treasury shares as deductions from the Group equity at the cost of purchase.

Equity instruments and financial liabilities

Equity instruments and financial liabilities (including share capital, redeemable preference shares, and other loans and borrowings) are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to reserves. Equity instruments issued are recorded at the proceeds received, net of direct issue costs. A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavorable conditions. In addition, contracts that result in the entity delivering a variable number of its own equity instruments are financial liabilities. Shares containing such obligations are classified as financial liabilities. Finance costs and gains or losses relating to financial liabilities are included in the income statement.

The carrying amount of the liability is increased by the finance cost and reduced by payments made in respect of that liability.

4.16 Provisions

Provisions are recognized when present obligations (legal or constructive) exist which result from past events and which are expected to result in an outflow of resources of which the timing or amount is uncertain. The provisions are measured at the discounted amount of the expected future cash flows arising under the respective obligation at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss. If the effect of the time value of money is material, provisions are discounted using a pre-tax rate that reflects current market assessments of the time value of money and of the risk specific to the liability.

A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. A provision for onerous contracts is recognized for each specific contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under the contract.

4.17 Leases

The Group assesses whether a contract is, or contains, a lease arrangement. A contract is, or contains, a lease if a contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as lessee

The assets held under the Group's leasing arrangements are primarily commercial properties, production equipment, and infrastructure equipment.

The Group recognizes right-of-use assets and lease liabilities for most assets, i.e. these are presented on balance sheet. However, it has elected to not to recognize right-of-use assets and lease liabilities for leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term. The Group has not applied a simplification election available under IFRS 16 not to separate non-lease components of a lease. At inception or on reassessment of a contract that contains a lease component the Group allocates the consideration in the contract to each lease and non-lease component of the respective contract on the basis of their relative stand-alone prices.

The Group presents right-of-use assets within "property, plant, and equipment" in the statement of financial position, on the same line as it presents underlying assets of the same nature that are owned by the Group. The Group does not hold any properties under leases which are classified as investment properties.

The Group presents lease liabilities within "loans and borrowings," classified between current and non-current liabilities as appropriate.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses an estimate of its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and

- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

Some of the Group's lease contracts include renewal or termination options. In order to determine the lease term for these contracts the Group takes into account all relevant facts and circumstances in order to assess whether it is reasonably certain that these options will be exercised. This assessment has an impact on the term of the lease, which has a significant effect on the amount of the lease liabilities and the measurement of the right-of-use asset recognized.

Generally, the Group uses an estimate of its incremental borrowing rate as the discount rate. The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option, or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Sale and leaseback transactions

When the Group undertakes a sale and leaseback transaction with a buyer-lessor, it determines whether the transfer qualifies as a sale. This determination is based on the requirements for satisfying a performance obligation in IFRS 15 Revenue from Contracts with Customers. If the transfer qualifies as a sale and the transaction is on market terms the Group splits the previous carrying amount of the underlying asset into (a) a right-of-use asset arising from the leaseback and (b) the rights in the underlying asset retained by the buyer-lessor at the end of the leaseback. The Group recognizes a portion of the total gain or loss on the sale. The amount recognized is calculated by splitting the total gain or loss into (a) an unrecognized amount relating to the rights retained by the seller-lessee and (b) a recognized amount relating to the buyer-lessor's rights in the underlying asset at the end of the leaseback. The leaseback itself is then accounted for under the lessee accounting model. Adjustments are required if consideration for the sale is not at fair value and/or payments for the lease are not

at market rates. These adjustments result in recognition of a prepayment to reflect below-market terms and/or additional financing provided by the buyer-lessor to the seller-lessee to reflect above-market terms.

The Group as lessor

The Group is lessor at several locations where it leases commercial property which is owned by the Group but not used for its own commercial business purposes. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it examines each lease at lease inception to determine whether is a finance lease or an operating lease. This consists of making an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease. If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

All leases entered into by the Group as lessor to date have been classified as operating leases and relate to investment properties rented to third parties. The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of "Income from investment property rentals."

4.18 Subsidies

The Group receives government assistance in the form of government investment grants and investment subsidies which are dependent on the acquisition of certain assets qualifying under the respective grant awards. Grants and subsidies related to assets are recognized when there is reasonable assurance that the entity will comply with the relevant conditions of the grant, and that grant will be received. They are recognized in profit or loss on a systematic basis as the entity recognizes as expenses the costs that the grants

are intended to compensate. The investment grants and subsidies received reduce the purchase cost for the relevant subsidized assets recorded under property, plant, and equipment.

The receipt of government assistance is governed by terms set out in law and by specific terms and conditions attached to the applicable grants and subsidies.

4.19 Income taxes

The income tax charge includes current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax comprises the expected tax payable or receivable on taxable profit or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are only offset if certain criteria are met.

The Group has applied the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, in accordance with the amendments to IAS 12 issued in May 2023.

Deferred income taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes and the deferred benefits expected from unused tax losses, unused tax credits, and other credits carried forward, whereby amounts are only recognized when their realization is considered by management to be probable. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which these temporary differences are expected to be recovered or settled, based on tax rates enacted or substantively enacted at the statement of financial position date.

The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which the enterprise expects, at the statement of financial position date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are not discounted and are classified as non-current assets in the statement of financial position. Current and deferred tax assets and liabilities are offset only if certain criteria are met. Such criteria mean the entity has a legally enforceable right to set off the recognized amounts and it intends either to settle on a net basis or to realize the asset and settle

the liability simultaneously. Deferred tax assets are recognized when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be utilized.

At each statement of financial position date, the Group reassesses unrecognized deferred tax assets and the carrying amount of deferred tax assets. The Group recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The probability of recognition is based on the expected tax profits included in the Group's current business planning. The Group conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or that entire deferred tax asset to be utilized. A deferred tax liability is recognized for all taxable temporary differences, unless the deferred tax liability arises from the initial recognition of goodwill or the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

4.20 Changes to accounting policies

New accounting pronouncements

The following amendments to standards, which are effective for annual periods beginning on or before January 1, 2024, have been applied by the Group for the first time in preparing these consolidated financial statements.

Standard/interpretation	Effective date
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosures: Supplier Finance Arrangements (issued on May 25, 2023)	January 1, 2024
Amendments to IAS 1 Presentation of Financial Statements: - Classification of Liabilities as Current or Non-current (issued on January 23, 2020); - Classification of Liabilities as Current or Non-current – Deferral of Effective Date (issued on July 15, 2020); and - Non-current Liabilities with Covenants (issued on October 31, 2022)	January 1, 2024
Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on September 22, 2022)	January 1, 2024

As a consequence of the amendments to IAS 1 Classification of Liabilities as Current or Non-current the Group has amended the presentation of borrowings under the Group's multicurrency revolving credit facility.

Until December 31, 2023 borrowings under the facility were presented as current liabilities when the Group planned to repay those borrowings within twelve months of the reporting date. From January 1, 2024 these obligations are reported, retrospectively, as non-current liabilities until the borrowing facility as a whole has a remaining period to maturity of one year or less, triggering a reclassification of USD 192,657 thousand from current to non-current at December 31, 2023 irrespective of whether management chooses to repay them within one year within the process of managing its overall capital requirements. Accordingly, the balance sheet at December 31, 2023 has been restated to reflect this change. The changes have had no effect on the condensed consolidated statement of cash flows, the condensed consolidated statement of profit and loss and other comprehensive income, or the condensed consolidated statement of changes in equity for the current or previous period.

The remaining amendments to standards and amended interpretations did not have a significant effect on the consolidated financial statements of the X-FAB Group.

New standards, amendments to standards, and interpretations effective for annual periods beginning after January 1, 2024

A number of new standards, amendments to standards, and interpretations are not yet effective for annual periods ended December 31, 2024, and have not been applied in preparing these consolidated financial statements.

The Group is still in the process of assessing the impact of the new standard IFRS 18, particularly with respect to the structure of the Group's statement of profit or loss, the statement of cash flows, additional disclosures required, and how information is grouped in the financial statements.

The remaining amendments are not expected to have a material impact on the Group's consolidated financial statements.

All of the amendments are effective for annual reporting periods beginning on or after January 1, 2024, with early adoption permitted.

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability, issued on August 15, 2023, clarify when a currency is exchangeable into another currency (and when it is not). When a currency is not exchangeable, a company needs to estimate a spot rate. The Company's objective when estimating a spot rate is that it reflects the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments contain no specific requirements for estimating a spot rate. Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements.

The amendments are effective for annual reporting periods beginning on or after January 1, 2025, with early adoption permitted. These amendments have not yet been endorsed by the EU.

Amendments to the Classification and Measurement of Financial Instruments–

Amendments to IFRS 9 and IFRS 7, issued on May 30, 2024, will address diversity in accounting practice by making the requirements more understandable and consistent. The amendments include:

- Clarifications on the classification of financial assets with environmental, social and corporate governance (ESG) and similar features – ESG-linked features in loans could affect whether the loans are measured at amortized cost or fair value. To resolve any potential diversity in practice, the amendments clarify how the contractual cash flows on such loans should be assessed.
- Clarifications on the date on which a financial asset or financial liability is derecognized. The IASB also decided to develop an accounting policy option to allow a company to derecognize a financial liability before it delivers cash on the settlement date if specified criteria are met.

The International Accounting Standards Board has also introduced additional disclosure requirements to enhance transparency for investors regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features, for example features tied to ESG-linked targets.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026 with early adoption permitted. These amendments have not yet been endorsed by the EU.

Annual Improvements Volume 11, issued on July 18, 2024, include clarifications, simplifications, corrections and changes aimed at improving the consistency of several IFRS Accounting Standards.

The amended Standards are:

- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements; and
- IAS 7 Statement of Cash Flows.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026 with early adoption permitted. These amendments have not been endorsed by the EU.

IFRS 18 Presentation and Disclosure in Financial Statements, issued on April 9, 2024, will replace IAS 1 Presentation of Financial Statements. The new standard introduces the following key new requirements:

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present newly defined operating profit subtotal. Entities' net profit will not change.
- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations, and income tax categories. Entities are also required to present newly defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The standard is effective for annual reporting periods beginning on or after January 1, 2027 with early adoption permitted. The standard has not yet been endorsed by the EU.

IFRS 19 Subsidiaries without Public Accountability: Disclosures, issued on 9 May 2024, will allow eligible subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements. A subsidiary will be to apply the new standard in its consolidated, separate, or individual financial statements provided that, at the reporting date:

- it does not have public accountability; and
- its parent produces consolidated financial statements under IFRS Accounting Standards.

The standard is effective for annual reporting periods beginning on or after January 1, 2027 with early adoption permitted. The standard has not yet been endorsed by the EU.

5 Business combinations

On January 1, 2024, the Group acquired the entire share capital of M-MOS Semiconductor Hong Kong Limited (M-MOS), a limited liability company incorporated under the laws of Hong Kong, and its subsidiaries for a consideration of EUR 22,500 thousand (USD 24,863 thousand) payable in cash. M-MOS was acquired from XTRION, a related party.

M-MOS is a developer of metal-oxide-semiconductor field-effect transistor (MOSFET) process technologies and designs standard and custom devices using MOSFET technologies focusing on selling wafers to its customers. The acquisition was made to generate business synergies in particular in respect of the MOSFET wafer business.

No acquisition costs have been recorded as expenses in respect of the acquisition.

The following table summarizes the assets and liabilities assumed as a result of the acquisition at January 1, 2024:

in thousands of U.S. dollars	
Property, plant, and equipment	238
Deferred tax assets	66
Inventories	2,878
Accounts receivable	4,483
Other assets	4,532
Cash and cash equivalents	23,229
Total assets	35,426
Non-current loans and borrowings	26
Trade payables	2,691
Other current liabilities	7,712
Deferred tax liabilities	134
Total liabilities	10,563
Total identifiable assets and liabilities acquired	24,863

The above amounts represent the Group's estimates of the fair values of the assets and liabilities assumed at the acquisition date.

No material differences between the carrying amounts and fair market values of the assets and liabilities acquired were identified due to the fact that the assets acquired primarily consisted of cash and cash equivalents and in view of the short-term nature of the receivables and liabilities.

No goodwill has been recognized as a result of the business combination.

For the year ended December 31, 2024 M-MOS contributed revenue of USD 17,684 thousand and profit of USD 1,861 thousand to the Group's results.

6 Notes to the consolidated statement of profit or loss

6.1 Revenue

Revenue, which wholly and exclusively represents revenue from contracts with customers, comprises the following (refer to note 9 for revenue by geographic concentration):

in thousands of U.S. dollars	2024	2023
Gross revenue PCM wafer	734,783	787,180
Gross revenue NRE and technology services	96,884	109,246
Revenue recognized over time PCM wafer	(5,919)	16,605
Other revenue	14	24
Discounts and warranty credits	(9,379)	(6,269)
Total	816,383	906,786

Revenues from production decreased by 6.6%, driven by inventory adjustments in the automotive supply chain following the build-up of high inventories in response to the chip shortage. Revenue from prototyping decreased by 11.3%.

Revenue from PCM wafer sales is generally recognized at the specific point in time when the wafers are delivered to the customer, and, in addition, since the financial year 2023 revenue is recognized over time for certain long-term contracts which meet the criteria for revenue recognition over time. Revenue for wafer sales recognized over time represents the Group's rights to consideration for work completed but not invoiced at the reporting date on wafer sales under long-term contracts which meet the criteria for revenue recognition over time. As described in note 7.12 below, the Group receives prepayments from customers for future wafer sales and capacity reservation deposits in connection with such long-term contracts.

The Group has not recognized revenues of variable consideration from customers in respect of shortfalls of orders from customers, nor any incurred or anticipated contract penalties, or any downward revisions of revenues previously recognized in the financial year 2024 or 2023 as, at the current time, it is anticipated that all customer orders will be supplied to customers in full without any shortfalls. In addition, no revenue is recognized in the current year from performance obligations satisfied in prior years (e.g. changes in transaction price).

6.2 Cost of sales

The cost of sales comprises the following:

in thousands of U.S. dollars	2024	2023
Employee-related expenses	(216,109)	(214,348)
Cost of materials	(174,451)	(188,638)
Costs of fixed assets	(102,265)	(100,790)
Depreciation and amortization	(92,319)	(77,925)
Facility costs	(75,759)	(93,890)
External services	(5,807)	(10,058)
Changes in inventories	16,947	19,505
Grants	19,943	20,482
Other	(3,614)	(3,072)
Total	(633,434)	(648,734)

The decrease in cost of sales of 2.4% reflects the 10% decrease in revenues with accompanying increases in employee-related expenses due to tariff increases and a higher average number of employees and increases in depreciation.

6.3 Research and development expenses

Research and development expenses comprise the following:

in thousands of U.S. dollars	2024	2023
Employee-related expenses	(39,878)	(36,042)
Cost of materials	(8,075)	(10,944)
Costs of fixed assets (incl. maintenance software, etc.)	(3,800)	(3,920)
Depreciation and amortization	(1,718)	(1,837)
Facility costs	(984)	(1,111)
External services	(606)	(684)
Grants	4,908	6,872
Other	368	475
Total	(49,785)	(47,191)

Research and development expenses increased consistently with the increased sales volume. It is X-FAB's policy to maintain a consistent rate of research and development expenses in relation to revenue.

6.4 Selling expenses

The selling expenses comprise the following:

in thousands of U.S. dollars	2024	2023
Employee-related expenses	(8,095)	(7,920)
Advertising costs and costs of selling goods	(985)	(627)
External services	(258)	(198)
Facility costs	(156)	(164)
Depreciation and amortization	(123)	(106)
Other	548	552
Total	(9,069)	(8,463)

6.5 General and administrative expenses

The general and administrative expenses comprise the following:

in thousands of U.S. dollars	2024	2023
Employee-related expenses	(27,594)	(28,498)
External services	(7,051)	(6,790)
Costs of fixed assets (maintenance software, etc.)	(6,177)	(5,871)
Depreciation and amortization	(3,366)	(3,450)
Insurance, dues, and fees	(1,600)	(1,585)
Facility costs	(1,249)	(1,416)
Other	(314)	1,264
Total	(47,351)	(46,346)

Increases in software costs include costs for a change in ERP system.

6.6 Expenses by nature

In the income statement, expenditures are classified by function. Expenses include depreciation charges allocated to the following items:

in thousands of U.S. dollars	2024	2023
Included in cost of sales	(91,462)	(77,060)
Included in research and development expenses	(1,172)	(1,284)
Included in selling expenses	(123)	(106)
Included in general and administrative expenses	(2,328)	(2,038)
Included in expenses related to investment properties and other expenses	(1,918)	(1,649)
Total	(97,003)	(82,137)

Depreciation increased due to capitalization of tools for capacity increases.

Expenses include charges for amortization of intangible assets allocated to the following items:

in thousands of U.S. dollars	2024	2023
Included in cost of sales	(857)	(865)
Included in research and development expenses	(546)	(553)
Included in general and administrative expenses	(1,038)	(1,412)
Total	(2,441)	(2,830)

Employee-related expenses allocated according to function in the income statement consist of the following:

in thousands of U.S. dollars	2024	2023
Wages and salaries	(222,972)	(217,684)
Social security costs	(46,433)	(44,417)
Contributions to defined contribution plans	(13,132)	(13,028)
Other employee-related costs	(9,140)	(11,679)
Total	(291,677)	(286,808)

The increase in staff costs compared to the previous year is primarily due to the general increase in business activity.

Defined contribution plans primarily consist of contributions made under statutory schemes by employers to state-based defined contribution plans.

6.7 Rental income from investment properties

Rental income from investment properties comprises the following:

in thousands of U.S. dollars	2024	2023
Income from technical services provided	8,446	11,391
Income from investment property rentals	6,293	6,178
Total	14,739	17,569

Property rentals and technical services for tenants represent activities outside the X-FAB SE Group's core activities. Technical services mainly comprise the supply of power, water, cooling water, ultra-pure water, bulk gases, or compressed dry air.

6.8 Rental expenses related to investment properties

Expenses related to investment properties comprise the following:

in thousands of U.S. dollars	2024	2023
Expenses for technical services provided	(9,746)	(12,206)
Expenses in connection with investment property rentals	(2,222)	(2,457)
Total	(11,968)	(14,663)

Expenses in connection with investment properties primarily relate to depreciation and building maintenance.

6.9 Other income

Other income comprises the following:

in thousands of U.S. dollars	2024	2023
Gains on disposals of property, plant, and equipment	3,985	3,595
Income from recharges	3,462	3,078
Settlement of a dispute	950	–
Governmental refunds for energy	–	942
Income from other admin services/cost sharing	839	757
Income from sales of materials	287	67
Other	1,513	968
Total	11,036	9,407

The income from recharges primarily results from charges for software maintenance costs to Melexis, a former related party, included in the disclosures presented in note 12.

Gains on disposal of property, plant, and equipment in 2024 and 2023 primarily related to sales of technical machinery and equipment previously used by X-FAB France for technologies in operation in its predecessor business prior to it being acquired by the X-FAB Group.

6.10 Other expenses

Other expenses comprise the following:

in thousands of U.S. dollars	2024	2023
Settlement of a dispute	–	(5,095)
Expenses from recharges	(3,462)	(3,078)
Loss on disposal of subsidiary	(1,030)	–
Losses on disposal of property, plant, and equipment	(3)	(462)
Other	(509)	(947)
Total	(5,004)	(9,582)

Expenses incurred in 2023 to settle a dispute represent the costs incurred to settle a third-party liability claim for damages.

The expenses from recharges primarily relate to costs in connection with recharges for software maintenance provided to formerly related parties. Refer to note 12.

The loss on disposal of subsidiary arose as a result of the closure and liquidation of the Group's Russian subsidiary.

6.11 Finance income

Finance income comprises the following:

in thousands of U.S. dollars	2024	2023
Interest on financial assets measured at amortized cost:		
Interest on cash and cash equivalents	11,137	10,463
Other:		
Income from exchange rate differences	24,869	24,195
Total	36,006	34,658

Income from exchange rate differences is primarily due to currency exchange rate gains on translation effects of euro-denominated loans. The net income (income less expense disclosed in note 6.12) from exchange rate differences increased to USD 3,337 thousand (2023: income of USD 109 thousand).

6.12 Finance costs

Finance costs comprise the following:

in thousands of U.S. dollars	2024	2023
Interest on financial liabilities measured at amortized cost:		
Loans and borrowings	(16,117)	(12,173)
Other interest	(545)	(889)
Other:		
Expenses from exchange rate differences	(21,532)	(24,087)
Other	(66)	–
Total	(38,260)	(37,149)

Exchange rate expenses primarily result from the effects of changes in currency rates on cash balances denominated in Malaysian ringgit and euros.

6.13 Income tax

Income taxes comprise German corporation and trade taxes (plus solidarity surcharge), Belgian corporation tax, French tax, and Malaysian tax on interest received. United States federal income taxes have not been incurred during the reporting period as no taxable income was generated in that country or sufficient tax losses were available to offset taxable income.

Belgium, the jurisdiction where the "ultimate parent entity" (i.e. X-FAB Silicon Foundries SE) of the X-FAB Group is located, formally adopted the Pillar Two ("Global Minimum Tax") legislation in December 2023, effective from 2024 onwards (i.e. for financial years starting on or after December 31, 2023). Up to and including the financial year starting on January 1, 2025, the X-FAB Group did not yet meet the criteria to be subject to the Pillar Two legislation. However, as from the financial year starting on January 1, 2026, the X-FAB Group expects to fall within the scope of this legislation. The X-FAB Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax (if any) and will account for such top-up tax as a current tax when it is incurred.

Income taxes comprised the following:

in thousands of U.S. dollars	2024	2023
Current taxes:		
Actual income tax charge for the period	(5,574)	(8,243)
Adjustment of prior years' tax charges	914	(841)
	(4,660)	(9,084)
Deferred taxes	(17,104)	15,795
Total	(21,764)	6,711

The Belgian tax rate applicable for the Group's result was 25.00% in 2024 and 2023. The deferred tax assets and liabilities of the foreign subsidiaries are valued based on local tax rates. The Group's various German operations incur federal income taxes and local trade taxes which result in overall applicable tax rates of between 31.58% and 32.28%. The federal income tax rate applicable to the Group's earnings in the United States is 21.00%, the tax rate applicable on earnings in Malaysia amounts to 24.00%, and the tax rate applicable to X-FAB France is 25.00%.

The reconciliation of the theoretical tax charge based on the IFRS net income before tax is as follows for the years 2024 and 2023 :

in thousands of U.S. dollars	2024	2023
Result before taxes	83,289	155,184
Theoretical tax at combined applicable Belgian tax rate	(20,822)	(38,796)
Recognition of previously unrecognized deferred tax on timing differences and tax losses	12,080	58,100
Current year losses for which no deferred tax asset is recognized	(13,161)	(16,971)
Adjustment of prior period tax liabilities recorded in the current period	914	(841)
Effect of tax-free income	4,383	3,106
Currency effects	(3,948)	4,498
Effect of permanent differences	(193)	81
Effect of non-deductible expenditures	13	(236)
Effect of changes in applicable tax rates enacted during the year	—	—
Effect of different tax rates applying to foreign operations	(1,062)	(1,470)
Differences which are only valid for special taxes	32	(760)
Income/(expense) for income taxes recognized in the consolidated statement of profit or loss	(21,764)	6,711

Previously unrecognized deferred tax on timing differences and tax losses results in deferred tax income as the Group recognizes deferred tax on timing differences and tax losses which are expected to be realized in the near future. As described below, the amount recognized in the statement of financial position is based on the Group's current business planning. The amount reported includes deferred tax assets of USD 51,015 thousand recognized in the Group's Malaysian subsidiary at December 31, 2024

(December 31, 2023: USD 55,615 thousand), USD 0 thousand (December 31, 2023: USD 7,949 thousand) recognized in the US subsidiary, and USD 15,946 thousand (December 31, 2023: USD 20,518 thousand) recognized in the Group's German entities. The income statement includes recognition of previously unrecognized deferred tax on timing differences and tax losses carried forward of USD 12,081 thousand (previous year: USD 58,100 thousand) based on the carrying value at the reporting date, less the amount recognized in the previous year, after the amount recognized in the previous year had been reduced by the assets utilized in the current year.

Current year losses for which no deferred tax asset is recognized primarily arose in the current and previous years at the Group's subsidiary in France.

Effects from tax-free income primarily relate to various tax-exempted items of X-FAB Sarawak, for example interest income, exchange rate gains, and gains from fixed asset sales.

Currency effects mainly relate to the effect of changes in exchange rates on tax carrying amounts denominated in euros in 2024 and 2023.

The deferred tax assets and liabilities arise from temporary differences and unused tax losses as follows:

in thousands of U.S. dollars	2024	2023
Deferred tax assets – unrecognized amounts		
On unused tax losses	226,375	211,209
On temporary differences		
Property, plant, and equipment/capital	254,201	220,397
Other temporary differences	9,009	5,807
Total unrecognized deferred tax assets	489,585	437,413
Deferred tax assets – recognized amounts		
On unused tax losses	24,515	34,976
On temporary differences		
Property, plant, and equipment/capital	44,789	51,505
Other temporary differences	(2,579)	(2,709)
Total recognized deferred tax assets	66,725	83,772

X-FAB SE Group recognizes deferred tax assets resulting from temporary differences and from unused tax losses which exceed the deferred tax liabilities only to the extent that, on the basis of the Group's business planning, the realization of these assets is assessed as probable. This assessment involves a review by management of profits and losses expected in the business plan and limiting recognition of the future tax benefits to take account of potential variances against the business plan. Accordingly, recognized and unrecognized deferred tax assets are subject to estimation uncertainty, and there is a significant

risk that the carrying amounts will require adjustment in subsequent periods. The estimates are, in particular, subject to the estimation uncertainties inherent in business planning which affect the likely utilization of unused tax losses and subject to potential changes in exchange rates which affect the size of timing differences.

Unrecognized temporary differences on property, plant, and equipment and other timing differences which can be used to offset future taxable income mainly relate to an investment tax allowance of the Group's Malaysian subsidiary.

More specifically, for the assessment of future available taxable profit a risk-adjusted profits approach was applied to the forecasts included in the Group's business planning. This method was applied to reflect the risk that actual taxable profits will fall short of the expectations. The Board has determined that adjusting the expected future taxable profits for this component by using a risk factor is appropriate considering the inherent risk in the semiconductor market and the specific exchange rate volatility risks which affect the assessment. In addition, the Board has determined that taxable income as from 2028 does not meet the "probable" threshold as required under IFRS standards and is not taken into account for the determination of the amount of deferred tax assets to be recognized.

In particular, tax legislation in the jurisdictions in which the Group operates provides for the full or partial cancellation of unused tax losses on the occurrence of significant changes in the direct or indirect equity ownership of the taxable entity. Accordingly, there is a risk that recognized and unrecognized deferred tax assets may not be realized should such transactions occur in the future.

X-FAB SE and its subsidiaries have unused corporation tax losses as follows:

in thousands of U.S. dollars	2024	2023
Belgian tax loss carry forward	—	2,702
German corporation tax loss carry forward	105,650	128,606
German trade tax loss carry forward	144,484	163,885
U.S. federal tax loss carry forward	155,610	151,883
U.S. state tax loss carry forward	26,087	22,291
Malaysian tax loss carry forward	336,061	327,678
French tax loss carry forward	392,414	357,084

The Group's French and German tax losses can be carried forward indefinitely, whereby in France and Germany there are restrictions on the amounts that can be utilized in any specific year. U.S. federal tax losses for years prior to 2017 expire, if unused, after a period of 20 years. U.S. federal tax losses of USD 0 million expired in 2024 (2023: USD 28.5 million). The Group estimates that further U.S. federal tax losses of USD 0.4 million will expire in the year 2025 unless utilized. Unabsorbed Malaysian business losses expire after a period of seven years. The unused tax losses changed as a result of tax losses in the year, tax losses offset in the year, and, in addition, changes in currency exchange rates. Insignificant changes resulted from changes in estimates between the dates of preparation of the previous year's consolidated financial statements and the finalization of the tax returns and tax assessments of individual entities.

Significant deferred tax balances arise in respect of tax losses carried forward and on timing differences on property, plant, and equipment. A summary of the movements is presented in the table below. Deferred tax balances on other balance sheet positions are presented on a combined basis for this purpose.

in thousands of U.S. dollars	Tax losses carried forward	Property, plant, and equipment	Other temporary differences	Total
Balance at January 1, 2023	39,313	33,709	(5,045)	67,977
Recognized in profit and loss	(4,337)	17,796	2,336	15,795
Recognized in other comprehensive income	–	–	–	–
Balance at December 31, 2023	34,976	51,505	(2,709)	83,772
Set off of tax	–	1,215	(1,215)	–
Net balance at December 31, 2023	34,976	52,720	(3,924)	83,772
Balance at January 1, 2024	34,976	51,505	(2,709)	83,772
Recognized in profit and loss	(10,461)	(6,716)	73	(17,104)
Recognized in other comprehensive income	–	–	–	–
Acquired in business combinations	–	–	57	57
Balance at December 31, 2024	24,515	44,789	(2,579)	66,725
Set off of tax	–	1,322	(1,322)	–
Net balance at December 31, 2024	24,515	46,111	(3,901)	66,725

Changes in recognized deferred tax assets resulted in a deferred tax expense of USD 17,046 thousand (2023: income of USD 15,795 thousand). The decrease in previously unrecognized deferred tax assets on property, plant, and equipment and other timing differences recognized in 2024 compared to 2023 is due to a lower than previously anticipated level of taxable income generated from current and future planned operating results at the Group's subsidiaries. This has generated an increase in deferred tax assets in timing differences available for offsetting against taxable income in future periods.

No income tax expenses or income have been recorded on items recorded within other comprehensive income (previous year: none).

6.14 Earnings per share

The earnings per share is calculated by dividing the profit for the period attributable to the ordinary shareholders (as reported in the statement of profit or loss and other comprehensive income) by the weighted average number of shares in issue during the period.

The weighted average number of ordinary shares is identical to the number of ordinary shares in issue during the years ended December 31, 2024, and December 31, 2023.

No instruments with a potential diluting effect on shareholders' equity have been in issue during the years ended December 31, 2024, and December 31, 2023. Accordingly, there is no potential dilution of the profit attributable to equity shareholders and no difference between basic and diluted earnings per share.

7 Notes to the statement of financial position

7.1 Property, plant, equipment, and investment properties

in thousands of U.S. dollars	Land	Buildings	Technical machinery and equipment	Factory and office equipment	Assets under construction	Total
Net book value January 1, 2024	14,065	48,781	317,448	7,271	346,923	734,488
Accumulated historical cost January 1, 2024	14,307	129,605	1,325,987	35,934	346,923	1,852,756
Additions	–	185	86,509	903	421,065	508,662
Disposals	–	–	(34,182)	(182)	(1,365)	(35,729)
Reclassifications	53	4,941	124,921	2,235	(132,927)	(777)
Change in consolidation	–	–	198	40	–	238
Accumulated historical cost December 31, 2024	14,360	134,731	1,503,433	38,930	633,696	2,325,150
Accumulated depreciation January 1, 2024	(242)	(80,824)	(1,008,539)	(28,663)	–	(1,118,268)
Additions	(40)	(4,326)	(88,631)	(3,638)	–	(96,635)
Disposals	–	–	33,895	476	–	34,371
Accumulated depreciation December 31, 2024	(282)	(85,150)	(1,063,275)	(31,825)	–	(1,180,532)
Net book value December 31, 2024	14,078	49,581	440,158	7,105	633,696	1,144,618
Net book value January 1, 2023	14,080	35,029	235,678	6,619	168,720	460,126
Accumulated historical cost January 1, 2023	14,292	112,027	1,175,354	33,288	168,720	1,503,681
Additions	15	2,147	60,105	2,610	291,619	356,496
Disposals	–	–	(5,454)	(1,685)	–	(7,139)
Reclassifications	–	15,431	95,982	1,903	(113,416)	(100)
Effect of changes in exchange rates	–	–	–	(182)	–	(182)
Accumulated historical cost December 31, 2023	14,307	129,605	1,325,987	35,934	346,923	1,852,756
Accumulated depreciation January 1, 2023	(212)	(76,998)	(939,676)	(26,669)	–	(1,043,555)
Additions	(30)	(3,826)	(74,129)	(3,649)	–	(81,634)
Disposals	–	–	5,266	1,513	–	6,779
Reclassifications	–	–	–	–	–	–
Effect of changes in exchange rates	–	–	–	142	–	142
Accumulated depreciation December 31, 2023	(242)	(80,824)	(1,008,539)	(28,663)	–	(1,118,268)
Net book value December 31, 2023	14,065	48,781	317,448	7,271	346,923	734,488

Property, plant, and equipment

Additions in technical machinery and equipment and additions in assets under construction mainly refer to capital investments in technical machinery in X-FAB France (USD 84 million, 2023: USD 104 million), X-FAB Sarawak (USD 371 million, 2023: USD 145 million), X-FAB Texas (USD 19 million, 2023: USD 68 million), X-FAB Erfurt (USD 5 million; 2023: USD 6 million), X-FAB Dresden (USD 30 million, 2023: USD 24 million), X-FAB MEMS Foundry Itzehoe (USD 3 million, 2023: USD 4 million), and X-FAB MEMS Foundry (USD 16 million, 2023: USD 5 million), less government grants of USD 20 million (2023: USD 0 million). Assets under construction primarily include investments in technical machinery. Additions in property, plant, and equipment resulted in cash outflows in 2024 of USD 509,467 thousand (2023: USD 337,789 thousand). Refer to the statement of cash flows.

The Group has received investment grants related to the acquisition of qualifying assets amounting to USD 20,113 thousand (2023: USD 0 thousand). These are primarily grants received under the US CHIPS Act.

There were indications of a possible impairment of property, plant, and equipment at the cash-generating unit X-FAB Texas at December 31, 2024, in view of market developments for certain products manufactured within that unit. Impairment tests were performed to determine whether a write-down of the carrying amounts of non-current assets was required. No impairment write-downs were required following the completion of the impairment tests as the recoverable amounts based on the value in use were higher than the carrying amounts of the relevant assets.

In addition, there was a potential indication of impairment for the Group as a whole in view of the fact that the Group's market capitalization fell below the carrying amount of the Group's equity in 2024. No detailed impairment tests of other cash-generating units in addition to the testing performed on the X-FAB Texas cash-generating unit as for other cash-generating units it was clear, on the basis of past calculations, current results and specific extrapolation of corporate planning, that their recoverable amounts based on the value in use could not be below their respective carrying amounts.

Accumulated historical costs have been reduced by investment grants received of USD 155,772 thousand (December 31, 2023: USD 137,573 thousand) and accumulated depreciation has been reduced by USD 130,885 thousand (December 31, 2023: USD 129,066 thousand).

At December 31, 2024, property, plant, and equipment with a book value of USD 20 million (December 31, 2023: USD 17 million) had been provided as collateral security to third-party lenders. The carrying values of technical machinery and equipment include USD 57.1 million (December 31, 2023: USD 17.6 million) which are not owned by the Group but which are held under leasing arrangements as disclosed in note 11.

Investment properties

Investment properties consist of properties let to third parties by X-FAB GmbH, X-FAB Dresden, X-FAB Texas, and X-FAB France. The lease arrangements, the majority of which expire at various dates until 2024, continue after expiry unless canceled by either party within notice periods of between one month and six months.

Investment properties are accounted for at purchase cost less straight-line depreciation. The book and fair values of these properties at the reporting date were as follows:

in thousands of U.S. dollars	2024	2023
Net book value, beginning of period	7,171	7,674
Additions	84	–
Depreciation	(575)	(503)
Disposals	–	–
Reclassifications	732	–
Net book value, end of period	7,412	7,171
Accumulated cost	34,463	33,647
Accumulated depreciation	(27,049)	(26,476)
Fair value	34,693	34,714

Properties are reclassified between the land and buildings and investment properties classifications when there is a change in the use of the property (for example, when a property previously used by the Group is let to third parties or the Group uses a property previously let to third parties).

Additions to investment properties represents work capitalized on the Group's existing investment properties.

The fair values of the investment properties relate to properties in Germany (December 31, 2024: USD 19,087 thousand; December 31, 2023: 18,016 thousand), the USA (December 31, 2024: USD 1,791 thousand; December 31, 2023: USD 2,081 thousand), and France (December 31, 2024: USD 13,815 thousand; December 31, 2023: 14,617 thousand). The fair value measurements of the investment properties have been categorized as a Level 3 fair value based on the inputs to the valuation techniques used. The valuations disclosed of the Group's investment properties are updated annually. In the U.S. and in France the valuations were performed by independent third-party experts with the appropriate professional qualifications and the necessary expertise in the location and category of property. In Germany they are performed by the management of X-FAB SE Group, calculated on the basis of discounted future cash flows, and discounting future rents at a rate of 6.0% (December 31, 2023: 6.0%). The valuation model takes into account the rent per square meter, expected rental growth rates, other costs, and the maturity of the contracts.

No impairment charges were recorded against investment properties in 2024 or 2023.

The following table sets out a maturity analysis of lease payments which will be received in respect of investment properties, showing the undiscounted lease payments to be received after the reporting date.

in thousands of U.S. dollars	2024	2023
2024		5,835
2025	5,689	5,796
2026	5,350	2,513
2027	1,901	2,091
2028	1,397	1,125
2029	1,144	–
Total	15,481	17,360

7.2 Intangible assets

The movements on intangible assets were as follows:

in thousands of U.S. dollars	Licenses	Payments on account	Total
Net book value January 1, 2024	4,005	1,622	5,627
Accumulated historical cost January 1, 2024	63,937	1,622	65,559
Additions	234	2,927	3,161
Disposals	–	–	–
Reclassifications	2,811	(464)	2,347
Accumulated historical cost December 31, 2024	66,982	4,085	71,067
Accumulated amortization January 1, 2024	(59,932)	–	(59,932)
Additions	(2,441)	–	(2,441)
Disposals	–	–	–
Reclassifications	(2,375)	–	(2,375)
Accumulated amortization December 31, 2024	(64,748)	–	(64,748)
Net book value December 31, 2024	2,234	4,085	6,319
Net book value January 1, 2023	4,381	1,818	6,199
Accumulated historical cost January 1, 2023	61,556	1,818	63,374
Additions	760	1,398	2,158
Disposals	(73)	–	(73)
Reclassifications	1,694	(1,594)	100
Accumulated historical cost December 31, 2023	63,937	1,622	65,559
Accumulated amortization January 1, 2023	(57,175)	–	(57,175)
Additions	(2,830)	–	(2,830)
Disposals	73	–	73
Accumulated amortization December 31, 2023	(59,932)	–	(59,932)
Net book value December 31, 2023	4,005	1,622	5,627

Intangible assets in the statement of financial position do not include any capitalized costs of internally generated assets. Payments on account refer to advance and milestone payments made for the acquisition of software licenses and the customization of such software in a project not yet fully completed. Refer to note 4.9.

No impairment against the carrying values of payments on account was recorded in 2024 or 2023.

7.3 Inventories

Inventories comprise the following:

in thousands of U.S. dollars	2024	2023
Materials and supplies	160,618	163,949
Work in progress	118,354	105,765
Finished goods	9,941	6,749
Merchandise	6	6
Write-downs	(7,154)	(7,242)
Total	281,765	269,227

Changes in work in progress and finished goods totaling USD 19,072 thousand were included in cost of sales in 2024 (2023: USD 20,244 thousand). Write-downs are recorded against inventories and recognized as an expense in cost of sales in the period of USD 2,125 thousand (2023: USD 739 thousand). There have not been any reversals of write-downs. Inventories wholly represent amounts which are expected to be realized within 12 months.

Inventories for the manufacture of wafers under contracts for which sales are recognized over time are not recognized in work in process; instead they are recorded as an expense within cost of sales with the associated rights to consideration for work completed but not invoiced at the reporting date recognized within contract assets (note 7.4 below).

7.4 Contract assets

Contract assets relate to the Group's rights to consideration for work completed but not invoiced at the reporting date on wafer sales recognized over time. No impairment charges have been recognized on contract assets. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

7.5 Trade and other receivables

Trade receivables and other receivables comprise the following:

in thousands of U.S. dollars	2024	2023
Trade accounts receivable	97,806	121,646
Amounts due from related party entities	172	2,774
Allowances	(1,331)	(1,319)
Total	96,647	123,101

Trade receivables are generally on 30 to 90-day terms and are non-interest bearing. They are classified as financial assets at amortized cost for financial reporting purposes. Under consideration of allowances made, the fair values of trade receivables approximate their carrying amount. The amounts due from related parties are in respect of trade accounts receivable balances.

As at December 31, the aging analysis of trade accounts receivables (third parties, net of allowances) is as follows:

in thousands of U.S. dollars	2024	2023
Neither past due nor impaired	74,547	83,269
Past due 1–30 days	7,910	24,149
Past due 31–60 days	1,188	941
Past due 61–360 days	3,662	11,968
Past due >360 days	9,169	–
Total	96,476	120,327

The Group measures the expected credit losses of trade receivables by using an allowance matrix to measure the expected losses on trade receivable balances, including those with related parties. The allowances are based on the number of days each balance is overdue. The assessment of expected losses on trade receivable balances that are not impaired is based on past experience of credit losses, which the Group considers to be a reasonable approximation of the losses that can be expected in future periods since there are no indications that there will be significant changes in the industry going forward. No expected credit loss has been recorded against prepayments under long-term wafer supply agreements amounting to USD 10.5 million included in amounts in excess of 360 days overdue (previous year: 61–360 days overdue) in view of the fact that the payments are to be made in advance of services being provided. An analysis of receivables by geographic region or by type of customer is not made since X-FAB mainly deals with global customers and hence there is no significant difference in risks between the geographic regions where X-FAB is active or the type of customers served by X-FAB. The amount of trade receivables due from related parties is disclosed separately from trade receivables in the table above and in the related party disclosures in note 12 below. In addition, X-FAB recorded several additional allowances on individual case-by-case assessments for credit-impaired balances.

There are 2 (previous year: one) accounts receivable with customers with individual balances in excess of 10% of the total accounts receivable balance at December representing USD 46,475 (previous year: USD 50,663), which is 48% (previous year: 41%) of the total accounts receivable at the reporting date.

The following tables provide information on the exposure to credit risk and the loss allowances made for balances which are not credit impaired as at December 31, 2024, and December 31, 2023:

December 31, 2024			
in thousands of U.S. dollars	Weighted average loss rate	Gross carrying amount	Loss allowance
Neither past due nor impaired	0.08 %	74,803	(60)
Past due 1–30	0.08 %	7,910	(6)
Past due 31–60 days	1.50 %	1,188	(18)
Past due 61–90 days	3.75 %	123	(5)
More than 90 days past due (less credit impaired)	9.75 %	2,124	(207)
Total		86,148	(296)

December 31, 2023			
in thousands of U.S. dollars	Weighted average loss rate	Gross carrying amount	Loss allowance
Neither past due nor impaired	0.08 %	94,756	(76)
Past due 1–30 days	0.08 %	24,149	(19)
Past due 31–60 days	1.50 %	941	(14)
Past due 61–90 days	3.75 %	869	(33)
More than 90 days past due (less credit impaired)	9.75 %	2,386	(233)
Total		123,101	(375)

in thousands of U.S. dollars	2024	2023
Balance at January 1	(1,319)	(1,087)
Impairment loss recognized	(103)	(4)
Use of allowance	8	(33)
Reversal of allowance	2	–
Net remeasurement of loss allowance	81	(195)
Balance at December 31	(1,331)	(1,319)

There are no balances which were written off during the period and which continue to be the subject of collection processes.

7.6 Other assets

Other assets comprise the following:

in thousands of U.S. dollars	2024	2023
Other assets	67,423	50,064
Other non-current assets	42	58
Total	67,465	50,122

Current other assets comprise the following:

in thousands of U.S. dollars	2024	2023
R&D grants receivable	26,795	25,188
Prepaid expenses	17,538	13,072
Receivables from energy surcharges	5,706	5,116
Taxes (other)	6,337	5,658
Investment grants and subsidies receivable	9,890	–
Deposits	483	543
Other	674	487
Total	67,423	50,064

Investment grants receivable relate to qualifying property, plant and equipment awarded to X-FAB Texas (refer to note 7.1).

Research and development grants receivable in 2024 include USD 17,876 thousand research and development tax credits and competitiveness and employment tax credits attributable to X-FAB France (December 31, 2023: USD 10,343 thousand).

Research and development tax credits and competitiveness and employment tax credits attributable to X-FAB France totaling USD 0 thousand (2023: USD 8,510 thousand) were sold without recourse to a bank in 2024. The carrying amounts of the credits sold generated cash inflows of USD 0 thousand (2023: USD 7,639 thousand) net of USD 0 thousand representing interest expenses and fees (2023: USD 871 thousand). On initial recognition, X-FAB France presents the grant receivables as a reduction of cost of sales and research and development expenses, consistent with the Group's general presentation of subsidized expenses. The sales accelerate the cash inflows from tax credits; in the normal course of events where the credits are not sold they can be offset against income tax payable by X-FAB France or will be paid to X-FAB France at a subsequent date if there is no income tax to be paid. Due to the sale, these repayments will be received by the bank directly. There are no remaining ongoing obligations to be fulfilled by X-FAB France in respect of the tax credits and the credits have been derecognized and the amounts received by the bank have been recognized as cash and cash equivalents.

Prepaid expenses refer to prepayments made for raw materials.

The deposits mainly represent security deposits provided as collateral security and are classified as current assets as they are either in connection with contractual arrangements which may be canceled at short notice or are expected to be released within 12 months on other grounds.

7.7 Cash and cash equivalents

Cash and cash equivalents comprise the following:

in thousands of U.S. dollars	2024	2023
Cash and bank balances	153,164	157,545
Restricted cash	4,189	4,018
Term deposits	58,484	244,138
Total	215,837	405,701

Term deposits and some cash at bank balances earn interest at floating rates based on daily bank deposit rates. Restricted cash refers to pledged cash against bank guarantee facilities for electricity charges and custom clearance charges in X-FAB Sarawak. The fair values of cash and short-term deposits are identical to the carrying amounts.

7.8 Equity

Share capital

X-FAB Silicon Foundries SE had 130,781,669 fully paid-in ordinary shares in issue at December 31, 2024, and December 31, 2023. Each share carries one vote at the Company's general meetings. There are no unissued shares authorized for issue.

Share premium

The share premium of X-FAB Silicon Foundries SE represents the excess of paid-in capital for shares at the time of their issue over the fractional value of the shares.

Retained earnings

Retained earnings represent the accumulated profits and losses of the Group together with the accumulated balance of the remeasurement of the Group's defined benefit post-employment benefit plans.

Other comprehensive income in the financial year 2023 included an amount of USD 2,287 thousand to record the accumulated effect of wafer sales recognized over time at the beginning of the reporting period.

Cumulative translation adjustment

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations that have functional currencies other than USD.

Treasury shares

At December 31, 2024 the Group held 149,748 treasury shares of X-FAB Silicon Foundries SE held by its fully owned subsidiary X-FAB GmbH. Based on the purchase price of EUR 11.25 per share, the treasury shares reduced the equity capital of the parent company by USD 770 thousand (December 31, 2023: USD 770 thousand).

Share-based payment arrangements

The Group had no share-based payment arrangements and no share option programs during the years ended December 31, 2024, or December 31, 2023.

Authorization to acquire treasury shares

In accordance with the Belgian Companies and Associations Code, the Articles of Association permit the Company to acquire, on or outside the stock market, its own shares, profit-sharing certificates or associated certificates by resolution approved by the shareholders' meeting by a majority of at least 75% of the votes cast where at least 50% of the share capital and at least 50% of the profit certificates, if any, are present or represented. Prior approval by the shareholders is not required if the Company purchases the shares in order to offer them to the Company's employees.

The shares, profit-sharing certificates, or associated certificates can only be acquired with funds that would otherwise be available for distribution as dividend. The total nominal value or fractional value of the shares, profit-sharing certificates, or associated certificates held by the Company can at no time be more than 20% of the share capital. Voting rights attached to shares held by the Company as treasury shares are suspended.

On April 28, 2022, an extraordinary shareholders' meeting authorized the Board of Directors to purchase up to 20% of the outstanding shares, for a price not lower 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 during the last 30 trading days preceding the transaction. This authorization is valid for five years from April 28, 2022.

The above authorization is also valid if the acquisition was made by one of the subsidiaries directly controlled by the Company, as set out in Article 5 SE Regulation juncto Article 7:221 of the Belgian Companies and Associations Code.

The Board of Directors is authorized to divest all or part of the shares, profit-sharing certificates, or associated certificates at a price it determines, on or outside the stock market or in the framework of its remuneration policy to employees, directors, or consultants of the Company, or to prevent any serious and imminent harm to the Company. This authorization is valid without any restriction in time, except when the divestment is made to prevent serious and imminent harm to the Company, in which case the authorization

is only valid for three years as from the date of the publication of the authorization in the Annexes to the Belgian State Gazette (Belgisch Staatsblad/Moniteur belge) (i.e. May 2, 2022). The authorization covers the divestment of the shares, profit-sharing certificates, or associated certificates by a direct subsidiary of the Company, as set out in Article 5 SE Regulation juncto Article 7:221 of the Belgian Companies and Associations Code.

7.9 Dividends

No dividends were resolved or paid in the years 2024 or 2023.

Under Belgian company law, the shareholders decide on the distribution of profits at the annual shareholders' meeting, based on the latest audited statutory accounts of the Company. Dividends may be paid either in cash or in kind. However, shareholders may not declare a dividend if the Company has not first reserved at least 5% of its profits for the financial year until such reserve has reached an amount equal to 10% of its share capital (the "Legal Reserve") or if, following any such dividend, the level of the net assets adjusted for the unamortized balance of the incorporation costs and capitalized research and development costs of the Company falls below the amount of the Company's paid-in-capital and of its non-distributable reserves. The Board of Directors may pay an interim dividend, provided certain conditions set forth in Belgian company law are met.

7.10 Loans and borrowings

The Group has unused credit lines available under bank loan facilities as follows:

in thousands of U.S. dollars	2024	2023
Unused credit lines		
Unused part of multicurrency revolving credit facility denominated in EUR or in USD – variable rates	133,197	19,000
Interest rate USD: SOFR +1.25%		
Interest rate EUR: EURIBOR +1.0%		
Unused part of multicurrency revolving credit facility denominated in EUR or in USD – variable rates	193,175	–
Interest rate USD: SOFR +1.7%		
Interest rate EUR: EURIBOR +1.35%		
Unused credit lines denominated in EUR – fixed rates	7,311	7,735
Interest rate: 5.47–5.75%		
Other unused credit lines denominated in EUR – variable rates	2,089	2,210
Interest rates: EURIBOR +2.5%		

The carrying amounts of the Group's loans and borrowings at December 31 are shown in the following table:

in thousands of U.S. dollars	2024	2023 *restated
Bank loans and overdrafts		
Fixed interest bank loans denominated in EUR	64,142	47,373
Maturity: 2025–2029		
Interest rates: 0.9–4.27%		
Repayments in monthly or quarterly installments		
Fixed interest bank loans denominated in USD	530	405
Maturity: 2025–2028		
Interest rates: 8.25–8.5%		
Repayments in monthly installments/on maturity		
Variable interest bank loans denominated in EUR	26,110	–
Maturity: 2029		
Interest rates: EURIBOR + 0.95%		
Repayments in monthly or quarterly installments		
Variable interest revolving credit facility denominated in USD	143,231	99,876
Maturity: 2026		
Interest rates: SOFR + 1.67%		
Repayment on maturity		
Variable interest revolving credit facility denominated in EUR	75,197	91,715
Maturity: 2026		
Interest rates: EURIBOR + 1.0%		
Repayment on maturity		
Variable interest revolving credit facility denominated in EUR	6,825	–
Maturity: 2029		
Interest rates: EURIBOR + 1.35%		
Repayment on maturity		
Leasing arrangements		
Leasing liabilities denominated in EUR	62,360	11,230
Maturity: 2025–2034		
Interest rates: 0.15–3.57%		
Repayment in monthly installments		
Leasing liabilities denominated in USD	8,376	6,526
Maturity: 2025–2038		
Interest rates: 3.32%		
Repayment in monthly installments		
Leasing liabilities denominated in MYR	27,362	3,852
Maturity: 2025–2034		
Interest rates: 4.66%		
Repayment in monthly installments		
Total	414,133	260,977
Current loans and borrowings	44,517	25,659
Non-current loans and borrowings	369,616	235,318

Variable interest bank loans include loans amounting to USD 142,000 thousand and EUR 78,500 thousand (December 31, 2023: USD 98,000 thousand and EUR 83,000 thousand) under the Group's two EUR 200,000,000 multicurrency revolving facility agreements ("the facilities") entered into between the parent company and its principal subsidiaries and a syndicate of eight international banks on December 1, 2021 and August 1, 2024 respectively. Both credit facilities are for a five-year period until December 2026 and July 2029 respectively, with an option for X-FAB to request an extension of the facility's maturity date for a further year until December 2027 and July 2030 respectively. The options are exercisable not earlier than 90 days prior to and not 45 days later than prior to the respective initial termination dates. In the consolidated financial statements for the previous year the borrowings under the facility were reported as current liabilities as, at the reporting date the Group did not expect to refinance or roll over these obligations for at least 12 months after the reporting date under the facility. At December 31, 2024, in accordance with the amended IAS 1, the borrowings have been presented as non-current as the Group has the right to refinance or roll over these obligations for at least 12 months under the facility. Consistent with this approach, the amounts reported for the previous year have been restated to present these amounts as non-current liabilities.

The movements on loans and borrowing include exchange rate gains of USD 8,214 thousand resulting from the translation of euro-denominated loans and borrowings (2023: exchange rate losses of USD 4,415 thousand).

The fair values of the Group's loans and borrowings are presented in note 10.

Approximately 20% of the Group's loans are at a fixed rate of interest (December 31, 2023: 27%). Refer to note 10. Bank loans and overdrafts of USD 2,531 thousand (2023: USD 10,298 thousand) are secured by charges on plant and machinery and land (see note 7.1).

Contractual maturities

The contractual maturities of the Group's non-derivative financial liabilities (including lease liabilities) at December 31, 2024, and December 31, 2023, are shown in the table below. The amounts presented in the table are undiscounted and do not include interest as most of the liabilities are linked to credit facilities for which interest can fluctuate over time depending on the level of the used part of these facilities:

in thousands of U.S. dollars	2024	2023
2024		215,469
2025	40,667	19,484
2026	259,718	13,853
2027	32,261	2,860
2028	32,544	3,256
2029-2035	48,942	6,055
Total	414,132	260,977

The Group is exposed to a liquidity risk in that the maturity of bank loan agreements, which are presented based on the contractual payment obligations, could be brought forward should the Group fail to comply with its contractual obligations under the bank loan agreements.

The following table provides a reconciliation of the movements in liabilities to the cash flows arising from financing activities for the year 2024:

in thousands of U.S. dollars	Liabilities		Equity			
	Loans and borrowings	Lease liability	Share capital	Share premium	Retained earnings	Total
Balance at December 31, 2023	239,369	21,608	432,745	348,709	180,158	1,222,589
Changes from financing cash flows						
Proceeds from loans and borrowings	209,669	–	–	–	–	209,669
Repayment of loans and borrowings	(124,237)	–	–	–	–	(124,237)
Receipts from sale and leaseback arrangements	–	60,584	–	–	–	60,584
Payments of lease liabilities	–	(12,502)	–	–	–	(12,502)
Interest paid	(17,214)	–	–	–	–	(17,214)
Total changes from financing cash flows	68,218	48,082	–	–	–	116,300
Other changes						
Effect of changes in foreign exchange rates	(8,214)	(2,904)	–	–	–	(11,118)
Liability related						
New leases	–	27,903	–	–	–	27,903
Prolongation of existing lease contracts	–	3,409	–	–	–	3,409
Interest expenses	16,662	–	–	–	–	16,662
Equity related	–	–	–	–	61,489	61,489
Total liability-related other changes	16,662	31,312	–	–	–	47,974
Total equity-related other changes	–	–	–	–	61,489	61,489
Balance at December 31, 2024	316,035	98,098	432,745	348,709	241,647	1,437,234

The following table provides a reconciliation of the movements in liabilities to the cash flows arising from financing activities for the year 2023:

in thousands of U.S. dollars	Liabilities		Equity			
	Loans and borrowings	Lease liability	Share capital	Share premium	Retained earnings	Total
Balance at December 31, 2022	270,434	26,509	432,745	348,709	16,508	1,094,905
Changes from financing cash flows						
Proceeds from loans and borrowings	205,784	–	–	–	–	205,784
Repayment of loans and borrowings	(241,806)	–	–	–	–	(241,806)
Payments of lease liabilities	–	(5,512)	–	–	–	(5,512)
Interest paid	(11,630)	–	–	–	–	(11,630)
Total changes from financing cash flows	(47,652)	(5,512)	–	–	–	(53,164)
Other changes						
Effect of changes in foreign exchange rates	4,414	23	–	–	–	4,437
Liability related						
Prolongation of existing lease contracts	–	588	–	–	–	588
Interest expenses	12,173	–	–	–	–	12,173
Equity related	–	–	–	–	163,650	163,650
Total liability-related other changes	12,173	588	–	–	–	12,761
Total equity-related other changes	–	–	–	–	163,650	163,650
Balance at December 31, 2023	239,369	21,608	432,745	348,709	180,158	1,222,589

7.11 Other non-current liabilities

Other non-current liabilities primarily comprise defined benefit pension obligations and deferred rental income.

Other non-current liabilities include an amount of USD 4,157 thousand at December 31, 2024 (December 31, 2023: USD 3,967 thousand), representing the net defined benefit obligations under a long-service retirement lump-sum payment scheme at the Group's subsidiary X-FAB France. An additional USD 0 thousand (December 31, 2023: USD 730 thousand) of defined benefit obligations relating to this plan are recorded as other current liabilities. The net defined benefit obligation consists of defined benefit obligations under the scheme of USD 8,475 thousand (December 31, 2023: USD 9,057 thousand) less plan assets recorded at their fair values of USD 4,318 thousand (December 31, 2023: USD 4,360 thousand). Under this scheme, X-FAB France awards its employees a lump-sum payment on reaching retirement age of 65 (for management employees) and 62 (for other employees). The payment is

dependent on the final salary of the employee and the length of time the employee has been employed by X-FAB France. Employees are not required to contribute to the plan. The liability recognized for the future defined benefit obligation under this scheme is presented net of the funding plan assets which are "ring fenced" to meet obligations under the scheme. The plan assets at December 31, 2024 consist of investments in a fund that is managed by a financial institution of which the underlying assets relate to long-term bonds with capital guarantees of USD 1,910 thousand at December 31, 2024 (December 31, 2023: USD 1,969 thousand) and equity savings plans with a value of USD 2,408 thousand at December 31, 2024 (December 31, 2023: USD 2,391 thousand).

Accordingly, there are risks typical of such defined benefit obligations, i.e. actuarial risks associated with the uncertainties of the estimated obligations under the scheme and with the anticipated performance of the investment assets held to offset the obligations under the scheme.

in thousands of U.S. dollars	DBO	Fair value of plan assets	Net defined benefit liability
January 1, 2024	9,057	(4,360)	4,697
Included in profit or loss:			
Current service cost	782	–	782
Currency effects from conversion into USD	(493)	110	(383)
Included in OCI:			
Return on plan assets	–	(68)	(68)
Actuarial losses	104	–	104
Other:			
Benefits paid	(975)	–	(975)
December 31, 2024	8,475	(4,318)	4,157
January 1, 2023	8,547	(4,034)	4,513
Included in profit or loss:			
Current service cost	674	–	674
Currency effects from conversion into USD	304	(282)	22
Included in OCI:			
Return on plan assets	–	(44)	(44)
Actuarial losses	577	–	577
Other:			
Contributions paid by the employer	(1,045)	–	(1,045)
December 31, 2023	9,057	(4,360)	4,697

The primary assumptions made in calculating the defined benefit obligation were as follows:

in thousands of U.S. dollars	2024	2023
Discount rate	3.32%	3.18%
Employee turnover	5.00%	5.00%
Social security costs	47.00%	47.00%

The discount rate used is calculated by reference to marked yields on high quality corporate bonds. Future salary growth is assumed to be 1.0% higher than inflation (December 31, 2023: 1.0%). Assumptions regarding future mortality have been based on published statistics and mortality tables.

The Group expects to pay no contributions to the funding plan in 2025.

Reasonably possible changes at December 31, 2024, and December 31, 2023, to one of the actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation changing the discounted amounts of the net liability by the amounts shown below:

in thousands of U.S. dollars	Increase at Dec. 31, 2024	Decrease at Dec. 31, 2024	Increase at Dec. 31, 2023	Decrease at Dec. 31, 2023
Discount rate (+0.25% movement)	—	138	—	153
Future salary growth (+0.25% movement)	146	—	163	—

The defined benefit obligation is not materially sensitive to a reasonable potential change in the assumed mortality rate.

7.12 Trade payables and other current liabilities

Trade payables are non-interest bearing and are normally settled on 60-day terms. Trade payables totaled USD 67,658 thousand at December 31, 2024 (USD 90,681 thousand at December 31, 2023). This decrease was influenced by the general decrease of business.

Other current liabilities comprise the following:

in thousands of U.S. dollars	2024	2023
Accrued liabilities	29,968	39,606
For invoices not yet received	28,048	37,385
Royalties	622	682
Sales commissions	481	415
Staff association costs	588	632
Other	229	492
Advances received	323,915	301,287
Deferred income	814	(29)
Employee-related liabilities	23,458	26,722
Wages	2,078	3,165
Earned holiday entitlement, incentives	15,758	17,419
Payroll taxes	1,310	1,358
Social security costs	4,312	4,780
Other	2	(4)
Total	378,157	367,582

Advances received relate to prepayments from customers for future wafer sales of USD 40,718 thousand (December 31, 2023: USD 29,186 thousand) and capacity reservation deposits received under long-term agreements concluded with customers of USD 283,197 thousand (December 31, 2023: USD 272,101 thousand). These amounts represent contract liabilities as defined in IFRS 15 and, depending on the respective agreements with the customer, will be settled by offsetting advances received against deliveries of wafers made or by settlement against trade accounts receivable within the next three to five years.

All prepayments from customers for future wafer sales and capacity reservation deposits are recorded as current or non-current based on the usual classification principles, i.e., items that are settled within the normal operating cycle are classified as current, even if they are expected to be settled after twelve months. However, the Group expects prepayments from customers for future wafer sales and capacity reservation deposits totaling USD 225,311 thousand to be settled after more than 12 months (December 31, 2023: USD 261,914 thousand).

7.13 Provisions

Provisions comprise the following:

in thousands of U.S. dollars	2024	2023
Current provisions	11,978	9,775
Non-current provisions	54	56
Total	12,032	9,831

Current provisions primarily relate to warranty costs.

Warranty provisions are estimated based on the Group's experience of past claim rates and knowledge of current claims together with an assessment of rectification costs. Increased business resulted in an increase in warranty provisions in the financial year.

Non-current provisions refer to anniversary bonuses for employees accounted for in accordance with IAS 19, which include estimates of future staff turnover, based on the Group's experience of staff turnover rates in recent years.

The movements on provisions during the year were as follows:

in thousands of U.S. dollars	Warranty provisions	Employee provisions	Other	Total
January 1, 2024	8,523	593	716	9,832
Provided for	6,696	29	237	6,962
Utilized	(3,563)	(212)	(791)	(4,566)
Released	(125)	(1)	–	(126)
Effect of changes in exchange rates	(47)	7	(30)	(70)
December 31, 2024	11,484	416	132	12,032

in thousands of U.S. dollars	Warranty provisions	Employee provisions	Other	Total
January 1, 2023	6,854	616	–	7,470
Provided for	3,687	10	1,000	4,697
Utilized	(1,500)	(50)	–	(1,550)
Released	(535)	–	(287)	(822)
Effect of changes in exchange rates	17	17	3	37
December 31, 2023	8,523	593	716	9,832

8 Notes to the statement of cash flows

The change in trade payables in working capital excludes changes in the amounts of outstanding liabilities for additions to property, plant, and equipment, as payments for additions to fixed assets are recorded in the statement of cash flows when payment is made.

Cash flows from operating activities in the financial year 2023 included, for the first time, significant amounts of receipts of prepayments from customers for the future supply of wafers and receipts and repayments of capacity reservation deposits received under long-term agreements concluded with customers. The amounts of prepayments from customers and capacity reservation deposits carried forward for offsetting against trade accounts receivable or for repayment to customers are disclosed within other current liabilities as reported in note 7.12.

Non-cash transactions primarily include the effects from exchange rate differences, allowances on trade receivables and increases in provisions.

The difference between the cash outflows for investments and the additions to property, plant, and equipment is primarily due to the level of outstanding invoices for additions recorded at the end of the financial year.

The Group entered into sale and leaseback transactions for property, plant, and equipment in 2024. The cash inflow from that transaction was received in 2024 and amounted to USD 60,584 thousand.

9 Segment reporting

Operating segment

The Group manages its CMOS, SiC and MEMS operations as one single operating segment. Operating decisions are taken on a product and technology level by the President and Chief Executive Officer, who is assisted by the parent company's management team. Accordingly, X-FAB has identified its President and CEO as its chief operating decision maker for the purposes of defining segments in accordance with IFRS 8. No separate operating results for the CMOS, SiC and MEMS operations are used by the chief operating decision maker to manage X-FAB's operations, assess performance, or make resource allocation decisions. As a result, X-FAB has determined that its operations constitute one single segment.

Geographic concentrations

The following table shows an analysis of revenue (based on the customer's billing location) and non-current assets by geographic area for the reporting period.

Revenue by geographic area:

in thousands of U.S. dollars	2024	2023
Europe	550,500	595,583
Belgium	365,731	402,545
Germany	94,849	87,558
United Kingdom	50,646	58,871
Austria	13,756	8,351
France	7,688	7,098
Switzerland	5,864	8,434
Sweden	1,646	6,116
Denmark	2,090	3,475
Other	2,566	3,288
Finland	1,429	2,369
Netherlands	1,947	4,872
Ireland	2,288	2,606
Asia	186,368	213,476
China	102,537	104,855
Japan	31,297	40,947
Malaysia	898	18,237
Singapore	13,548	14,021
Thailand	23,224	18,230
Taiwan	5,571	5,388
South Korea	8,137	9,532
New Zealand	425	1,001
Other	731	1,265
United States of America	77,244	96,154
Rest of the world	2,271	1,573
Total	816,383	906,786

Non-current assets by geographic area:

in thousands of U.S. dollars	2024	2023
Malaysia	658,101	318,794
France	248,627	197,106
Germany	200,916	174,167
United States of America	117,463	141,050
Total	1,225,107	831,117

Significant customers

The Group has one (2023: one) customer whose revenues exceeded 10% of the Group's consolidated external revenues. The total revenue from this customer, which was a related party until November 14, 2023 (see note 12), amounted to USD 364,240 thousand in 2024 (2023: USD 399,844 thousand).

10 Financial instruments – fair values and risk management

Accounting classifications and fair values

The following tables show the carrying amounts and fair values of financial assets and financial liabilities measured at fair value through profit or loss and measured at amortized cost, respectively, including their levels in the fair value hierarchy.

December 31, 2024					
in thousands of U.S. dollars	Carrying amount	Fair value			
	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Trade and other receivables	96,648				
Cash and cash equivalents	215,837				
Financial liabilities measured at amortized cost					
Trade payables	(67,658)				
Bank loans, overdrafts, and lease liabilities	(414,133)		(418,212)		(418,212)
December 31, 2023					
Financial assets measured at amortized cost					
Trade and other receivables	123,101				
Cash and cash equivalents	405,701				
Financial liabilities measured at amortized cost					
Trade payables	(90,681)				
Bank loans, overdrafts, and lease liabilities	(260,977)		(261,273)		(261,273)

Financial instruments measured at amortized cost

The carrying amount of cash and cash equivalents, bank overdrafts, trade and other receivables, and trade payables approximates their fair value due to the short-term maturity of these financial instruments.

The fair value of the Group's non-current liabilities is based on their present values calculated by discounting future cash flows at current rates of interest available for debt with the same maturity profile.

The Group's principal financial instruments not carried at fair value are cash and cash equivalents, trade receivables, other current assets, other non-current assets, trade and other payables, bank overdrafts, and long-term borrowings.

There have been no transfers of assets or liabilities between levels of the fair value hierarchy in the current or previous year.

Financial assets and liabilities accounted for at fair value through profit or loss

The Group held no financial instruments measured at fair value through profit or loss in the current or previous financial year.

The Group held no forward foreign exchange contracts or interest rate swaps in the current or previous financial year.

Financial assets and liabilities accounted for at fair value through other comprehensive income

The Group held no financial assets and liabilities accounted for at fair value through other comprehensive income in the current or previous financial year.

Management of risks arising from financial instruments

The X-FAB SE Group's principal financial liabilities comprise bank loans and bank overdrafts, and trade payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group has various financial assets, such as trade receivables and cash and short-term deposits, which arise directly from its operations.

Financial assets in the form of free short-term cash available are placed on deposit with banks with a high credit rating.

Deliveries made by the Group are subject to the reservation of proprietary rights until the customer has paid for the goods. Generally, further security is not obtained.

While the Group did not hold any derivative financial instruments in the current or previous year, it does, from time to time, enter into derivative financial instruments to manage the foreign exchange risks and interest rate arising from the Group's sources of finance where the risks of financial loss or the liquidity risk appears excessive. Such transactions are exclusively entered into to reduce the risk of contractually agreed or highly probable transactions. These transactions are classified as FVTPL for accounting purposes because the Group does not formally account for them using hedge accounting techniques.

The primary risks arising from the Group's financial instruments are market risks (interest rate and foreign currency risks), credit risk, and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks. The primary objective in managing these risks is to minimize the risk of financial loss and the risk of any interference with the Group's ability to pursue its commercial objectives. The policies followed in respect of each risk are summarized below.

Interest rate risk

The X-FAB SE Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. To manage this, the Group might enter into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At December 31, 2024 approximately 20% of the Group's borrowings (excluding financial leases) are at a fixed rate of interest (December 31, 2023: 20%).

Foreign currency risk

The Group's statement of financial position can be affected by changes in the dollar exchange rates, in particular movements against the euro (EUR) and the Malaysian ringgit (MYR). This risk mainly relates to transactions in foreign currency.

The following tables provide an analysis of monetary assets and liabilities by currency denomination, expressed in thousands of USD:

Assets and liabilities denominated in EUR:

in thousands of U.S. dollars	2024	2023
Assets		
Trade accounts receivable	24,777	33,813
Other assets	39,461	36,616
Cash	66,238	110,763
Liabilities		
Trade payables	13,226	34,095
Loans and borrowings	234,634	150,318
Other liabilities and provisions	119,606	133,012

Assets and liabilities denominated in MYR:

in thousands of U.S. dollars	2024	2023
Assets		
Trade accounts receivable	8	38
Other assets	517	5,461
Cash	25,551	43,419
Liabilities		
Trade payables	555	89
Loans and borrowings	27,362	3,852
Other liabilities and provisions	1,767	2,000

The Group's policy is to manage selected foreign currency exchange risk by entering into forward rate currency purchase or sale transactions (currency forwards) for specific amounts of foreign currencies in anticipation of transactions which are contractually fixed or highly probable.

The following exchange rates were used in preparing the consolidated financial statements:

	2024	2023
USD/EUR		
Closing rate	0.957	0.905
Average rate	0.924	0.925
USD/MYR		
Closing rate	4.465	4.595
Average rate	4.575	4.559

The Group also has currency exposures arising from sales or purchases made when operating units undertake transactions in currencies other than their functional currencies.

Approximately 41% (2023: 44%) of the Group's sales and 45% (2023: 44%) of the Group's costs are denominated in currencies other than the functional currency of the operating unit making the sales.

The following table demonstrates the sensitivity to changes in fair value of monetary assets and liabilities on the Group's profit before tax to reasonably possible changes in the USD/EUR and USD/MYR exchange rates, with all other variables held constant and excluding effects of foreign exchange related derivatives held. We have also assessed that the sensitivity to changes in fair value of monetary assets and liabilities to profit before tax is a good approximation of the effect on equity of the Group as the associated tax effect would not be significant.

USD/EUR	Increase/ (decrease) in EUR rate	Effect on profit before tax
2024	5%	(11,293)
	-5%	11,293
2023	5%	(6,875)
	-5%	6,875
USD/MYR	Increase/ (decrease) in MYR rate	Effect on profit before tax
2024	20%	(722)
	-20%	722
2023	20%	7,643
	-20%	(7,643)

The Group believes that a reasonably possible change of other exchange rates, with all other variables held constant, will not have a significant effect on the Group's profit before tax and on the Group's equity.

The currency risk from translating foreign entities with a functional currency that is different from the presentation currency can be considered to be immaterial as it relates to non-significant entities.

Credit risk

The Group's primary credit risk concentrations affecting financial assets are in respect of trade receivables (described in note 7.5), balances with related parties (note 12), and balances and short-term deposits at banks (note 7.7).

The Group only trades with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables balances are monitored on an ongoing basis to ensure that the Group is not exposed to significant risk of credit loss. The maximum exposure is represented by the carrying amounts disclosed in notes 7.5 and 7.6. With respect to credit risk arising from financial assets, including cash and cash equivalents, the Group's maximum exposure to credit risk arising from default of the counterparty is equal to their carrying amounts in the statement of financial position.

The Group has not recorded any expected credit losses for cash and cash equivalents as it considers that any measurement of the 12-month expected loss would be an insignificant amount given the good credit rating of the respective banks.

Liquidity risk

The Group monitors its risk of a shortage of funds and of difficulties in meeting obligations associated with financial liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, bank overdrafts, and other financial instruments. Based on the positive cash flow projections and the excess of current assets over current liabilities, there was no significant liquidity risk at December 31, 2024, or December 31, 2023. The expected cash inflows from trade and other receivables maturing within two months total USD 96,647 thousand (December 31, 2023: USD 123,101 thousand). Trade accounts payables are due within the next 12 months. An analysis of the maturity of financial liabilities and available credit lines is presented in note 7.11.

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. Further, management aims to maintain a stable level of cash balances available for ready use at all times and to at least maintain, or increase, the available cash at the current level and to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings. These goals can be achieved by a combination of cash inflows and the use of new external new financing arrangements. The Group manages its capital structure (consisting of equity and borrowings) and makes adjustments to it in light of changes in economic conditions. To adjust its capital structure, the Group may choose to take measures such as making payments to or adjusting dividend payments made to shareholders, returning capital to shareholders, or raising new capital by issuing new shares or adjusting its borrowing levels. No change was made to the Group's capital management objectives, policies, or processes during the years ended December 31, 2024, and December 31, 2023.

The Group's two EUR 200,000,000 multicurrency revolving credit facility are available to the parent company and its primary subsidiaries for use for euro and U.S. dollar capital expenditures, general working capital requirements and general corporate purposes (including acquisitions).

The Group's two EUR 200,000,000 multicurrency revolving credit facilities and certain other bank loan agreements contain conditions stating that the borrower shall ensure that the ratio of total net indebtedness cannot exceed 3.5 times its EBITDA, otherwise the loan will be repayable on demand. Further, certain lease agreements require lenders to consent to additional borrowings should the Group's

ratio of net indebtedness exceed 4.0 times its EBITDA. The Group was in compliance with this covenant during the financial year and at December 31, 2024.

The Group's multicurrency revolving credit facilities and other bank loan agreements contain further additional covenants typical for such borrowing arrangements which impose a number of requirements on the borrower, including, among other things, early termination and set-off of asset balances against matured obligations balances in case of a material event of default, negative pledge clauses, obligations to provide certain information relating to the financial condition of the borrower, and change of control provisions. Early repayments of amounts borrowed may be demanded or offset against asset balances and renewals or drawdowns of additional tranches under credit arrangements may not be available if there is an event of default or should the Group fail to meet its other obligations under such terms and conditions. A reclassification of the borrowings currently presented as non-current liabilities to current liabilities could be required should a default event or failure occur within 12 months of the reporting date. Further, the Company has entered into undertakings under the terms of certain credit agreements to maintain its existing equity percentage in the share capital and related percentage of voting rights of its respective subsidiaries.

The X-FAB SE Group's other bank loan agreements do not include requirements to comply with externally imposed capital requirements, for example requirements to meet specific equity and free cash flow ratios.

11 Leases

The Group has various lease arrangements for the use of commercial properties, infrastructure, and technical equipment and machinery. The arrangements run for various periods until 2038 and carry interest rates between 0.15% and 4.66% (December 31, 2023: 0.15% and 4.66%). The contractual arrangements vary from lease to lease. Some of these arrangements include purchase options at a price that is lower than the expected fair value of the assets at the end of the lease period, so that the Group expects that these will be acquired at a later date. Other leases are for a fixed period of time and are renewed unless canceled by either party, or include lease period extension options exercisable by the Group.

The carrying values of right-of-use assets presented as property, plant, and equipment were as follows:

in thousands of U.S. dollars	2024	2023
Net book value January 1	17,588	21,438
Additions	44,074	588
Depreciation	(4,536)	(4,438)
Disposals	1	–
Reclassifications	26	–
Net book value December 31	57,153	17,588

For lease arrangements which include extension options exercisable by the Group, the Group assesses, at the commencement of the lease, whether it is reasonably certain to exercise the extension options. The Group makes subsequent reassessments of whether it is reasonably certain to exercise such options if there is a significant event or significant changes in circumstances which are within its control. Should the Group exercise the extension options, the future cash outflows under leasing arrangements, the right-of-use assets recognized, and the commitments under the lease liabilities would be increased. The Group does not make estimates of such potential increases as the most significant extension options are at future dates and the amounts and available operational alternatives may change. The overall level of right-of-use assets and leasing obligations are, however, unlikely to change by material amounts.

The future minimum lease payments due in respect of lease liabilities are as follows:

in thousands of U.S. dollars	2024		2023	
	Minimum leasing payment	Present value	Minimum leasing payment	Present value
2025	21,566	17,439		
2026–2028	93,362	80,698		
2024			5,916	5,503
2025–2027			17,554	16,104
Total	114,928	98,137	23,470	21,607
Interest	(16,791)	(16,791)	(1,863)	(1,863)
Liability	98,137	81,346	21,607	19,744

Expenses relating to short-term leases amounted to USD 938 thousand (2023: USD 868 thousand), and expenses relating to leases of low-value assets (excluding short-term leases of low-value assets) amounted to USD 27 thousand (2023: USD 26 thousand).

The Group has entered into a sale and leaseback agreement which commenced January 1, 2024. This lease arrangement generated USD 60,584 thousand (EUR 55,735 thousand) of financing cash flow which was received in 2024. Repayment of the lease liability is made over five years in monthly installments together with interest based on an EURIBOR plus an agreed lending margin.

12 Transactions with related parties

Transactions with shareholders and their subsidiaries

As part of its normal business activities, the Group undertakes transactions with entities in the XTRION Group, a group of companies controlled by XTRION NV, which holds equity stakes in a range of portfolio companies in the semiconductor industry. XTRION NV and the companies controlled by it are related parties of X-FAB SE due to the fact that XTRION NV is jointly controlled by Roland Duchâtelet, Françoise Chombar, and Rudi De Winter via STAK Xpeqt.

Until November 14, 2023, XTRION NV was the controlling shareholder of X-FAB SE and Melexis NV. Melexis NV (and its subsidiaries) develop, design, and sell integrated circuits to customers such as the automotive industry and is a significant customer of X-FAB SE's subsidiary companies. On November 14, 2023 Sensinno BV and Elex NV acquired the shareholdings in X-FAB SE and Melexis NV held at that date by XTRION NV. On the same date, XTRION NV, and Sarawak Technology Holdings Sdn. Bhd also terminated their shareholders agreement under which they were acting in concert in regard to their holdings in X-FAB SE. Accordingly, Melexis NV, companies in the Melexis Group and Sarawak Technology Holdings Sdn. Bhd together with companies controlled by Sarawak Technology Holdings Sdn. Bhd ceased to be related

parties of X-FAB SE and its subsidiaries with effect from November 14, 2023.

Transactions disclosed as related party transactions with shareholders and their subsidiaries include, in addition to transactions with XTRION NV and its subsidiaries, transactions with Melexis NV and its subsidiaries until November 14, 2023, and management fees paid to Sensinno BV, ESA Management BV, and FAJEL Consultants SPRL for services as directors of the Company. Such management fees are included in, and not in addition to, the amounts disclosed below within remuneration of persons with key management positions.

Transactions entered into between the Group and XTRION NV and its subsidiaries and Melexis NV and its subsidiaries until November 14, 2023, included the purchase of certain work in process and services, as well as the sale of products and provision of services to these companies. X-FAB SE's subsidiaries are the main wafer suppliers for the Melexis Group, and Melexis is a significant customer of X-FAB SE's subsidiaries. In addition, the Melexis Group also provides final test services as well as design support to X-FAB SE subsidiaries.

On January 1, 2024, the Group acquired the entire share capital of M-MOS Semiconductor Hong Kong Limited (M-MOS), a limited liability company incorporated under the laws of Hong Kong, and its subsidiaries for a consideration of EUR 22,500 thousand (USD 24,863 thousand) payable in cash. M-MOS was acquired from XTRION, a related party. Further details on this transaction are provided in note 5.

Conditions of the commercial relations between X-FAB and its related parties are in line with those that have been agreed upon between independent parties in comparable circumstances.

The tables below show the balances with shareholders and their subsidiaries included in the statement of financial position.

in thousands of U.S. dollars	2024	2023
Trade accounts receivable due from M-MOS group companies	—	2,408
Trade accounts receivable due from X-Celeprint	32	32
Trade accounts receivable due from X Display Company Technology	140	334
Total	172	2,774

in thousands of U.S. dollars	2024	2023
Advances received from M-MOS group companies	—	3,827
Trade accounts payable due to M-MOS group companies	—	23
Trade accounts payable due to XTRION	—	33
Other	18	—
Total	18	3,883

Receivables from related parties relate to trade receivables, do not carry interest, and are payable on normal credit terms.

Sales made to XTRION group companies (Melexis group and M-MOS group until their sale by XTRION and X-Celeprint and X Display Company) primarily include the supply of PCM-tested wafers and NRE on the basis of wafer supply agreements made between the parties.

Other income results from the provision of technical facilities, supplies, utilities, property rentals, and services provided. Services provided include information technology, personnel, and legal support services. For services provided, charges are made in relation to the costs incurred based on an agreed formula which considers the use of facilities, employee time spent, and specific transaction details. Interest income and expenses arose in connection with loan arrangements.

Sales and other income comprise the following:

in thousands of U.S. dollars	2024	2023
Sales to Melexis group companies	—	339,229
Sales to M-MOS group companies	—	13,300
Sales to X Display Company Technology	515	255
Property rental and other income from Melexis group companies	—	3,484
Other income from M-MOS	—	48
Other income from X Display Company	—	11
Total	515	356,327

Property rental and other income from Melexis group companies includes rentals and charges for technical services included in the amounts described in note 6.7 as well as other items classified in other positions in the consolidated statement of income.

Purchases, expenses, and other transactions recorded with shareholders and their subsidiaries were as follows:

in thousands of U.S. dollars	2024	2023
Services provided by Melexis group companies	—	618
Services/purchases provided by M-MOS group companies	—	21
Services provided by XTRION	—	105
Services provided by Elex	17	76
Services provided by X-Celeprint	32	—
Warranty cost Melexis group	—	1,288
Total	49	2,108

Services purchased from member companies of the XTRION group primarily included wafer test and final test services. Outstanding balances from sales and purchases of goods and from receiving and rendering of services at the reporting date are unsecured, interest free, and settled in cash. There have been no guarantees provided or received for any related party receivables or payables.

Remuneration of persons with key management positions

in thousands of U.S. dollars	2024	2023
Short-term employee benefits	1,300	1,334
Short-term employee benefits for members of management that are not on the payroll of the Company (CEO, CFO, and COO)	1,097	1,305
Directors' compensation	188	187
Total	2,585	2,826

The persons with key management positions as referred to above as of December 31, 2024, include the Group's CEO, CTO, CFO, COO, the CEO of X-FAB Dresden, the CEO of X-FAB Sarawak, the CEO of X-FAB Texas, the CEO of X-FAB Erfurt, and the CEO of X-FAB France. Short-term employee benefits for members of management that are not on the payroll of the Company disclosed above represent payments for the provision of key management personnel that are provided by separate management entities.

The Group has made contributions to defined contribution pension plans for the benefit of persons with key management positions totaling USD 94 thousand (2023: USD 106 thousand). Contributions to defined contribution plans primarily comprise statutory contributions to be made by employers to state-based defined contribution plans. In connection with these plans there are no minimum guarantees by the employer. The defined contribution is based on a fixed percentage of the (capped) gross salary determined by state laws.

13 Other disclosures**13.1 Purchase commitments and contingencies**

Purchase commitments comprise the following at December 31:

	2024	2023
Purchase commitments for:		
Property, plant, and equipment	167,821	600,040
Intangible assets	34	1,465
Material and services	4,503	10,869
Total	172,358	612,374

Purchase commitments mainly refer to purchase orders placed for investments in technical machinery.

Commitments concerning investment grants and subsidies received

Various Group entities receive grants and subsidies in connection with the acquisition of certain qualifying assets (asset-related grants and subsidies) and subsidies to offset research and development costs (income-related grants). No material amounts of other government assistance are received.

Specifically, XMF, X-FAB Texas and X-FAB Dresden receive grants and subsidies in connection with the acquisition of certain qualifying assets (asset-related grants and subsidies). The grant rules require that the assets on which investment grants have been received are retained for a period of five years (the subsidy rules, which largely apply to the same assets, have a similar three-year retention requirement) and that specified employee levels are maintained at specific locations. If it is not possible to fulfill these conditions, the grants and subsidies may be partially repayable. The total amount of grants and subsidies received in the past (and thus deducted from the carrying amounts of the assets) on property, plant, and equipment amounted to USD 155.8 million (December 31, 2023: USD 137.5 million); the retention requirements have not yet been fulfilled in full for grants and subsidies received totaling USD 22.9 million included in that total.

13.2 Unresolved legal disputes and claims

The Group is not aware of any unresolved legal disputes, claims or proceedings which could have a significant financial impact on the Group.

13.3 Employees

The average number of employees employed by the Group during the year was as follows:

	2024	2023
Production	3,926	3,845
Research and development	316	309
Sales, marketing, and administration	319	307
Trainees	135	128
Total	4,696	4,589

The total number of employees employed by the Group at December 31 was as follows:

	2024	2023
Production	3,879	4,000
Research and development	306	318
Sales, marketing, and administration	318	317
Trainees	149	137
Total	4,652	4,772

Note: Number of employees excludes contract workers (borrowed)

13.4 List of shareholdings

Entity	Place of incorporation	Principal activities	Shareholding in %
X-FAB Silicon Foundries SE	Tessenderlo, Belgium	Holding company	
X-FAB Semiconductor Foundries GmbH	Erfurt, Germany	Wafer manufacturing	100.00 %
X-FAB Dresden GmbH & Co. KG	Dresden, Germany	Wafer manufacturing	100.00 %
X-FAB Dresden Verwaltungs-GmbH	Dresden, Germany	No activity	100.00 %
X-FAB Texas Inc.	Texas, USA	Wafer manufacturing	100.00 %
X-FAB Sarawak Sdn. Bhd.	Kuching, Malaysia	Wafer manufacturing	100.00 %
X-FAB France SAS	Corbeil-Essonnes, France	Wafer manufacturing	100.00 %
X-FAB Japan KK	Yokohama, Japan	Trading company	100.00 %
X-FAB MEMS Foundry GmbH	Erfurt, Germany	Wafer manufacturing	100.00 %
X-FAB MEMS Foundry Itzehoe GmbH	Itzehoe, Germany	Wafer manufacturing	100.00 %
X-FAB Global Services GmbH	Erfurt, Germany	R&D, administration	100.00 %
M-MOS Semiconductor Sdn. Bhd.	Kuching, Malaysia	Wafer front-end process	100.00 %
M-MOS Semiconductor Hong Kong Ltd.	Hong Kong	R&D	100.00 %

13.5 Auditor and auditor's remuneration

During the general shareholders' meeting on April 27, 2023, KPMG Bedrijfsrevisoren BV was reappointed as the Company's auditor for the years 2023, 2024, and 2025.

The auditor's remuneration for the period was as follows:

in thousands of U.S. dollars	2024	2023
Audit cost		
KPMG	603	583
Other audit firms	118	107
Other services		
KPMG	167	95
Total	888	785

14 Events after the reporting period

There have been no significant reportable events since the reporting dates.

Tessenderlo, March 20, 2025

Managing Director, CEO

Sensinnovat BV
Represented by Rudi De Winter
CEO



06

Sustainability

6. SUSTAINABILITY

This chapter provides a comprehensive review of X-FAB's Environmental, Social, and Governance (ESG) performance for the 2024 financial year.

X-FAB has made significant strides in enhancing its ESG practices based on the EU's Corporate Sustainability Reporting Directive (CSRD) (EU) 2022/2464 of the European Parliament and of the Council of December 14, 2022, amending Regulations (EU) No 537/2014, 2004/109/EC, 2006/43/EC, and 2013/34/EU and the EU Taxonomy Regulation (Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020, establishing a framework to promote sustainable investment).

As part of these efforts, X-FAB has undertaken extensive efforts to convert the previous materiality assessment towards a double materiality assessment based on the guidelines of the European Financial Reporting Advisory Group (EFRAG). The completion of this assessment is still ongoing and will enable X-FAB to identify and prioritize ESG topics critical to its stakeholders (impact materiality) as well as the financial resilience and performance of the business (financial materiality). This approach will lay a solid foundation for aligning future reporting with CSRD requirements.

In addition, X-FAB has placed significant focus on updating its carbon footprint analysis (Scope 1, 2, and 3 emissions), a key area of interest for investors and other stakeholders. By evaluating greenhouse gas emissions across its value chain, X-FAB is well-positioned to identify high-impact reduction opportunities that are aligned with global climate goals and stakeholder expectations. This analysis reinforces X-FAB's commitment to transparency and strengthens its role in advancing meaningful climate action within the semiconductor industry.

X-FAB remains committed to reporting in accordance with the EU Taxonomy Regulation, despite ongoing uncertainties regarding its specific applicability to semiconductor manufacturing. While the regulatory framework is still evolving, X-FAB is dedicated to offering stakeholders insights into its eligibility and alignment with the Taxonomy's environmental objectives. The Company will continue to monitor regulatory developments and industry best practices, refining its reporting approach as necessary.

Although substantial progress has been made, X-FAB acknowledges that full alignment with CSRD requirements has not yet been achieved. For 2024, X-FAB will continue to rely on the GRI Standards, which have guided its disclosures in previous years. The GRI framework provides a reliable structure, ensuring

transparency and comparability as X-FAB works towards full compliance with the CSRD.

Looking ahead, X-FAB is committed to achieving CSRD compliance by 2025. Significant resources are being allocated to implement the necessary systems, processes, and governance structures to align with the directive's objectives.

As part of the materiality analysis and GRI standards review, both external and internal stakeholders have been involved. This report covers a wide range of sustainability-related topics, including the Company's dedication to social, environmental, and governance issues. Additionally, this chapter includes information on X-FAB's supplier relationship management, responsible mineral sourcing, data security, customer support, and an overview of the EU Taxonomy and its associated reporting obligations.

Unless otherwise specified, the statements and figures provided in this report apply to the entire organization. Site-specific information is provided where relevant. The scope and boundaries of the report encompass all entities of the X-FAB Silicon Foundries SE Group, as confirmed by the X-FAB Board.

Guided by the 17 Sustainable Development Goals (SDGs) established by the United Nations, X-FAB is committed to advancing these goals through its product portfolio. The SDGs serve as key indicators of X-FAB's societal impact, offering a strategic framework to identify potential business opportunities.



Fig. 6.1: The United Nations Sustainable Development Goals

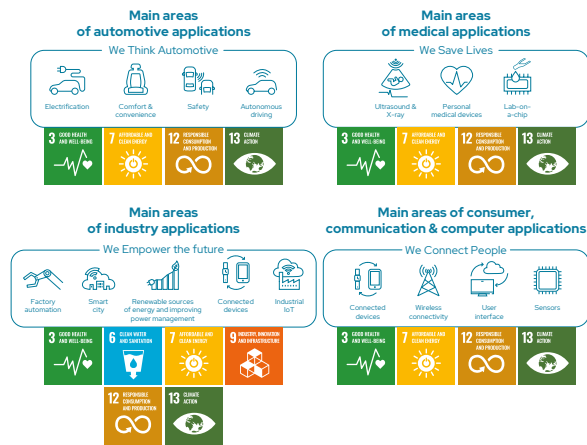


Fig. 6.2: X-FAB contributes to The United Nations Sustainable Development goals (refer to chapter 4. Our Business)

6.1 Implementing sustainability within X-FAB

6.1.1 Organization and governance

In September 2024, X-FAB reached a significant milestone with the official launch of the X-FAB Sustainability Office, which is central to driving the Company's sustainability efforts. The Sustainability Office plays a vital role in aligning X-FAB's sustainability initiatives with the objectives of the CSRD and the ESRS (European Sustainability Reporting Standards). The office is responsible for implementing, tracking, and reporting on initiatives that promote environmental, social, and economic progress, ensuring compliance with ESG standards and adhering to the ESRS framework. Through these actions, the Sustainability Office supports X-FAB in maintaining transparency, managing risks, and enhancing long-term sustainability performance.

At the same time, the CEO of X-FAB plays a crucial role in guiding the Company's broader sustainability strategy. As a key member of the board of directors and the management team, the CEO provides leadership and direction, ensuring that sustainability is integrated into every facet of X-FAB's operations.

The Company has committed to ambitious sustainability goals, such as reducing its carbon footprint and aligning with global standards, including the EU Taxonomy Regulation and CSRD. While the Sustainability Office drives the day-to-day execution of sustainability initiatives, the CEO's strategic oversight ensures that sustainability remains at the forefront of X-FAB's long-term vision, shaping product development, operational practices, and governance across the organization.

Other responsibilities of the Sustainability Office include:

- developing and designing the sustainability strategy and implementing sustainability reporting in coordination with the relevant departments;
- coordinating sustainability projects and measures (e.g. CO₂ accounting, determining sustainability key figures);
- analyzing and evaluating statutory requirements and market targets and deriving recommendations for action;
- formalizing a decarbonization roadmap (with a quantified carbon reduction target trajectory that can be monitored and ultimately communicated);
- preparing reports on sustainability/ESG in accordance with legal requirements or customer requirements;
- implementing sustainability KPIs;
- being the interface for auditors and customers in relation to sustainability;
- providing sustainability information (e.g., customer portals and questionnaires), coordinating the compilation of relevant data from various departments, and showing X-FAB's continuous improvements;
- establishing and further developing processes and ensuring compliance with such processes;
- supporting internal and external audits; and
- advising and training all departments.



Fig. 6.3: ESG governance structure

6.1.2 Sustainability strategy and materiality assessment

X-FAB Group Quality and Sustainability Policy

Quality and sustainability are core pillars of X-FAB's operations. X-FAB is dedicated to delivering high-quality products and services that not only meet customer expectation but also contribute to environmental and social responsibility.

X-FAB is committed to reducing its environmental footprint, promoting sustainable practice throughout its supply chain, and fostering a culture of continual improvement to ensure a better future for generations to come.

X-FAB Sustainability Policy

We care. We act responsibly. We stay safe.

We pursue sustainability.

8 Endeavor to continually improve all processes and evolve EHS/ESG management systems	1 Understand and fulfill legal regulations and stakeholder needs	2 Ensure health and safety for employees and business partners
7 Prevent excursions, reduce waste and execute lessons learned	EHS & Sustainability Management System Guiding Principles	3 Grow sustainability mindset and competency
6 Ensure factful decisions and data driven actions based on adequate tools and methods	5 Do the right things right, maximize added value	4 Strive for sustainable product development and environmental control

Fig. 6.4: X-FAB's Sustainability Policy is supported by the Company values (refer to chapter 3. Our Culture)

Unless otherwise specified, the statements and figures provided in this report apply to the entire organization. To meet the product and service quality expectations of its customers, X-FAB has established and maintains a quality management system certified according to ISO 9001:2015 and IATF 16949:2016.

ISO 9001 and IATF 16949

ISO 9001:2015 specifies the requirements for a quality management system. It helps organizations to ensure they meet the needs of customers and other stakeholders while also respecting statutory and regulatory requirements related to a product or service. IATF 16949:2016 as an automotive industry standard for quality management systems is implemented as a supplement to and in conjunction with ISO 9001:2015. It specifies the requirements for establishing, implementing, maintaining, and continually improving a quality management system in the automotive supply chain.

Furthermore, X-FAB assumes responsibility by seeking an appropriate balance of interests between the consequences of required business decisions and its activities on economic, technological, social, and environmental levels. To save natural resources and to

support the global reduction of CO₂ emissions, X-FAB operates an environmental and energy management system that is certified according to ISO 14001:2015 (except for X-FAB MEMS Foundry Itzehoe) and ISO 50001:2018 (except for X-FAB Texas, USA, X-FAB Sarawak Sdn. Bhd., Malaysia and X-FAB Itzehoe). Additionally, X-FAB is a member of the German Electrical and Electronic Manufacturers association (ZVEI) and is committed to the ZVEI Code of Conduct. International references such as the RBA Code of Conduct are considered by X-FAB.

ZVEI

The ZVEI ("Zentralverband Elektrotechnik- und Elektronikindustrie e.V.") is the representative of the economic, technological, and environmental interests of the German electrical industry. The ZVEI has drawn up a Code of Conduct of its own, governing corporate social responsibility. The ZVEI Code of Conduct takes internationally established benchmarks as its reference and covers all relevant subjects.

RBA

The RBA (Responsible Business Alliance) is the world's largest industry coalition dedicated to responsible business conduct in global supply chains. The RBA Code of Conduct is a set of social, environmental, and ethical industry standards. The RBA Code of Conduct takes internationally established benchmarks as its reference and covers all relevant subjects.

Materiality assessment

X-FAB has undertaken extensive efforts to convert the previous materiality assessment towards a double materiality assessment based on the guidelines of the European Financial Reporting Advisory Group (EFRAG). The completion of this assessment is still ongoing and will enable X-FAB to identify and prioritize ESG topics critical to its stakeholders (impact materiality) as well as the financial resilience and performance of the business (financial materiality). This approach will lay a solid foundation for aligning future reporting with CSRD requirements.

X-FAB used a materiality assessment to identify and distinguish between material and non-material topics that are critical for X-FAB's long-term success, sustainability, and financial performance. The goal is to determine which environmental, social, and governance (ESG) topics are most important to the business and its stakeholders, such as investors, customers, employees, regulators, and communities.

The double materiality assessment was conducted to provide an understanding and evaluation of sustainability issues from two perspectives: impact materiality and financial materiality.

The matrix presentation offers an overview of the prioritization of material topics, considering three key

dimensions: stakeholder relevance, X-FAB's impact on the environment and society (inside out), and the impact on X-FAB (outside in). Materiality is evaluated based on two aspects:

- Impact materiality: X-FAB activities impact the environment, society, and governance.
- Financial materiality: Environmental, social, and governance issues affect the financial performance and value of X-FAB.

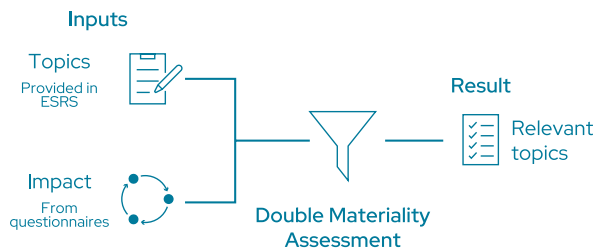


Fig. 6.5 DMA inputs (ESRS topics and impacts) and result (material or non-material topics)

Material topics

Material topics are those that have a substantial impact on X-FAB's operations, strategy, and value creation, serving as key drivers of its long-term success. While these topics directly affect X-FAB's financial performance, operational efficiency, and reputation, they also encompass broader impacts that, while important, do not directly influence the company's core operations, strategy, or value creation. Although these indirect impacts remain relevant to stakeholders, they do not materially alter X-FAB's overall business outcomes.

Non-material topics

From X-FAB's perspective, non-material topics are those that, while potentially important to certain stakeholders, do not have a direct or significant impact on the company's operations, strategy, or value creation. Unlike material topics, non-material topics do not directly influence X-FAB's financial performance, operational efficiency, or reputation. These topics may still be relevant in the broader context of sustainability and stakeholder interests, but they do not drive the company's long-term success or impact its core business outcomes. While X-FAB acknowledges the importance of these non-material topics, they are not considered critical for the company's strategic priorities or value creation.

A scoring method using a numeric approach is used to determine which material topics are most significant, and each issue is assessed by assigning scores for:



Fig. 6.6: Impact materiality and financial materiality

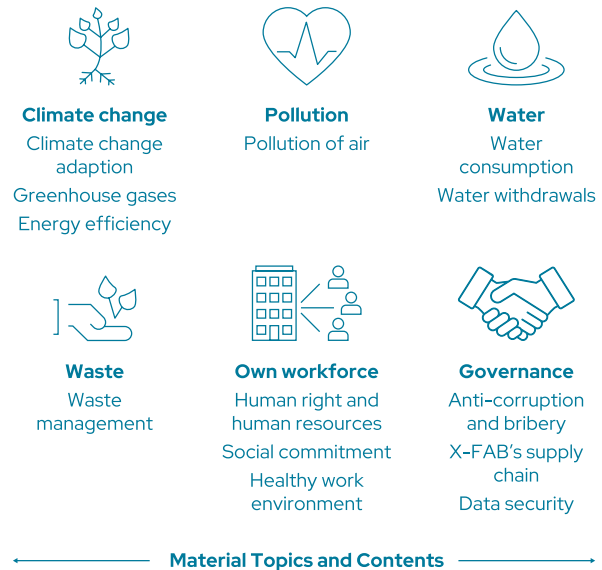


Fig. 6.7: Materiality analysis result

6.1.3 Impact, risk, and opportunity (IRO)

X-FAB's activities and initiatives in the context of the CSRD and ESRS focus on effectively managing impacts, risks, and opportunities related to sustainability. X-FAB integrates the evaluation of IRO into its operations by systematically identifying and assessing environmental, social, and governance (ESG) risks that could affect its business.

In terms of impact, X-FAB actively evaluates how its operations influence the environment and society, ensuring that any negative effects are minimized, and positive contributions are maximized. The Company tracks these impacts to meet CSRD requirements and enhance transparency in its reporting.

For risk management, X-FAB uses the ESRS guidelines to identify potential ESG-related risks – such as climate change, resource scarcity, or regulatory changes – that could affect its long-term sustainability. These risks are integrated into the Company's broader risk management processes, and strategies are developed to mitigate them.

Regarding opportunities, X-FAB explores how sustainability trends and innovations can create value, both by addressing market demands for sustainable products and improving operational efficiency. These opportunities are leveraged to ensure that X-FAB remains competitive and resilient in the face of evolving environmental and social expectations.

In the future, by focusing on impact, risk, and opportunity management, X-FAB will ensure that its sustainability practices not only comply with CSRD and ESRS but also drive long-term value creation and corporate responsibility.

6.1.4 Sustainability goals

Sustainability has been a key factor in driving X-FAB's development efforts for several years. The Company prioritizes not only the diversity of its product offerings but also a wide range of internal and external initiatives. X-FAB's mission is to support the social, environmental, and economic progress of the regions and countries where it operates. Back in 2022, during X-FAB's first sustainability workshop, X-FAB made notable strides in corporate sustainability by establishing long-term ESG goals and initiatives, reaffirming its ongoing commitment to sustainability as a continuous journey.

X-FAB, as one of the industry's largest specialty foundry groups, is aware of its social responsibility in view of the Company's global business activities. X-FAB's company culture is based on universal ethical values and principles, especially integrity, honesty, diversity, respect of human dignity, openness, and non-discrimination comprising religion, ideology, gender, and ethnicity. X-FAB is also committed to promoting those values wherever possible and along the entire value chain.

To the best of X-FAB's knowledge, there has been no non-compliance of any laws or regulations identified concerning the use and provision of products and services related to environmental laws and regulations in 2024. X-FAB fosters partnerships and trustworthy interactions with its supervisory authorities, its supply chain partners, and its customers.

X-FAB also manufactures a large variety of products with sustainable impact on mobility, healthcare, and the energy sector. In particular, the products manufactured at X-FAB play a critical role in reducing CO₂ emissions. However, as stated in the EU Taxonomy, the ultimate end product is largely unknown to X-FAB. In compliance with the EU Taxonomy, X-FAB discloses the portion of its turnover that includes eligible technologies contributing to sustainability, including those related to electrification and renewable energy.

X-FAB's key environmental, social, and governance (ESG) goals

Sustainability has been a significant driver of X-FAB's development activities for several years, as the Company focuses not only on the broad range of its products but also on various internal and external activities. X-FAB's mission is to contribute to the social, environmental, and economic development of the countries and regions where it operates. In 2022, X-FAB took significant steps towards corporate sustainability by setting long-term key ESG objectives and initiatives, as sustainability is a journey that X-FAB is ever more committed to.

X-FAB has committed itself to the following four long-term key ESG objectives. These objectives were reviewed in 2024 and remain valid:

 Drive technological innovation to support sustainability goals for climate action and health and well-being.	 Promote diversity and inclusion within the workplace to ensure equal opportunities for all employees.
 Reduce carbon footprint (scope 1 & 2), normalized to stepped mask layers, by 40% by 2030 compared to 2021 levels.	 Lower water consumption, normalized to by stepped mask layers, by 20% by 2030 compared to 2021 levels.

Fig. 6.8: X-FAB's ESG objectives

Drive technological innovation to support health, well-being, and environmental sustainability

Semiconductor technology is key for the digital transformation of and efficiency improvements in the healthcare sector, and X-FAB supports its customers to develop products for medical applications that meet the needs of a growing and aging populations. We want to increase the use of X-FAB technologies in medical applications and aim to grow X-FAB's medical business at an average annual growth rate of 10% until 2030. In 2024 and in line with general market trends, X-FAB recorded a year-on-year decline of 16% in the medical end market.

X-FAB recognizes the importance of environmental protection for a sustainable future and supports its customers in developing green technologies. Energy efficiency can play a critical role in reducing greenhouse gas emissions, conserving natural resources, and promoting sustainable development across a broad range of sectors, such as transportation, industrial, or communication technology. Therefore, we intend to increase the percentage of our technologies that contribute to higher energy efficiency of the products they are used for, from 38% of total revenue in 2021 to 65% in 2030. In 2024, 59% of total revenue (excluding revenue recognized over time according to IFRS 15) has been generated through technologies that contribute to higher energy efficiency.

6.1.5 Stakeholder engagement

In August 2024, the results of the internal double materiality assessment (DMA) were shared with key external stakeholders, including banks, investors, customers, and suppliers. These groups were selected due to their critical roles in the organization's ecosystem and their potential to offer valuable insights into the Company's performance and data capabilities. This assessment aimed to evaluate both the financial and non-financial impacts of the Company's activities, reflecting the increasing importance of ESG factors in decision-making.

To effectively communicate the results, an online survey was sent to the identified stakeholders. This survey was structured to gather comprehensive

insights from different perspectives, addressing the material issues identified in the internal DMA. The stakeholders were asked to provide feedback on the Company's current practices, policies, and performance related to both the financial and environmental/social dimensions of the business. The goal was to assess how well the Company's actions align with external expectations, industry standards, and regulatory trends.

Feedback gathered through the survey has been instrumental in shaping the Company's future strategy. The insights collected from banks, investors, customers, and suppliers are now being used as a basis for refining existing practices, improving transparency, and enhancing the Company's sustainability and risk management frameworks. For example, banks and investors raised concerns around the Company's

exposure to climate-related financial risks, prompting the integration of more robust climate risk reporting into financial disclosures. Meanwhile, customers and suppliers provided valuable suggestions on enhancing sustainability in the supply chain and adopting more eco-friendly practices.

In conclusion, the online survey served as an essential tool for engaging stakeholders and collecting relevant feedback, which is now guiding the next phase of X-FAB strategic development. By integrating stakeholder input into the Company's decision-making process, X-FAB aims to create long-term value for both the business and society, while completing the adherence to the principles of double materiality in accordance to EFRAG guidelines.

Stakeholder	Key expectations	Engagement method
Employee	- Occupational health and work safety - Human rights - Talent attraction engagement	- Global intranet - Global employee performance management system - Meet the Management - Regular staff information (via email, video message and on-site monitors) - Surveys
Global Management	- Occupational health and work safety - Greenhouse gas emissions - Human rights	- Alignment and global setting - Sustainability reporting - Policy and regulatory compliance
Site Management	- Occupational health and work safety - Greenhouse gas emissions - Human rights	- Data collection, monitoring and reporting - Risk management and compliance - Cross-functional collaboration
Legal Counsel	- Occupational health and work safety - Human rights - Ethics	- Compliance with regulations - Contractual Agreements and vendor relations - Sustainability reporting and disclosures
Customers	- Occupational health and work safety - Greenhouse gas emissions - Human rights	- Website - Customer audits - Customer portal (My X-FAB portal) - Customer satisfaction survey - Quarterly business review - Social media - Technical webinar
Investors	- Occupational health and work safety - Greenhouse gas emissions - Human rights	- Website - Annual general meeting - Quarterly report - Annual report - Investor update via E-Mail
Banks	- Occupational health and work safety - Human rights - Ethics	- Annual report - Financial meeting - Regulatory filings
Government Authorities	- Occupational health and work safety - Greenhouse gas emissions - Human rights	- Site visits - Audits - Meetings
Suppliers	- Occupational health and work safety - Greenhouse gas emissions - Human rights	- Supplier audits - Business review - Supplier of the Year awards

Fig. 6.9: Key expectations and engagement methods identified for each stakeholder group

Employee engagement

X-FAB continued its employer branding campaign with various activities aimed at attracting new talent to support future growth. These included, among other things, xfabulous-branded buses and railway in Erfurt and Dresden, as well as local sponsoring of science fairs and other related activities.



Fig 6.10: X-FAB advertising on an Erfurt street car

At the same time, the Group continues to use various initiatives targeted at existing employees to increase their commitment to X-FAB. X-FAB regularly holds events at all of its sites, enabling employees to participate in a range of events including organized sport events, such as football matches, bike trips, and community runs.



Fig. 6.11: Company run in Corbeil-Essonnes



Fig. 6.12: Maureen Labarge, Senior Director P&C at X-FAB Sarawak, was presented with the Asia HRA Award

X-FAB Sarawak was honored with the Asia HRA Awards in the Contribution to Organisation category at the ITC Grand Chola in Chennai. This award recognizes X-FAB's commitment to innovation, diversity, and inclusion, fostering an empowering workplace that promotes creativity, well-being, and career advancement. X-FAB Sarawak ensures continuous employee engagement and development, notable for its corporate social responsibility and employee well-being initiatives. The Company is dedicated to building a healthy, supportive, and inclusive culture while driving the semiconductor industry forward through operational excellence and innovation.

Customer engagement

Beyond the day-to-day business, X-FAB engages with its customers on multiple levels. In the year 2024, X-FAB took part in various conferences and exhibitions worldwide.

In North America, we participated in several events with our own booth: APEC (dedicated to power electronics) and Sensors Converge – both in California – and ICSCRM, one of the most prestigious silicon carbide conferences, in Raleigh, North Carolina. The Microtas conference in Montreal, Canada, was also an excellent platform to show how X-FAB enables medical products for diagnostics, therapy, and analysis.

X-FAB participated in a series of events in China (CSTIC, Semicon, and ICCAD), where technical and product marketing experts gave presentations on our latest developments as well as business perspectives. A technical webinar on X-FAB's next-generation 110nm automotive technology was held in Mandarin to address our customers and prospects in China.

In Europe, X-FAB organized its two-day Technology Conference in Wiesbaden (Germany) in September 2024, with more than 200 participants. The main focus of this event was on collaboration, whether internally, with external partners, or with our customers. In fact, many of the topics on the conference program were the result of such collaboration and benefited significantly from early customer feedback. Silicon Saxony Day in Dresden, Germany, was a great networking opportunity for X-FAB within Europe's largest semiconductor hub. Other European

conferences such as ISPSD, a symposium on power semiconductors (Germany), or ISSW, the International SPAD Sensor Workshop (Italy), allowed X-FAB to showcase its technical capabilities and latest achievements. X-FAB also had a booth at electronica in Munich, Germany, the world's largest electronics trade show with more than 80,000 visitors and 3,480 exhibitors.

In 2024, X-FAB's technical experts presented more than 70 papers, posters, and invited talks at semiconductor-related conferences and exhibitions.

Political engagement and memberships

In line with X-FAB's principles, X-FAB is committed to refraining from providing donations or other contributions, either directly or indirectly, to politicians, political parties, or organizations (refer to chapter 7). These guidelines are also outlined in X-FAB's Code of Conduct (ZVEI). X-FAB does not maintain dedicated offices for the political representation of the Company's interests or any corresponding agencies.

Sponsorship agreements, contributions to trade associations, and membership fees for organizations that represent the Company's interests are not considered donations.

X-FAB political involvement is limited to memberships in industry associations. The most relevant associations for X-FAB include the Zentralverband Elektrotechnik- und Elektronikindustrie (German Electrical and Electronic Manufacturers association) (ZVEI) and Semiconductor Equipment and Materials International (SEMI).

Through the work with these associations, X-FAB actively contributes to advancing goals such as energy-efficient, resource-friendly, and high-quality semiconductor solutions. X-FAB strives to ensure that new specifications not only meet users' needs but also align with industry standards and fair-trading conditions, supporting both standardization and the broader objectives of the sector.

Industry associations

X-FAB is a member of or otherwise related to several industry associations as well as scientific, governmental, and standardization organizations, including but not limited to:

A. Industry associations

- AENEAS – Association for European Nanoelectronics Activities
- ACSIEL – Professional French organization for the electronic field
- edaCentrum – Association for Electronic Design Automation, Germany
- EPIC – European Photonics Industry Association
- ESIA – European Semiconductor Industry Association
- FOA – Fab Owners Alliance
- Förderkreis Mikroelektronik (Society for the Promotion of Microelectronics, Germany)
- GSA – Global Semiconductor Alliance
- Minalogic – Competitiveness cluster for digital technologies in the Auvergne Rhone Alpes region in France
- MSIA – Malaysia Semiconductor Industry Association
- OptoNet – German Photonics cluster
- SECA – Sarawak Electronics and Supporting Industries Companies Association, Malaysia
- SEMI – Global industry association serving the manufacturing supply chain for the micro- and nanoelectronics industries
- SFAM – Semiconductor Fabrication Association of Malaysia
- Silicon Saxony, Germany
- ZVEI – Zentralverband Elektrotechnik- und Elektronikindustrie (Electrical Industry Association, Germany)

B. Scientific organizations

- Curatorship in different Fraunhofer Institutes, Germany
- IMMS Institut für Mikroelektronik- und Mechatronik-Systeme (IMMS Institute for Microelectronic and Mechatronic Systems, Germany)
- C2N Center for Nanoscience and Nanotechnology at the University Paris-Saclay
- Texas Tech University, Electrical Engineering Industrial Advisory Board, and Dean's Council for the College of Engineering

C. Governmental committees/organizations

- Mikroelektronik Strategiekreis (Microelectronics strategy circle, Germany)
- Silicon Germany

D. Standardization organizations

- DKE – Deutsche Kommission Elektrotechnik Elektronik Informationstechnik in DIN und VDE (German Commission for Electrical Engineering, Electronics, and Information Technology of DIN and VDE)

6.1.6 Digital transformation

Digital Transformation (DT) plays a vital role in advancing X-FAB's sustainability goals by introducing innovative tools and approaches to reduce resource consumption, minimize waste, and enhance production efficiency. At X-FAB, digital transformation is deeply integrated across all departments, enabling process improvements and technology adoption to drive continuous progress.

The Digital Transformation Department is dedicated to fundamentally reshaping the way we work, creating customer value, and fostering a forward-thinking organizational culture. Acting as a central hub with reach across all sites, the DT team aims to drive digitalization and automation projects to success. "The DT Department unites and empowers progressive thinkers while fostering a collaborative, community-driven approach across all sites and departments. A key component is to drive innovation, demand management, and roadmap development, ultimately creating agile fabs within a One X-FAB culture," says Ulrike Sampermans, VP of Digital Transformation.

In close collaboration with Operations, Information Technology, and other key departments, the DT team applies change management, transformation strategies, digital planning, and portfolio management frameworks to build an efficient, highly digitized company culture.

X-FAB's digital strategy focuses on enhancing efficiency, improving customer satisfaction, and fostering a positive work environment. The overarching goal is to streamline and strengthen connections—both within X-FAB and with our customers and suppliers.

At the core of our Digital Transformation Strategy (2025–2029) are four key focus areas, each with clearly defined goals, structured roadmaps, and priority initiatives led by global teams to drive implementation across all sites and departments. Through this approach, X-FAB continues to lead the way in digital innovation, sustainability, and operational excellence.

New work

X-FAB has launched and implemented the "ONE X" new work strategy in 2024 to foster a more efficient, engaging, and productive work environment. This initiative further progresses agile systems such as global interoffice and hybrid collaboration tools, a transition to a paperless office with automated workflows, a unified project management solution to accelerate development cycles, and modern people and culture management tools. A key component of this strategy is the full-scale adoption of X-FAB's collaboration, communication, and business application platform, enabling seamless connectivity for employees—anytime, anywhere, on any device. With the completion of this project in 2024, X-FAB is now better connected, significantly more efficient, and well-equipped for streamlined communication,

collaboration, and knowledge management across all sites and departments.



A harmonized, optimized, and automated process landscape is at the core of this transformation. In 2024, a major focus was placed on business process improvement, closely linked to the implementation of X-FAB's new ERP system. These initiatives have also fueled advancements in Robotic Process Automation (RPA), which gained significant traction with the launch of a new platform across the business in late 2024. Initial results confirm strong potential for improving manufacturing and business efficiency, reducing costs, and enhancing overall employee satisfaction. Through these efforts, X-FAB continues to modernize workflows, increase agility, and drive innovation across the organization.

Fab efficiency

In 2024 X-FAB has further progressed the integration and implementation of the global fab efficiency initiative to drive efficiency, productivity, and innovation across its fabs and manufacturing processes. This effort includes the implementation of yield enhancement tools, advanced scheduling systems, MES solutions, equipment automation, lot tracking, material transportation, and energy efficiency systems. Additionally, robotics has been introduced in select areas to optimize operations, shifting manual labor toward higher-value activities.

Through these automation advancements, X-FAB aims to enhance quality and delivery, reduce cycle times, lower costs, and minimize environmental impact, all while improving the safety and well-being of employees. In 2024, X-FAB successfully completed several key projects with a strong focus on global integration, whilst still ensuring the improvements are targeted at the local challenges and requirements. Notable milestones include the Scheduler implementation in Kuching, Erfurt, Dresden and Lubbock and the release of a unified MES system at a second site in addition to our Lubbock pilot. Additionally, equipment integration initiatives advanced across multiple locations, while the foundation was laid for the finalization of the material handling systems project at two more sites, set for completion in 2025.

These strategic automation efforts position X-FAB for continued operational excellence, enhanced agility, and sustainable growth across its global manufacturing network.

Data and AI

X-FAB is advancing its data and AI strategy with a suite of global initiatives, having developed a comprehensive approach and begun implementing key components in 2024. The vision – “Transform X-FAB into a leading data-driven organization focused on continuous business improvement and operational efficiency” – guides all activities in this focus area.



Fig 6.13: The path to becoming a data-driven organization

X-FAB has established a robust governance framework that promotes global and cross-departmental collaboration, a structured demand management process, and streamlined delivery mechanisms to maximize business value.

In 2024, X-FAB is driving 35 ongoing AI and data initiatives, building on numerous successfully completed projects. The estimated total business impact of these initiatives since their launch is USD 21 million in identified cost savings, primarily through AI-driven process optimization.

At the core of X-FAB's AI efforts is the IT AI & Machine Learning (ML) Center of Excellence (CoE) in Kuching, which serves as the innovation hub, with an extended footprint across all sites. X-FAB also fosters strong communities in data, software development, and R/Shiny, embracing a citizen-developer approach that empowers employees. While the focus areas remain quality, yield, efficiency, cycle time, and process optimization, in 2024, there was an increased emphasis on business efficiency covered by key initiatives.

With over 300 employees actively engaged in bottom-up innovation communities, X-FAB continues to promote AI-driven advancements. The Company has successfully hosted three consecutive hackathons, fostering efficiency, collaboration, and innovation. At the 2024 Hackathon in Dresden, six successful prototypes were developed, most of which were partially or fully implemented by year-end. Additionally, pilot projects leveraging Generative AI are equipping employees with cutting-edge AI tools to enhance productivity and decision-making.

Key AI Projects in 2024:

- AI-driven fault detection & classification (FDC) for equipment and process monitoring
- A standardized AI platform for automatic image recognition (AIR) to improve wafer defect detection and classification
- Generative AI pilots and all-staff initiatives, including chatbot developments
- Advanced data analysis using R/Shiny to enhance insights and decision-making

Beyond these initiatives, X-FAB is enhancing business intelligence capabilities through capacity planning and operational benchmarking solutions, strengthening reporting and analytics. Through collaborative efforts, such as the global R/Shiny community, Software Developer Communities (SDC) and annual hackathons, X-FAB continues to unite programmers, engineers, and domain experts to drive innovation and develop AI-powered solutions that address critical business challenges.

Unified customer interface

A key pillar of X-FAB's future strategy is the development of a unified customer interface across all departments and technologies. By integrating, further digitalizing, and automating customer-facing processes, X-FAB is enhancing both the customer experience and its business development and growth potential.

This initiative includes a wide range of improvements, such as the continuous enhancement and integration of the customer portal “myX-FAB”, enabling direct Business-to-business (B2B) integration, and optimizing business development and sales and marketing processes through Customer Relationship Management (CRM) and Customer Projects (CP) automation.

As part of its quality and continuous improvement efforts, X-FAB is driving cross-site harmonization of processes and software tools for identical applications, ensuring greater consistency and efficiency across locations. Additionally, X-FAB is introducing professional software tools for specific applications, such as the further rollout of FMEA and SPC management in 2024, to enhance operational capabilities and improve yield.

A key strategic priority is the preference for integrating existing solutions over further software diversification where possible, focusing on automation and the simplification of routine workflows and repetitive tasks. By streamlining processes, reducing complexity, and enhancing efficiency, X-FAB continues to strengthen its digital ecosystem to deliver seamless customer interactions and optimized business operations.

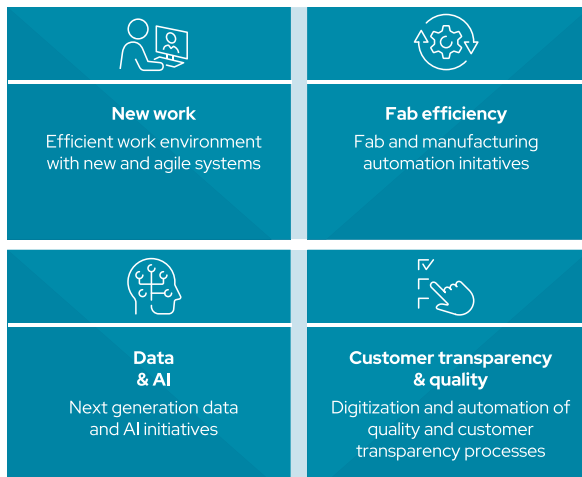


Fig. 6.14: Focus areas of X-FAB's digital transformation strategy

6.2 Environment

X-FAB uses its technology skills to help customers create products for different fields (Fig 6.2), supporting environmental sustainability. However, in general, the production of high-quality microchips and microsensors requires a huge amount of materials and energy. Thus, X-FAB has a responsibility regarding environmental topics. This is why, in addition to the Company's business, environmental activities are handled with an integrated quality management system with all sites (with the exception of X-FAB MEMS Foundry Itzehoe) being certified in accordance with ISO 14001:2015 standard. It is X-FAB's goal to balance current environmental, social, and economic requirements in order to minimize its impact on future generations. One standard and permanent goal is to fulfill all existing compliance obligations.



Fig 6.15: X-FAB's EHS & Facility team participating in the 2024 Global EHS-Facility workshop

6.2.1 Climate change

X-FAB is committed to reducing its carbon footprint and aims to reduce the CO₂ emissions per stepped mask layer by 40% by 2030 (Scope 1 & 2 only). The target is based on the reference year 2021 and is reviewed and reported annually. The definition of site-specific goals ensures the continuous reduction X-FAB's impact on the environment.

6.2.1.1 Transition plan for climate change mitigation

Currently, X-FAB does not have a formal transition plan for climate change mitigation as more studies need to be carried out in 2025 to gain a deeper understanding of the complex relationships in the semiconductor wafer foundry value chain. This is due to X-FAB's limited visibility into the end use and market of its products. In addition, X-FAB does not sell its products directly to the open market.

Meanwhile, X-FAB has procedures in place to monitor the consumption of production materials and utilities to ensure that the identified risks, impacts, and opportunities have minimal impact on the Company's business strategy and operations. Existing stakeholders have been identified from current relations, e.g. relations with external stakeholders, such as government authorities, suppliers, customers, banks, investors, etc., and internal stakeholders, such as employees, management team, etc.

6.2.1.2 Climate-related risks

In the ongoing DMA analysis, X-FAB had assessed the identified impacts, risks, and opportunities (see Fig. 6.16), specifically evaluating potential climate-related risks or hazards. This was done in a general manner as X-FAB had focused on activities that are well known and on existing targets.

The impacts, risks and opportunities (IROs) are listed in the table below.

Type of IRO	Name of IRO	Description of IRO	State (actual / potential)	Effect (positive / negative)
Impact	Acceleration of climate change due to operations	High CO ₂ output due to high energy usage	Actual	Negative
Opportunity	Reduction of CO ₂ emissions	Contribution to low carbon technologies with produced goods	Actual	Positive
Opportunity	Reduction of CO ₂ emissions	Improvement projects for energy efficiency	Potential	Positive
Opportunity	Reduction of CO ₂ emissions	Change to low carbon energy sources	Potential	Positive
Risk	Increased energy costs	Carbon pricing	Potential	Negative
Risk	Production impact due to supply chain interruptions from climate issues	Combination of multiple events or single large event	Potential	Negative
Risk	Production impact due to supply chain interruptions from climate issues	Single smaller event	Potential	Negative
Opportunity	Increase energy efficiency lowering energy costs	Improvements in system, tool, and process efficiency leads to lower energy usage, in turn reducing costs	Potential	Positive

Fig. 6.16: Impacts, risks and opportunities from the ongoing DMA analysis

X-FAB will conduct further detailed investigations and develop strategies in 2025 to address these IROs with time horizons.

6.2.1.3 Environmental IROs

As described in X-FAB's overall process, an initial DMA analysis was started in 2023 and directly illustrated (Fig 6.17) that the topic climate change is material. However, due to the complexity of the supply chain and the low visibility of the target market for X-FAB's products, X-FAB decided to:

- continue with the existing target of reducing X-FAB's carbon footprint normalized per stepped mask layer by 40% by 2030, compared to 2021 levels:
 - limited to scope 1 and 2 greenhouse gas reduction. Scope 3 is not included in 40% reduction goal; and
- engage South Pole to assist in the preparation of scope 1, 2, 3 greenhouse gas reporting:
 - calculation is for scope 1, 2, and 3; and
 - contribution of scope 3 to the existing 40% reduction target will be evaluated in 2025.

The above activities were performed and tracked across all of X-FAB's operations. Details of these activities are described in the following sections.

6.2.1.4 Policies

Following the establishment of the X-FAB Sustainability Policy in the second half of 2024, X-FAB is in the process of establishing the sustainability roadmap for the entire X-FAB Group, to be completed by 2025. This will cover the material and non-material issues identified through the DMA exercise (section 6.1.2 Sustainability Strategy and Materiality Assessment).

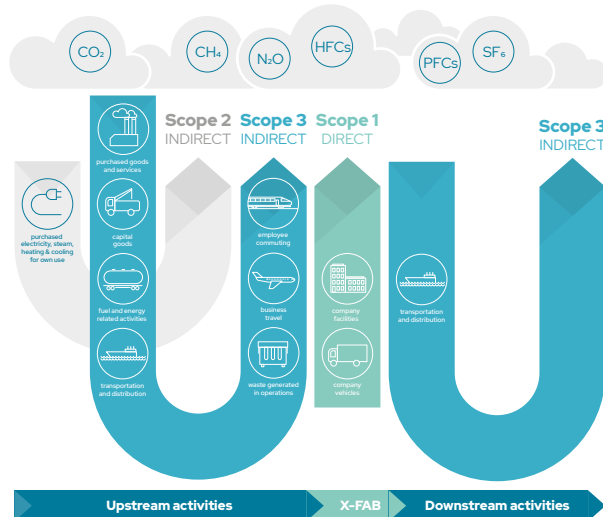


Fig. 6.17: X-FAB activities used for greenhouse gas reporting

6.2.1.5 Actions

While X-FAB's sustainability roadmap is being developed, X-FAB will continue to maintain its existing environmental policies linked to climate change. These policies will be reviewed further in 2025 for climate change actions:

- monitoring of all utilities and production materials to respond quickly to unusual consumption trends and take appropriate action; no purchase of carbon offsets, but regular monitoring of energy consumption (electricity, fuel, chemicals, etc.);
- rigorous review of any disruptions to ensure that no spillage or waste is prolonged; necessary actions to prevent future recurrence and better response plans to minimize detrimental impact on the climate change and production activities;
- annual review of existing activities for efficiency and effectiveness in achieving X-FAB's EHS policy and objectives and developing prompt action plans to optimize plant operations in line with the Company's business strategy and long-term growth, e.g. reviewing the performance of aging equipment for timely replacement and opportunities to upgrade to improved technology that reduces negative and/or improves positive environmental impacts; and
- engage with customers and suppliers to identify potential issues that could impact X-FAB's ability to quickly address CO₂ emissions reductions and other climate change-related challenges.

6.2.1.6 Targets

X-FAB is committed to reducing its carbon footprint by 40% by 2030 (Scope 1 & 2 only, normalized to emissions per stepped mask layer). The target with reference to 2021 is reviewed and reported annually with site-specific goals to continually reduce the Company's impact on the environment.

The production of semiconductors requires the use of many different materials, among them toxic materials and greenhouse gases. Tracking the material flow and monitoring the material efficiency as well as their use is necessary to reach sustained environmental conservation and to minimize climate change impact from X-FAB's activities.

Improvement activities at site level are:

Scope 1:

Mobile combustion, stationary combustion, refrigeration, processing

Site	Improvement activity
France	Installation of seven thermal processing units (TPU) to improve atmospheric treatment, reducing emissions of fluorinated gases and thereby reducing the carbon footprint with an estimated savings of 2,000 tons CO ₂ eq
Kuching	Installation of plasma scrubber to treat PFC gases via abatement system

Although there are waste improvement activities (section 6.2.2), these were not linked to the carbon emissions target, but to waste reduction.

Scope 2:

Electricity, district heating

Site	Improvement activity
Erfurt	Replacement of old emergency power generators to keep critical systems working during blackouts, target to be completed in March 2025
Erfurt-MEMS	Reduction of power consumption by replacing steam humidifier by spray humidifier with estimated savings of 550 MWh (212 tCO ₂ eq)
Lubbock	4 cooling tower replacement in 2024 with savings of 83.5 MWh (39.85 tCO ₂ eq)
	Aging chiller replacement with savings of 116 MWh (55.5 tCO ₂ eq)
	Replacement of main mechanical room (MMR) boiler with estimated savings of 126 MWh (28.6 tCO ₂ eq) annually
	Ongoing project of using VLF (vertical laminar flow) drives and variable frequency drives. Through 2024, 110 fans replaced, giving an estimated savings of 3,927 MWh (8.1 tCO ₂ eq)
	Air compressor replacement with newer technology that resulted in 40 kW savings (0.036 tCO ₂ eq)

6.2.1.7 Energy consumption and mix

Energy consumption and mix		2024	2023
1	Fuel consumption from coal and coal products (MWh)	0	0
2	Fuel consumption from crude oil and petroleum products (MWh)	1,976	2,237
3	Fuel consumption from natural gas (MWh)	32,737	27,907
4	Fuel consumption from other fossil sources (MWh)	0	0
5	Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	171,662	175,335

6	Total fossil energy consumption (MWh)	206,375	205,479
	Share of fossil sources in total energy consumption (%)	37 %	38 %
7	Consumption from nuclear sources (MWh)	0	0
	Share of consumption from nuclear sources in total energy consumption (%)	0	0
8	Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	0	0
9	Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	350,668	335,216
10	The consumption of self-generated non-fuel renewable energy (MWh)	0	0
11	Total renewable energy consumption (MWh)	350,668	335,216
	Share of renewable sources in total energy consumption (%)	63 %	62 %
12	Total energy consumption (MWh)	557,043	540,695

X-FAB's overall energy consumption increased by 3% from 540,695 MWh in 2023 to 557,043 MWh in 2024.

Non-renewable sources

Energy from non-renewable sources covers natural gas, liquefied petroleum gas (LPG), diesel, and fuel which are mainly used for our exhaust treatment (abatement systems) and genset, Dynamic Diesel Uninterruptible Power Supply (DDUPS) and steam boilers.

Renewable sources

Renewable energy includes electricity and district heating for some X-FAB sites. The data is based on the energy mix provided by the power utilities.

At the sites in Erfurt, Dresden, and Corbeil-Essonnes, X-FAB has implemented an energy management system in accordance with the requirements of ISO 50001:2018.

ISO 50001

This international standard specifies requirements for establishing, implementing, maintaining, and improving an energy management system, the purpose of which is to enable an organization to follow a systematic approach in achieving continual improvement of energy performance, including energy efficiency, energy use, and

This enables the assessment of improvement potentials of the Company's energy efficiency and their implementation in daily work. Across the Company, different activities and projects are in place to reduce energy consumption, which are part of the aforementioned annually renewed environmental goals.

6.2.1.8 Scope 1, 2, 3, and total GHG emissions

	Base year 2021	2022	2023	2024
Scope 1 GHG emissions (tCO ₂ eq)	126,903	115,892	74,621	86,635
Scope 2 GHG emissions (tCO ₂ eq)	94,199	94,879	94,525	91,975
Total scope 1 & 2 GHG emission (tCO ₂ eq)	221,102	210,772	169,146	178,610
Significant scope 3 GHG emissions (tCO ₂ eq)			1,060,472	808,625
1. Purchased goods and services			942,221	178,069
2. Capital goods			41,201	62,345
3. Fuel- and energy-related services			64,262	63,296
4. Upstream transportation and distribution			2,288	207,059
5. Waste generated in operation			2,593	912
6. Business travel			2,702	1,893
7. Employee commuting			3,464	3,397
9. Downstream transportation and distribution			1,741	289,056
Total GHG emissions (location-based) (tCO ₂ eq)	221,102	210,772	1,229,618	987,235
Total GHG emissions (market-based) (tCO ₂ eq)	NA	NA	NA	NA

Only Scope 1 and 2 emissions are reported for 2021 and 2022. To improve data quality and the total scope of emissions, Scope 3 has been included from 2023 onwards. Scope 3 comprises eight categories.

The market-based emissions were not available as data was not available. They will be reported in 2025.

Scope 1

Scope 1 emissions are derived from site activities and equipment owned by X-FAB:

- stationary combustion: boilers, emergency generators, and exhaust abatement systems;
- mobile combustion: vehicles using fossil fuel;
- refrigerants: fugitive emissions from chillers; and
- processing: residual emissions after GHG exhaust abatement systems.

The emission factor databases used were from Bilan Carbone v8.9 and Defra GHG Conversion Factors 2023.

For the year 2024, there was 16% increase in X-FAB's Scope 1 emissions from 74,621 tCO₂eq in 2023 to 86,635 tCO₂eq in 2024. Although there was an increase in X-FAB's Scope 1 emissions, when compared to the 2021 base year, we saw a 32% decrease in Scope 1 emissions from 126,903 tCO₂eq in 2021 to 86,635 tCO₂eq in 2024.

Scope 2

Scope 2 emissions are derived from site activities and equipment owned by X-FAB that requires:

- electricity to power equipment needed to carry out X-FAB's activities, i.e. production, support systems, and offices;
- district heating: to serve locations where additional heating is required for some offices.

The emission factor databases used were Bilan Carbone v8.9, AIB 2023 and Ecolnvent v3.10.

For X-FAB's Scope 2 emissions, there was a 3% decrease from 94,525 tCO₂eq in 2023 to 91,975 tCO₂eq in 2024. When compared to 2021 base year, we saw a 2% decrease from 94,199 tCO₂eq in 2021 to 91,975 tCO₂eq in 2024.

Scope 3

Total scope 3 emissions decreased by 24% from 1,060,472 tCO₂eq in 2023 to 806,028 tCO₂eq due to using the 2024 wafer supplier emission factor instead of the 2023 spend based data. This led to a large reduction of emissions for 1 Purchased goods and services, even though there were slight increases in other Scope 3 categories. More investigation on the following categories is planned to further improve the data quality of X-FAB's scope 3 carbon footprint calculations.

In 2024, X-FAB's scope 3 emissions reporting is sub-divided into the following eight categories:

1 Purchased goods and services

- Purchased goods and services for direct and indirect spend (OPEX data) calculated from data based on material quantity and spend-based data.
- In 2024, there was a 81% decrease from 942,221 tCO₂eq in 2023 to 178,069 tCO₂eq in 2024. The decrease was due to using the wafer supplier's emission data for 2024 while the 2023 data was based on spend based data.

2 Capital goods

- Capital goods for supporting facilities (i.e., computers, machinery, etc.) were calculated from expenditure-based data for capital expenditures in high-level categories.
- In 2024, there was a 51% increase from 41,201 tCO₂eq in 2023 to 62,345 tCO₂eq in 2024. The increase was due to more CAPEX spent in 2024 compared to 2023.

3 Fuel and energy related activities

- All significant fuel and energy related activities are accounted for in Scope 2.
- In 2024, there was a 2% decrease from 64,262 tCO₂eq in 2023 to 63,296 tCO₂eq in 2024..

4 Upstream transportation and distribution

- This includes transportation data from the main outbound transportation. Available data for estimating the footprint from inbound transportation was inefficient.
- In 2024, there was a large increase from 2,288 tCO₂eq in 2023 to 207,059 tCO₂eq in 2024. The increase was due to more outbound transportation data in 2024 compared to 2023 activities. Not all 2023 outbound transportation data was available.

5 Waste generated in operations

- Quantitative data on waste type and treatment type was used to calculate the waste generated from X-FAB's operations.
- In 2024, there was a 65% decrease from 2,593 tCO₂eq in 2023 to 912 tCO₂eq in 2024. A further data review is to be done in 2025 to improve data quality.

6 Business travel

- Employee business travel includes mode of transportation, flight dates, distance traveled, and accommodations. The data used was a combination of distances traveled and mode of transportation for all German sites and business travel expenses for all locations.
- In 2024, there was a 30% decrease from 2,702 tCO₂eq in 2023 to 1,893 tCO₂eq in 2024. The decrease was due to less business travel spend data.

7 Employee commuting

- Data was calculated by daily employee commute using FTE per site. Assumptions based on benchmark studies with regional/country specific data were applied to this FTE data. Additional data on these items will be collected as part of the 2025 reporting.
- In 2024, there was a 2% decrease from 3,464 tCO₂eq in 2023 to 3,397 tCO₂eq in 2024..

9 Downstream transportation

- Downstream transportation refers to the shipping routes of outbound sold products and includes the transportation mode, origin, and destination.
- In 2024, there was a large increase from 1,741 tCO₂eq in 2023 to 289,056 tCO₂eq in 2024. The increase was due to more capital purchase on production tools (heavier weight and long distance travels to Malaysian and French site).

The following Scope 3 emissions categories were not available at the time X-FAB calculated its carbon footprint or are not applicable to X-FAB.

8 Upstream leased assets

- X-FAB does not have any leased assets that are not under its control.

10 Processing of sold products

- X-FAB does not sell physical products that require further processing by our clients.

11 Use of sold products

- X-FAB does not have visibility of customers' end products to quantify the impacts of the products in sold products.

12 End-of-life treatment of sold products

- X-FAB does not sell physical products that would require disposal or treatment at the end of their lifecycle.

13 Downstream leased assets

- X-FAB does not act as a lessor.

14 Franchises

- X-FAB does not operate with franchises.

15 Investments

- X-FAB reported the CO₂ emissions for its factories and offices in the other categories of this report.

Energy intensity based on net revenue

Energy intensity based on net revenue	2024
Total energy intensity per net revenue (MWh/ million USD)	682

Energy intensity based on net revenue is calculated by dividing the total energy consumption of all sites by the reported net revenue in millions of US dollars. Energy data was derived from actual consumption as stated on supplier invoices, online data via supplier online portals/reports, open requests to suppliers via written communication, estimates based on historical data and average price per unit of consumption, and estimates based on publicly available average price per unit of consumption. However, details of the data hierarchy will be reported in future reports once further analysis has been conducted.

GHG intensity based on net revenue

GHG intensity based on net revenue	2024
Total GHG intensity per net revenue (tCO ₂ eq/ million USD)	1,206

GHG intensity based on net revenue is calculated by dividing Scope 1 gross emissions, Scope 2 location/market emissions, and Scope 3 gross emissions by reported net revenue in millions of US dollars. The limitations of Scope 1,2,3 are reported in section 6.2.1.8 Emissions data was derived from actual consumption as stated on supplier invoices, online data via supplier online portals/reports, open requests to suppliers via written communication, estimates from historical data and average price per unit of consumption, and estimates based on publicly available average price per unit of consumption. However, details of the data hierarchy will be reported in future reports once further analysis has been conducted.

High-carbon and low-carbon energy sources

At X-FAB, energy is primarily consumed in the form of electricity, with other sources playing a minor role. Production has the highest energy consumption due to the energy-intensive advanced cleanroom conditions and production processes used. In 2024, X-FAB's total energy consumption was about 557 GWh, increasing slightly due to the increase in production equipment. The share of low-carbon electricity sources such as hydro, nuclear, solar, and wind was 67%, and the share of high-carbon sources such as oil, gas, coal, biofuels, etc. was 33%. The breakdown for X-FAB Sarawak is based on data for 2022, as this is the most recent data available from the local electricity provider.

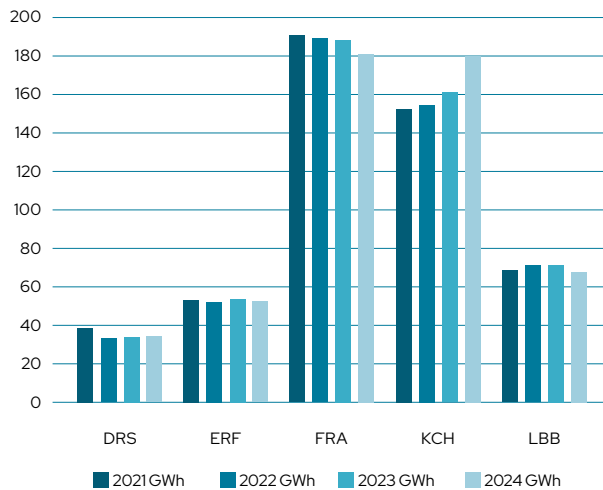


Fig. 6.18: Power consumption of all X-FAB sites from 2021 to 2024 (in GWh)

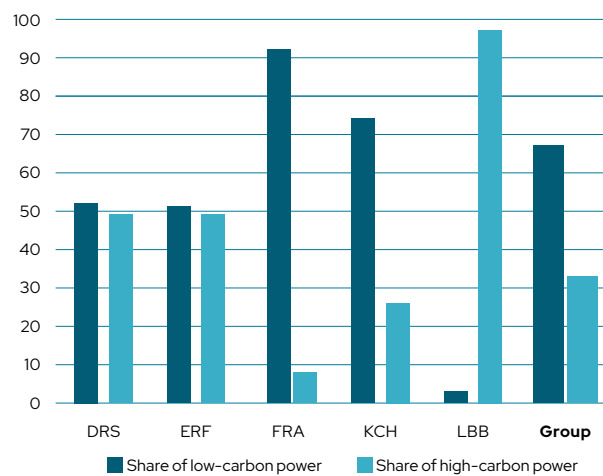


Fig. 6.19: 2024 share of low-carbon and high-carbon electricity power sources (in percent)

6.2.2 Water

In 2024, X-FAB's production used roughly 233 liters of water per stepped mask layer. The majority was used for cooling as well as for the supply and cleaning of production tools. Different sources of water supply are used, including surface water, municipal water, and ground water. There was a slight increase in consumption due to more production loading at some of the production sites compared to 2023. The Group's 2024 total water consumption (normalized to stepped mask layers) increased by 9.6% compared to 2021, given a value of 233 liters of water per stepped mask layer.

	Amount in liter/sML
From a river	23
Ground water	57
Local drinking water supplier (city council)	154
Total water withdrawal	233

Fig. 6.20: Total water withdrawal by source in 2024

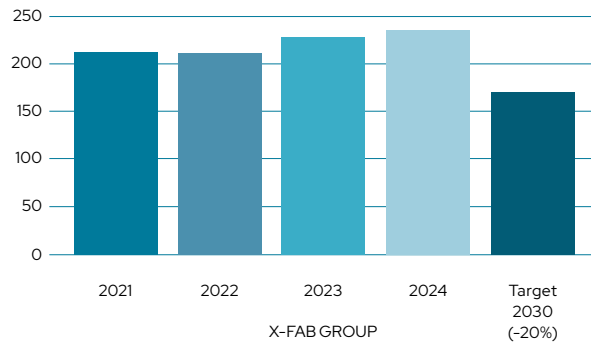


Fig. 6.21: Total water consumption (liter per stepped mask layers) over a four-year period against X-FAB's water reduction target

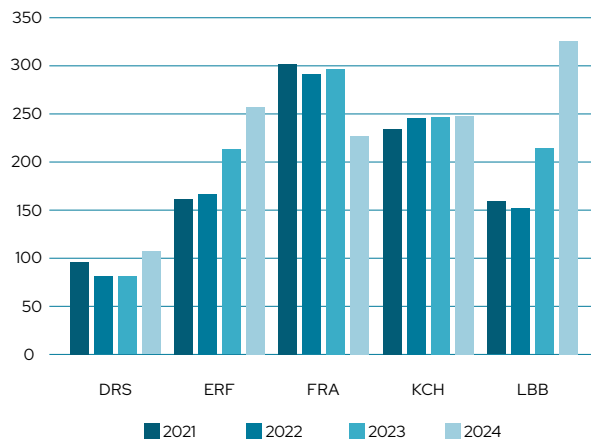


Fig. 6.22: Total water consumption (liter per stepped mask layers) over a four-year period

Water improvement projects carried out in 2024 were:

- recycling of last rinse water from wet benches to ultra pure water (UPW) plant instead of wastewater treatment plant by installing TOC (total organic carbon) analyzer to determine acceptable level of TOC for recycling. Water saving was 45,990 m³ (USD 10,900) (Kuching); and
- installation of well water pretreatment system as additional silica filtration to protect ion exchange membranes and reduce consumption of city water. Savings are to start in 2025 (Lubbock).

No water is packaged together with X-FAB products. All water is returned back to the environment via wastewater discharge or air emission discharge through the exhaust and cooling tower systems.

6.2.3 Pollution of air, materials and waste management

The need to use materials that might cause toxic waste (solid, liquids, and fumes) in the production of semiconductor products is a special challenge and a key environmental aspect. Therefore, material departments and waste commissioners have been established at each X-FAB site. Materials used for production include solvents, photoresists, neutral etchants, acids and bases, metals, gases, and water.

All sites have environmental permits or legal requirements that specify limits for air emissions and waste discharges (liquid, solid) for relevant key parameters in accordance with applicable local legislation. This is to prevent pollution of the environment (air, land, and water bodies).

Hazardous classifications are used and waste is separated by X-FAB to reduce the amount of hazardous or non-recyclable waste. The majority of the waste (both hazardous and non-hazardous) is sent for recycling in order to recover valuable resources. The remainder, which cannot be recovered or recycled, is processed to further render it in a non-hazardous form through pollution treatment systems (in-house or external) to meet local discharge limits. Waste is handled in solid, liquid, and gaseous forms.

A monitoring program is in place to ensure that all sites are in compliance with local regulatory limits and that each site can respond quickly to changes. Improvement projects are developed and implemented when regulatory changes occur, improving plant performance and/or reducing material use and disposal.

With 86.4% of waste recovered, the total waste disposal in 2024 is higher compared to 2023 with a waste recovery of 81.5%.

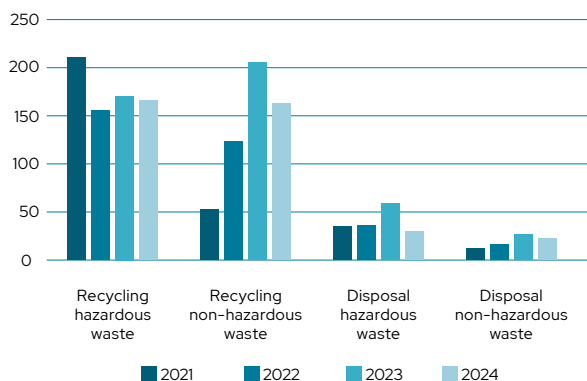


Fig. 6.23: Amount of waste by type and disposal method normalized to stepped mask layers (in metric tons per million stepped mask layers)

X-FAB pursues permanent environmental objectives to decrease its overall environmental impact.

Air pollution, material and waste improvement projects carried out in 2024:

- completed a 2022 project in 2024 to increase the recycling rate of fluoride sludge waste used as a co-processing raw material in a cement plant from 15 to 70 tons/month (savings of USD 26.9 thousand) with a recycling rate of at least 80% of total hazardous waste (Kuching);
- replacement of ammonia meter to improve ammonia concentration process with better continuous monitoring of ammonia discharges (Corbeil-Essonnes);

- installation of a treatment facility for BSG (boro-silicate-glass) aqueous discharges to reduce aqueous discharges and to increase water recycling rate (Corbeil-Essonnes);
- upgrading of the TLM (Triple Level Metal) Scrubber pH Probe System for up-to-date calibration methods, ease of probe maintenance, better accuracy, and air permit compliance tracking (Lubbock);
- air emissions modeling for accuracy and impact review and future permitting actions. The modeling was conducted to determine concentration of chemicals emitted from the facility to indicate future possibility of facility growth opportunities (Lubbock); and
- installation of wet scrubber for treatment of bypass exhaust streams to reduce risk of environmental pollution and odor nuisance. Additional advantages include energy savings and noise reduction (Dresden).

Information on conflict minerals can be found in chapter 6.4.3.

Information on X-FAB's compliance status with EU RoHS and REACH regulations (including SVHC substances) can be found in chapter 6.4.5.

6.3 Social

6.3.1 People

As one of the leading specialty foundry groups, X-FAB recognizes the significant social responsibility associated with its global business operations. X-FAB's corporate culture is rooted in universally recognized ethical principles, including integrity, honesty, respect for human dignity, transparency, and a commitment to non-discrimination based on religion, ideology, gender, or ethnicity. X-FAB's mission is to foster the social and economic development of the regions and countries in which it operates, while also encouraging meaningful volunteer initiatives among its employees. Through these efforts, X-FAB aims to enhance the well-being and long-term sustainability of the communities it impacts, particularly in terms of working conditions, social and environmental responsibility, transparency, collaboration, and open dialogue.

6.3.1.1 Labor and human rights

X-FAB's corporate ethics are based on universally held ethical values and principles, including respect of human dignity, openness, and non-discrimination. X-FAB has signed and adopted the ZVEI Code of Conduct, committing itself to human rights as stated in the Charter of the United Nations, especially protection from harassment, the prohibition of child and forced labor, the prohibition of discrimination, fair working standards and compensation, and freedom of thought, expression, association, and assembly, as well as collective bargaining. Based on the principle of

"freedom of association" 98% of our employees in Europe are organized under the regulation of local and national collective bargaining agreements. These agreements give the highest level of transparency of working conditions to all employees.

All operations are monitored and reviewed regarding human rights on an ongoing basis. All of X-FAB's investments are in compliance with respective local laws. Respecting human rights is a matter of course for X-FAB and in all employment contracts. Any kind of child and/or forced labor is prohibited. Health and safety for all employees is guaranteed. The Group ensures that employees are protected from corporal punishment and any other forms of physical, sexual, psychological, or verbal harassment and abuse.

In 2023 a global equal treatment policy was created by reviewing local policies and establishing a global approach. In 2024, the policy was implemented and published internally via a specifically created e-learning training module on "unconscious bias." Within that training, the policy is read out and employees are required to answer specific questions on the policy. This procedure is designed to ensure that every employee has read and understood the policy.

Internal and external security personnel follow very high standards of human rights practices. During the selection process, they have to undergo special screenings and have to provide special certifications and qualification. They undergo specific training on values, behavior standards, and policies of X-FAB.

X-FAB supports disabled or handicapped persons in accordance with local laws. At X-FAB, more than 110 disabled employees (officially registered with disabilities) are well integrated into the daily work processes and routines at the Group's locations. Any form of discrimination is strictly prohibited. All new employees who started in 2024 attended a mandatory

employee orientation, of which training on human rights policies and X-FAB's Code of Conduct is an important focus. Relevant local laws together with company handbooks are accessible to all employees on X-FAB's intranet as well as in printed form. This is implemented by the People & Culture (formerly "HR") department, whose members are regularly trained externally and internally on human rights topics in more detail, such as inclusion, equity, diversity, and anti-discrimination.

Employees are encouraged to report incidents related to human rights to the People & Culture department or, where available, the workers' council and the equal opportunities officer. No incidents were reported in 2024.

In the case of reported incidents, corrective actions are initiated in consultation with the People & Culture department and in compliance with local laws. The identity and well-being of employees who report on the violation of any law or regulation of the Company, on any activities that are against the interests of the Company, or on any matter likely to harm any other person are protected by the Group's global whistleblower procedure. X-FAB operates a no-retaliation policy for those individuals.

Employee statistics

At the end of 2024, X-FAB had approximately 4,500 employees worldwide at six different manufacturing sites in Europe, Asia, and the USA. At all of its sites, X-FAB's recruitment policy is based on the employee's qualifications and the Company's requirements. Consequently, different requirement profiles exist in technology and operations-related positions.

More than half of X-FAB's staff is located in Europe.

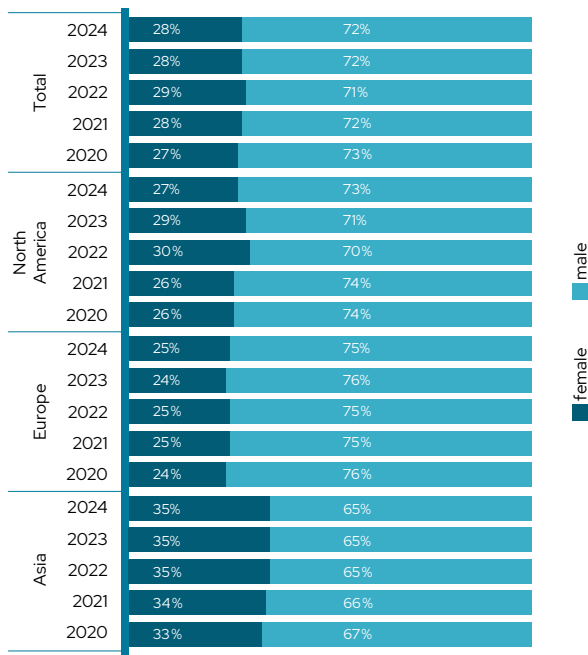
Location	Absolute # of employees	Percentage of male employees [%]	Absolute # of male employees	Absolute # of female employees	Percentage of female employees [%]
North America	458	72.9	334	124	27.1
Europe	2,548	75.0	1,911	637	25.0
Asia	1,520	65.3	993	527	34.7
TOTAL	4,526	71.5	3,238	1,288	28.5

Fig. 6.24: Number of employees (excluding trainees) by region and gender at the end of 2024

In line with the slowdown in the semiconductor industry in the second half of 2024, the number of employees decreased from 2023 to 2024 by 125. The decrease was due to natural fluctuation at the affected sites. Several secondment programs between the sites were established, which helped to balance resources between the X-FAB sites.

X-FAB continues to pursue its objective of increasing the proportion of female employees in the workplace. The share of female employees is steadily increasing in all regions X-FAB is operating in. It remains stable at

28% in 2024. There was, however, a slight reduction compared to the previous year (28.6% in 2022 vs. 28.4% in 2023) as a result of hiring of a higher number of male employees in 2023.



Employees' rights and working standards are highly valued at X-FAB. Consequently, all arrangements comply with corresponding national laws and requirements. X-FAB employees with a full-time contract, which applies to 95% of all employees, work between 35 and 40 hours per week. 94% of employees hold a permanent employment contract. Less than 1% of staff are contract workers.

In 2024 the number of part-time contracts increased slightly, primarily attributable to an increase in the number of part-time employees in Europe.

The full "Flex@work" policy was deployed during the coronavirus pandemic at all X-FAB locations, so that, where practical, employees were able to work from home and were provided with the technical requirements for remote work. After the end of the coronavirus-related restrictions, X-FAB introduced a Work from Home policy at all X-FAB sites as a permanent method of working if the nature of the work allows such a model.

Fig. 6.25: Share of male and female employees by region 2010–2024

Location	Gender	Temporary/ fixed term	Permanent employees	Contract workers	Trainees/ internships	Full-time	Part-time
North America	Male	0	334	0	0	330	4
	Female	0	124	0	0	123	1
Europe	Male	105	1,805	1	123	1,790	121
	Female	28	609	0	26	506	131
Asia	Male	17	976	0	0	993	0
	Female	15	512	0	0	527	0
TOTAL	Male	122	3,115	1	123	3,113	125
	Female	43	1,245	0	26	1,156	132

Fig. 6.26: Employment contracts by type, region, and gender as at year end 2024

Approximately 98% of all employment contracts in Europe are covered by collective bargaining contracts. In France a new collective bargaining agreement was implemented and went live in January 2024. In other regions of the world this concept is not common, and therefore, there are no collective bargaining agreements in place at the Group's non-European locations.

In 2024, 341 new employees were hired, 72% of whom were male and 28% were female. The majority of newly hired employees are younger than 35 years. The average 12-month turnover rate in 2024 was 4%, stable from the previous year.

Location	Gender	<35 yrs	36–50 yrs	51–60 yrs	> 60 yrs	Total
North America	Male	9	2	1	1	13
	Female	4	4			8
Europe	Male	139	21	9	0	169
	Female	41	11	3	0	54
Asia	Male	53	9	1	0	63
	Female	28	6	0	0	34
TOTAL	Male	201	32	11	1	245
	Female	73	21	3	0	96

Fig. 6.27: Newly hired employees (including contract workers, excluding trainees) by age and gender in 2024

Location	Gender	<35 yrs	36–50 yrs	51–60 yrs	> 60 yrs	Total
North America	Male	26	12	3	8	49
	Female	14	6	6	4	30
Europe	Male	256	67	11	1	335
	Female	73	26	6	0	105
Asia	Male	53	9	1	0	63
	Female	28	6	0	0	34
TOTAL	Male	335	88	15	9	447
	Female	115	38	12	4	169

Fig. 6.28: Number of employees (excluding trainees and retirements) who have left X-FAB in 2024 by age and gender

X-FAB conducts an employee engagement survey, referred to as the Barometer, on a regular basis. The results of the most recent survey conducted in 2021 indicated some areas for improvement. In response, X-FAB management has established local action teams, who continued their work throughout 2024. As a result, several initiatives have been launched in the areas of training and development, benefits, communication, and leadership.

Average employee ages vary across the Group's locations, ranging from an average of 38 years in Asia to an average of 43 years in North America.

Location	Average age of all employees	Average age of male employees	Average age of female employees
North America	44.0	45.0	43.0
Europe	41.2	41.1	41.3
Asia	37.5	38.4	35.8
TOTAL	40.9	41.5	40.0

Fig. 6.29: Average age by location and gender in 2024

X-FAB is aware of the importance of fair payment. Therefore, all employees receive salaries above the minimum wage according to individual qualification irrespective of gender or age. Based on specific local laws and regulations, the relevant employees have the opportunity to inform themselves about the equal pay policy of X-FAB by benchmarking their payment against a relevant group of employees. Of all employees who were on parental leave, nearly 100% returned to X-FAB.

Developing excellence

The success of a company, and thus also X-FAB, depends on whether its employees are able to optimally contribute their individual strengths, which consequently need to be identified and individually developed. The required expertise includes solid knowledge and understanding of X-FAB's internal procedures and production processes as well as job-specific knowledge, all of which are part of the introductory training plan for each new employee.

In 2022 X-FAB introduced LinkedIn Learning licenses for all employees for private and professional use. In 2024 X-FAB globally and locally executed campaigns via LinkedIn Learning on several topics, such as diversity and inclusion, feedback culture, and work

safety. In addition to the global campaigns and based on the yearly training needs analysis, specific training was recommended on the e-learning system. For individuals who have no direct access to a computer, X-FAB offers private areas with access to undertake relevant training in each location.

To strengthen individual development and drive performance improvement, X-FAB extended and improved the performance management process (PMP) via SAP SuccessFactors. It is based on constant feedback from supervisor to employee on performance and goal achievement. This standardized global process allows X-FAB to ensure that every employee is aware of his or her individual goals as well as the goals of the department, the site, and the Company.

For a high level of environmental and social awareness, company values, quality awareness, and employee rights are highlighted from the beginning of the working relationship at X-FAB. In 2024, several campaigns were launched on sustainability to raise employees' awareness for X-FAB's sustainability goals in the area of innovation, diversity and inclusion, water consumption, and carbon emission.

Enabling employees to be promoted to positions with either higher technical or staff responsibility requires constant development in different areas. To ensure global knowledge transfer and continual development of all employees, internal workshops, training sessions, Lunch & Learn sessions, knowledge networks, and webinars on various technical topics are incorporated into the daily work of every X-FAB employee. Hybrid or purely virtual meetings became a normal way of communicating during the pandemic, while there was also a return to more face-to-face meetings in 2024. The average number of training hours per employee decreased compared to 2023. Increasing online or e-learning is expected to result in more on-the-job training and less classroom training.

Location	Gender	<35 yrs	36–50 yrs	51–60 yrs	> 60 yrs
North America	Male	24.0	24.0	24.0	12.0
	Female	24.0	24.0	24.0	12.0
Europe	Male	21.8	22.8	17.9	14.2
	Female	22.5	29.8	13.8	11.0
Asia	Male	18.0	21.6	13.6	0.0
	Female	16.8	22.8	26.4	0.0

Fig. 6.30: Average training hours (excluding e-learning) per year and employee in 2024

6.3.1.2 Health and safety

Employees' well-being and safety

X-FAB ensures that all company activities are performed in a manner that considers the health and safety of employees, contractors, suppliers, customers, and the general public with no adverse impact on the environment through manufacturing operations and products by operating an EHS management system that is certified according to ISO 14001:2015 for all sites (with the exception of X-FAB MEMS Foundry Itzehoe).

Education and training to improve employees' EHS awareness, safety, and well-being is critical for X-FAB. Regular safety-related training and instruction help to avoid accidents and injuries. Each location has an associated company doctor performing routine medical examinations, such as eye examinations, vaccinations, travel-related medical consultations, etc. Security personnel (internal and outsourced) are also trained in company policies. Safety risks of equipment and infrastructure are assessed and improvement programs are implemented.

The Group has an Employee Training System for Environmental, Health and Safety (EHS) training and awareness in place for all sites where periodic safety briefings are performed, and a global EHS week program has been established. At the annual EHS week, information about health protection, safety, sustainability, and environmental topics is offered to all employees via information desks, posters, and other events. Company tours offered by coworkers are designed to increase employees' awareness of hazards in the workplace, and several training sessions are offered to improve their skills in first aid and firefighting. Furthermore, a variety of fitness activities and trial lessons, as well as fitness and health checks, are offered to employees. In addition to these dedicated training sessions and events, information on environmental and quality awareness is provided and made accessible to all employees via the Company's intranet. Continual feedback is received from all internal and external stakeholders and considered for improvements on safety of the workplace and nearby surroundings.

At all X-FAB locations, accidents are tracked in accordance with local laws, but there is no globally harmonized procedure to collect additional information related to accidents or occupational diseases. However, X-FAB tracks accidents in the

operations department the same way at all manufacturing locations.

Based on this information, X-FAB recorded 32 accidents in 2024, which caused 7,380 work hours lost, resulting in a frequency rate of 5.12 and a severity rate of 147.56.

Safety improvement programs that took place in 2024 include:

- improved toxic/flammable gas detection online monitoring using PC outside of the hazard area (Lubbock);
- circulation risks awareness program to address walking on site (highest workplace accidents). Two workshops conducted on attention distraction and falls and slips (France); and
- replacement of four aging mixed bed exchangers at the ultra-pure water plant by electrodeionization (EDI) units to minimize the risk of failure and eliminate chemical storage and handling. Additional benefits include reduced hazardous chemical handling (Erfurt).



Fig. 6.31: Opening of new EDI units in Erfurt with site CEO Gabriel Kittler (right) and Sebastian Haupt

Hygiene concepts for cleanrooms

At each of X-FAB's production sites, a large share of employees work in cleanroom environments where the use of rubber gloves, special clothes, and shoes is a requirement. It is necessary to avoid particle and ion contamination or electrostatic discharge as it would negatively impact the functionality of the semiconductor products manufactured. X-FAB aims to prevent any medical harm as well as ensure a safe working environment and employees' well-being.

X-FAB has therefore established cleanroom concepts to maintain a high level of hygiene and health including specific protection plans. For example, to prevent skin diseases, there is a skin protection plan in place with skin care products available at any time for each employee. For orthopedic reasons, cleanroom shoes are individualized and ergonomic. Cleanroom clothes are partially personalized. Ear plugs are available for noise protection.

Preventive maintenance

Maintenance activities are the basis for the safe operation of equipment and tools. To prevent equipment malfunctions and failures, X-FAB uses a global procedure to manage a preventive maintenance system. Even though the system's focus is on securing the productivity of the equipment, operational safety is one of the objectives covered. The proper execution of the global procedure is ensured with the use of local instructions, which govern the preventive maintenance regime for each production site. The maintenance instructions and schedule include information based on vendor manuals, experiences during operation, tool performance parameters, major incidents, product quality, and audit findings. Furthermore, two types of preventive maintenance actions exist: actions triggered by a time interval, and actions triggered by reaching special tool parameters describing the current tool wear.

Taken together, this helps to ensure that the overall tool status remains excellent and to prevent accidents caused by machine malfunctions such as electrical hazards, leakage of dangerous materials, or mechanical issues.

6.3.1.3 Diversity, equity and inclusion

Promote diversity, equity and inclusion (DEI)

In 2022 X-FAB founded a global Diversity Council comprised of members from Germany, France, Malaysia, and the USA to support our efforts on diversity and inclusion. The Council met on a quarterly basis and held a three-day workshop in Dresden, Germany, in November 2024.



Fig. 6.32: Members of the Diversity Council (from left to right: Susanne Appel, Henryk Schoder, Maureen Labarge, Venessa Garver, Rowena Tan, Claudia Jung-Hildebrand, Rymanie Guerra, Charla Rosenthal, and Sören Lorenz)

In 2024 X-FAB launched its global Equal Treatment Policy, which was communicated to all employees. Alongside the introduction of the group-wide policy additional training was implemented. One of the goals was the development and group-wide roll-out of an e-learning course in support of an unconscious bias awareness campaign. The e-learning program in German, French and English was launched successfully in December, and approximately 1,500 employees had completed the course by the end of January. The Group is increasing its awareness campaign with the objective of ensuring that every employee has participated in the training by end of June 2025.



On the initiative of employees in Germany, X-FAB supported the creation of a video entitled "United in Diversity." This simple but inspiring video shows X-FAB employees from different backgrounds quoting from the UN Declaration of Human Rights and the German Constitution. The video was shared internally and externally on social media.



X-FAB France joined the EU-funded project "European Chips Diversity Alliance" as member of the consortium. The project aims to enhance diversity, equity, and inclusion in the European semiconductor sector by building bridges from industry to the world of education.

The Diversity Council also continued to monitor female leadership at X-FAB. The percentage of women in leading roles increased from 21% in 2022 to 23.5% in 2024. X-FAB's Diversity Council has defined actions to continue this positive trend. The major goals for 2025 are:

1. Continue to increase the visibility of the Diversity Council and DEI by conducting an activity at each site to promote DEI matters and goals.
2. Create a DEI roadmap with the goal of making it part of the Company's strategy. Among others, X-FAB will promote local women initiatives to increase female leadership at X-FAB.
3. Benchmark X-FAB's DEI initiatives with other semiconductor companies and derive actions for improvement.
4. The members of the Diversity Council will participate in conferences and other events to promote X-FAB's DEI roadmap externally.

As a first step, the Diversity Council has developed a five-year DEI roadmap that will be presented to and discussed with X-FAB's senior management.

6.3.1.4 Talent attraction and engagement

In 2023 X-FAB launched a Global Leadership Program (GLP) tailored to establish a common company-wide understanding of culture and leadership based on X-FAB's core values. To strengthen a new leadership mindset, X-FAB leaders from all over the world participate in a unique program, which continued in 2024.

To support the career of X-FAB's technical experts and to acknowledge that technical and management expertise make contributions to the organization that are equally important, X-FAB has established a system of human capital management. An important part of that is X-FAB's Technical Ladder. It enables visionary technical leadership and expertise, and supports recruitment, individual development, and retention of talented people in a competitive employment market, acknowledging the highest levels of technical expertise. In 2024 X-FAB promoted 18 technical experts to a global grade Member Technical Staff (MTS) or Senior Member Technical Staff (SMTS) on the Technical Ladder. This not only shows that more and more of the Company's experts work on global projects, but it also stands for the broad technical knowledge base X-FAB has.

To keep up with the fast development within the high-tech area, X-FAB supports innovation – being one of the Company's values – and participates in publicly funded projects. In those projects, X-FAB enables technical experts to conduct research and to propel state-of-the-art technologies by proving feasibility of new concepts or the industrialization of innovative process technologies. Innovation is appreciated by X-FAB, and technical experts are explicitly invited and encouraged to publish their findings in international journals and to file patents. As at year end 2024 X-FAB's overall patent portfolio amounts to 467 patents and patent applications.

Besides the development of its existing staff, X-FAB is highly interested in offering a wide range of opportunities to potential future employees, for example via apprenticeships, internships, and student training. This comprises commercial and technical careers, dual study programs, and financial support for employees who enhance their skills and knowledge by obtaining relevant qualifications.

X-FAB also offers dual study programs in Germany, France, and Malaysia, which combine theoretical sessions and practical work, allowing students to integrate these skills into their future working life from the beginning of their studies. Apprenticeships offered by X-FAB to young talent cover commercial as well as technical careers. In Germany and France more than 140 apprentices are currently undertaking their first, second, or third year of VET (vocational and educational training).

In 2022 X-FAB launched a new two-year education program for professionals and talent from all X-FAB sites designed to develop project management and personal skills. This global talent development program is referred to as ProMPT (Project Management for Professionals and Talents). The program concentrates on the areas of "personality and leadership," "project management," "quality management," "strategic thinking," and "cultural awareness." In 2024 the program was concluded with participants giving presentations of their projects in front of senior management. Several follow-up activities will be

performed in 2025 to track the results of the projects created during this program.



Fig. 6.33: Outdoor event in the Saxon mountains with the global ProMPT team in 2024

Rewarding efforts

As an international company, X-FAB employs people from many different regions around the world with different ethnic origins and social backgrounds, resulting in a broad range of individual needs. Being aware of those needs and driven by the responsibility for the Company's staff as well as the aim of long-term employment, X-FAB strives to meet those needs. Nowadays, the modern world demands a high level of self-responsibility and flexibility, especially for working parents and those with responsibilities for caring for the elderly. Therefore, X-FAB offers flexible working time models and strives to find individual working time solutions for its employees. X-FAB now offers a full "Flex@Work" approach by offering mobile working wherever the tasks are suitable for remote work.

X-FAB grants leisure time for private matters, such as moving and marriage, and supports working parents financially in case of their children's illness. As part of collective bargaining agreements, German employees above a certain age are offered the possibility to reduce their weekly working hours, if appropriate. The flexibility to start and end the working day at variable times at X-FAB's Asian sites was a benefit that was well perceived to balance personal and private matters. Moreover, X-FAB's company pension scheme supports its employees financially after their transition to retirement.

X-FAB cares about its employees' increased health awareness and growing interest in an active way of life. To help employees stay healthy, X-FAB supports a variety of activities at various locations, such as internal sports groups, football teams, and running groups, as well as reduced rates for fitness clubs. Employees are also offered trial classes at fitness clubs, as well as fitness and health checks.

Work environment

X-FAB is interested in a good working atmosphere for its employees and strives to provide a pleasant and inspiring working environment. Cafeterias, lunchrooms, and subsidized meals are offered to employees. Furthermore, chill-out rooms and staff rooms with magazines, internet access, and free non-alcoholic drinks are available to support employees during their work breaks. In several locations the breakout rooms for shift personnel have been updated and refurbished. In Corbeil-Essonnes and in Erfurt, outside seating areas were implemented, which can be used during break hours.

X-FAB continues to improve the environment and quality of the local cafeterias for the well-being of the employees. At the site in Erfurt a new cafeteria concept was created in 2023 and will be implemented in 2025. During weekends as well as night shifts, X-FAB staff have the opportunity to use the cafeteria and breakout rooms.

X-FAB rewards outstanding employee performance with incentive payments during the year and in the form of bonuses. Both individual employees and teams who undertake extraordinary efforts for X-FAB's benefit are acknowledged by the Company's corporate management.

6.3.2 Social commitment

X-FAB encourages its employees to engage in non-profit and educational activities that contribute to the communities X-FAB is active in. Across several sessions, each employee is trained in the Company's values with the implementation of those values in everyday work life being recorded in a learning management system (LMS) aimed at personal development. Eventually, this leads to even more innovation and higher ethical standards, which also has a positive impact outside the working environment. In 2024 a monthly campaign via the e-learning platform LinkedIn Learning on IT security, lean principles, diversity and inclusion, etc. was implemented to raise awareness of specific topics.

Social awareness and responsibility

X-FAB identified opportunities for global and local activities that contribute to the communities in which X-FAB is operating. X-FAB has also raised money to support local programs as well as international charity organizations, such as United Way Worldwide.

In December 2024, X-FAB hosted its traditional Christmas donation campaign. For each click on the Company's Christmas webpage, X-FAB donated USD 0.25. The campaign raised USD 1,500. In 2024, the X-FAB site in Lubbock, Texas, donated to the Lubbock Area United Way. The money will be put to good use in the Lubbock community, helping to provide financial and educational support.



Fig. 6.34: Rico Tillner (CEO of X-FAB Texas) and Mac Johnson (COO of X-FAB Texas) handing over the donation from X-FAB's Christmas donation campaign

X-FAB also supports sports events with a charity background by enabling its employees to attend these events. This not only helps to increase team spirit but also supports local organizations and sports clubs.



Fig. 6.35: X-FAB Sarawak employees at a local charity run for autism

X-FAB encourages its employees to engage in volunteer activities that benefit local communities and promote collaboration and dialog. A particular focus is on improving working conditions and promoting social and environmental responsibility, thus contributing to the well-being and long-term development of societies.

At each site, X-FAB supports several activities of its employees. In Kuching, X-FAB donated RM 10,000 to support the Salvation Army's new children's home in Kota Samarahan.



Fig. 6.36: Handover of the check to representatives of the Salvation Army

Educational awareness and responsibility

X-FAB places a high importance on investing in the education and skill development of children and young people as the next generation and does this by sponsoring books and other educational material for use in kindergartens, supporting lectures at universities (e.g. providing design courses in engineering schools), investing in education competitions, and organizing summer schools ("Microchip Summer University"). To provide opportunities for practical training and work experience in technical fields, X-FAB offers internships to high school and university students and also offers students company tours on request.

Back in 2019, X-FAB France was the only French semiconductor company invited to participate in a Pan-European project, funded by the European Commission, called METIS (microelectronics, training, industry, skills). As part of the ERASMUS+ consortium, which consists of over 30 participating parties from industry, education, university, and training, X-FAB actively contributes to the success of the program. In 2024 X-FAB supported the successful closing of the program and is now benefiting from the results.

Various scientific and engineering competitions are supported either by providing knowledge to the participants or by serving as judges, e.g. at the student robotics competition. X-FAB works with many global and local partners to improve educational opportunities for children and young people, e.g. by supporting corresponding technical clubs. Besides the educational responsibility towards society, X-FAB cares about gender equality and the development of girls in STEM jobs.

In addition, each X-FAB site participates in college and university career fairs in order to recruit interested students and to provide information about career opportunities. Besides its presence at job fairs, X-FAB also participated in numerous technical exhibitions and conferences to offer its employees the possibility to gain and exchange professional knowledge and to network.

X-FAB developed a social media campaign to serve customers as well as the general public.

6.4 Governance

Further information on corporate governance can be found in chapter 7 of the annual report.

6.4.1 Anti-corruption and bribery

X-FAB's business practices follow the principles of fair competition with particular focus on professional behavior. X-FAB respects consumer interests by abiding by regulations that protect consumers, and by using appropriate sales, marketing, and information practices in accordance with the ICC International Code of Advertising Practice and the OECD Guidelines for Multinational Enterprises.

In particular, X-FAB rejects corruption and bribery as stated in the relevant UN Convention against Corruption from 2003, and promotes transparency, trading with integrity, responsible leadership, and company accountability.

In order to prevent corruption, X-FAB is aiming to increase awareness of the risk of corruption by providing comprehensive sessions on the Company's values and strict regulations as outlined in the Company's handbook. These sessions are attended by all employees and emphasize the corporate values, such as integrity and respect, as well as X-FAB's code of conduct. Training is organized at least once every two years, and every employee is required to attend. New employees are provided with special initial training during their on-boarding. An Ethics and Conflict of Interest policy is part of X-FAB's code of conduct. Furthermore, anti-corruption is mentioned in the Company's rules and handbooks, which are part of each employment contract. Concerns about unethical behavior are reported either via the workers' council or directly to Human Resources.

X-FAB installed a whistleblower policy in 2018, which was made available to all employees and which enables employees to report any violations on a confidential basis. All employees worldwide can report incidents anonymously in their native language. All reports are treated confidentially, and there is a strict no-retaliation policy.

No incidents were reported in 2024.

Ethics training is provided to all employees. In addition to regular training and as part of the newly introduced framework of the global leadership program, a

dedicated module deals with all relevant information on the topic “business ethics.” At the start of employment with X-FAB, each new employee receives a copy of the work regulations, which comprise policies on harassment prevention and the acceptance of gifts, and include definitions of infractions that lead to legal action, such as contract termination. Actions taken in response to incidents of corruption comprise all legal actions according to the corresponding national laws. In addition to following all national laws regarding ethical and anti-corruption behavior, X-FAB does not influence politics, neither by participating in political activities nor by donating to or supporting parties in elections.

6.4.2 Supplier relationship management

As a manufacturer of a large variety of products, X-FAB relies on a large number of suppliers. It is part of the Company’s corporate ethics to strive for long-term partnerships with its suppliers. The selection and auditing of suppliers is carried out by means of a global, cross-site procedure valid for all X-FAB sites. Part of this procedure is a classification of suppliers, based on, among others, the supplied quantity as well as the frequency of supply: tier 1 suppliers, strategic suppliers, and all others that do not qualify for one of the two categories. In order to be approved as a new supplier, depending on the categorization, the supplier has to pass a process audit according to the requirements of the automotive standard VDA 6.3 (the German Association of the Automotive Industry) and answer various questions, including on environmental and governance topics. The existence of an environmental management system and compliance with RoHS or REACH (e.g. SVHC (Substances of Very Hazardous Concern) Candidate List) are important criteria for X-FAB during the selection process for new suppliers as well as changes in manufacturing location and material composition changes.

6.4.2.1 Selection and categorization of X-FAB suppliers

X-FAB has implemented and maintains a supplier selection and monitoring process which is compliant with the quality management system standards ISO 9001 and IATF 16949 as well as with the environmental management system standard ISO 14001. Suppliers of strategic materials are requested to confirm compliance with X-FAB’s list of banned substances and are required to provide transparent information regarding their quality and environmental management systems as well as with respect to the composition, sources, and environmental impact of the supplied materials.

Those aspects are intensively checked and validated by X-FAB’s supplier quality management and procurement organization before any new strategic material or supplier is released. This is done via on-site audits and contractual agreements. After the initial

release, which has to be authorized by a multidisciplinary team, the compliance of suppliers with the relevant requirements and their overall performance with respect to X-FAB’s objectives are continually monitored by X-FAB.

Requirements to qualify as an X-FAB strategic supplier

- Certified quality management system according to ISO 9001
- Certified environmental management system according to ISO 14001
- Demonstration of compliance with quality management system in line with the requirements of IATF 16949
- Commitment to a code of conduct, e.g. ZVEI Code of Conduct, Ten Principles of UN Global Compact, or equivalent
- Conflict minerals reporting if applicable

X-FAB has a global approach towards sourcing of main supplies to run the factories, and therefore local suppliers are only taken into account if they meet the high quality standards.

6.4.2.2 Audits and continual improvement of suppliers

X-FAB stores all certificates and completed questionnaires from its suppliers in a database that is accessible for stakeholders at all X-FAB sites in order to improve the harmonization and standardization of supplier management. The most important suppliers are subject to a supplier assessment once a year. If X-FAB’s requirements are not met by at least 85%, the supplier must submit proposals for improvement actions to stay under contract with X-FAB. In addition to these annual assessments, a regular audit exists to verify the existence of a management system in compliance with the defined requirements.

Supplier audits have been performed in 2024 in accordance with the quality management system standards ISO 9001, IATF 16949, and VDA 6.3 for process audits by X-FAB’s supplier quality management organization at three different suppliers for strategic materials (e.g. chemicals, equipment, gases, and wafers) or services, all of them located in Asia. These audits also focused on environmental, social, governance, and other aspects according to X-FAB’s standards. Furthermore, assessment audits regarding the compliance with minimum automotive quality management system requirements (MAQMSR) have been performed at six different suppliers for strategic materials in 2024.

Supplier	Category	Location	Audit type and result
Supplier 1	Subcontracting	Malaysia	Supplier audit/rating B
Supplier 2	Wafers	China	Supplier audit/rating A
Supplier 3	Chemicals	Japan	Supplier audit/rating A
Supplier 4	Gases	Korea	Supplier MAQMSR assessment/positive
Supplier 5	Photo masks	France	Supplier MAQMSR assessment/positive
Supplier 6	Chemicals	Japan	Supplier MAQMSR assessment/positive
Supplier 7	Gases	Germany	Supplier MAQMSR assessment/positive
Supplier 8	Chemicals	United States	Supplier MAQMSR assessment/positive
Supplier 9	Chemicals	Belgium	Supplier MAQMSR assessment/positive

Fig. 6.37: Supplier audits performed by X-FAB in 2024

Supplier Corrective Action Requests (SCAR)

In 2024, in total, 20 SCARs had to be issued to various suppliers, the majority of which were not critical to the continuity or quality of the wafer manufacturing processes at X-FAB or the products of the Group's customers. However, all SCARs have been tracked and the effectiveness of the defined corrective and preventive actions has been checked and validated by X-FAB's supplier quality management organization.

Engagement with non-compliance suppliers to reach compliance

In 2024, seven new quality assurance agreements with suppliers of X-FAB have been implemented in order to ensure the suppliers' commitment to several key requirements with respect to quality and environmental management and other aspects. Furthermore, X-FAB actively supported various potential suppliers to achieve conformance to the X-FAB requirements for strategic suppliers.

In 2022, to prove the financial sustainability of its suppliers, X-FAB established access to an international database that allows us to check the financial health of suppliers as well as their revenues. The aim is not only to ensure that very small suppliers are not in a situation of financial dependency towards X-FAB (i.e. X-FAB's business volume must not represent more than 25% of a supplier's revenue), but also to check the financial sustainability of some critical suppliers.

Furthermore, X-FAB has established a supplier award system to encourage its suppliers to continuously commit to environmental protection and social aspects. An annual "Supplier Excellence Award" is awarded to the best local supplier for each X-FAB site. The supplier with the highest value in the supplier assessment is nominated as "Supplier of the Year."

6.4.3 Handling of minerals from conflict regions (conflict minerals)

X-FAB has a Conflict-Free Mineral Policy and provides information to customers on the sourcing of tin, tantalum, tungsten, and gold from conflict regions in accordance with the US Dodd-Frank Act requirements. The commitment of X-FAB suppliers to these requirements is documented in a central

company database to ensure traceability and transparency.

X-FAB has issued a product declaration stating that to the best of its knowledge, X-FAB products do not contain materials that have been sourced from mines in conflict regions in the eastern region of the Democratic Republic of Congo. X-FAB performs checks on smelters to ensure that they are certified conflict-free by comparing them against the list of compliant smelters on the Responsible Mining Alliance (RMA) website.

All strategic material suppliers for materials containing tungsten, tantalum, tin, and gold must complete the Conflict-Free Smelter Reporting Template according to an industry-benchmark reporting format, e.g. Responsible Minerals Initiative (RMI) or Conflict Material Reporting Template (CMRT).

X-FAB is also working with suppliers on other minerals disclosures. These include cobalt reporting. Currently, X-FAB is working with suppliers to ensure sourcing from conflict-free cobalt smelters.

6.4.4 Data security

Customer data privacy

The protection of customer data is of the highest importance to X-FAB and all stakeholders and is critical to safeguarding X-FAB's reputation and brand. X-FAB does not currently apply a customer data deletion policy as the IATF automotive standard only allows deletion after at least 15 years of inactivity. X-FAB deactivates data records on request and has not received any customer complaints about data protection. X-FAB utilizes an email opt-out system for customer data for hotline news, webinars, and customer surveys. These are maintained via various technologies, including the ERP system, surveys, and email marketing tool, using automated or semi-automated processes. X-FAB has identified activities to be implemented to comply with NIS 2 Directive (EU) and Cyber Security Act 2024 (Malaysia).

Cybersecurity

In 2024, X-FAB IT continued its commitment to safeguarding infrastructure by implementing robust internet protection measures to prevent sensitive data from being compromised. Recognizing the continuously evolving threat landscape, X-FAB IT further strengthened its security posture by enhancing its Secure Endpoint Management (SEM) strategy. This was achieved by identifying critical vulnerabilities and ensuring timely patches were applied, securing X-FAB devices against a wide range of cyber threats. In addition, understanding that employees are the first line of defense, X-FAB IT launched comprehensive cybersecurity awareness training programs and introduced phishing campaigns to ensure employees remain vigilant and equipped to recognize and avoid potential phishing attacks. These activities are further supported and approved by X-FAB management through a series of IT security and compliance activities to evaluate sites' readiness for ISO27001 implementation from 2025 onwards.

6.4.5 Customer support

In line with its EHS policy, X-FAB continually works on the reduction of its environmental impact via legal compliance and also promotes human rights values among suppliers and customers. It is X-FAB's policy to ensure that all purchased materials are compliant with current government and safety constraints on restricted, toxic, and hazardous materials and that all environmental standards, applicable to the country of manufacture and sale, are fulfilled.

X-FAB follows RoHS and meets the requirements of REACH. X-FAB thereby confirms that all its products are halogen-free and do not contain intentionally introduced lead (Pb), cadmium (Cd), mercury (Hg), hexavalent chromium (Cr6+), polybrominated biphenyl (PBB), polybrominated diphenyl ether (PBDE), bis(2-ethylhexyl) phthalate (DEHP), butyl benzyl phthalate (BBP), dibutyl phthalate (DBP), or diisobutyl phthalate (DIBP). Furthermore, RoHS and REACH-conformant safety data sheets and PFOS/PFOA/PFAS/POPs declarations are available for all X-FAB products and are accessible to every X-FAB customer on the Company's website. Finally, all products do not contain any of the substances in the ECHA (European Chemicals Agency) Candidate List of Substances of Very High Concern (SVHC).

RoHS and REACH

RoHS is the short form of the "Directive 2011/65/EU of the European Parliament and of the Council of June 8, 2011 on the restriction of the use of certain hazardous substances in electrical and electronic equipment." It aims to address the global issue of consumer electronics waste. It pertains to manufacturing of various types of electronic and electrical equipment without the use of six different hazardous materials. It is the responsibility of the company that puts the product on the market to comply with the directive. REACH stands for Registration, Evaluation, Authorization, and Restriction of Chemicals. The purpose of this European Union regulation is to address the production and use of chemical substances and their potential impacts on both human health and the environment. Whereas RoHS bans substances that are present in electrical equipment, REACH pertains to all chemicals including those used to make a product. This can include materials, solvents, paints, chemicals, and more.

There is a global procedure in place to control and avoid negative health and safety impacts, requiring that every X-FAB product is tested at every stage of development. In addition, all X-FAB products are inspected annually by an external laboratory for hazardous substances, and the Company's customers are informed about the results by means of product declarations.

It is part of the Company's ethics that products are not sold into countries that are listed on an embargo list for corresponding products. During 2024, X-FAB was compliant with laws in relation to this provision and the use of X-FAB products and did not have to pay any fines for violations.

6.5 EU taxonomy

The European Green Deal is a set of initiatives by the European Commission with the overarching objective for the EU to become climate neutral by 2050. In this context and in order to channel investments of the financial sector to more sustainable technologies and businesses, the EU has developed a common classification system, referred to as the EU taxonomy, which is aimed to provide guidance to companies, investors, and policymakers on which economic activities can be considered environmentally sustainable.

The Taxonomy Regulation (Regulation (EU) 2020/852) was published in the Official Journal of the European Union on June 22, 2020, and entered into force on July 12, 2020. The EU taxonomy defines specific performance criteria to assess an economic activity's contribution towards six environmental objectives: climate change mitigation, climate change adaptation, the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems. Technical screening criteria for each environmental objective are defined through delegated acts.

The Climate Delegated Act (Commission Delegated Regulation (EU) 2021/2139 as amended by Commission Delegated Regulation (EU) 2023/2485) lays out the technical screening criteria that define whether an economic activity substantially contributes to the objective of climate change mitigation or climate change adaptation. The Environmental Delegated Act (Commission Delegated Regulation (EU) 2023/2486) establishes the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to the sustainable use and protection of water and marine resources, to the transition to a circular economy, to pollution prevention and control, or to the protection and restoration of biodiversity and ecosystems. These delegated acts include so-called Do No Significant Harm (DNSH) criteria, to avoid that contributing activities significantly harm any of the other environmental objectives. They further include minimum safeguards relating to human rights, corruption, taxation and fair competition.

As from January 1, 2024, companies need to report on the eligibility and alignment of their activities regarding all six of the the environmental objectives. It is clear that semiconductors are essential to reach the goals of the European Green Deal and to reach carbon neutrality by 2050. It is not clear, however, how to apply the taxonomy methodology to the semiconductor industry and, in particular, to the foundry business in which X-FAB operates. The following paragraphs describe X-FAB's approach based on the current status of the legislative framework.

Assessment by X-FAB

The EU taxonomy currently does not list an activity that specifically describes X-FAB's business. The activity that most closely describes X-FAB's business is activity 3.6, "Manufacturing of other low carbon technologies." In this context, we would like to refer to the differences between an IDM and a specialty foundry in a Fabless/foundry model as described in Chapter 4. As a foundry, X-FAB offers a modular, highly specialized portfolio of process technologies and associated design IP, enabling innovative semiconductor products. X-FAB's customers design their products on the basis of these technologies and contract X-FAB for their manufacturing. X-FAB does not always know the end market or end application in which its products will be used. However, it is clear that X-FAB is an enabler of technologies that significantly reduce energy consumption and greenhouse gas (GHG) emissions. To determine the eligibility under the taxonomy regulation, we have therefore made a classification of the technologies themselves. Our technologies can contribute substantially to the stabilization of GHG concentrations consistent with the long-term temperature goal of the Paris Agreement, through the avoidance or reduction of GHG emissions or the increase of GHG removals, including through process and product innovations. By providing robust analog/mixed-signal CMOS processes, MEMS, and wide-bandgap semiconductors, X-FAB contributes to the creation of sustainable and energy-efficient products in various fields, such as mobility and the energy sector. Sensors and power devices improve the energy efficiency of electric vehicles and optimize the energy use of the drivetrain. High-voltage technologies including silicon carbide support the transition to renewable energy by enabling the efficient generation, conversion, and storage of energy. While it is possible that our customers provide solutions for any of the other environmental objectives, based on the classification of our technologies, we can only assess the contribution to climate change mitigation. We therefore conclude that X-FAB has no taxonomy-eligible economic activities relating to any of the other five environmental objectives.

An economic activity is deemed eligible where it matches the description set out in one of the delegated acts adopted by the Commission. For an activity to be eligible for climate change mitigation under this category, the activity needs to have the objective of enabling a substantial reduction of GHG emissions in another sector of the economy. Semiconductor manufacturing can therefore be a taxonomy-eligible activity where it enables another economic activity to make substantial GHG emission savings.

X-FAB has analyzed its activities by categorizing its technologies based on whether they are aimed at substantially reducing GHG emissions in another sector of the economy. For example, technologies that provide superior isolation for high voltages or technologies that, due to their material properties,

offer the possibility of developing systems with maximum energy efficiency (e.g., wide-bandgap technologies) are deemed by X-FAB to be eligible under the taxonomy regulation.

An eligible activity must fulfil four basic criteria to be classified as **aligned**.

1. It must substantially contribute to at least one of the environmental objectives.

To contribute substantially to climate change mitigation, the economic activity must manufacture technologies that are aimed at and demonstrate substantial lifecycle GHG emission savings compared to the best performing alternative technology/product/solution available on the market. The GHG reduction across the lifecycle could be evaluated based on product lifecycle emissions and applications. As a pure-play foundry, however, we do not have the necessary information from the end market to make such a complete lifecycle assessment. As we cannot demonstrate substantial lifecycle GHG emission savings compared to the best performing alternative technology/product/solution available on the market, we report 0% alignment.

2. It must not significantly harm any of the other environmental objectives.

This criterion is put in place to avoid that activities qualify as environmentally sustainable in cases where the economic activities that benefit from those investments cause harm to the environment to an extent that outweighs their contribution to an environmental objective.

- *Climate change adaptation:* as part of its risk management, X-FAB regularly assesses the potential impact of disruptions both at its own or its suppliers' operations caused by severe weather conditions whose occurrence is increasing due to climate change. Water consumption and water scarcity is another element related to climate change adaptation that is being monitored for all of X-FAB's manufacturing sites.
- *Sustainable use and protection of water and marine resources:* semiconductor manufacturing requires large quantities of water, in particular to rinse and clean the wafers during the manufacturing process to avoid their contamination with particles. Water is a valuable resource and X-FAB seeks to reduce its water consumption by means of higher tool efficiency and increased water recycling. Further details on this can be found in chapter 6.2.2.2.
- *Transition to a circular economy:* several types of materials are used in semiconductor manufacturing: water, gases, as well as chemicals such as solvents, resists, acids, or metals. The use of those materials is tightly controlled by material departments and waste commissioners established at each site. All waste is separated to reduce the amount of hazardous or non-recyclable waste. The majority of

the waste is sent for recycling to recover valuable resources. X-FAB has an ongoing environmental objective of reducing waste, reducing the use of hazardous materials, and increasing the recycling rate. Further details on this can be found in chapter 6.2.2.

- *Pollution prevention and control:* the semiconductor industry heavily relies on the use of chemicals. The current wording regarding the aspect of pollution prevention and control has given rise to a number of ongoing issues. An economic activity may not lead to the manufacture, placing on the market, or use of certain chemicals in order to be taxonomy aligned. The Climate Delegated Act refers to other existing EU legislation that regulates the use of certain chemicals (such as REACH, Mercury, and RoHS). X-FAB is, of course, very familiar with these legislative requirements and complies with them. However, the Climate Delegated Act in its current form does not appear to allow for the existing exemptions and derogations for the use of certain chemicals in very specific cases. Several industry associations have already addressed this issue with the European Commission.
- *Protection and restoration of biodiversity and ecosystems:* the impact on biodiversity is minimized as all sites are located in industrial areas. None of the Group's sites is adjacent to nature reserves or similarly classified areas.

3. It must be carried out in compliance with certain minimum safeguards.

Article 18 of the taxonomy regulation requires companies to implement procedures to ensure the alignment of their activities with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organization on Fundamental Principles and Rights at Work and the International Bill of Human Rights. X-FAB respects consumer interests by abiding by regulations that protect consumers, and by using appropriate sales, marketing, and information practices in accordance with the ICC International Code of Advertising Practice and the OECD Guidelines for Multinational Enterprises. In particular, X-FAB rejects corruption and bribery as stated in the relevant UN Convention against Corruption from 2003, and promotes transparency, trading with integrity, responsible leadership, and company accountability. X-FAB's company ethics are based on universally held ethical values and principles, including respect of human dignity, openness, and non-discrimination according to the ZVEI Code of Conduct. Consequently, X-FAB stands up for human rights as stated in the Charter of the United Nations. Chapters 6.3.1, 6.4.1 and 6.4.2 of this Annual Report describe how X-FAB makes sure that it carries out its

economic activities in an honest, responsible, and respectful way.

1. Turnover

To report turnover under this section, the definition of turnover in accordance with International Financial Reporting Standards (IFRS) is used.

Based on the above-described uncertainties and the current status of the legislation, X-FAB deems it prudent to report a 0% alignment.

2. CapEx

The Disclosures Delegated Act (Commission Delegated Regulation (EU) 2021/2178) defines CapEx. It covers additions to tangible and intangible assets during the financial year considered before depreciation, amortization, and any remeasurements, including those resulting from revaluations and impairments, for the relevant financial year and excluding fair value changes. Of all the CapEx in 2024, 0.5% was taxonomy aligned.

The CapEx can be categorized into two types:

- a. **Technology CapEx:** CapEx that is part of a plan to expand our taxonomy-eligible economic activities (type B). The eligibility for the technology CapEx is based on same criteria used to determine eligibility for turnover. For the same reasons as above, X-FAB deems it prudent to report a 0% alignment.
- b. **Facilities CapEx:** this CapEx relates to individual measures enabling the target activities to become low carbon or to lead to greenhouse gas reductions (type C). It includes the following activities:
 - i. installation, maintenance, and repair of charging stations for electric vehicles in buildings (CCM 7.4);
 - ii. installation, maintenance, and repair of energy-efficiency equipment (CCM 7.3); and
 - iii. renewal of waste water collection and treatment equipment (CCM 5.4).

3. OpEx

According to the Disclosures Delegated Act, OpEx covers direct non-capitalized costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant, and equipment by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets. X-FAB focuses on research and development costs since the other costs that could possibly fall within this definition are likely to be immaterial in comparison.

The proportion of R&D activities determined to be eligible has been determined under the same approach used to categorize technologies for determining the eligibility of turnover. For the same reasons as above, X-FAB deems it prudent to report a 0% alignment.

The following tables provide the outcome of the analysis in the required format.

Financial year 2024 ¹				Substantial Contribution Criteria					
Economic Activities (1)	Code (2)	Turnover (3)	Proportion of Turnover, 2024 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)
		in k €	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
Manufacture of other low carbon technologies	CCM 3.6	0	0%	N	N/EL	N/EL	N/EL	N/EL	N/EL
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%	0%	0%	0%	0%
Of which enabling									
Of which transitional									
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Manufacture of other low carbon technologies	CCM 3.6	483,243	59%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		483,243	59%	59%	0%	0%	0%	0%	0%
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		483,243	59%	59%	0%	0%	0%	0%	0%
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
Turnover of Taxonomy-non-eligible activities		333,140	41%						
Total ²		816,383	100%						

¹Y: Yes, Taxonomy-eligible and Taxonomy-aligned activity, N: No, Taxonomy-eligible but not Taxonomy-aligned activity
 EL: Eligible, Taxonomy-eligible activity, N/EL: Not eligible, Taxonomy-non-eligible activity, n.a.: not applicable

²The revenue for work-in-progress that is recognized over time under IFRS 15 is not included.

DNSH criteria (‘Does Not Significantly Harm’)									
Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) turnover, 2023	Category (enabling activity) (19)	Category (transitional activity) (20)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
							0%		
							0%		
							54%		
							54%		

Financial year 2024				Substantial Contribution Criteria					
Economic Activities (1)	Code (2)	CapEx (3)	Proportion of CapEx, 2024 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)
		in k €	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
Renewal of waste water collection and treatment	CCM 5.4	857	0.2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	1,771	0.4%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	19	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		2,648	0.5%	0.5%	n.a.	n.a.	n.a.	n.a.	n.a.
Of which enabling		1,790	0.4%	0.4%	n.a.	n.a.	n.a.	n.a.	n.a.
Of which transitional		0	0%	0%					
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Manufacture of other low carbon technologies	CCM 3.6	432,648	85%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
CapEx of taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		432,648	85%	85%	0%	0%	0%	0%	0%
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		435,296	85%	85%	0%	0%	0%	0%	0%
B. TAXONOMY NON-ELIGIBLE ACTIVITIES									
CapEx of Taxonomy-non-eligible activities		76,903	15%						
Total		509,551	100%						

DNSH criteria (‘Does Not Significantly Harm’)									
Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) CapEx, 2023	Category (enabling activity) (19)	Category transitional activity (20)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
	Y	n.a.	n.a.	n.a.	n.a.	Y	0%		
Y	Y	n.a.	Y	n.a.	n.a.	Y	0%	E	
	Y	n.a.	n.a.	n.a.	n.a.	Y	0%	E	
	Y	n.a.	n.a.	n.a.	n.a.	Y	1%		
	Y	n.a.	n.a.	n.a.	n.a.	Y	0%	E	
							86%		
							86%		

Financial year 2024				Substantial Contribution Criteria					
Economic Activities (1)	Code (2)	OpEx (3)	Proportion of OpEx, 2024 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)
		in k €	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
Manufacture of other low carbon technologies	CCM 3.6	0	0%	N	N/EL	N/EL	N/EL	N/EL	N/EL
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%	0%	0%	0%	0%
Of which enabling									
Of which transitional									
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Manufacture of other low carbon technologies	CCM 3.6	19,989	40%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
OpEx of taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		19,989	40%	40%	0%	0%	0%	0%	0%
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		19,989	40%	40%	0%	0%	0%	0%	0%
B. TAXONOMY NON-ELIGIBLE ACTIVITIES									
OpEx of Taxonomy-non-eligible activities		29,796	60%						
Total		49,785	100%						

DNSH criteria (‘Does Not Significantly Harm’)									
Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) OpEx, 2023	Category enabling activity (19)	Category transitional activity (20)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
							0%		
							0%		
							40%		
							40%		

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
Fossil gas related activities		
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

6.6 Statutory auditor's limited assurance report on the consolidated sustainability information of X-Fab Silicon Foundries SE

To the general meeting

In the context of the legal limited assurance engagement on the consolidated sustainability information of X-Fab Silicon Foundries SE ("the Company") and its subsidiaries (jointly "the Group"), we provide you with our report on this engagement.

We were appointed by the general meeting of 25 April 2024, in accordance with the proposal of the board of directors issued on the recommendation of the audit committee of the Company to perform a limited assurance engagement on the consolidated sustainability information of the Group included in the Chapter 6. Sustainability of the annual report as of 31 December 2024 and for the year ended on this date (the "sustainability information").

Our mandate will expire on the date of the general meeting deliberating on the annual accounts for the year ended 31 December 2024. This the first financial year of the legal limited assurance engagement on the sustainability information of the Group.

Adverse conclusion

We have performed a limited assurance engagement on the sustainability information of the Group.

Because of the significance of the matters described in the 'Basis for adverse conclusion' section of this report,

- the sustainability information of the Group is not prepared in accordance with the requirements of articles 3:32/2 of the Companies' and Associations' Code, including compliance with the applicable European standards for sustainability information (European Sustainability Reporting Standards (ESRS));

- the process carried out by the Group to identify the sustainability information ("the Process") is not in accordance with the requirements as described in ESRS 2/IRO-1; and
- the requirements of article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation") regarding the disclosure of information have not been complied with;

Our conclusion on the sustainability information does not extend to any other information that accompanies or contains the sustainability information and our report.

Basis for adverse conclusion

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board (IAASB), as adopted in Belgium.

In chapter 6 "Sustainability" of the consolidated annual report, the board of directors describes that the double materiality assessment, as required under ESRS2/IRO-1, has not yet been completed. As a result, the board of directors has decided to use standards other than the ESRS -standards for the preparation of this sustainability information, which means that the sustainability information does not comply with the requirements set out in article 3:32/2 of the Companies and Associations Code. The board of directors explains that a standard other than the applicable European standard for sustainability information has been used, being the GRI standards, for the preparation of the sustainability information, which is not in accordance with the applicable requirements. In the context of our assurance assignment, we have not evaluated whether the sustainability information has been prepared in accordance with the GRI standards.

The board of directors has not fully demonstrated to what extent its economic activity actually belongs to the classification '3.6 Manufacture of other low-carbon technologies' as included in Annex 1 of Regulation (EU) 2021/2139, which supplements the Taxonomy Regulation. The technical screening criteria were also not tested by the Group. As a result the ecologically sustainable activities as presented for revenue, capital expenditures, and operational expenditures under subsection 6.5 EU Taxonomy of the sustainability information is not in accordance with the requirements of article 8 of the Taxonomy Regulation.

Our responsibilities under this standard are further described in the "Responsibilities of the statutory auditor for the limited assurance engagement on the sustainability information" section of our report.

We have complied with the ethical requirements that are relevant to our assurance engagement on the sustainability information in Belgium, including the independence requirements.

Our firm applies International Standard on Quality Management (ISQM) 1. This standard requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have obtained from the board of directors and the Company's officials the explanations and information necessary for our limited assurance engagement.

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our adverse conclusion.

Other matter

The scope of our procedures is limited to our limited assurance engagement on the sustainability information of the Group. Our limited assurance engagement does not extend to information relating to the comparative figures.

Board of directors' responsibilities for the preparation of the sustainability information

The board of directors of the Company is responsible for designing and implementing the Process and for disclosing this Process in subsection 6.1.3. Impact, risk of the sustainability information. This responsibility includes:

- understanding the context in which the Group's activities and business relationships take place and developing an understanding of its affected stakeholders;
- identifying the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Group's financial position, financial

performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;

- assessing the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- making assumptions and estimates that are reasonable in the circumstances.

The board of directors of the Company is further responsible for the preparation of the sustainability information, which includes the information determined by the Process:

- in accordance with the requirements of articles 3:32/2 of the Companies' and Associations' Code, including compliance with the applicable ESRS; and
- in compliance with the requirements of Article 8 of the Taxonomy Regulation regarding the publication of the information included in subsection 6.5 EU Taxonomy;

This responsibility entails:

- designing, implementing and maintaining such internal controls that the board of directors determines are necessary to enable the preparation of the sustainability information such that it is free from material misstatement, whether due to fraud or error; and
- selecting and applying appropriate sustainability reporting methods and making assumptions and estimates that are reasonable in the circumstances.

The audit committee is responsible for overseeing the Company's sustainability information.

Inherent limitations in preparing the sustainability information

In reporting forward-looking information in accordance with ESRS, the board of directors of the Company is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group. The actual outcome is likely to be different since anticipated events frequently do not occur as expected and the deviations may be material.

Responsibilities of the statutory auditor for the limited assurance engagement on the sustainability information

It is our responsibility to plan and perform the assurance engagement to obtain limited assurance about whether the sustainability information is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the sustainability information as a whole.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised), as adopted in Belgium, we exercise professional judgment and maintain professional skepticism throughout the engagement. The work carried out in an engagement with a view to obtaining a limited degree of assurance, for which we refer to the section "Summary of the work performed", are less in extent than for a reasonable assurance engagement. We therefore do not express a reasonable assurance conclusion.

As the forward-looking information contained in the sustainability information and the assumptions on which it is based, relate to the future, it may be affected by events that may occur and/or by possible actions of the Group. The actual outcome is likely to differ from the assumptions, as the anticipated events will frequently not occur as expected and the deviations may be material. Our conclusion is therefore not a guarantee that the actual outcomes reported will be consistent with those included in the forward-looking information included in the sustainability information.

Our responsibilities in relation to the Process for reporting the sustainability information, include:

- obtaining an understanding of the Process but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process; and
- designing and performing procedures to evaluate whether the Process is consistent with the Group's description of its Process, as disclosed in subsection 6.1.3. Impact, risk of the sustainability information.

Our other responsibilities in respect of the sustainability information include:

- obtaining an understanding of the Group's control environment, relevant processes and information systems to the preparation of the sustainability information but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness;
- identifying areas in the sustainability information where material misstatements are likely to arise, whether due to fraud or error; and
- designing and performing procedures focused on disclosures in the sustainability information where material misstatements are likely to arise. 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.

Summary of the work performed

A limited assurance engagement involves performing procedures to obtain assurance evidence about the sustainability information. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

The nature, timing and extent of our procedures depend on our professional judgment, including the identification of disclosures where material misstatements are likely to arise, whether due to fraud or error, in the sustainability information.

In conducting our limited assurance engagement, with respect to the Process, we have:

- obtained an understanding of the Process by:
 - performing inquiries to understand the sources of the information used by management; and
 - reviewing Group's internal documentation of its Process; and
- evaluated whether the assurance evidence obtained from our procedures about the Process implemented by the Group was consistent with the description of the Process set out in subsection 6.1.3. Impact, risk of the sustainability information.

In conducting our limited assurance engagement with respect to the sustainability information, we have amongst others:

- obtained an understanding of the Group's reporting processes relevant to the preparation of its sustainability information by, through the performance of inquiries, obtaining an understanding of the Group's control environment, relevant processes and information systems for the preparation of the sustainability information;
- evaluated whether material information identified by the Process is included in the sustainability information;
- evaluated whether the structure and the presentation of the sustainability information is in accordance with the ESRS;
- requested information from relevant personnel to perform data analysis and substantive assurance procedures on selected information in the sustainability information;

- obtained assurance evidence on the methods for developing material estimates and forward-looking information as further described in the “Responsibilities of the Statutory auditor for the limited assurance engagement on the sustainability information” section of our report; and
- obtained an understanding of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the sustainability information;

Information about the independence

Our audit firm and our network have not performed any engagement which is incompatible with the limited assurance engagement and our audit firm remained independent of the Group during the term of our mandate.

Hasselt, 24 March 2025

KPMG Bedrijfsrevisoren – Réviseurs d’Entreprises

Statutory Auditor

Herwig Carmans
Bedrijfsrevisor/ Réviseur d’Entreprises

Mike Boonen
Bedrijfsrevisor/ Réviseur d’Entreprises



07

Corporate
governance
statement

7. CORPORATE GOVERNANCE STATEMENT

The Royal Decree of May 12, 2019 (published in the Belgian Official Gazette on May 17, 2019) designated the Belgian Corporate Governance Code 2020 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).

In view of the “comply-or-explain” principle of the Code, section 7.12 gives an overview of the provisions of the Belgian Corporate Governance Code 2020 that X-FAB does not comply with, along with an explanation of the reasons for non-compliance.

X-FAB's Corporate Governance Charter is in alignment with the 2020 Code on Corporate Governance. The Corporate Governance Charter can be consulted on the “Investors” page of the Company's website.

7.1 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.

The shareholder structure of X-FAB based on the transparency notifications received is presented in chapter 8.

7.2 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, defines the general policy orientations, decides on major strategic, financial, and operational matters, and oversees the Company's 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, Sensinnovat BV, permanently represented by 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 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.

7.3 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. At least three members should be independent in accordance with Article 7:87 BCCA. As of the date of this annual report, the Board of Directors comprises nine members, three of which are independent as defined in the Code 2020. 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 BCCA.

The Chief Executive Officer is the only member of the Board of Directors that has an executive mandate. The Chair of the Board is Tan Sri Datuk Amar Dr. Hamid bin Bugo.

The composition of the Board of Directors already takes into account Article 7:86 BCCA which requires that one third of its members have to be of a different gender.

The directors of X-FAB are:

Name	Age	Mandate expires	Position
Dato Sri Dr. Wan Lizozman bin Wan Omar	60	2026	Non-executive director
Sensinnovat BV (Represented by Rudi De Winter)	64	2025	Managing Director, CEO
Roland Duchâtelet	78	2025	Non-executive director
Thomas Hans-Jürgen Straub	70	2025	Non-executive director
Tan Sri Datuk Amar Dr. Hamid bin Bugo	79	2025	Non-executive director (Chair)
Aurore NV (Represented by Christine Juliam)	64	2026	Non-executive and independent director
Christel Verschaeren	60	2025	Non-executive and independent director
Estelle Iacona	52	2025	Non-executive and independent director
Vlinvlin BV (Represented by Ling Qi)	54	2027	Non-executive director

Sensinnovat BV is represented by 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 until November 14, 2023. Mr. De Winter holds a degree in electronic engineering from the University of Ghent.

Throughout his career, Roland Duchâtelet has founded several companies and has organized approximately 50 acquisitions or sales of companies. He has been active in the internet business since 2000 and was a member of the Belgian Senate from 2007 to 2010. Mr. Duchâtelet holds degrees in electrical engineering and applied economics from the University of Leuven and obtained an MBA from the same university.

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 Head 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 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).

Tan Sri Datuk Amar Dr. Hamid bin 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 the Land Custody and Development Authority, Sarawak, and was permanent secretary to the Ministry of Resource Planning, and state secretary of Sarawak. Tan Sri Datuk

Amar Dr. Hamid bin Bugo has also served as a board member of several corporate and governmental agencies and charitable organizations. After graduating with a master's degree in economics and political science from the University of Canterbury, New Zealand, he gained a postgraduate diploma in teaching from Christchurch Teachers' College, New Zealand, and has a certificate in business studies from the Harvard Institute of Development Studies, USA. Tan Sri Datuk Amar Dr. Hamid bin Bugo was awarded an honorary PhD in commerce by Lincoln University, New Zealand. Currently, he is Chairman of the National Library Council of Malaysia and Petroleum Sarawak Berhad.

Dato Sri Dr. Wan Lizozman bin Wan Omar is the State Financial Secretary of Sarawak. Before that he served as Deputy State Financial Officer and formerly as Permanent Secretary in the Ministry of Urban Development and Natural Resources as well as the Ministry of Housing Sarawak. Besides his role as State Financial Secretary, Dato Sri Dr. Wan Lizozman bin Wan Omar is chairman of two Malaysian state government-linked companies as well as a director of various state-owned companies. In addition, he is a board member of the Sarawak Economic Development Corporation (SEDC) and the Sarawak Timber Industry Development Corporation (STIDC). His academic qualifications include a certificate in Southeast Asian studies from Columbia University, New York City, USA, a bachelor of science degree in economic and political science from the University of Northern Illinois, USA, followed by a master's degree in international affairs (economic development) from the School of International & Public Affairs, Columbia University, New York City, USA. In 2014, he was awarded a PhD in business studies from UNIMAS (University Malaysia Sarawak).

Aurore NV is represented by 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 and became divestment lead until 2020. Between 2021 and 2022, Ms. Juliam worked as general manager at Orifarm. Christine 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.

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.

Estelle lacona is professor in physics of CentraleSupélec. She 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 and of CentraleSupélec. She served as Executive Vice-President for Academic Affairs at CentraleSupélec from 2016 to 2019. She was also a member of the board of École Centrale Casablanca. In 2020, Estelle lacona was elected as Senior Vice-President at Paris-Saclay University. Currently she is President at Paris-Saclay University. Ms. lacona holds an engineering degree and a master of science from the University of Nantes (Polytech'Nantes) and a PhD in physics of transfer from the École Centrale Paris.

Vlinvlin BV is represented by Ling Qi. Ling Qi has more than 20 years of international business management experience in China. After winning an English language competition from a field of one thousand competitors, she organized international trade fairs and trade missions for the city government of Shenyang and was the personal translator for the mayor of Shenyang. She left politics to host a weekly TV program with news and interviews of foreign expats in China. In 1996, she became vice-president of the animation film company OHY in charge for the Company's business in the US. In 2000, Ling Qi married Belgian director Wouter Dierickx with whom she founded Sophie Animation Ltd. Currently, she is CEO of two multimedia and animation film companies. Alongside this, Ling Qi has been consulting for foreign invested companies in China and is a board member of a Belgian private bank. She holds a degree in international trade and English from the University of Liaoning and obtained a certificate of Dutch at University of Antwerp.

Appointment and replacement of directors

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 requested by at least two directors.

The Board convened eight times in 2024 and discussed, among others, the following topics:

- the financial results of the Group;
- the business plan and capital expenditure;
- the budget for the financial year 2025; and
- financing activities.

Dato Sri Dr. Wan Lizozman bin Wan Omar was excused for one meeting and was represented by proxy at three other meetings of the Board. Estelle Iacona was represented by proxy at one meeting and Aurore NV was represented by proxy at two meetings. Other than that, all Board members attended all meetings.

Under the lead of the Chairman, the Board regularly evaluates its scope, composition, and performance and that of its committees, as well as the interaction with the Executive Management. In 2023, the Board conducted an evaluation via an anonymous survey complemented by an open discussion of the results. No issues have been identified and the Board was satisfied with its composition and functioning.

7.4 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: Aurore NV, represented by Christine Juliam, independent director and Chair; Christel Verschaeren, independent director; Tan Sri Datuk Amar Dr. Hamid bin Bugo, non-executive director; and Estelle Iacona, independent director.

According to Article 7:99 BCCA the members of the Audit Committee maintain 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, Tan Sri Datuk Amar Dr. Hamid bin Bugo complies with this requirement.

In 2024, the Audit Committee met four times. During these meetings the audit plan and key audit matters were discussed with the external auditor. Other topics covered were the requirements on ESG reporting, revenue recognition and deferred tax assets. All members of the Audit Committee as well as the external auditor attended all meetings.

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 five non-executive members: Christel Verschaeren, Chair; Aurore NV, represented by Christine Juliam, independent director; Dato Sri Dr. Wan Lizozman bin Wan Omar, non-executive director; Tan Sri Datuk Amar Dr. Hamid bin Bugo, non-executive director; and Estelle Iacona, independent director.

As no new appointments to the board of directors and the executive management were made in 2024, only one meeting of the Remuneration and Nomination Committee was held. During this meeting the remuneration of the Executive Management was discussed. All members of the Remuneration and Nomination Committee attended the meeting.

7.5 Executive Management

Composition

The Executive Management is composed of the following members:

Name	Age	Position
Rudi De Winter	64	Chief Executive Officer
Alba Morganti	56	Chief Financial Officer
Jörg Doblaski	46	Chief Technology Officer
Damien Macq	58	Chief Operations Officer
Lee Boon Chun	55	Chief Executive Officer, X-FAB Sarawak
Dr. Gabriel Kittler	46	Chief Executive Officer, X-FAB Erfurt
Dr. Sébastien Daveau	50	Chief Executive Officer, X-FAB France
Rico Tillner	42	Chief Executive Officer X-FAB Texas
Michael Woittennek	44	Chief Executive Officer, X-FAB Dresden

Functioning

The Executive Management Team is composed of the CEO, the CFO, the CTO, the COO, and the site managers of X-FAB France, X-FAB Sarawak, X-FAB Texas, X-FAB Erfurt, 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.

7.6 Diversity policy

The Remuneration Committee and the Board of Directors ensure that diversity criteria such as age, gender, and background are taken into consideration in its selection processes and management of succession planning.

At the end of the reporting year, four of the nine members of the Board were female, thereby reaching the best possible equilibrium in terms of gender diversity. The composition of the Board is in line with the requirements of the BCCA on diversity. The Executive Management Team also consists of a diverse team in terms of age, background, and gender.

7.7 Remuneration report

The remuneration of the directors and the Executive Management is governed by X-FAB's remuneration policy which can be found at www.xfab.com/investors. The remuneration policy was approved by the Shareholders' Meeting on April 29, 2021 and will be up for approval at the Shareholders' Meeting on April 24, 2025. This remuneration report has been prepared in accordance with Article 3:6, §3 BCCA as introduced by law on April 28, 2020.

Total remuneration

The application of the remuneration policy during 2024 for the directors and executives led to the effective remuneration as shown in the table on the next page.

The non-executive and independent directors receive a compensation for their mandate as director. Such compensation consists of a fixed annual amount of EUR 15,000. The remuneration of directors takes into account their membership(s) in any of the board committees; for each membership in a board committee, directors receive an additional fixed amount of EUR 5,000 per committee. Such compensation is independent from their participation rate in board or board committee meetings.

Roland Duchâtelet waived his right to receive any remuneration as a non-executive Board member. In 2024 Vlinvlin BV (represented by Ling Qi) received additional remuneration of USD 15,129 for consultancy services provided to the Strategy department above and beyond her work as director of the Company. Hans-Jürgen Straub received an additional USD 10,814 for his mandate on the supervisory board of X-FAB Semiconductor Foundries GmbH.

Members of the Executive Management who are employed by X-FAB Group companies under an employment contract also benefit from group insurance policies in their respective home countries providing various pension, life insurance, disability, and medical insurance benefits, all of which are defined contribution schemes. All these group insurance elements are in line with home country market practices and only represent a minor portion of their respective remuneration packages. The base salary for members of the Executive Management who are employees does not include the employer contributions.

in U.S. dollars					
Name, position	1. Fixed remuneration			2. Variable remuneration	
	Base salary	Fees	Other benefits	One-year variable	Multi-year variable
Roland Duchâtelet, Non-executive director	–	–	–	–	–
Thomas Hans-Jürgen Straub, Non-executive director	16,235.00	–	10,814.00	–	–
Tan Sri Datuk Amar Dr. Hamid bin Bugo, Non-executive director	27,058.00	–	–	–	–
Dato Sri Dr. Wan Lizozman bin Wan Omar, Non-executive director	21,646.00	–	–	–	–
Aurore NV (Represented by Christine Juliam), Independent director	27,058.00	–	–	–	–
Christel Verschaeren, Independent director	27,058.00	–	–	–	–
Estelle Iacona, Independent director	27,058.00	–	–	–	–
Vlinvlin BV (Represented by Ling Qi), Non-executive director	16,235.00	–	15,129.00	–	–
Sensinnovat BV, permanently represented by Rudi De Winter, Executive, CEO	395,047.00	–	–	26,369.37	49,381.00
Executive Management excl. Sensinnovat BV	1,462,991.76	–	140,957.08	227,424.91	–

in U.S. dollars					
Name, position	3. Extra-ordinary items	4. Pension expense	5. Total remuneration	6. Proportion of fixed and variable remuneration	
Roland Duchâtelet, Non-executive director	–	–	–	Fixed:	100%
Thomas Hans-Jürgen Straub, Non-executive director	–	–	27,058.00	Fixed:	100%
Tan Sri Datuk Amar Dr. Hamid bin Bugo, Non-executive director	–	–	27,058.00	Fixed:	100%
Dato Sri Dr. Wan Lizozman bin Wan Omar, Non-executive director	–	–	21,646.00	Fixed:	100%
Aurore NV (Represented by Christine Juliam), Independent director	–	–	27,058.00	Fixed:	100%
Christel Verschaeren, Independent director	–	–	27,058.00	Fixed:	100%
Estelle Iacona, Independent director	–	–	27,058.00	Fixed:	100%
Vlinvlin BV (Represented by Ling Qi), Non-executive director	–	–	31,363.00	Fixed:	100%
Sensinnovat BV, permanently represented by Rudi De Winter, Executive director, CEO	–	–	470,797.02	Fixed:	84%
				Variable:	16%
Executive Management excl. Sensinnovat BV	–	94,427.82	1,925,801.57	Fixed:	88%
				Variable:	12%
			2,584,897.59		

Application of the performance criteria CEO

The variable remuneration for the CEO is a cash bonus that is capped at 50% of the annual base salary. It contains short, medium and long-term elements:

- short term: 50% of the variable remuneration is based on performance criteria measured over one financial year;
- medium term: 25% is based on performance criteria measured over two financial years; and
- long term: 25% is based on performance criteria measured over three financial years.

The cash bonus for the CEO is calculated by reference to yearly established targets to reflect global business performance criteria, which are measured on an X-FAB Group consolidated basis. Where financial indicators are used these are based on reported figures determined in accordance with IFRS accounting standards. The targets are as follows:

- 50% of the cash bonus (the short-term element) depends on the achievement of the target EBIT of X-FAB measured over the performance year in order to link the bonus to the operational result of X-FAB; and
- 50% of the cash bonus (the medium and long-term element) is dependent on X-FAB generating revenue growth that outperforms the industry average over the last one or two years, whereby the industry reference growth is determined by reference to the McClean Report 2024 by TechInsights. The forecasts for optoelectronics, sensors and actuators, and discrete (O-S-D) devices is used as a reference value.

Short-term cash bonus (one-year variable)

The results for performance year 2024 are shown in the table below. In 2024 the EBIT was USD 85.5 million. This means that 26.7% of the short-term cash bonus will be paid out.

in U.S. dollars						
Performance criteria	a)	Minimum threshold performance	a)	Maximum performance	a)	Measured performance
	b)	Corresponding remuneration	b)	Corresponding remuneration	b)	Actual remuneration outcome
Global business performance	a)	50,000,000	a)	182,800,000	a)	85,542,000
Relative weighting 50%	b)	0	b)	98,762	b)	26,369
Total bonus		0		98,762		26,369

Medium and long-term cash bonus (two and three-year variable)

The two and three-year variable remuneration of the CEO depends on X-FAB generating revenue growth over the last one or two years exceeding the industry average using the statistics for the optoelectronics, sensors and actuators, and discrete (O-S-D) devices market published in The McClean Report 2024 by TechInsights as a reference value.

The results for performance year 2024 are shown in the table below. In 2024, revenue decreased by 7.64% compared to 2023. The industry average only decreased by 6.41%. The revenue growth compared to 2022 was 11.08% while the industry averaged a decrease of 6.26%. This results in the bonus calculation as depicted in the following table.

in U.S. dollars						
Performance criteria	a)	Threshold performance	a)	Measured performance		
	b)	Corresponding remuneration	b)	Actual remuneration outcome		
Revenue growth over the last year	a)	Revenue growth > -6.41%	a)	-7.64%		
	b)	49,381	b)	0		
Revenue growth over the last two years	a)	Revenue growth > -6.26%	a)	11.08%		
	b)	49,381	b)	49,381		
Total bonus				98,762		49,381

Other members of the Executive Management

The variable remuneration for the other members of the Executive Management consists of a short-term cash bonus expressed as a fixed amount:

- 50% is based on a global business performance measured through the achievement of the target EBIT of the Company in order to link the bonus to the operational result of the Company; and
- 50% is based on an assessment of individual, department, or site performance measured through achievement of pre-established targets within the criteria determined by the CEO.

Currently no long-term incentives are foreseen for members of the Executive Management.

The results for performance year 2024 are shown in the table below. In 2024 the EBIT was USD 85.5 million. This means that 26.7% of the short-term cash bonus that is linked to the operational result of the Company will be paid out.

in U.S. dollars						
Performance criteria	a)	Minimum threshold performance	a)	Maximum performance	a)	Measured performance
	b)	Corresponding remuneration	b)	Corresponding remuneration	b)	Actual remuneration outcome
Global business performance	a)	50,000,000	a)	182,800,000	a)	85,542,000
Relative weighting 50%	b)	0	b)	227,183	b)	60,590
Individual/team performance	a)	Determined individually	a)	Determined individually	a)	Determined individually
Relative weighting 50%	b)	0	b)	227,183	b)	166,835
Total bonus		0		454,366		227,425

Share-based remuneration

The remuneration policy of X-FAB does not provide for share-based remuneration for directors or executives.

Annual change in remuneration

The table below provides an overview of the annual change in total remuneration, developments and performance of X-FAB, and the average remuneration of employees.

Non-financial performance criteria are not linked to remuneration and are therefore not reported. We refer to chapter 6 of this annual report for an overview of non-financial topics. To ensure comparability, the annual change in remuneration is only reported since the implementation of Directive (EU) 2017/828 as regards the encouragement of long-term shareholder engagement.

Name	2020	2021	2022	2023	2024
Annual change of remuneration (Executive management)					
• Fixed remuneration	—	-4.1%	4.2%	24.1%	4.5%
• Variable remuneration	—	+100%	-33.4%	133.4%	-51.1%
• Total remuneration	—	21.3%	-2.5%	38.3%	-9.2%
Annual change in the developments and performances (in thousands of U.S. dollars)					
• Performance criteria (EBIT)	-14,617	77,192	57,335	157,675	85,542
• Net profit	13,530	83,640	52,491	161,895	61,525
Annual change in the average remuneration of employees on consolidated basis*	0.91%	8.39%	-1.58%	7.98%	-0.62%

*The average employee remuneration was calculated with the numbers as reported in notes 6.6 and 13.3 (wages and salaries) in this annual report (personnel expenses and average number of employees). Social security, pension, and benefit costs are excluded.

In 2024 the ratio between the highest and lowest remuneration was 87.0 to 1. The highest remuneration used for this comparison includes the total remuneration of a member of the Executive Management. The lowest remuneration includes the base salary, variable pay as well as other benefits such as insurance, pension contributions.

All figures are presented on an X-FAB Group consolidated basis in the above table.

Severance payments

No severance payments were made in 2024.

Use of clawback provisions

No clawbacks were applied in 2024.

Vote of the shareholders

The remuneration report for the financial year ended December 31, 2023, was approved at the annual Shareholders' Meeting held on April 25, 2024, with a 94% majority of the 76.7% validly votes cast. The remuneration report was approved with a large majority and X-FAB still believes in the principles included therein. X-FAB will, however, request that the Shareholders' Meeting on April 24, 2025 re-approve the Remuneration Policy with minor updates as it has now been in place for four years.

7.8 Policy on certain transactions

Terms and conditions of transactions with related parties

All related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

Conflicts of interest of the Board of Directors

According to Article 7:96 BCCA a member of the Board of Directors is required 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 7:97 BCCA, 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, if deemed necessary 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 meetings of the Board of Directors, and the opinion of the auditor have to be recorded in the annual report of the Company.

In 2024, there have been no conflicts of interest for which the procedure of Articles 7:96 or 7:97 BCCA needed to be applied.

Other transactions with directors and Executive Management

As determined by section 6 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. Please refer to note 12 on related party transactions.

In 2024, there were no transactions between the Company and its directors or Executive Managers involving a conflict of interest.

Insider trading

In compliance with the 2020 Belgian Code on Corporate Governance and EU regulation on market

abuse (EU No 596/2014) the X-FAB Insider Trading Policy was updated and approved by the Board of Directors in February 2025.

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 inside information. 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, the members of the Board and the Executive Management as well as their closely associated persons have to notify all their transactions above a certain threshold in X-FAB shares to the Belgian Financial Services and Markets Authority, which will publish these notices on its website.

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

7.9 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 CFO. 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 the 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 by the responsible persons of the different departments of the Company.
- The automated ERP system provides the responsible persons of the departments with permanent access to the financial information relevant to the business activities of their functional area for monitoring, controlling, and directing purposes.
- 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 reviewed monthly 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.
- X-FAB has internal controls in place to assess the financial reporting and the risk management of the Company.

7.10 Description of certain information from the Articles of Association and elements pertinent to a takeover 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.

Restrictions 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 their voting rights provided they are validly admitted to the general meeting and their 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. entered into a shareholders' agreement as shareholders of X-FAB (the "Shareholders' Agreement"). This Shareholders' Agreement was terminated by mutual consent on November 20, 2023. The Shareholders' Agreement addressed 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 had the right to appoint two directors on the Board of Directors. The Shareholders' Agreement furthermore provided for certain restrictions on the ability of XTRION NV and Sarawak Technology Holdings Sdn. Bhd. to transfer their shares in X-FAB. No new shareholder agreements have been concluded, meaning that at the moment no shareholder agreements are in place.

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 may 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 April 28, 2022.

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 7:221 BCCA, under the 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 7:215 ff. BCCA.
- Under this authorization a share should be acquired at a price that will respect the legal requirements, but that 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 April 28, 2022.

By resolution of the Shareholders' Meeting held on April 28, 2022, 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 personnel within the meaning of article 1:27 BCCA 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 7:221 BCCA.
- 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 (3) years from the date of publication of the authorization in the Annexes to the Belgian State Gazette (May 2, 2022).

Authorities of the Board to proceed with a capital increase

As per the Articles of Association, the Board of Directors was expressly empowered to proceed with a capital increase in any and all forms, including but not limited to a capital increase accompanied by the restriction or withdrawal of the preferential subscription rights, even after receipt by the Company of a notification by the Financial Services and Markets Authority (FSMA – "Autoriteit voor Financiële Diensten en Markten"/"Autorité des Services et Marchés Financiers") 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 BCCA. The powers conferred on the Board of Directors remain in effect for a period of three (3) years from the date of the amendment to the Articles of Association approved by Shareholders' Meeting held on April 28, 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 authorized capital pursuant to this authorization, this increase will be deducted from the remaining part of the authorized capital.

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 compensation if, as a result of a takeover bid, the directors should resign or are made redundant without valid reason or if the employment of the employees is terminated.

7.11 Auditor

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

The audit fee for the audit of the consolidated financial statements amounted to USD 617,355, excluding value-added taxes. Additional fees were charged in 2024 for other services amounting to USD 82,365, excluding value-added taxes. Non-audit related services mainly relate to certification engagements and tax compliance services. An additional fee of USD 108,232 was charged for the limited assurance engagement in the context of CSRD.

7.12 Compliance with the 2020 Belgian Code on Corporate Governance

X-FAB complies with the principles of the Code 2020. In view of the “comply-or-explain” principle of the Code the following overview sets out those provisions of the Code that X-FAB does not comply with, along with an explanation of the reasons for non-compliance:

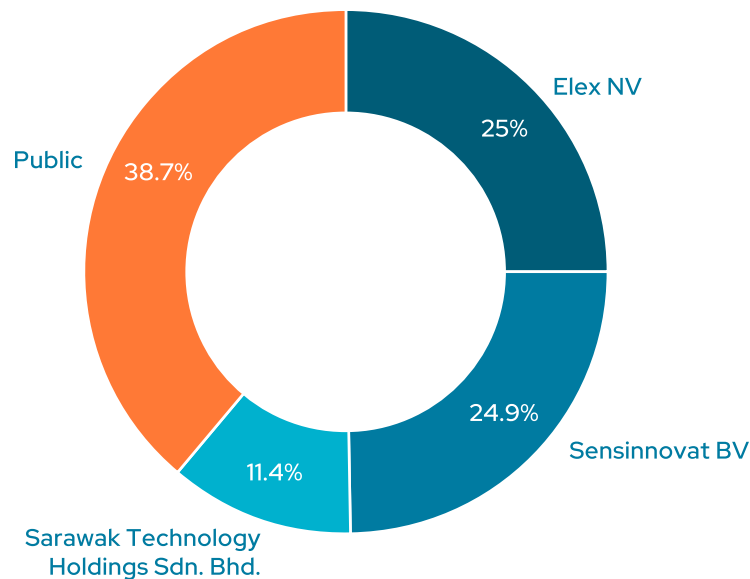
- Contrary to recommendation 7.9 of the Code 2020, the members of the Executive Management are not required to hold a minimum threshold of shares in the Company. Further, the Company does not grant shares, options, or other rights to acquire shares to its members of the Executive Management. However, it should be noted that the CEO is an important shareholder of the Company. The Board of Directors believes that the stock price of a company does not always correctly reflect the performance of that company since there are many external factors that also have an influence on the price of a financial instrument. The financial numbers that impact the level of the business component of the variable remuneration, i.e. the EBIT target, are a more important element driving the valuation of the Company. As such, the directors believe there is a clear alignment between shareholders on the one hand and management on the other.
- Contrary to recommendation 7.6 of the Code 2020 for non-executive directors, the directors do not receive shares in the Company as part of their remuneration. The purpose of the recommendation is to better align the interests of non-executive directors with regard to long-term shareholder interest. At X-FAB, that long-term shareholder perspective is sufficiently represented on the Board of Directors since the CEO as well as one director are important (indirect) shareholders of the Company.
- In reference to recommendation 4.14 of the Code 2020, we acknowledge the importance of establishing an independent internal audit function considering X-FAB's nature, size, and complexity. While other functions in X-FAB are responsible for controlling the financial reporting, or managing the framework of internal control and risk management, in 2024, we did not have a separate independent internal audit function. We are actively engaged in identifying the right profile to formally fill this function.

8. SHAREHOLDER INFORMATION

Shareholder structure

	NUMBER OF SHARES	SHARE IN %
Elex NV	32,672,778	25.0
Sensinnovat BV	32,572,329	24.9
Sarawak Technology Holdings Sdn. Bhd.	14,948,655	11.4
Public	50,587,907	38.7
TOTAL	130,781,669	100.0

Total number of voting shares: 130,781,669



Share information

First day of listing:	April 6, 2017
Stock exchange:	Euronext Paris
Ticker:	XFAB
ISIN:	BE0974310428
Number of shares outstanding on December 31, 2024:	130,781,669
Market capitalization on December 31, 2024:	EUR 657,831,795.07

Financial calendar

April 24, 2025

Publication of Q1 2025 results
Annual shareholders' meeting

July 31, 2025

Publication of Q2 2025 results

September 2, 2025

Publication of Half-Year Report 2025

October 30, 2025

Publication of Q3 2025 results

Contact information

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9. X-FAB SILICON FOUNDRIES SE STATUTORY ACCOUNTS

The separate financial statements of X-FAB Silicon Foundries SE, the Group's parent, have been audited in accordance with Belgian statutory requirements. The auditor's report is unqualified and certifies that the financial statements have been prepared in accordance with Belgian GAAP, and that they give a true and fair view of the financial position and results of X-FAB Silicon Foundries SE in accordance with all legal and regulatory requirements.

The separate financial statements, together with the separate management report of the board of directors to the general assembly of shareholders as well as the auditor's report thereon, will be filed with the National Bank of Belgium in accordance with the relevant statutory filing due dates. In addition, they are available

on the Company's website or can also be obtained on request at the registered office of the Company at Transportstraat 1, 3980 Tessenderlo.

The separate financial statements are reproduced below in condensed form.

The condensed statutory financial statements of X-FAB Silicon Foundries SE are presented in thousands of EUR as the functional currency of the statutory accounts is the EUR.

Participations in affiliated companies are recognized at their acquisition cost.

Condensed non-consolidated statement of profit and loss For the year ended December 31

in thousands of EUR	2024	2023
Operating income		
Turnover	20,074	16,022
Operating charges		
Cost of services and other expenses	(19,159)	(16,511)
Wages and salaries, social security costs and pension costs	(291)	(228)
Depreciation	(9)	(4)
Operating profit	615	(721)
Finance income		
Income from financial fixed assets	15,510	135,146
Income from current assets	1,020	725
Other financial income	2,083	–
Finance costs		
Debt charges	(222)	–
Other financial charges	–	(2,449)
Net financial result	18,391	133,422
Profit before taxes	19,006	132,701
Income tax	(349)	–
Profit for the period	18,657	132,701

Condensed non-consolidated statement of financial position

in thousands of EUR	December 31, 2024	December 31, 2023
ASSETS		
Fixed assets		
Loan issue expenses	2,157	–
Other equipment	28	1
Financial assets		
Affiliated companies		
Investments in affiliates	1,137,750	1,034,250
Loans issued to affiliated companies	–	–
Total fixed assets	1,139,935	1,034,251
Current assets		
Amounts receivable within one year		
Other receivables	36,971	60,067
Cash and cash equivalents	19,296	53,932
Accruals and deferred income	66	38
Total current assets	56,333	114,037
Total assets	1,196,268	1,148,288
EQUITY AND LIABILITIES		
Equity		
Capital		
Share capital – issued	657,457	657,457
Share premium	92,902	92,902
Reserves		
Legal reserves	20,775	19,842
Reserve for treasury shares	562	562
Accumulated profits	393,992	376,267
Total equity	1,165,688	1,147,030
Current liabilities		
Amounts payable within one year		
Financial debt	6,535	–
Trade payables	500	510
Other current liabilities	23,443	682
Taxes	102	66
Accrued charges and deferred income	–	–
Total current liabilities	30,580	1,258
Total equity and liabilities	1,196,268	1,148,288

10. RISK FACTORS

An investment in shares involves risks and uncertainties. Prior to making a decision to invest in 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.

X-FAB's largest customer, Melexis, accounted for 44% of the Group's revenue in 2024, while the Group's top three customers accounted for 52% of revenue and its top five customers accounted for 60% 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. 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 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 to predict demand accurately. 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. Furthermore, small changes in sales at the OEMs may trigger inventory corrections throughout the supply chain. As it can take about ten months from placing an order at X-FAB to assembling the final product at the OEM, a small variation in sales combined with a negative or positive market segment growth could cause overreactions in the supply chain that amplify the effects on X-FAB's operations, since X-FAB is at the end of the supply chain.

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. This depends on the timely availability of equipment as well as the ability to install and qualify such new equipment on a timely basis. 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. 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 specialty technologies 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 specialty technologies. 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.

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 may face price increases from its suppliers.

X-FAB manufactures analog/mixed-signal ICs, utilizing proprietary process technologies and third-party silicon wafers and other raw materials. Changes in the availability or prices of such wafers, raw materials, electricity, spare parts, etc. can have an effect on the operating margin if the additional costs cannot be included in the prices for X-FAB's own customers.

In 2024, raw wafer costs accounted for 14% of total cost of sales. For most raw wafer types, X-FAB uses more than one supplier to secure availability of required volumes but also to remain flexible. However, having several suppliers per wafer type also means a greater effort to acquire the necessary qualifications for these suppliers.

X-FAB may be subject to penalties if it fails to meet the terms of long-term contracts with customers and suppliers.

X-FAB has concluded long-term agreements with a number of customers and suppliers. Long-term contracts with customers include take-or-pay arrangements which specify agreed wafer quantities and prices for a customer's business with X-FAB over a period of three years. Such arrangements provide X-FAB with a better overview of its future business levels. However, should X-FAB be unable to deliver the agreed quantities of wafers on time, it will be subject to penalty payments. In a similar manner, long-term procurement contracts with suppliers include take-or-pay arrangements and X-FAB may be subject to penalties if it does not purchase the agreed quantities from suppliers under such contracts.

X-FAB's operations could be disrupted by an unreliable or insufficient power supply.

Reliable power supply is essential to maintain a wafer fabrication facility. Unscheduled interruptions can cause significant damage to work in progress (WIP) and equipment. In addition, in times of increased geopolitical tensions and global competition for scarce resources, the energy supply in some regions may become inadequate.

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

X-FAB records its financial results in U.S. dollars but receives revenues and incurs costs in a variety of currencies, including euros and Malaysian ringgit. Changes in the exchange rate of the U.S. dollar to the euro or Malaysian ringgit could result in translational losses in a given year, as compared to prior operating periods, or in a mismatch between local currency expenses and U.S. dollar revenues. X-FAB strives for a natural hedging of the business, which would make X-FAB's profitability development largely independent from exchange rate fluctuations; however, this may not be effective in preventing exchange rate losses.

Price, credit, liquidity, and cash flow risks and risks associated with the use of financial instruments are described in note 10 to the X-FAB consolidated financial statements in chapter 5.

X-FAB is subject to risks associated with any form of cyber criminality.

X-FAB's operations may be disrupted due to the unauthorized use or theft of critical data as well as sabotage, viruses, or any other malicious activity targeted at the Company's IT infrastructure. This could have an impact on the confidentiality, integrity, and availability of data and/or IT systems of the Company. X-FAB has taken measures to make the Company's IT infrastructure robust and secure and has implemented state-of-the-art security and control frameworks and technology. Any significant interruption or failure of X-FAB's IT systems or any significant breach of security could have an adverse effect on the Company's business, operational results, financial condition, and cash flows.

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's business may temporarily be negatively impacted due to disruptions in the supply chain or market demand caused by a pandemic or epidemic.
- 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.
- X-FAB's business could be adversely affected by changes in export control regulations, trade restrictions, and economic sanctions.
- 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's operations may be impacted by disruptions both at its own or its suppliers' operations caused by severe weather conditions whose occurrence is increasing due to climate change.
- X-FAB could incur material costs to comply with regulation, including environmental and health and safety laws, especially as a result of climate change. Changes in such regulations could require significant changes in the production process or could even require purchasing additional equipment.
- 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.
- Low or negligible employee motivation as well as the occurrence of accidents due to human failure may negatively impact X-FAB's business.
- Cultural differences may lead to misalignment among X-FAB sites, negatively impacting X-FAB's business.
- X-FAB may be subject to penalty payments if labor rights or environmental provisions are being violated.
- X-FAB's public image may be adversely affected based on the impact of its business on the environment.

Risks related to 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 shares.
- Any sale, purchase, or exchange of shares may become subject to financial transaction tax.
- Certain provisions of the Belgian Companies and Associations 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, unless legally required. 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.

11. GLOSSARY

AEC	Automotive Electronics Council
AI	Artificial intelligence
AIM	Automotive, industrial, medical
AlN	Aluminium nitride
Analog M/S	Analog mixed-signal
ASIC	Application-specific integrated circuit
BCCA	Belgian Code on Companies and Associations
BCD	Bipolar-CMOS-DMOS
Belgian Companies Code	The Belgian Act of May 7, 1999 containing the Companies Code as amended from time to time
Belgian GAAP	Belgian generally accepted accounting principles, which refers to the financial reporting framework applicable in Belgium
BMS	Battery management system
CAGR	Compound annual growth rate
CCC	Consumer, communications, computer
CDA	Clean dry air
CMOS	Complementary metal-oxide-semiconductor
Company	X-FAB Silicon Foundries SE
DBO	Defined benefit obligation
DNA	Deoxyribonucleic acid
DTI	Deep trench isolation
EBIT	Earnings before net finance cost and income taxes, which is equivalent to operating profit, as presented in the historical financial information
EBITDA	Earnings before net finance cost, income taxes, depreciation, and amortization.
ECL	Expected credit loss
EFRAG	European Financial Reporting Advisory Group
EHS	Environmental, Health and Safety
ERP	Enterprise resource planning
ESEF	European Single Electronic Format
ESG	Environmental, social, governance
EU	The European Union
EUR, euros, or €	The common currency of the EU member states that are part of the Eurozone

Fab	Wafer fabrication facility
FSMA	The Belgian Financial Services and Market Authority
FTE	Full-time equivalent
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
GDP	Gross domestic product
GHG	Greenhouse gases
GRI	Global Reporting Initiative
GVG	X-FAB Dresden Grundstücks-Vermietungsgesellschaft mbH & Co. KG
GWh	Gigawatt hours
IAASB	International Auditing and Assurance Standards Board
IATF	International Automotive Task Force
IC	Integrated circuit
ICC	International Chamber of Commerce
IDM	Integrated device manufacturer
IFRS	International Financial Reporting Standards as adopted by the European Union
IoT	Internet of things
IP	Intellectual property
IPCEI	Important Projects of Common European Interest
ISAs	International Standards on Auditing
KW	Kilowatt
LiDAR	Light imaging, detection, and ranging
LTA	Long-term agreement
MEMS	Micro-electro-mechanical systems
MES	Manufacturing execution system
MFI	X-FAB MEMS Foundry Itzehoe GmbH
M-MOS	M-MOS Semiconductor Sdn. Bhd.
MW	Megawatt
NRE	Non-recurring engineering
NVM	Non-volatile memory
OCI	Other comprehensive income
OECD	Organization for Economic Cooperation and Development
OEM	Original equipment manufacturer
PCM	Process control monitoring

REACH	Registration, Evaluation, Authorization, and Restriction of Chemicals
PFC	Perfluorinated carbons
RoHS	Restriction of the use of certain hazardous substances
SCAR	Supplier corrective action request
SDG	UN Sustainability Development Goals
SE Regulation	Council Regulation (EC) No 2157/2001 of October 8, 2001 on the Statute for a European company (SE)
SiC	Silicon carbide
SOI	Silicon-on-insulator
STEM	Science, technology, engineering and mathematics
UPW	Ultra pure water
VDA	German Association of the Automotive Industry
WSPM	Wafer starts per month
X-FAB SE, or the Company	X-FAB Silicon Foundries SE
X-FAB SE Group, or the Group	X-FAB Silicon Foundries SE together with its subsidiaries
X-FAB GmbH	X-FAB Semiconductor Foundries GmbH
X-FAB Dresden	X-FAB Dresden GmbH & Co. KG and X-FAB Dresden Verwaltungs-GmbH
X-FAB France	X-FAB France SAS
X-FAB Texas	X-FAB Texas Inc.
X-FAB Sarawak	X-FAB Sarawak Sdn. Bhd.
X-FAB Japan	X-FAB Japan K.K.
XMF	X-FAB MEMS Foundry GmbH
ZVEI	Electrical Industry Association, Germany



xfab

X-FAB Silicon Foundries SE

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