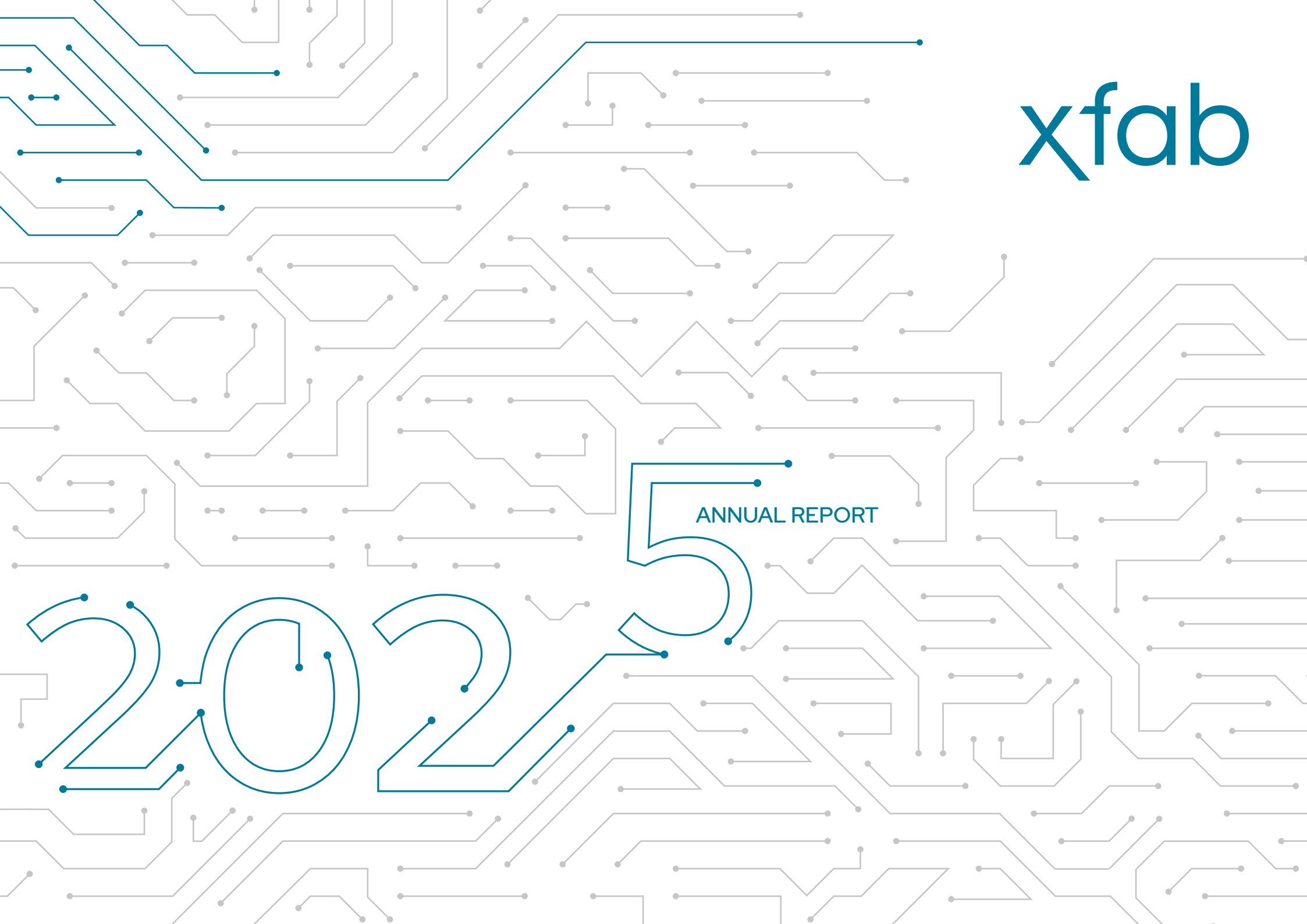


The background of the entire page is a complex, light gray circuit board pattern. It consists of numerous thin, interconnected lines forming a dense network of paths, with small circular nodes at various points where the lines intersect or terminate. The pattern is more concentrated in the upper left and lower right areas, with more open space in the center.

xfab

ANNUAL REPORT

2025

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Note:

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,



On behalf of the Board of Directors of X-FAB Silicon Foundries, I am pleased to present to you the annual report for the year ended December 31, 2025. It has been prepared in compliance with articles 3:6 and 3:32 of the Belgian Code on Companies and Associations (BCCA).

Committed to the success of X-FAB

This marks my first letter to you as CEO of X-FAB. On February 6, 2026, I had the honor of succeeding Rudi De Winter. Over the past 15 years, Rudi guided X-FAB to become a well-recognized European pure-play foundry player and a reference for specialty technologies for the analog world. His commitment to X-FAB has been boundless, and I am grateful to Rudi and the Board of Directors for entrusting me with this crucial position for X-FAB and for our stakeholders. X-FAB is a great company with strong values, unique capabilities, and a clear vision to be the foundry of choice for the analog world. I will build on these strong fundamentals and continue our journey with the goal of providing viable semiconductor solutions to make the world a better place and developing and sustaining a profitable business that supports the success of all our stakeholders.

My priorities are:

Continued specialization of our technologies: X-FAB is a specialty foundry with a breadth of technologies and a level of specialization that is outstanding, and we will continue expanding this strength. In addition to our proprietary CMOS & SOI platform technologies, we are committed to advancing the development of customized solutions together with customers. This co-creation leverages the expertise we have built in microsystems, photonics, and wide bandgap power technologies, driving demand and value creation by X-FAB.

Business and customer diversification: The further diversification of our business and customer base will increase X-FAB's resilience and lessen dependencies. For this, we will exploit the synergies between applications and markets we already serve and those we aim to expand into. Sensor products we deliver for automotive applications, for example, will also continue to be required for the Internet of Things (IoT) to feed AI systems, and the emerging trend of humanoid robots. Another example is power applications used for electric mobility or renewable energy systems that are essential for data centers as well. Beyond that, our technologies remain aligned with significant global trends, such as the electrification of everything and more efficient healthcare for aging populations. This serves as a solid foundation for our business, supporting sustained long-term demand.

Discipline and rigor in everything we do: X-FAB enables applications that are critical for road safety and that help save lives, demanding an unnegotiable level of quality and reliability. This remains a key focus to strengthen long-lasting partnerships with both new and established customers.

Our business in 2025

2025 was another year marked by a dynamically evolving environment, which presented both opportunities and challenges for our business.

The rise of AI with the increasing deployment of data centers and the ongoing transition to renewable energy has driven the need for efficient power conversion, which fueled the recovery of our silicon carbide business and opened new opportunities in gallium nitride, contributing to industrial revenue. Along with the general recovery of the industrial end market, we recorded a strong year-on-year growth of 19% in 2025.

Our expertise in sensing and microsystems continued to attract significant interest. The need for advanced medical applications aimed at improving the efficiency and effectiveness of healthcare for aging populations has enabled a significant 26% increase in our medical business.

The automotive sector remained challenging in 2025. Continued geopolitical tensions with unclear outcomes and uncertainty regarding the shift to fully electric vehicles led many consumers to postpone the purchase of a new car. In addition, we have seen prolonged destocking cycles at some of our automotive customers, so that revenue in our largest end market grew only at a modest 1%.

Overall, we recorded revenues of USD 870.3 million in 2025, which represents an increase of 7% year-on-year with an EBITDA margin of 22.6%.

Despite the challenges and uncertainties, we saw some very positive developments in 2025. In CMOS, we doubled wafer deliveries of our popular 180nm BCD-on-SOI technology and recorded important design wins for our next-generation 110nm CMOS process.

Our microsystems business crossed the revenue threshold of USD 100 million for the first time, and we booked major design wins across our strategic end markets, including an application for photon-counting computed tomography (PCCT) in medical, a new generation of an acceleration MEMS sensor element in automotive, and a high-resolution inkjet print head in industrial. Prototyping revenue generated from our photonics projects increased at an accelerated pace and represented 8% of the total annual prototyping revenue in 2025. Our wide bandgap activities progressed well with gradually increasing silicon carbide wafer starts, reaching a new record in the fourth quarter of 2025, and new design wins for our gallium nitride technology.

We are ready for what's next

In 2025, we achieved important milestones that perfectly position X-FAB for the future.

First, we successfully completed our three-year capacity expansion program and launched production at our new cleanroom in Malaysia. With this, we have the capacity in place needed to support the Group's and our customers' future growth.

We also secured funding under the EU Chips Act for the ongoing transition of our Erfurt, Germany, site to become the microsystems hub of X-FAB group. Our advanced microsystems expertise – including capabilities like wafer-level packaging, heterogeneous integration, and 3D stacking – enables the development of compact, streamlined, high-performance systems that drive innovation across all end markets. The opportunities presented by these technologies, along with the interest they keep generating, hold significant potential for future business growth.

Finally, our organization must help us reach our goals. Strengthening the connection between our technologies and customer expectations in key end markets is essential for advancing our business. In 2025, we implemented a larger organizational change by streamlining both technology and business development for our strategic technologies into three business units: Smart CMOS & SOI, Microsystems & Photonics, and Wide Bandgap. This will accelerate and support the goal of diversifying X-FAB's business and customer base.

I am confident that X-FAB is ready for what's next. We have defined clear objectives and priorities, and we have set key initiatives in motion to fully exploit X-FAB's strong expertise and capabilities, with the ultimate goal of creating sustainable value for all our stakeholders.

Thank you for your continued trust in X-FAB. I look forward to guiding our Group to future success with you, in 2026 and beyond.

After the close of 2025, there were no major events that would require disclosure.

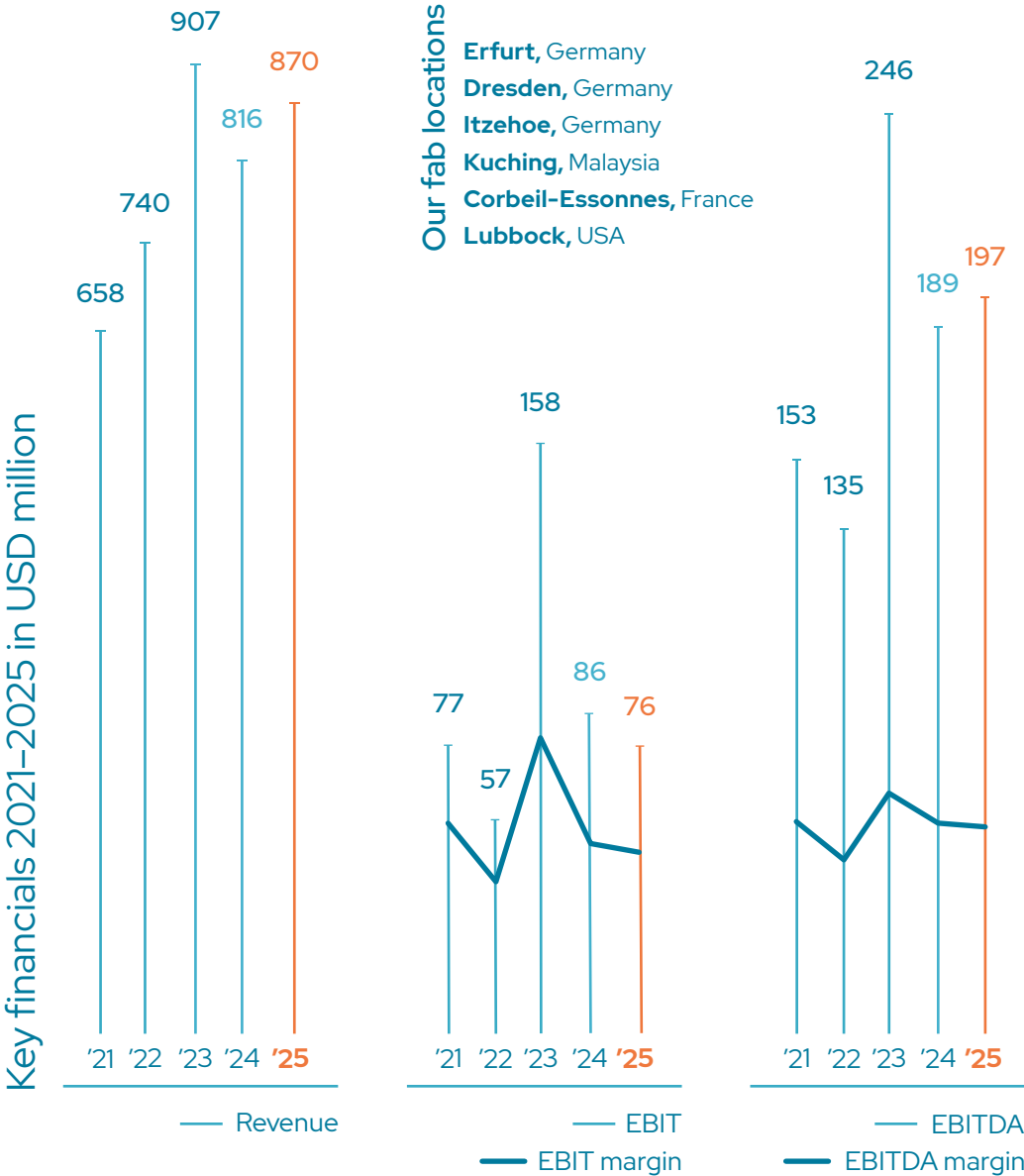
Best regards,

Damien Macq

CEO

X-FAB at a glance

Specialty foundry for power, sensing, and microsystems technologies, strategically focused on automotive, industrial, and medical markets



Best-in-class support

Serving **>400** customers worldwide

Approximately **4,300** employees representing 45 nationalities

6 manufacturing facilities in US, Europe and Asia

Smart **CMOS & SOI**

Listed on Euronext Paris since April 6 **2017**

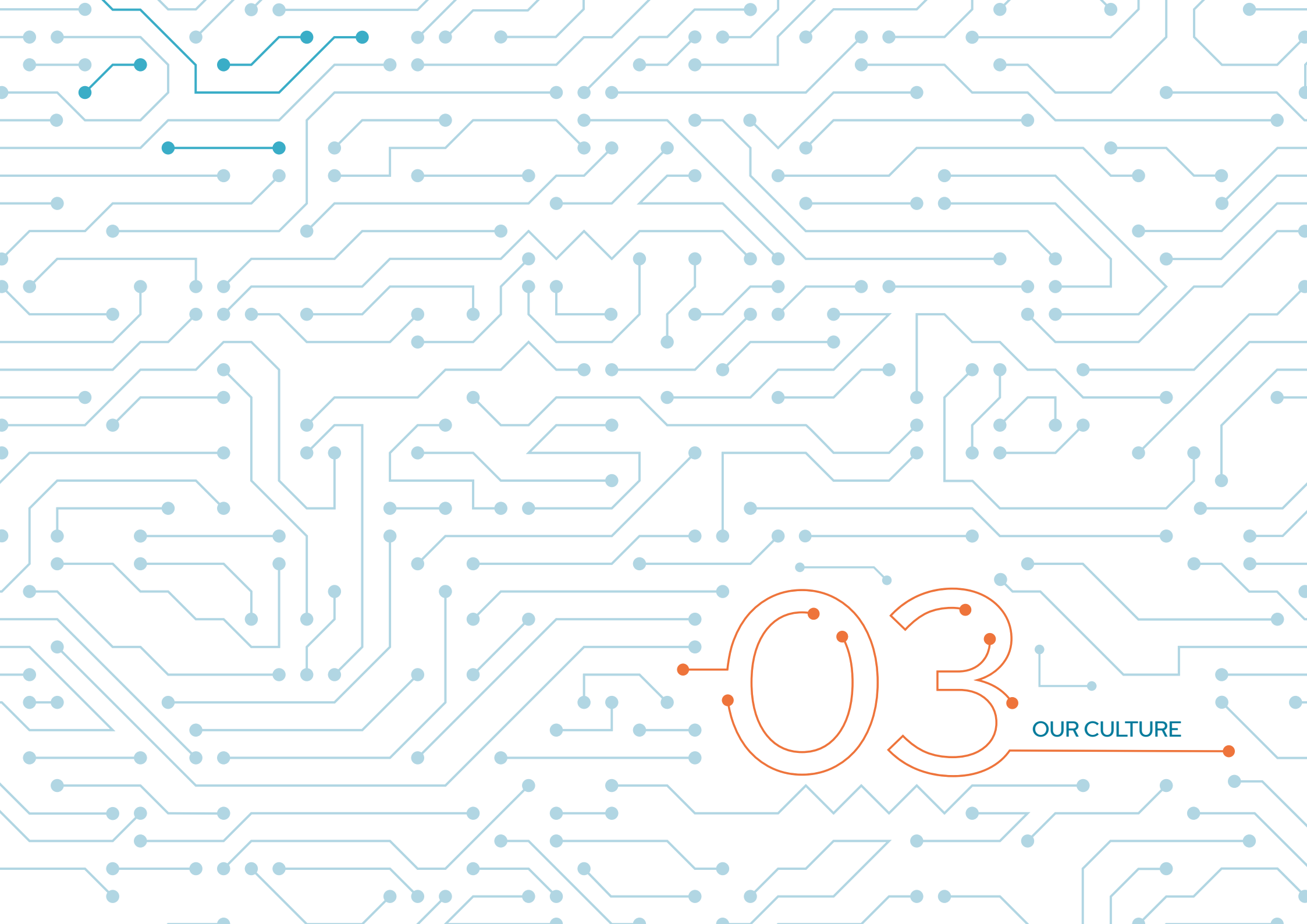
MICROSYSTEMS & PHOTONICS

SiC & GaN WIDE BANDGAP

Robust technologies suited for harsh environments

Proven automotive quality system

Extended lifecycle technologies (>15 years)



03

OUR CULTURE

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.

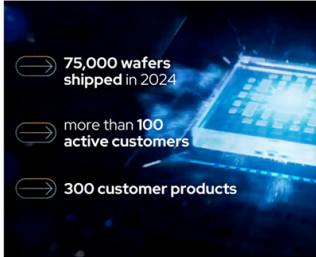
OUR VALUES

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.



Social media highlights 2025

X-FAB



75,000 wafers shipped in 2024
more than 100 active customers
300 customer products

X-FAB has been at the forefront of BCD-on-SOI foundry solutions for over two decades, advancing from 1 µm to 180 nm node with voltages up to 625 V.

[SHOW MORE ...](#)

1 yr. ago

X-FAB



In December last year, X-FAB was honored with the prestigious 2024 Onderneming van het Jaar® (Entrepreneur of the Year®) award. The award was presented to our CEO, Rudi De Winter, by His Majesty King Filip during the 30th edition of this esteemed event.

[SHOW MORE ...](#)

6 mo. ago

xfabulous_foundry



Together for a clean Erfurt – 2nd Erfurt Spring Clean-Up! 🌱

We are proud to have participated in the 2nd Erfurt Spring Clean-Up and to have contributed to a cleaner city!

[SHOW MORE ...](#)

11 mo. ago

X-FAB



[Press Release] X-FAB Opens New Cleanroom at its Malaysian Site

Today, we celebrated the grand opening of our new state-of-the-art manufacturing line at X-FAB

[SHOW MORE ...](#)

6 mo. ago

X-FAB

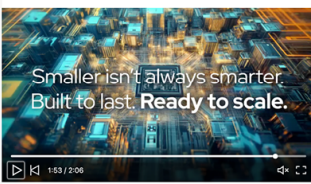


At X-FAB, we don't just talk about diversity—we live it! It's who we are, and we're proud to be different. 🌍

[SHOW MORE ...](#)

10 mo. ago

X-FAB



Smaller isn't always smarter. Built to last. Ready to scale.

The paper clip holds things together. The gear keeps things moving. The typewriter keyboard still writes the future – after more than 150 years.

[SHOW MORE ...](#)

5 mo. ago

X-FAB



X-FAB Sarawak wins Export Excellence Award in Malaysia 🏆

Congratulations to our team in Kuching for winning the silver award in the Machinery, Electrical and Electronics (Mid-Tier and Large rt Excellence Awards (EEA)) 🎉

[SHOW MORE ...](#)

9 mo. ago

X-FAB



We're announcing a new chapter at X-FAB: Our CEO, Rudi De Winter, will be stepping down on February 6, 2026, after many years of inspiring leadership. We're grateful for Rudi's invaluable contributions and delighted to share that our current COO, Damien Macq, will become our new CEO starting the same day.

[SHOW MORE ...](#)

4 mo. ago

X-FAB



A world without chips? Unimaginable – just like a company run without our amazing X-FAB team! Once again this year, our X-FABulous colleagues took part in local running events in Erfurt, Dresden, and Itzehoe – showcasing energy, team spirit, and a lot of fun along the way! 🏃🏻‍♂️🔥

[SHOW MORE ...](#)

8 mo. ago

X-FAB



United for a Cause: Breast Cancer Awareness at X-FAB France 🧡

On Sunday, October 12th, 40 of our incredible colleagues came together for a walk/run event to raise awareness and funds for breast

[SHOW MORE ...](#)

3 mo. ago

X-FAB



A Day Filled with Joy, Laughter, and Giving Back 🌟

On June 27th, 20 dedicated colleagues from X-FAB Texas spent the day giving back to the

[SHOW MORE ...](#)

7 mo. ago

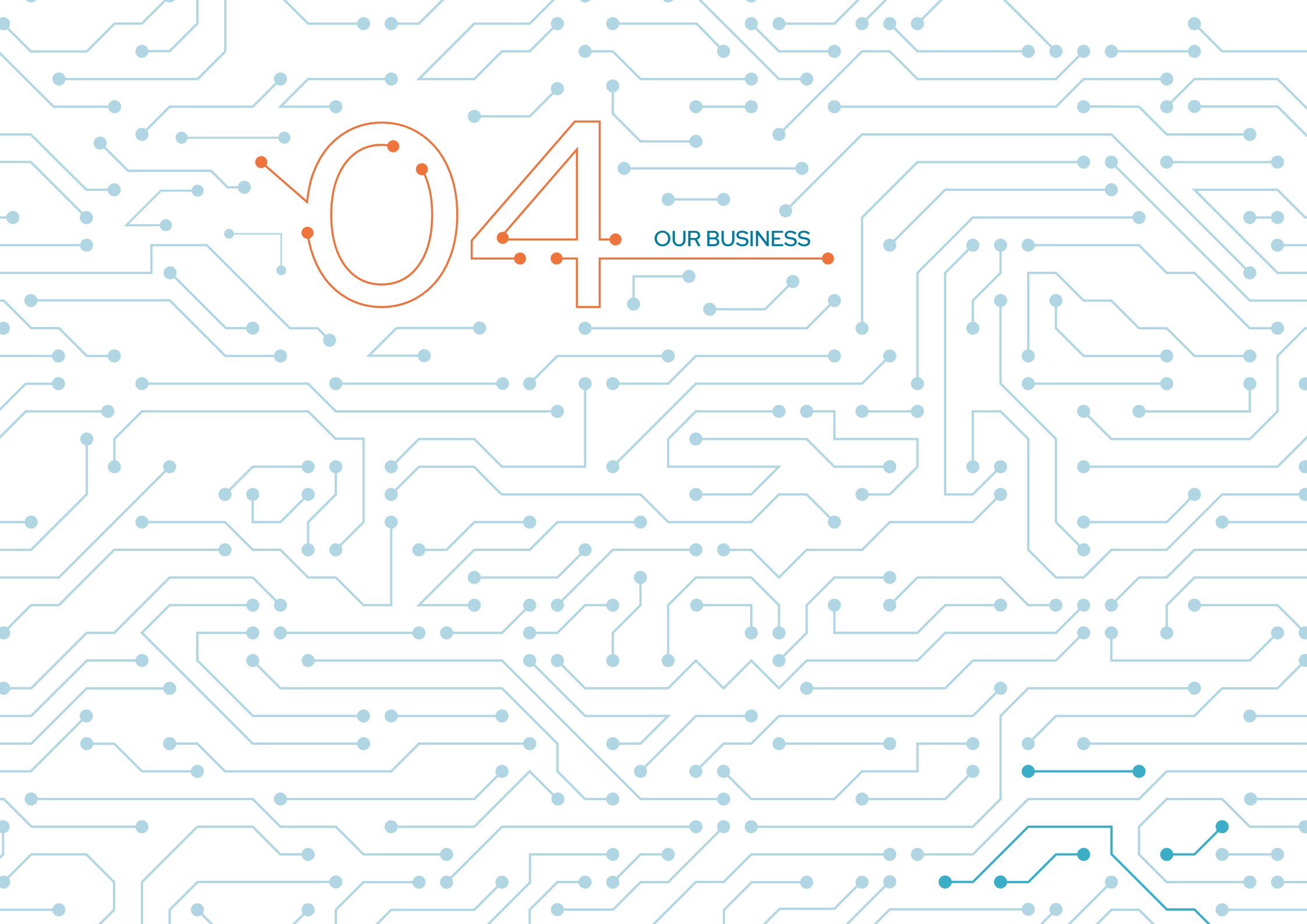
X-FAB



What the hack! - Challenges, collaboration, solutions 🚀 Our 4th Hackathon wrapped up! 🎉

[SHOW MORE ...](#)

2 mo. ago



40 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, microsystems, photonics, and wide bandgap technologies, 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, photonics, and wide bandgap (SiC and GaN) 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.

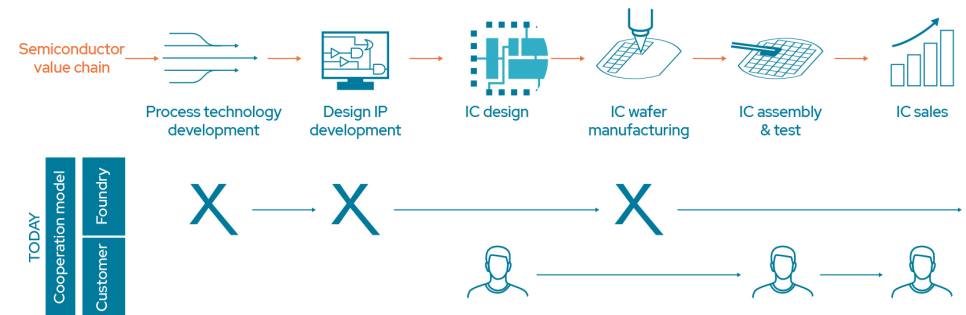


Fig. 4.1: Value chains for foundries, fabless companies, and IDMs

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, extended process longevity, 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 (SiC) and gallium nitride (GaN), photonics processes for photonics integrated circuits (PIC) as well as micro-electro-mechanical systems (MEMS) and microsystems. 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.

Smart 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 a wide range of temperatures, from -40°C to 175°C. In 2025, revenues based on X-FAB's CMOS technologies amounted to USD 732.7 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 manufactures microchips and other semiconductor devices that handle signals from the real world – such as sound, light, pressure, motion, and temperature. These devices prepare analog sensory inputs for digital processing or convert digital data back into analog signals.

Mixed-signal integrated circuits (also called “analog/mixed-signal ICs”) combine both digital and analog components on a single chip. As more and more electronic products interact directly with the physical world, the demand for these mixed-signal ICs continues to rise. They are becoming an increasingly essential part of modern electronic systems across the automotive, industrial, and medical sectors.

X-FAB's open platform technology portfolio (see Figure 4.2) spans geometries from 1.0µm down to 110nm. 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 continuously enhanced with new modules and improved features, expanding their application range and boosting performance while keeping the underlying platform unchanged.



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 (EVs), in battery management systems, or close to the inverters used in electric vehicles.

Smart CMOS & SOI technology highlights in 2025

- The 110nm BCD-on-SOI technology has undergone a comprehensive expansion. Additional high-voltage transistors in the voltage range of 40V–95V have been introduced, enabling powerful solutions in the field of ultrasonic detection, for example. Compared to the corresponding 180nm BCD-on-SOI technology, the on-resistance has been significantly reduced, enabling smaller and more efficient circuit designs. Based on this platform expansion, X-FAB customers can take advantage of new opportunities to design cost-optimized and robust ICs for automotive, industrial, and medical applications.
- Within this 110nm BCD-on-SOI technology, the release of several volatile and non-volatile memory solutions expand the options for more complex microprocessor-based applications. A novel flash/EEPROM memory achieved readiness for prototype production. Based on proven and robust SONOS technology, this is X-FAB's first megabit flash memory, achieving very high reliability across the entire automotive temperature range from -40°C to 175°C, while the combination with a 12kb EEPROM enables space-efficient product design.

In addition, X-FAB offers energy-efficient and reliable RAM and ROM solutions designed for low power consumption. These memory options support flexible configuration, allowing users to tailor memory characteristics to specific application needs through the use of a compiler. X-FAB's one-time programmable memory is ideal for configuring systems that incorporate numerous analog circuit components. This type of memory also supports the implementation of smaller software functions, making it versatile for a range of microprocessor-based designs. The Company's proven floating gate memory concept underpins its non-volatile memory solutions. These memories are engineered to deliver

exceptional reliability, even in demanding environments. With the added flexibility provided by compiler availability, these memory products can be optimally adapted to meet specific product requirements.

- The 180nm technology platform for optical sensors has been expanded to include new process options. In combination with a new wafer material, the readout of photodiode pixels can be accelerated and greater light sensitivity in the infrared range can be achieved. These process enhancements open up new applications in the industrial and medical sectors.

Business development highlights in 2025

- The 110nm BCD-on-SOI process is enjoying increasing popularity among customers. In addition to the success of this technology for embedded motor drivers utilized in a wide range of applications in automotive, robotics, and more recently in data centers, more and more customers in the medical sector are also leveraging this process's capabilities. Thanks to its unique properties, the process enables chip size reduction and the provision of additional functions. In 2025, customers developed prototypes for applications where miniaturization is crucial, such as leadless pacemakers or ultrasound applications where a high density of high-voltage circuit elements leads to higher image resolution. In contrast to X-FAB's 180nm BCD-on-SOI process where the capabilities to operate voltage ranges of 0V to 200V or -100V to +100V, respectively, enable handheld ultrasound probe heads, the 110nm BCD-on-SOI process is suitable for imaging applications such as smart catheters used inside the human body or attached to it, like smart patches.
- Investments at the Kuching site have enabled the development of a new-generation CMOS platform with a structure width of 110nm. Early customer engagement from two established automotive suppliers and their commitment to key products not only ensured that the platform specifications were precisely tailored, but continues the success that X-FAB has achieved with the manufacture of embedded motor drivers. The electric motors controlled by these chips are used in a wide range of applications, such as fans, pumps, and positioning systems. The involvement of key customers in the development of the 110nm CMOS technology secures business in this sector for the next ten years.
- X-FAB's leadership in 180nm BCD-on-SOI technology is demonstrated by the steady number of customer projects utilizing this process. In 2025, not only did existing customers launch further projects, but new customers also increasingly selected this technology for their developments. European and Asian suppliers of components for and manufacturers of ultrasound devices have launched development projects. The ongoing battery development for fully electric and hybrid vehicles is creating a demand for new chips for battery management.
- In addition, 180nm sensor technology is increasingly being used in advanced image processing systems. These include trilinear camera systems in which the image sensor has three closely spaced rows of pixels, one for each of the three primary colors (red,

green, and blue). Trilinear cameras are very well suited for inspecting roll-based products such as film or paper, or for checking colored printed products. Prototypes for image sensors that use time delay integration make a significant contribution to sales as well. Time delay integration (TDI) is a forward motion compensation technique for capturing images of moving objects in low light conditions, e.g. in aerospace applications.

- X-FAB's 350nm process family has gained new traction with an increase in prototyping revenues in 2025. While best suited for analog applications, this technology offers an excellent price-performance ratio for customers with small and medium product volumes. Demand is primarily driven by the industrial end market with applications that use the optical sensors of the 350nm processes. Due to the standard supply voltage of 5V commonly used in industrial electronics, and given that X-FAB's 350nm processes are engineered for compatibility with this voltage level, these processes are frequently selected over X-FAB's 180nm sensor technologies.

Microsystems: Bridging the physical and the microelectronic worlds

In 2025, X-FAB continued its focus on the development of integrated microsystems solutions. Technological capabilities span MEMS, 3D stacking, heterogeneous integration, and Through-Silicon-Via (TSV) technology enabling the development of advanced System-on-Chip designs for smaller, higher-performant, more efficient and more reliable devices at lower system cost. Microsystems revenue in 2025 came in at USD 100.7 million, up 11% compared to the previous year.

Overview of key microsystems capabilities:

MEMS	Micro-electro-mechanical systems with focus on inertial and pressure sensors as well as specialized transducers
3D stacking	Technology for the vertical integration of multiple device layers or wafers to improve performance, size, or functionality
Heterogeneous integration	Combination of different technologies and materials into one integrated system
Through-Silicon-Via technology (TSV)	Technology to connect stacked layers electrically, used for 3D integration

X-FAB's key microsystems technologies are all built on a common, scalable manufacturing infrastructure, allowing the co-optimization of devices, interconnects, and packaging at wafer level, while preserving the efficiency and synergies of a high-volume foundry model. Through tight co-creation with customers, suppliers, and research partners, these capabilities translate into tailored solutions across automotive, industrial, and medical use cases that can be produced at scale.

X-FAB's TSV technology allows compact 3D integration of sensors and other components, which is especially valuable in medical imaging, X-ray and IR sensing, bio-sensing, and other advanced applications. It enables flexible design, better performance, and new integration options. X-FAB collaborates with major OEMs and system integrators, deploying TSVs on wafers from its own CMOS production as well as on wafers from other foundries.

In 2025, X-FAB initiated the setup of a new production line for large-scale manufacturing of piezoelectric components. This new piezo-MEMS line utilizes aluminum nitride, which – unlike conventional thin-film piezo-materials – makes it compatible with CMOS wafer manufacturing. This enables the monolithic integration with integrated circuits for attractive device performance while being lead-free, which contributes to X-FAB's sustainability targets. In close cooperation with a major OEM, X-FAB keeps advancing its piezo-actuator technology and plans to introduce it for various applications, particularly in the medical and industrial sectors.

X-FAB is currently transitioning its Erfurt Germany site from CMOS wafer manufacturing to become the Company's hub for microsystems solutions. This multi-year program supported by funding in the scope of the EU Chips Act will further expand capabilities, improve economy of scale, and enhance design flexibility. In 2025, X-FAB initiated the transfer of its MEMS platforms manufactured on 6-inch wafers to the next generation of acceleration and pressure sensor technologies on 200 mm wafers.

Key microsystems products in 2025 included a medical-grade contactless thermometer for wearable and mobile devices. It uses X-FAB's far-infrared (FIR) sensor that offers high precision, low power consumption, and a compact design. Additionally, X-FAB's 3D integration technology was applied to the next generation of automotive headlights, utilizing wafer-level stacking and advanced interconnections to enhance optical performance and system reliability, while also reducing assembly complexity.

Backed by its expertise in pressure and inertial sensors, X-FAB has achieved a breakthrough in collaboration with Chinese-headquartered customers. In order to strengthen the position in this rapidly evolving ecosystem, X-FAB is fostering local collaboration and aligning platform roadmaps with the requirements of regional OEMs and tier-one suppliers.

In 2025, X-FAB continued to make significant progress in its silicon photonics activities. Photonic ICs that combine the strengths of silicon technology with advanced photonics are fully compatible with CMOS technology, facilitate ultra-fast data transmission, and support the development of compact, highly efficient devices. The co-optimization of technology, design, and system-level integration leverages X-FAB's expertise in heterogeneous integration, significantly increasing the value creation by X-FAB. Three silicon photonics projects with key partners were in development in 2025, accounting for 8% of total prototyping revenue. Among others, X-FAB and its strategic partner, Switzerland-based Ligentec, specialize in integrating high-performance materials, such as lithium niobate or silicon germanium, with silicon photonics to support applications

in data communication, telecommunications, medical technology, and quantum computing.

X-FAB is also actively engaged in the EU-funded photonixFAB project aimed at developing and strengthening the European market with a competitive industrial-grade and mass-production scalable photonics platform. All these activities broaden the capabilities of Europe's established photonics supply chain and further strengthen European sovereignty in critical technologies.technology.

X-FAB is committed to leveraging the full potential of innovation in collaboration with research and technology organizations (RTOs) across Europe and globally. By combining R&D and manufacturing resources, X-FAB aims to accelerate the path from concept to industrialization. A notable example is the strategic cooperation agreement between X-FAB and the Fraunhofer Institute for Electronic Nano Systems (ENAS), with the goal of expediting innovation in microtechnology and bringing it to market. This model enhances X-FAB's capacity to swiftly validate technologies, minimize risks during scaling, and align platforms with actual application requirements.

Wide bandgap technologies: Key enablers to the electrification of everything

X-FAB has established itself as a leading provider in the field of wide bandgap (WBG) semiconductors. After being the first pure-play foundry to introduce silicon carbide technology, X-FAB has now expanded its semiconductor foundry portfolio to include gallium nitride-on-silicon (GaN-on-Si) technology.

The addition of GaN to the existing SiC processes further differentiates X-FAB, empowering customers to select the most suitable WBG material for their specific requirements. This enhancement strengthens X-FAB's comprehensive WBG processing capabilities, enabling its customers to develop energy-efficient solutions for applications ranging from grid infrastructure to automotive battery and GPU systems.

In 2025, wide bandgap products made up 4% of total revenue, with most of this coming from X-FAB's SiC business. Meanwhile, X-FAB's GaN business remained focused on projects in development stage.

Both GaN and SiC offer unique benefits: SiC excels under higher temperatures and voltages, while GaN inherently supports higher frequency switching, making it an ideal choice for data server power supply units. As such, X-FAB views GaN and SiC as complementary technologies.

GaN-on-Si is a highly promising technology due to its ability to switch at high frequencies with low on-state resistance, allowing the fabrication of compact chips capable of handling high voltages efficiently. Both the lower on-resistance and the faster switching speed lead to reduced heat dissipation during operation, resulting in superior power conversion efficiency. This attribute is particularly vital for sectors such as electric vehicles, data centers, and consumer electronics.

In modern power conversion architectures, SiC typically manages the initial high-voltage stages from the grid, while subsequent stages will increasingly be handled by GaN. This transition offers significant advantages over traditional silicon-based solutions, including greater power density, lower currents with less copper wire required, enhanced efficiency, and smaller die size, which collectively contribute to reduced costs.

The SiC and GaN 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 WBG technologies, 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.

Solutions based on X-FAB's SiC technology are used in a wide range of market segments. In the automotive sector, they enable advanced EV traction inverters, on-board chargers, and DC-DC converters. The industrial sector relies on them for motor drives, industrial power conversion, factory automation, and high-efficiency systems. X-FAB's SiC technology also supports the growth of renewable energy and storage through optimized solutions for solar inverters, grid converters, and energy storage platforms. In addition, it is used in precise, reliability-critical medical applications and extends to broader markets such as servers, data centers, EV charging technology, aerospace, and defense. X-FAB's GaN-on-Si technology is primarily targeted at applications in power supply devices for data servers, underscoring the relevance of this technology for this sector. Other markets include the aerospace industries, where GaN materials offer improved radiation robustness compared to other high-power technologies.

Since introducing its silicon carbide foundry offering, X-FAB has been continuously working to support its customers in developing diode and transistor products on its broad technology platform. Through its XbloX platform, X-FAB offers easy access to a standardized yet flexible range of proven SiC process technologies that accelerate the development of advanced power devices. From rapid prototyping to volume production, the modular and fully scalable XbloX platform helps SiC device developers accelerate technical evaluations and technology introductions, enabling start to full production up to nine months faster than with traditional methods.

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. X-FAB participated in a total of eight publicly funded research and development projects at state, federal, and EU level, two of which were completed in 2025. 18 new patent applications were filed and 18 patents were granted in 2025, contributing to an overall patent portfolio of 452 patents and patent applications.

Investments in additional capacity, capabilities, and productivity improvements

X-FAB has made significant investments in expanding its production capacity and capabilities to meet customer demand. Production capacity has been expanded at the 200 mm CMOS sites in Kuching, Corbeil-Essonnes, and Dresden, as well as at the SiC foundry in Lubbock, while investments in microsystems technologies have been made at the Erfurt and Itzehoe sites in addition to capacity expansion.

In September 2025, X-FAB inaugurated a new state-of-the-art manufacturing line at its Sarawak facility in Malaysia, adding 6,000 square meters of clean room space that was completed in just two years from groundbreaking to initial production. This increased the site's monthly wafer start capacity from 30,000 to 40,000, with a particular highlight being the more than doubling of capacity for X-FAB's highly successful 180nm BCD-on-SOI technology.

A main driver for productivity improvement is automation, standardization, and digitization of processes. In 2025, 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 2026.

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 400 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.

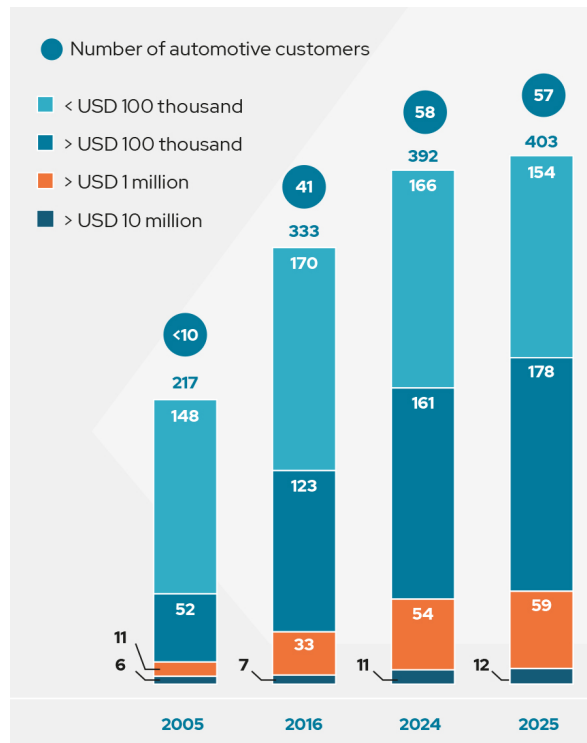


Fig. 4.3: X-FAB's customer count by annual revenue

First-time-right success

As a specialty 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.

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 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 provides a number of design support tools and services to its customers as shown in Fig. 4.4.

Design support tools & resources

- Reference kits (tutorials) for basic design flows
- High-quality PDKs and add-ons for custom-specific features
- Libraries of ready-to-use circuit IP
- Specialized design software solutions
- Accurate simulation models

Engineer-to-engineer support

- Access to field application engineers
- Hotline support 24/7
- Design reviews by senior experts

Fig. 4.4: X-FAB's design support tools and services

X-FAB offers its specialized CMOS technologies (open-platform technologies) along with a strong design support, which 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 and supported in-house. Throughout the chip development process, customers gain direct access to X-FAB's process expertise through a network of field application engineers, along with 24/7 support via a hotline.

Microsystems devices are highly specific and require the development of customer-specific technologies. High-touch customer interactions are vital to manage all the challenges arising from concurrent technology and device development, which adds significant value and drives long-lasting customer engagements.

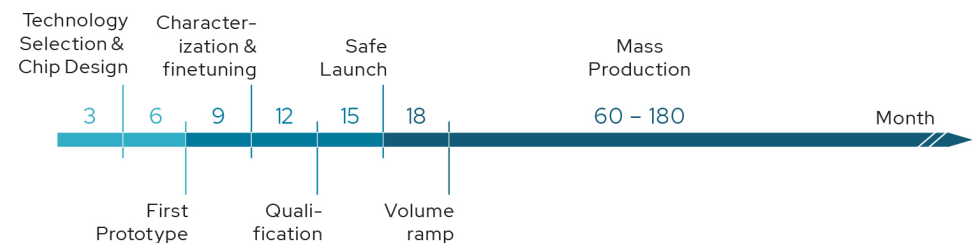


Fig. 4.5: Illustrative lifecycle for automotive: Analog/mixed-signal products are much more specialized for their applications and are used for many years

Due to the high degree of product customization, 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 products often results in smaller production volumes 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 most 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 outstanding 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.

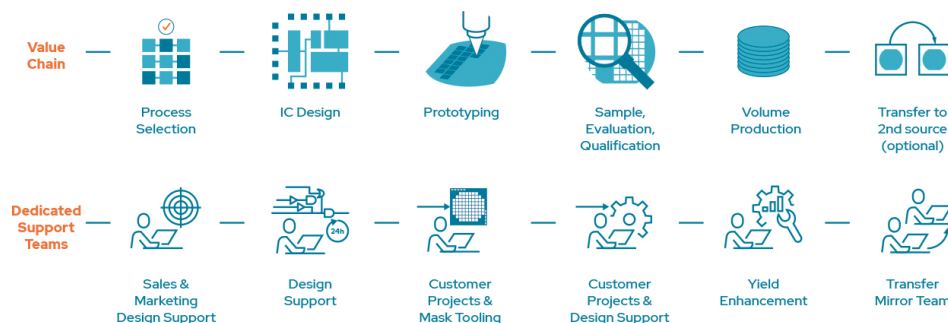


Fig. 4.6: X-FAB aims to differentiate its business through unique technologies combined with excellent technical support. A strong asset of X-FAB is its close collaboration with customers in every phase of an IC product lifetime. From a request for a quotation and the selection of the best suited process 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. 4.7: X-FAB's strategic markets and main application areas

X-FAB primarily serves the automotive, industrial, and medical end markets (AIM), which 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.

Business development in 2025 was characterized on the one hand by automotive customers' continued adjustments of inventory levels, and on the other hand by the recovery of the medical and industrial end markets. X-FAB's automotive business remained slightly above the previous year's level, with growth of 1% compared to the previous year. Business in the industrial end market grew by 19%, after this market experienced a sustained recovery as well as increased demand in SiC for data centers, electrified vehicles (EV and hybrid), and renewable energy applications. Revenue from medical applications increased by 26%, driven by rising demand for medical-grade contactless temperature sensors, chips for DNA sequencing, and ultrasound applications.

New prototyping activities and product launches in X-FAB's BCD-on-SOI processes for automotive and medical applications will contribute positively to X-FAB's business going forward. Industrial CMOS revenue confirms the upward trend that began in the fourth quarter of 2024 and the end of inventory adjustments in the industrial end market. Medical bookings continue to be above average, with strong growth coming from applications for personal medical devices, such as contactless temperature sensors, and medical imaging, particularly ultrasound devices.

X-FAB's technology portfolio with the emphasis on power, sensing, and microsystems technologies is strategically aligned with global priorities, including the electrification of everything with worldwide decarbonization initiatives and advancements in healthcare for aging populations. This alignment creates substantial opportunities within X-FAB's key end markets – automotive, industrial, and medical – driving sustainable growth in the long term.

Automotive electronics – We think automotive

The automotive industry places high demands on its suppliers: Reliability and quality are essential, and customers must be able to trust both the products and the companies behind them. These values are deeply embedded in X-FAB's DNA. At the same time, X-FAB actively supports its customers in turning innovative ideas into reality for the vehicles of tomorrow.

One of the most profound changes in the automotive industry is the transition to electric mobility. Despite a current slowdown in this trend, the share of electric and hybrid vehicles is set to increase continuously. The shift to electric mobility will continue to drive automotive semiconductor growth, since electric vehicles have more than double the semiconductor content of internal combustion engine (ICE) cars. At the same time, X-FAB continues to deliver into both ICE cars and all types of electric vehicles.

Today, approximately two thirds of all chips used in vehicles can be manufactured using X-FAB's technologies. The Company offers a broad portfolio of production processes that are particularly well suited for components interfacing with the physical world, including the sensing and processing of position, light, temperature, motion, and electrical current.

X-FAB-manufactured chips are used throughout the entire vehicle – from the interior cabin and the engine compartment to a wide range of driver-assistance systems. Typical applications include vehicle climate control systems (HVAC), electronically controlled systems that replace mechanical linkages (X-by-wire), interior lighting, hands-free communication, parking assistance, tire-pressure monitoring, and anti-lock braking systems.

Electrification also introduces new challenges in energy management. An electric vehicle battery consists of thousands of individual cells, each of which must be continuously monitored for parameters such as temperature, voltage, current, and state of charge. This task is handled by battery management systems (BMS), which often integrate multiple specialized semiconductor components. X-FAB's technologies are particularly well suited for these applications, as they can reliably operate under high voltages and elevated temperatures. In addition, advanced transistors produced at X-FAB's SiC foundry contribute to improved efficiency and extended driving range in electric vehicles with applications including on-board chargers, inverters for HVAC, and powertrain inverters.

At the same time, new driver-assistance systems – such as adaptive cruise control, lane-change assistance, and blind-spot detection – are significantly enhancing road safety and paving the way toward autonomous driving. Environmental considerations remain a

key focus as well, with hybrid vehicles expected to achieve greater efficiency and lower emissions.

Applications of piezoelectric materials

Piezoelectric actuators and sensors are used in many everyday devices and industries. They have the special ability to convert mechanical pressure into electrical energy (sensors) and vice versa (actuators). This lets them create motion or sound from electricity, or generate an electric signal from physical forces. Many **portable electronics** use tiny piezoelectric speakers to produce sound. The big benefit is that these piezo speakers can be very small and use very little power while still making surprisingly loud sound. In **medical ultrasound** machines, piezoelectric crystals are at the core of handheld probes used by doctors. When an electric pulse is applied, these crystals quickly vibrate and send out high-frequency sound waves into the body. When those sound waves hit internal structures and echo back, the same crystals act as sensors – they vibrate from the returning echoes, turning that mechanical vibration back into electrical signals. Piezoelectric actuators are used in high-precision devices like advanced **microscopes, camera lenses, and telescopes**. These instruments often require incredibly tiny and precise movements, which normal electric motors cannot achieve. For instance, a powerful microscope may use a piezoelectric actuator to adjust the focus very finely or move a sample slide in microscopic increments. The piezo element changes shape slightly when voltage is applied, enabling highly precise and repeatable movements that can position parts of the optics with nanometer accuracy.

Industrial electronics – We empower the future

The market for application-specific analog chips used in industrial products is very diverse and fragmented. These chips are needed in many areas, from airplane electronics to automated factories. Around 60% of X-FAB's current customers produce products for the industrial sector and rely on X-FAB to supply these chips consistently over 10 to 15 years.

Four major global trends are reshaping the way we manufacture, consume, and live: the digital connection of entire value chains known as Industry 4.0, increased factory automation through smart machines and robots, the development of smart cities that leverage technology for improved management of buildings and services, and advancements in sustainable energy including renewable sources and greater efficiency. Collectively, these forces are fueling the next industrial revolution.

In the age of AI, the need for energy-efficient data centers drives demand for X-FAB's silicon carbide technologies. They are essential for data center infrastructure, enabling more efficient power conversion and more compact power management by reducing losses due to the high-voltage and high-temperature properties of silicon carbide.

Silicon carbide technologies also play a key role for the efficient generation, storage, and distribution of renewable energies. At the same time, photonics—particularly silicon and heterogeneous photonic integration—drives ultra-high-bandwidth, low-latency optical interconnects used in data centers and quantum computing applications.

Thanks to its long-standing focus on the specific needs of industrial customers, X-FAB is well positioned to support them. It offers efficient collaboration, even for smaller production volumes, as well as strong design support and access to high-quality intellectual property. With its advanced, automotive-grade technologies that meet demanding industrial standards, X-FAB has a reputation for reliability, built on enduring customer relationships and a commitment to long-term supply and dual sourcing.

Medical electronics – We save lives

X-FAB produces microchips for medical devices, where safe and accurate operation is essential, sometimes even vital. These chips are found in products such as pacemakers, spinal cord stimulators, hearing aids, and medical imaging equipment like ultrasound and X-ray detectors.

Implantable devices will remain essential for people living with chronic diseases, while ongoing research will lead to new therapies for conditions such as rheumatism, stroke, or obesity. Portable diagnostic devices will enable medical imaging and tests at home, with advancements like wireless handheld ultrasound probes and 3D imaging.

Since 2007, DNA sequencing costs have dropped, expanding its use from healthcare and research to pathogen detection and food safety. This accessibility fuels personalized medicine, offering more effective treatments and reducing healthcare costs.

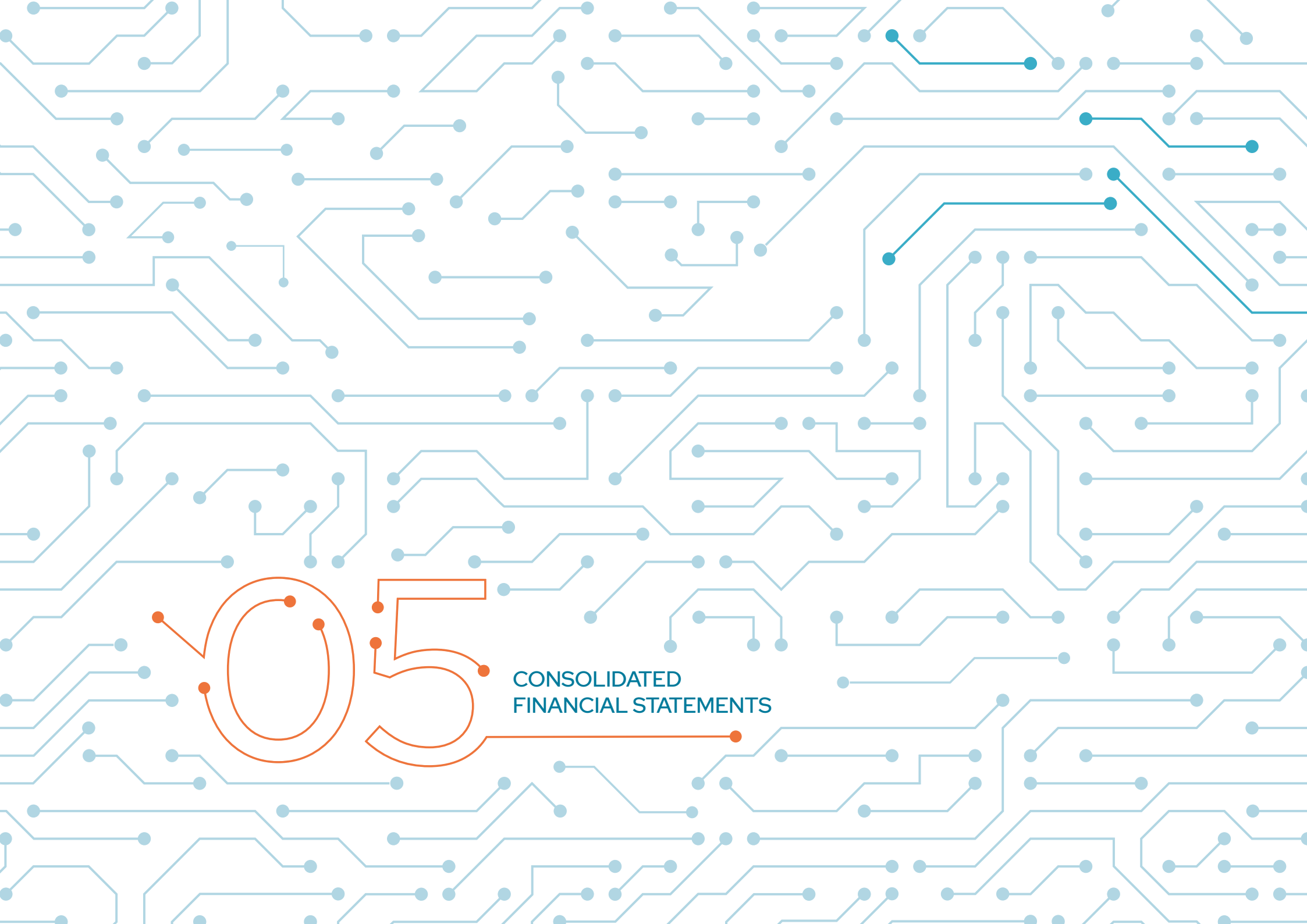
Lab-on-a-chip technology processes tiny samples on a small chip. X-FAB's integration of CMOS and MEMS technologies streamlines production, allowing customers to get all solutions from a single supplier.

Consumer, communications, and computer – We connect people

X-FAB's chip technologies enhance consumer electronics by enabling features like optical sensors, camera autofocus, haptic feedback, touchscreens, and gesture recognition – making mobile devices easy and enjoyable to use.

Augmented reality (AR) and virtual reality (VR) products depend on sensors, mixed-signal chips, and wireless components, while X-FAB's high-voltage CMOS and SOI technologies improve power efficiency in these devices.

X-FAB chips also lower power use and extend battery life in products like AC/DC chargers, 5G base-station switches, and battery management systems of cordless power tools.

The background of the entire page is a complex, light blue circuit board pattern. It consists of numerous thin, interconnected lines and small circular nodes, creating a dense, web-like structure that resembles a microchip or a network diagram. The pattern is uniform across the page, with some lines being slightly thicker than others.

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 2025 amounted to USD 870,255 thousand (2024: USD 816,383 thousand), an increase of 6.6% compared to the previous year. The increase was mainly driven by strong revenue growth in the industrial and medical end markets, while X-FAB's automotive business posted only a slight one percent growth compared to the previous year. The Group recorded a net profit in 2025 of USD 30,128 thousand compared to a net profit of USD 61,526 thousand in the previous year.

Gross profit increased from USD 182,949 thousand in 2024 to USD 184,403 thousand in 2025 as a result of the higher sales revenues.

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 2025 cost of sales increased by USD 52,418 thousand or 8.3% compared to the financial year 2024. The increase in cost of sales was higher than the increase in revenues due to a reduction in inventories and a rise in depreciation.

Research and development expenses

Research and development expenses amounted to USD 49,691 thousand in 2025, representing 5.7% of revenue (2024: 6%). Compared to the previous year the research and development expenses remained at the same level. 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 2025.

Other income and expenses

Other expenses include non-recurring expenses of USD 6,002 thousand arising from a settlement to renegotiate a long-term agreement for the procurement of SiC raw wafers (note 6.10).

Financial result

The Group's net financial expense (finance costs less finance income) amounted to USD 35,937 thousand (previous year: net expense of USD 2,254 thousand). The increase in net financial expenses is mainly due to increased unrealized currency effects on EUR-denominated loans.

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, 2025

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 18 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, 2025, 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, 2025, 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 1.946.985 thousand and the consolidated statement of profit or loss and other comprehensive income shows a profit for the year of USD 30.128 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, 2025 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, 2025.

Description

The Group, which is subject to various tax jurisdictions and resulting obligations, has a significant amount of unused tax losses carried forward (USD 287,4 million) and deductible temporary differences (USD 148,2 million) and has recognized deferred tax assets of USD 61,9 million as at December 31, 2025.

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, 2025 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, 2025.

Description

The net carrying value of property, plant and equipment as at December 31, 2025 amounts to USD 1.220,3 million, representing 62,7% 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, 2025 and consequently, that no impairment loss is to be recognized as at December 31, 2025.

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 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 effectivity 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 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 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, 2025, 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 30, 2026

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	2025	2024
Revenue	6.1/12	870,255	816,383
Cost of sales	6.2/6.6/12	(685,852)	(633,434)
Gross profit		184,403	182,949
Research and development expenses	6.3/6.6/12	(49,691)	(49,785)
Selling expenses	6.4/6.6/12	(9,197)	(9,070)
General and administrative expenses	6.5/6.6	(48,152)	(47,351)
Rental income and expenses from investment properties	6.7/6.8/12	2,777	2,770
Impairment loss on trade receivables	7.4	(481)	(2)
Other income and other expenses	6.9/6.10/12	(3,234)	6,032
Operating profit		76,425	85,543
Finance income	6.11/12	34,747	36,006
Finance costs	6.12/12	(70,684)	(38,260)
Net finance income/(costs)		(35,937)	(2,254)
Profit before tax		40,488	83,289
Income tax	6.13	(10,360)	(21,763)
Profit for the period		30,128	61,526

Consolidated statement of profit and loss and other comprehensive income (continued)

For the year ended December 31

in thousands of U.S. dollars	Note	2025	2024
Profit for the period		30,128	61,526
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit obligation (asset)	7.11	293	(37)
Items that are or may be transferred to profit or loss as follows:			
Foreign currency translation differences for foreign operations		90	763
Other comprehensive income/(loss) for the period, net of income tax		383	726
Total comprehensive income for the period		30,511	62,252
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	0.23	0.47

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, 2025	December 31, 2024
ASSETS			
Non-current assets			
Property, plant, and equipment	7.1	1,220,272	1,144,620
Investment properties	7.1	7,007	7,412
Intangible assets	7.2	9,522	6,319
Other assets	7.6	25	42
Deferred tax assets	6.13	61,855	66,725
Total non-current assets		1,298,681	1,225,118
Current assets			
Inventories	7.3	264,659	281,765
Contract assets	7.4	20,753	18,092
Trade and other receivables	7.5/12	88,990	96,648
Income tax receivables	6.13	2,153	1,830
Other assets	7.6	77,435	67,423
Cash and cash equivalents	7.7	194,314	215,837
Total current assets		648,304	681,595
Total assets		1,946,985	1,906,713
EQUITY AND LIABILITIES			
Equity			
Share capital	7.8	432,745	432,745
Share premium	7.8	348,709	348,709
Retained earnings	7.8	272,069	241,648
Cumulative translation adjustment	7.8	552	462
Treasury shares	7.8	(770)	(770)
Total equity		1,053,305	1,022,794
Non-current liabilities			
Loans and borrowings	7.10	187,895	369,616
Other liabilities and provisions	7.11	3,577	4,257
Total non-current liabilities		191,472	373,873
Current liabilities			
Loans and borrowings	7.12/12	292,512	44,517
Trade payables	7.10	54,805	67,658
Income tax payable	6.13	8,217	7,737
Provisions	7.13	13,365	11,978
Other liabilities	7.12	333,309	378,157
Total current liabilities		702,208	510,046
Total equity and liabilities		1,946,985	1,906,713

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 equity
At December 31, 2023		130,781,669	432,745	348,709	180,159	(301)	(770)	960,542
Profit for the period		–	–	–	61,526	–	–	61,526
Remeasurement of defined benefit plans		–	–	–	(37)	–	–	(37)
Currency translation effect		–	–	–	–	763	–	763
Total comprehensive income		–	–	–	61,489	763	–	62,252
At December 31, 2024		130,781,669	432,745	348,709	241,648	462	(770)	1,022,794
Profit for the period		–	–	–	30,128	–	–	30,128
Remeasurement of defined benefit plans		–	–	–	293	–	–	293
Currency translation effect		–	–	–	–	90	–	90
Total comprehensive income		–	–	–	30,421	90	–	30,511
At December 31, 2025		130,781,669	432,745	348,709	272,069	552	(770)	1,053,305

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	2025	2024
Cash flow from operating activities:			
Profit for the period		30,128	61,526
Income tax	6.13	10,360	21,763
Income before taxes		40,488	83,289
Reconciliation of net income to cash flow arising from operating activities:		159,505	106,148
Depreciation and amortization, before effect of grants and subsidies	6.6/7.1/7.2	120,402	103,386
Amortization of investment grants and subsidies	6.6	(5,464)	(3,735)
Interest income and expenses (net)	6.11/6.12	16,352	5,525
Loss/(gain) on the sale of plant, property and equipment (net)	6.9/6.10/7.1/7.2	(1,516)	(4,030)
Loss/(gain) on disposal of subsidiary	6.10	–	1,144
Loss/(gain) on the change in fair value of financial assets (net) and derivatives		(1,309)	–
Other non-cash transactions (net)	8	31,040	3,858
Changes in working capital		(50,882)	8,726
Decrease/(increase) of trade and other receivables	7.4	7,294	30,808
Decrease/(increase) of other assets	7.5	(9,044)	5,687
Decrease/(increase) of inventories	7.3	17,106	(9,733)
Decrease/(increase) of contract assets		(2,662)	5,919
(Decrease)/increase of trade payables	7.11/8	(10,578)	(17,373)
(Decrease)/increase of other liabilities and provisions	7.11/7.12/7.13	(52,998)	(6,582)
Income taxes (paid)/received		(4,981)	(2,113)
Net cash from operating activities		144,130	196,050
Cash flow from investing activities:			
Payments for property, plant, equipment, and intangible assets	7.1/7.2	(204,129)	(509,467)
Payments for investments in investment properties	7.1	–	(84)
Receipt of government grants and subsidies		9,861	–
Acquisition of subsidiary, net of cash acquired	5	–	(1,633)
Proceeds from the sale of property, plant, and equipment	7.1	1,591	4,024
Interest received	6.11/6.12	4,445	11,032
Net cash used in investing activities		(188,232)	(496,128)

in thousands of U.S. dollars	Note	2025	2024
Proceeds from loans and borrowings	7.10	104,506	209,669
Repayment of loans and borrowings	7.10	(75,256)	(124,237)
Receipts from sale and leaseback arrangements	7.10/8	30,098	60,584
Payment of lease liabilities	7.10	(24,013)	(12,502)
Interest paid	6.10/6.11	(20,763)	(17,214)
Net cash from/(used in) financing activities		14,572	116,300
Effects of changes in foreign currency exchange rates on cash balances		8,007	(6,086)
Net increase/(decrease) of cash and cash equivalents		(29,530)	(183,778)
Cash and cash equivalents at the beginning of the period		215,837	405,701
Cash and cash equivalents at the end of the period		194,314	215,837

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 with the register of legal entities of the commercial court (tribunal de commerce/rechtbank van koophandel) in Antwerp, department Hasselt, Belgium. The parent company's registered address is Transportstraat 1, 3980 Tessenderlo-Ham, 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).

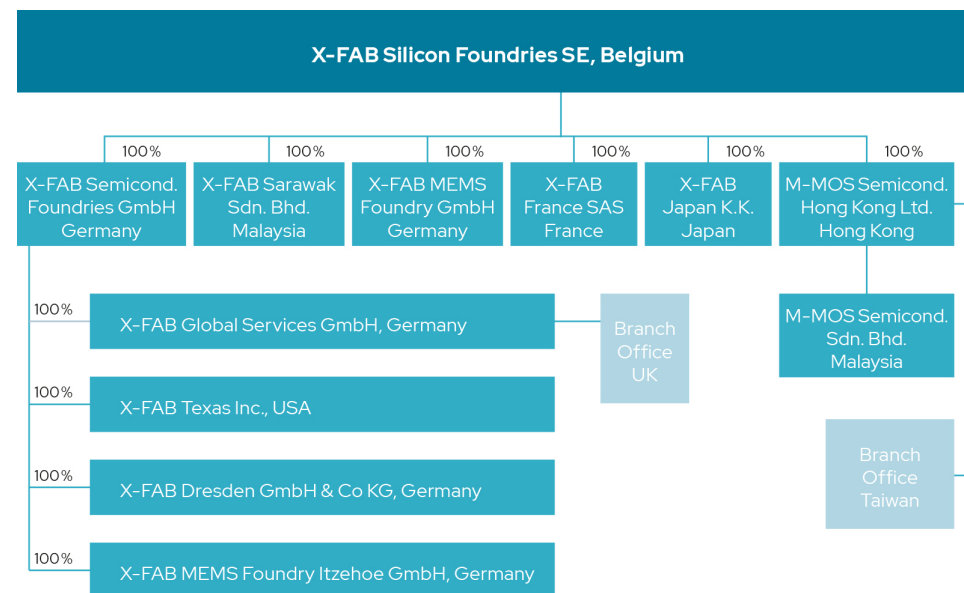
The X-FAB SE Group is one of the world's leading pure-play foundry providers specializing in analog/mixed-signal technologies.

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, the X-FAB SE Group 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.

The 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, 2025 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.

3 Basis of preparation

3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) Accounting Standards as endorsed by the European Union. All IFRS and IAS accounting standards and associated interpretations were adopted to the extent effective and provided 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, 2025 were authorized for issue in accordance with a resolution of the directors on March 26, 2026

3.2 Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial assets and liabilities which are measured at fair value 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)

Process control wafers (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. The Group performs an analysis of sales contracts to determine whether 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. Where the Group does not have an enforceable right in the event of a cancellation, revenue from the sale of PCM wafers is recognized when shipment is made. In contrast, sales under contracts for which the Group supplies customer-specific goods and for which it also 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, sales revenues are 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. The revenue recognized is determined based on the rate of progress towards fulfilling the Group's performance obligations under each contract which is calculated based on the costs incurred as a percentage of the expected total cost of fulfilling the contract (the costs the cost-to-cost method).

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, 2025, 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, 2024.

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**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.

There are no non-controlling interests in Group subsidiaries.

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, which is defined as when the wafers are completed and delivered to the customer. 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. 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 additionally 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.

The Group receives prepayments from customers for future wafer sales and capacity reservation deposits for certain long-term contracts with customers. 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 were incurred in the period for the construction or acquisition of qualifying assets. 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 (or less, as appropriate), 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

Income and expenses for income tax includes current and deferred tax. Income taxes are recognized in profit or loss except to the extent that they relate to a business combination, or to 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 substantially 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 tax assets are not offset against current tax liabilities and deferred tax assets are not offset against deferred tax unless 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 amendment to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on August 15, 2023) which is effective for annual periods beginning on or before January 1, 2025, has been applied by the Group for the first time in preparing these consolidated financial statements. The amendment did not have a significant effect on the consolidated financial statements of the X-FAB Group.

New accounting standards, amendments to standards, and interpretations effective for annual periods beginning after January 1, 2026

A number of new accounting standards and amendments to accounting standards are effective for annual periods beginning after January 1, 2026. The Group has not early adopted any of the forthcoming new or amended accounting standards 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.

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 been endorsed by the EU.

Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7, issued on December 18, 2024, will help entities better report on the financial effects of nature-dependent electricity contracts, which are often structured as power purchase agreements (PPAs). Nature-dependent electricity contracts help entities to secure their electricity supply from sources such as wind and solar power. The amount of electricity generated under these contracts can vary based on uncontrollable factors such as weather conditions. Current accounting requirements may not adequately capture how these contracts affect an entity's performance.

The amendments include:

- clarifying the application of the “own use” requirements;
- permitting hedge accounting if these contracts are used as hedging instruments; and
- adding new disclosure requirements to enable investors to understand the effect of these contracts on a company’s financial performance and cash flows.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026 with early adoption permitted. These amendments have 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 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:

- a. 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.
- b. Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- c. 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..

IFRS 19 Subsidiaries without Public Accountability: Disclosures, issued on May 9, 2024, and the amendments, issued on August 21, 2025, will allow eligible subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements. A subsidiary will be able to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date:

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

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

Translation to a hyperinflationary presentation currency - Amendments to IAS 21, issued on November 13, 2025, clarify how entities should translate financial statements from a non-hyperinflationary currency into a hyperinflationary one. To reduce diversity in practice and improve the usefulness of information for investors, the amendments clarify that:

- a. an entity with a non-hyperinflationary functional currency uses the closing rate at the latest reporting date when translating all the financial statement amounts (including comparatives) into its presentation currency; and
- b. an entity uses the closing rate at the latest reporting date when translating all amounts (except comparatives) of a foreign operation with a non-hyperinflationary functional currency and applies the general price index to restate the comparatives.

The amendments are 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

The Group did not enter into any business combinations in the financial year 2025.

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	2025	2024
Gross revenue PCM wafer	799,936	734,783
Gross revenue NRE and technology services	83,180	96,884
Revenue recognized over time PCM wafer	2,662	(5,919)
Other revenue	5	14
Discounts and warranty credits	(15,528)	(9,379)
Total	870,255	816,383

Revenues from production increased by 8.8%, driven by higher demand especially for the Industrial and Medical end markets. Revenue from prototyping decreased by 14.1%.

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, 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 2025 or 2024 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	2025	2024
Employee-related expenses	(228,693)	(216,109)
Cost of materials	(154,476)	(174,451)
Costs of fixed assets (maintenance, spare parts, etc.)	(101,155)	(102,265)
Depreciation and amortization	(107,972)	(92,319)
Facility costs	(78,463)	(75,759)
External services	(10,461)	(5,807)
Changes in inventories	(24,517)	16,947
Grants	26,997	19,943
Other	(7,112)	(3,614)
Total	(685,852)	(633,434)

The increase in cost of sales of 8.3% reflects the 6.6% increase in revenues with an accompanying decrease in inventories. Depreciation increased following the completion of investments in capacity.

6.3 Research and development expenses

Research and development expenses comprise the following:

in thousands of U.S. dollars	2025	2024
Employee-related expenses	(39,026)	(39,878)
Cost of materials	(10,128)	(8,075)
Costs of fixed assets (incl. maintenance software, etc.)	(5,414)	(3,800)
Depreciation and amortization	(2,040)	(1,718)
Facility costs	(1,054)	(984)
External services	(645)	(606)
Grants	6,045	4,908
Other	2,571	368
Total	(49,691)	(49,785)

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	2025	2024
Employee-related expenses	(8,746)	(8,095)
Advertising costs and costs of selling goods	(713)	(985)
External services	(251)	(258)
Facility costs	(155)	(156)
Depreciation and amortization	(117)	(123)
Other	785	548
Total	(9,197)	(9,069)

6.5 General and administrative expenses

The general and administrative expenses comprise the following:

in thousands of U.S. dollars	2025	2024
Employee-related expenses	(27,719)	(27,594)
External services	(6,743)	(7,051)
Costs of fixed assets (maintenance software, etc.)	(7,123)	(6,177)
Depreciation and amortization	(2,819)	(3,366)
Insurance, dues, and fees	(2,081)	(1,600)
Facility costs	(1,350)	(1,249)
Other	(317)	(314)
Total	(48,152)	(47,351)

Increases in software costs include costs for ongoing work on 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	2025	2024
Included in cost of sales	(107,249)	(91,462)
Included in research and development expenses	(1,780)	(1,172)
Included in selling expenses	(117)	(123)
Included in general and administrative expenses	(2,155)	(2,328)
Included in expenses related to investment properties and other expenses	(2,017)	(1,918)
Total	(113,318)	(97,003)

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	2025	2024
Included in cost of sales	(723)	(857)
Included in research and development expenses	(260)	(546)
Included in general and administrative expenses	(664)	(1,038)
Total	(1,647)	(2,441)

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

in thousands of U.S. dollars	2025	2024
Wages and salaries	(229,819)	(222,972)
Social security costs	(50,597)	(46,433)
Contributions to defined contribution plans	(15,060)	(13,132)
Other employee-related costs	(8,234)	(9,140)
Total	(303,710)	(291,677)

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	2025	2024
Income from technical services provided	7,631	8,446
Income from investment property rentals	6,035	6,293
Total	13,666	14,739

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	2025	2024
Expenses for technical services provided	(8,821)	(9,746)
Expenses in connection with investment property rentals	(2,067)	(2,222)
Total	(10,888)	(11,968)

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	2025	2024
Gains on disposals of property, plant, and equipment	1,534	3,985
Income from other admin services/cost sharing	543	839
Income from sales of materials	342	287
Income from recharges	84	3,462
Settlement of a dispute	–	950
Other	1,075	1,513
Total	3,578	11,036

The income from recharges in the previous year 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 2025 and 2024 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	2025	2024
Renegotiation of a long-term agreement	(6,002)	–
Non-deductible other taxes	(110)	(213)
Expenses from recharges	(84)	(3,462)
Loss on disposal of subsidiary	–	(1,030)
Losses on disposal of property, plant, and equipment	(18)	(3)
Other	(599)	(296)
Total	(6,813)	(5,004)

During the year, the Group reached a settlement agreement with one of its wafer suppliers in relation to a long-term supply contract for SiC raw wafers. Following negotiations, the Group and the supplier agreed to a full and final settlement. The settlement resulted in a net lump-sum payment by the Group of USD 6,002 thousand, which was made during the reporting period. The settlement extinguishes all historical rights and obligations of both parties in respect of the contractual matters. In connection with the settlement, the Group and the supplier reaffirmed their commercial relationship and agreed to continue their cooperation under revised operational arrangements going forward.

The expenses from recharges in the prior year primarily relate to costs in connection with recharges for software maintenance provided to formerly related parties.

The loss on disposal of subsidiary in the financial year 2024 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	2025	2024
Interest on financial assets measured at amortized cost:		
Interest on cash and cash equivalents	4,445	11,137
Change in fair value of financial assets and liabilities at fair value through profit or loss:		
Change in fair value of derivative financial instruments	1,309	–
Other:		
Income from exchange rate differences	28,992	24,869
Total	34,746	36,006

Income from exchange rate differences result from the effects of changes in currency rates on cash balances denominated in Malaysian ringgit and in euros. The net income (income less expense disclosed in note 6.12) from exchange rate differences decreased to USD -20,894 thousand (2024: income of USD 3,337 thousand) due to unrealized exchange rate differences on EUR denominated loans caused by an increased EUR/USD rate.

The change in value of derivative financial instruments arose on a foreign exchange forwards entered into during the year to offset the changes in value of loans and borrowings not denominated in the reporting currency. All derivative financial instruments used during the financial year matured before or on the balance sheet date. Hedge accounting was not applied.

6.12 Finance costs

Finance costs comprise the following:

in thousands of U.S. dollars	2025	2024
Interest on financial liabilities measured at amortized cost:		
Interest on loans and borrowings	(19,984)	(16,117)
Other interest	(814)	(545)
Other:		
Expenses from exchange rate differences	(49,886)	(21,532)
Other	–	(66)
Total	(70,684)	(38,260)

Exchange rate expenses are primarily due to currency exchange rate losses on translation effects of euro-denominated loans.

6.13 Income tax

Income taxes primarily comprise Belgian corporation tax, German corporation and trade taxes (plus solidarity surcharge), French corporation tax, and Malaysian corporation tax. 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). In accordance with the scoping rules of the Pillar Two legislation the entities of the X-FAB Group shall only be within the scope of the Global Minimum Tax rules as from January 1, 2026.

In 2026, X-FAB expects to be eligible for the so-called Pillar Two “Safe Harbors” for all countries where the X-FAB group is active, except for Malaysia. In the jurisdictions where the “Safe Harbor” applies, the Pillar Two top-up tax liability is deemed to be zero. In Malaysia, the jurisdictional effective tax rate is primarily determined by X-FAB Sarawak. X-FAB Sarawak has an effective tax rate below 15%. Nevertheless, X-FAB does not expect to be liable to top-up tax in (or with respect to) its Malaysia operations in 2026 due to the impact of specific adjustments envisaged in the Pillar Two legislation which give rise to different Global Anti-Base Erosion (GloBE) effective tax rates compared to those calculated in accordance with paragraph 86 of IAS 12.

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.

Income taxes comprised the following:

in thousands of U.S. dollars	2025	2024
Current taxes:		
Actual income tax charge for the period	(6,553)	(5,574)
Adjustment of prior years' tax charges	1,063	914
	(5,490)	(4,660)
Deferred taxes	(4,870)	(17,104)
Total	(10,360)	(21,764)

The Belgian tax rate applicable for the Group's result was 25.00% in 2025 and 2024. 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 2025 and 2024 :

in thousands of U.S. dollars	2025	2024
Result before taxes	40,488	83,289
Theoretical tax at combined applicable Belgian tax rate	(10,122)	(20,822)
Recognition of previously unrecognized deferred tax on timing differences and tax losses	17,190	12,080
Current year losses for which no deferred tax asset is recognized	(22,692)	(13,161)
Adjustment of prior period tax liabilities recorded in the current period	1,063	914
Effect of tax-free income	4,046	4,383
Currency effects	1,048	(3,948)
Effect of permanent differences	342	(193)
Effect of non-deductible expenditures	394	13
Effect of different tax rates applying to foreign operations	(1,477)	(1,062)
Differences which are only valid for special taxes	(152)	32
Income/(expense) for income taxes recognized in the consolidated statement of profit or loss	(10,360)	(21,764)

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 50,389 thousand recognized in the Group's Malaysian subsidiary at December 31, 2025 (December 31, 2024: USD 51,015 thousand), USD 0 thousand (December 31, 2024: USD 0 thousand) recognized in the US subsidiary, and USD 11,313 thousand (December 31, 2024: USD 15,946 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 17,190 thousand (previous year: USD 12,081 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 and Texas.

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 primarily relate to the effect of changes in exchange rates on tax carrying amounts denominated in euros in 2025 and 2024.

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

in thousands of U.S. dollars	2025	2024
Deferred tax assets – unrecognized amounts		
On unused tax losses	287,406	226,375
On temporary differences		
Property, plant, and equipment/capital allowances	143,863	254,201
Other temporary differences	10,528	9,009
Total unrecognized deferred tax assets	441,797	489,585
Deferred tax assets – recognized amounts		
On unused tax losses	12,403	24,515
On temporary differences:		
On property, plant, and equipment/capital allowances	49,707	44,789
On other temporary differences	(256)	(2,579)
Total recognized deferred tax assets	61,854	66,725

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. The investment tax allowance amounts to USD 795,979 thousand at December 31, 2025 (December 31, 2024: USD 831,478 thousand).

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 2029 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	2025	2024
Belgian tax loss carry forward	5,760	–
German corporation tax loss carry forward	106,567	105,650
German trade tax loss carry forward	168,552	144,484
U.S. federal tax loss carry forward	183,578	155,610
U.S. state tax loss carry forward	54,258	26,087
Malaysian tax loss carry forward	370,362	336,061
French tax loss carry forward	515,882	392,414

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 0.4 million expired in 2025 (2024: USD 0 million). The Group estimates that further U.S. federal tax losses of USD 0 million will expire in the year 2026 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, 2024	34,976	51,505	(2,709)	83,772
Recognized in profit and loss	(10,461)	(6,716)	73	15,795
Recognized in other comprehensive income	–	–	–	–
Acquired in business combinations	–	–	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
Balance at January 1, 2025	24,515	44,789	(2,579)	66,725
Recognized in profit and loss	(12,112)	4,918	2,323	(4,871)
Recognized in other comprehensive income	–	–	–	–
Balance at December 31, 2025	12,403	49,707	(256)	61,854
Set off of tax	–	187	(187)	–
Net balance at December 31, 2025	12,403	49,894	(443)	61,854

Changes in recognized deferred tax assets resulted in a deferred tax expense of USD 4,870 thousand (2024: income of USD 17,046 thousand). The decrease in previously unrecognized deferred tax assets on property, plant, and equipment and other timing

differences recognized in 2025 compared to 2024 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 recognized 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 outstanding during the years ended December 31, 2025, and December 31, 2024.

No instruments with a potential diluting effect on shareholders' equity have been in issue during the years ended December 31, 2025, and December 31, 2024. 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, 2025	14,078	49,581	440,158	7,105	633,696	1,144,618
Accumulated historical cost January 1, 2025	14,360	134,731	1,503,433	38,930	633,696	2,325,150
Additions	–	(694)	19,035	787	169,615	188,743
Disposals	–	(10)	(10,253)	(505)	–	(10,768)
Reclassifications	–	10,936	156,056	1,980	(168,733)	239
Effect of changes in exchange rates	–	–	–	–	(46)	(46)
Accumulated historical cost December 31, 2025	14,360	144,963	1,668,271	41,192	634,532	2,503,318
Accumulated depreciation January 1, 2025	(282)	(85,150)	(1,063,275)	(31,825)	–	(1,180,532)
Additions	(35)	(4,705)	(104,775)	(3,507)	–	(113,022)
Disposals	–	10	10,184	500	–	10,694
Reclassifications	–	–	(187)	–	–	(187)
Accumulated depreciation December 31, 2025	(317)	(89,845)	(1,158,053)	(34,832)	–	(1,283,047)
Net book value December 31, 2025	14,043	55,118	510,218	6,360	634,532	1,220,271
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, 2023	(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

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 27 million, 2024: USD 84 million), X-FAB Sarawak (USD 119 million, 2024: USD 371 million), X-FAB Texas (USD 3 million, 2024: USD 19 million), X-FAB Erfurt (USD 6 million; 2024: USD 5 million), X-FAB Dresden (USD 13 million, 2024: USD 30 million), X-FAB MEMS Foundry Itzehoe (USD 3 million, 2024: USD 3 million), and X-FAB MEMS Foundry (USD 28 million, 2024: USD 16 million), less government grants of USD 10 million (2024: USD 20 million). Assets under construction primarily include investments in technical machinery. Additions in property, plant, and equipment resulted in cash outflows in 2025 of USD 204,129 thousand (2024: USD 509,467 thousand). Refer to the statement of cash flows.

The Group has received investment grants related to the acquisition of qualifying assets amounting to USD 9,861 thousand (2024: USD 20,113 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 units X-FAB Texas and X-FAB France at December 31, 2025, in view of market developments for certain products manufactured within those units. Impairment tests were performed to determine whether a write-down of the carrying amounts of non-current assets of those units 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 2025. No detailed impairment tests of other cash-generating units 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 165,630 thousand (December 31, 2024: USD 155,772 thousand) and accumulated depreciation has been reduced by USD 136,349 thousand (December 31, 2024: USD 130,885 thousand).

At December 31, 2025, property, plant, and equipment with a book value of USD 87 million (December 31, 2024: USD 20 million) had been provided as collateral security to third-party lenders. The carrying values of technical machinery and equipment include USD 36.2 million (December 31, 2024: USD 57.1 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 2025 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	2025	2024
Net book value, beginning of period	7,412	7,171
Additions	–	84
Depreciation	(405)	(575)
Reclassifications	–	732
Net book value, end of period	7,007	7,412
Accumulated cost	34,463	34,463
Accumulated depreciation	(27,454)	(27,049)
Fair value	32,075	34,693

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, 2025: USD 15,032 thousand; December 31, 2024: 19,087 thousand), the U.S. (December 31, 2025: USD 1,491 thousand; December 31, 2024: USD 1,791 thousand), and France (December 31, 2025: USD 15,552 thousand; December 31, 2024: 13,815 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, 2024: 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 2025 or 2024.

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	2025	2024
2025		5,689
2026	5,489	5,350
2027	4,965	1,901
2028	1,281	1,397
2029	1,115	1,144
2030	1,100	–
Total	13,950	15,481

Subsequent to the reporting date, on February 13, 2026 the Group completed the sale of an investment property with a carrying value of USD 3,196 thousand. The sale price, payable in cash, amounted to USD 4,873 thousand.

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, 2025	2,234	4,085	6,319
Accumulated historical cost January 1, 2025	66,982	4,085	71,067
Additions	29	4,678	4,707
Disposals	(19)	–	(19)
Reclassifications	217	(257)	(40)
Effect of changes in exchange rates	–	46	46
Accumulated historical cost December 31, 2024	67,209	8,552	75,761
Accumulated amortization January 1, 2025	(64,748)	–	(64,748)
Additions	(1,510)	–	(1,510)
Disposals	19	–	19
Accumulated amortization December 31, 2024	(66,239)	–	(66,239)
Net book value December 31, 2025	970	8,552	9,522
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	–	–	–
Reclassification	(2,375)	–	(2,375)
Accumulated amortization December 31, 2023	(64,748)	–	(64,748)
Net book value December 31, 2024	2,234	4,085	6,319

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 2025 or 2024.

7.3 Inventories

Inventories comprise the following:

in thousands of U.S. dollars	2025	2024
Materials and supplies	167,333	160,618
Work in progress	90,106	118,354
Finished goods	16,749	9,941
Merchandise	–	6
Write-downs	(9,529)	(7,154)
Total	264,659	281,765

Changes in work in progress and finished goods totaling USD 20,140 thousand were included in cost of sales in 2025 (2024: USD 19,072 thousand). Write-downs are recorded against inventories and recognized as an expense in cost of sales in the period of USD 4,376 thousand (2024: USD 2,125 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	2025	2024
Trade accounts receivable	90,488	97,806
Amounts due from related party entities	196	172
Allowances	(1,694)	(1,331)
Total	88,990	96,647

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	2025	2024
Neither past due nor impaired	60,630	74,547
Past due 1–30 days	11,026	7,910
Past due 31–60 days	1,311	1,188
Past due 61–360 days	7,021	3,662
Past due >360 days	8,806	9,169
Total	88,794	96,476

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 primarily 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.

The Group identifies risk concentrations by reference to significant exposures. There is one (previous year: one) account receivable with customers with individual balances in excess of 10% of the total accounts receivable balance at December, representing USD 16,229 thousand (previous year: USD 46,475 thousand), which is 18% (previous year: 48%) 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, 2025, and December 31, 2024:

December 31, 2025			
in thousands of U.S. dollars	Weighted average loss rate	Gross carrying amount	Loss allowance
Neither past due nor impaired	0.08 %	60,630	(49)
Past due 1–30 days	0.08 %	11,026	(9)
Past due 31–60 days	1.50 %	1,311	(20)
Past due 61–90 days	3.75 %	857	(32)
More than 90 days past due (less credit impaired)	9.75 %	4,209	(410)
Total		78,033	(520)

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 days	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)

in thousands of U.S. dollars	2025	2024
Balance at January 1	(1,331)	(1,319)
Impairment loss recognized	(142)	(103)
Use of allowance	–	8
Reversal of allowance	–	2
Net remeasurement of loss allowance	(221)	81
Balance at December 31	(1,694)	(1,331)

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	2025	2024
Other assets	77,435	67,423
Other non-current assets	25	42
Total	77,460	67,465

Current other assets comprise the following:

in thousands of U.S. dollars	2025	2024
R&D grants receivable	38,283	26,795
Prepaid expenses	14,071	17,538
Investment grants and subsidies receivable	9,762	9,890
Receivables from energy surcharges	5,949	5,706
Taxes (other)	6,833	6,337
Derivatives	1,309	–
Deposits	526	483
Other	702	674
Total	77,435	67,423

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 2025 include USD 22,480 thousand research and development tax credits and competitiveness and employment tax credits attributable to X-FAB France (December 31, 2024: USD 17,876 thousand).

Research and development tax credits and competitiveness and employment tax credits attributable to X-FAB France totaling USD 0 thousand (2024: USD 0 thousand) were sold without recourse to a bank in 2025. 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 primarily 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	2025	2024
Cash and bank balances	150,791	153,164
Restricted cash	2,615	4,018
Term deposits	40,908	58,484
Total	194,314	215,837

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, 2025, and December 31, 2024. 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.

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, 2025 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, 2024: 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, 2025, or December 31, 2024.

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 expired on May 2, 2025. 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 2025 or 2024.

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	2025	2024
Unused credit lines		
Unused part of multicurrency revolving credit facility denominated in EUR or in USD – variable rates	–	133,197
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	155,616	193,175
Interest rate USD: SOFR +1.7%		
Interest rate EUR: EURIBOR +1.35%		
Unused credit lines denominated in EUR – fixed rates	8,230	7,311
Interest rate: 3.9–4.57%		
Other unused credit lines denominated in EUR – variable rates	2,351	2,089
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	2025	2024
Bank loans and overdrafts		
Fixed interest bank loans denominated in EUR	55,088	64,142
Maturity: 2026–2029		
Interest rates: 0.9–4.27%		
Repayments in monthly or quarterly installments		
Fixed interest bank loans denominated in USD	415	530
Maturity: 2026–2028		
Interest rates: 8.25–8.5%		
Repayments in monthly installments/on maturity		
Variable interest bank loans denominated in EUR	51,869	26,110
Maturity: 2029		
Interest rates: EURIBOR + 0.95%		
Repayments in monthly or quarterly installments		
Variable interest revolving credit facility denominated in USD	143,610	143,231
Maturity: 2026		
Interest rates: SOFR + 1.25%		
Repayment on maturity		
Variable interest revolving credit facility denominated in EUR	67,015	75,197
Maturity: 2026		
Interest rates: EURIBOR + 1.0%		
Repayment on maturity		
Variable interest revolving credit facility denominated in USD	30,000	–
Maturity: 2029		
Interest rates: SOFR + 1.7%		
Variable interest revolving credit facility denominated in EUR	16,911	6,825
Maturity: 2029		
Interest rates: EURIBOR + 1.35%		

in thousands of U.S. dollars	2025	2024
Repayment on maturity		
Leasing arrangements		
Leasing liabilities denominated in EUR	82,017	62,360
Maturity: 2026–2034		
Interest rates: 0.15–4.67%		
Repayment in monthly installments		
Leasing liabilities denominated in USD	8,321	8,376
Maturity: 2026–2038		
Interest rates: 3.32%		
Repayment in monthly installments		
Leasing liabilities denominated in MYR	25,161	27,362
Maturity: 2026–2034		
Interest rates: 4.66%		
Repayment in monthly installments		
Total	480,407	414,133
Current loans and borrowings	292,512	44,517
Non-current loans and borrowings	187,895	369,616

Variable interest bank loans include loans amounting to USD 142,000 thousand and EUR 73,500 thousand (December 31, 2024: USD 142,000 thousand and EUR 78,500 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.

The borrowings under the initial facility entered into on December 1, 2021, with a maturity date ending in December 2026 are reported as current liabilities at December 31, 2025. Management expects to refinance or extend these borrowings on maturity.

The borrowings under the second facility have been presented as non-current as the Group has the right to refinance or roll over these obligations for at least 12 months. Variable interest bank loans at December 31, 2025, include USD 29,392 thousand arising on the maturity of a foreign exchange forward, which was settled on January 7, 2026.

The movements on loans and borrowing include exchange rate losses of USD 32,048 thousand resulting from the translation of euro-denominated loans and borrowings (2024: exchange rate gains of USD 8,214 thousand).

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

Approximately 15% of the Group's loans are at a fixed rate of interest (December 31, 2024: 20%). Refer to note 10. Bank loans and overdrafts of USD 3,055 thousand (2024: USD 2,531 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, 2025, and December 31, 2024, 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	2025	2024
2025		40,667
2026	291,908	259,718
2027	42,720	32,261
2028	43,301	32,544
2029	77,929	25,576
2030–2038	24,549	23,366
Total	480,407	414,132

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. There are also liquidity risks which arise should the Group's loan facilities not be extended on maturity, superseded with new facilities, or should extensions or superseding facilities only be available on different terms and conditions to those available to date.

The following table provides a reconciliation of the movements in liabilities to the cash flows arising from financing activities for the year 2025:

in thousands of U.S. dollars	Liabilities		Equity			
	Loans and borrowings	Lease liability	Share capital	Share premium	Retained earnings	Total
Balance at January 1, 2025	316,035	98,098	432,745	348,709	241,647	1,437,234
Changes from financing cash flows						
Proceeds from loans and borrowings	104,506	—	—	—	—	104,506
Repayment of loans and borrowings	(75,256)	—	—	—	—	(75,256)
Receipts from sale and leaseback arrangements and new leases	—	30,098	—	—	—	30,098
Payments of lease liabilities incl. interest	—	(24,013)	—	—	—	(24,013)
Interest paid	(20,763)	—	—	—	—	(20,763)
Total changes from financing cash flows	8,487	6,085	—	—	—	14,572
Other changes						
Effect of changes in foreign exchange rates	21,717	10,371	—	—	—	32,088
Liability related						
Prolongation of existing lease contracts	—	945	—	—	—	945
Fees for RCF facility	(2,129)	—	—	—	—	(2,129)
Interest expenses	20,798	—	—	—	—	20,798
Equity related	—	—	—	—		—
Total liability-related other changes	18,669	945	—	—	—	19,614
Total equity-related other changes	—	—	—	—	—	—
Balance at December 31, 2025	364,908	115,499	432,745	348,709	241,647	1,503,508

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 January 1, 2024	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 in prior year, funds received in current year	–	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

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 2,645 thousand at December 31, 2025 (December 31, 2024: USD 4,157 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 126 thousand (December 31, 2024: USD 0 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 7,893 thousand (December 31, 2024: USD 8,475 thousand) less plan assets recorded at their fair values of USD 5,120 thousand (December 31, 2024: USD 4,318 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, 2025, 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 2,200 thousand (December 31, 2024: USD 1,910 thousand) and equity savings plans with a value of USD 2,920 thousand (December 31, 2024: USD 2,408 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, 2025	8,475	(4,318)	4,157
Included in profit or loss:			
Current service cost	803	–	803
Currency effects from conversion into USD	1,001	(704)	297
Included in OCI:			
Return on plan assets	–	(98)	(98)
Actuarial losses	(193)	–	(193)
Other:			
Benefits paid	(2,193)	–	(2,193)
December 31, 2025	7,893	(5,120)	2,773
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

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

in thousands of U.S. dollars	2025	2024
Discount rate	3.96%	3.32%
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, 2024: 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 2026.

Reasonably possible changes at December 31, 2025, and December 31, 2024, 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, 2025	Decrease at Dec. 31, 2025	Increase at Dec. 31, 2024	Decrease at Dec. 31, 2024
Discount rate (+0.25% movement)	–	133	–	138
Future salary growth (+0.25% movement)	138	–	146	–

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 54,805 thousand at December 31, 2025 (USD 67,658 thousand at December 31, 2024). This decrease is a result of payments made for capital expenditures.

Other current liabilities comprise the following:

in thousands of U.S. dollars	2025	2024
Accrued liabilities	29,124	29,968
For invoices not yet received	27,119	28,048
Royalties	456	622
Sales commissions	537	481
Staff association costs	647	588
Other	365	229
Advances received	281,016	323,915
Deferred income	1,312	814
Employee-related liabilities	21,842	23,458
Wages	1,159	2,078
Earned holiday entitlement, incentives	14,678	15,758
Payroll taxes	1,407	1,310
Social security costs	4,598	4,312
Other	15	2
Total	333,309	378,157

Advances received relate to prepayments from customers for future wafer sales of USD 43,567 thousand (December 31, 2024: USD 40,718 thousand) and capacity reservation deposits received under long-term agreements concluded with customers of USD 237,449 thousand (December 31, 2024: USD 283,197 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 132,005 thousand to be settled after more than 12 months (December 31, 2024: USD 225,311 thousand).

7.13 Provisions

Provisions comprise the following:

in thousands of U.S. dollars	2025	2024
Current provisions	13,365	11,978
Non-current provisions	885	54
Total	14,250	12,032

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. Customers can raise claims within six months from the date of delivery. Increased business volumes 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, 2025	11,484	416	132	12,032
Provided for	7,917	623	469	9,009
Utilized	(6,598)	(43)	–	(6,641)
Released	(134)	(1)	(234)	(369)
Effect of changes in exchange rates	154	10	55	219
December 31, 2025	12,823	1,005	422	14,250

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

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 include 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 settlement of trade accounts receivable by offsetting amounts due against customer prepayments and capacity reservation deposits, the recording or depreciation and amortization, the effects of changes in exchange rates on the measurement of financial assets and liabilities, allowances recorded against trade receivables, and increases and releases of 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	2025	2024
Europe	586,835	550,500
Belgium	379,493	365,731
Germany	94,456	94,849
United Kingdom	54,836	50,646
Austria	12,836	13,756
France	18,583	7,688
Switzerland	8,400	5,864
Sweden	5,543	1,646
Denmark	3,239	2,090
Other	3,775	2,566
Netherlands	2,404	1,947
Finland	1,904	1,429
Ireland	1,366	2,288
Asia	205,188	186,368
China	109,222	102,537
Japan	50,006	31,297
Singapore	11,818	13,548
Thailand	11,326	23,224

in thousands of U.S. dollars	2025	2024
Taiwan	8,245	5,571
South Korea	8,560	8,137
New Zealand	3,513	425
Malaysia	1,902	898
Other	596	731
United States of America	77,184	77,244
Rest of the world	1,048	2,271
Total	870,255	816,383

Non-current assets by geographic area:

in thousands of U.S. dollars	2025	2024
Malaysia	698,439	607,040
France	237,768	248,627
Germany	205,192	185,263
United States of America	95,427	117,463
Total	1,236,826	1,158,393

As from 2025, the figures presented in the table above exclude the effects of deferred tax assets and financial instruments. This presentation change has also been reflected in the comparative information.

Significant customers

The Group has one (2024: one) customer whose revenues exceeded 10% of the Group's consolidated external revenues. The total revenue from this customer amounted to USD 377,156 thousand in 2025 (2024: USD 364,240 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, 2025					
in thousands of U.S. dollars	Carrying	Fair value			
	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at					
Trade and other receivables	88,990				
Cash and cash equivalents	194,314				
Financial liabilities measured at					
Trade payables	(54,805)				
Bank loans, overdrafts, and lease	(480,407)		(483,046)		(483,046)
December 31, 2024					
Financial assets measured at					
Trade and other receivables	96,648				
Cash and cash equivalents	215,837				
Financial liabilities measured at					
Trade payables	(67,658)				
Bank loans, overdrafts, and lease	(414,133)		(418,212)		(418,212)

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 at December 31, 2025 or December 31, 2024.

The Group entered into forward foreign exchange contracts to offset the changes in value of loans and borrowings not denominated in the reporting currency in the financial year 2025. All derivative financial instruments used during the financial year matured before or on the balance sheet date. Hedge accounting was not applied.

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, 2025, approximately 15% of the Group's borrowings (excluding financial leases) are at a fixed rate of interest (December 31, 2024: 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	2025	2024
Assets		
Trade accounts receivable	18,400	24,777
Other assets	52,864	39,461
Cash	78,210	66,238
Liabilities		
Trade payables	21,083	13,226
Loans and borrowings	272,900	234,634
Other liabilities and provisions	106,200	119,606

Assets and liabilities denominated in MYR:

in thousands of U.S. dollars	2025	2024
Assets		
Trade accounts receivable	–	8
Other assets	167	517
Cash	35,041	25,551
Liabilities		
Trade payables	422	555
Loans and borrowings	25,161	27,362
Other liabilities and provisions	2,058	1,767

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:

	2025	2024
USD/EUR		
Closing rate	0.851	0.957
Average rate	0.885	0.924
USD/MYR		
Closing rate	4.047	4.465
Average rate	4.284	4.575

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 43% (2024: 41%) of the Group's sales and 50% (2024: 45%) 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
2025	5%	(12,535)
	-5%	12,535
2024	5%	(11,293)
	-5%	11,293
USD/MYR	Increase/(decrease) in MYR rate	Effect on profit before tax
2025	20%	1,304
	-20%	(1,304)
2024	20%	(722)
	-20%	722

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, 2025, or December 31, 2024. The expected cash inflows from trade and other receivables maturing within two months total USD 88,990 thousand (December 31, 2024: USD 96,647 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 7.10.

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, 2025, and December 31, 2024.

The Group's two EUR 200,000,000 multicurrency revolving credit facilities 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 contain conditions stating that the borrower shall ensure that the ratio of total net indebtedness does not exceed 3 times its EBITDA (3.5 times under certain narrowly defined circumstances), otherwise the loan will be repayable on demand. Certain other bank loan agreements contain similar requirements. Further, certain lease agreements require lenders to consent to additional borrowings should the Group's ratio of net indebtedness

exceed 4 times its EBITDA. The Group was in compliance with these covenants during the financial year and at December 31, 2025.

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.

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, 2024: 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	2025	2024
Net book value January 1	57,153	17,588
Additions	1,621	44,074
Depreciation	(4,780)	(4,536)
Disposals	–	1
Reclassifications	(17,817)	26
Net book value December 31	36,177	57,153

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	2025		2024	
	Minimum leasing payment	Present value	Minimum leasing payment	Present value
2026	29,807	25,237		
2027–2038	101,287	90,262		
2025			21,566	17,439
2026–2038			93,362	80,698
Total	131,094	115,499	114,928	98,137
Interest	(15,596)	(15,596)	(16,791)	(16,791)
Liability	115,498	99,903	98,137	81,346

Expenses relating to short-term leases amounted to USD 939 thousand (2024: USD 938 thousand), and expenses relating to leases of low-value assets (excluding short-term leases of low-value assets) amounted to USD 26 thousand (2024: USD 27 thousand).

The Group has entered into two sale and leaseback agreements in 2025. These lease arrangements generated USD 30,098 thousand (EUR 25,600 thousand) of financing cash flow which was received in 2025. Repayment of the lease liability is made over five years in monthly installments together with interest based on an EURIBOR interest rate plus an agreed lending margin.

12 Transactions with related parties

Transactions with shareholders and their subsidiaries

Related parties are legal entities or natural persons (and their close family members) that are able to exert influence on X-FAB SE and its subsidiaries or over which X-FAB SE and its subsidiaries exercise control or joint control or have a significant influence. Related parties also include entities controlled by such legal entities or natural persons (and their close

family members). The natural persons meeting the definition of related parties include persons with key management positions in the X-FAB SE Group whose compensation is reported below and in the Group's annual remuneration report.

Remuneration of persons with key management positions

in thousands of U.S. dollars	2025	2024
Short-term employee benefits	1,380	1,300
Short-term employee benefits for members of management that are not on the payroll of the Company (CEO, CFO and COO)	1,024	1,048
Long-term remuneration	52	49
Directors' compensation	173	188
Total	2,629	2,585

The persons with key management positions as referred to above as of December 31, 2025, include the Group's CEO, CTO, CFO, and 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. Post-employment benefits represent contributions to defined contribution pension plans for the benefit of persons with key management positions which primarily comprise statutory employer contributions to state-based defined contribution plans. The defined contribution is based on a fixed percentage of the (capped) gross salary determined by state laws. There are no minimum guarantees of post-employment benefits by the employer under these arrangements.

Other related party transactions

The Group entered into transactions with entities which are controlled or jointly controlled by members of the management board or their close family members in the financial year and in the previous year. These transactions were as follows:

in thousands of U.S. dollars	2025	2024
Sales to X Display Company Technology	330	515
Total	330	515

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

in thousands of U.S. dollars	2025	2024
Services provided by Elex	–	17
Services provided by X-Celeprint	96	32
Royalties from X-Celeprint	29	–
Total	125	49

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	2025	2024
Trade accounts receivable due from X-Celeprint	–	32
Trade accounts receivable due from X Display Company Technology	134	140
Total	134	172

in thousands of U.S. dollars	2025	2024
Trade payables due from other related parties	18	18
Total	18	18

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

13 Other disclosures

13.1 Purchase commitments and contingencies

Purchase commitments comprise the following at December 31:

	2025	2024
Purchase commitments for:		
Property, plant, and equipment	61,202	167,821
Intangible assets	2,201	34
Material and services	2,416	4,503
Total	65,819	172,358

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 165.6 million (December 31, 2024: USD 155.8 million); the retention requirements have not yet been fulfilled in full for grants and subsidies received totaling USD 33.6 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:

	2025	2024
Production	3,824	3,926
Research and development	318	316
Sales, marketing, and administration	318	319
Trainees	140	135
Total	4,600	4,696

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

	2025	2024
Production	3,715	3,879
Research and development	320	306
Sales, marketing, and administration	321	318
Trainees	140	149
Total	4,496	4,652

Note: Number of employees excludes contract workers

13.4 List of shareholdings

Entity	Place of incorporation	Principal activities	Shareholding in %
X-FAB Silicon Foundries SE	Tessenderlo-Ham, 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 services	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	2025	2024
Audit cost		
KPMG	691	603
Other audit firms	113	118
Other services		
KPMG	207	167
Total	1,011	888

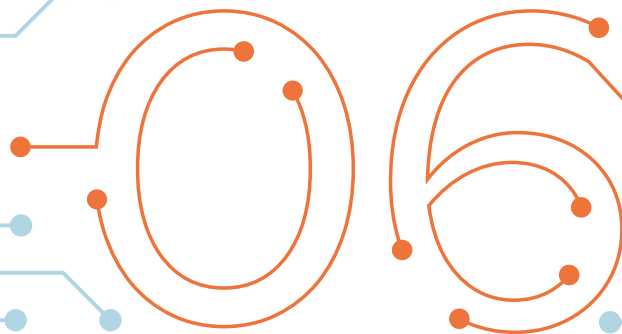
14 Events after the reporting period

On February 13, 2026, the Group completed the sale of an investment property with a carrying value of USD 3,196 thousand. The sale price, payable in cash, amounted to USD 4,873 thousand.

Tessenderlo-Ham, March 24, 2026

Managing Director, CEO

FAJEL Consultants SPRL
Represented by Damien Macq
CEO



SUSTAINABILITY AT X-FAB

6. Sustainability at X-FAB

Preamble - Letter from the ESG Committee

Dear Stakeholders,

We are pleased to present X-FAB's first Sustainability Report prepared based on the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS). This report represents an important milestone in the further integration of environmental, social and governance considerations into X-FAB's governance, strategy and operations.

As a global specialty semiconductor foundry, X-FAB plays a critical role in enabling technologies that support key societal and environmental objectives, including electrification, energy efficiency, industrial automation and healthcare. At the same time, we recognize that semiconductor manufacturing is resource- and energy-intensive and involves complex value chains. This dual role places a clear responsibility on X-FAB to understand, manage, and transparently disclose both the positive and negative impacts of our activities.

In 2025, X-FAB established an ESG Committee at Board level to strengthen oversight of sustainability-related matters and to support the Board of Directors in fulfilling its responsibilities under the CSRD. The ESG Committee, together with Executive Management and the Sustainability Office, has overseen the preparation of this report, including the execution and validation of X-FAB's first Double Materiality Assessment (DMA) in line with ESRS requirements.

The DMA confirmed that X-FAB's material sustainability topics are primarily linked to:

- climate change and energy use;
- pollution, water, and resource management; and
- occupational health and safety, working conditions, and equal treatment.

No sustainability-related risks or opportunities were identified as financially material at this stage; however, numerous material impacts – both positive and negative – were identified across our own operations and value chain. These findings are reflected transparently in this report and will guide the further development of our sustainability strategy, policies, actions, and targets.

This report also reflects X-FAB's current level of maturity. While we have long-standing management systems in place – such as ISO 14001 and ISO 50001 certifications, strong quality and safety standards, and established governance structures – certain ESRS-specific elements, including Group-wide policies, measurable targets, and transition plans, are still under development. Where this is the case, we have been explicit and transparent, making use of applicable ESRS phase-in provisions where appropriate.

Looking ahead, the ESG Committee sees this report not as an endpoint, but as a baseline. Building on this, X-FAB will:

- further integrate sustainability considerations into strategic and operational decision-making;
- strengthen data quality, internal controls, and value-chain transparency;
- develop and formalize policies, actions, and targets in line with ESRS expectations; and
- continue to engage with employees, customers, suppliers, investors, and other stakeholders.

We would like to thank the many colleagues across X-FAB who contributed to this report, as well as our stakeholders for their engagement and feedback. We remain committed to continuous improvement, regulatory compliance, and credible, transparent sustainability reporting.

The ESG Committee of X-FAB

6.1 General disclosures ESRS 2

6.1.1 Basis for preparation (BP-1)

6.1.1.1 Basis of sustainability statement

The sustainability statement has been prepared on a consolidated basis. The scope of consolidation is the same as for the consolidated financial statements.

However, regarding environmental topics and corresponding quantitative data points, the production site in Itzehoe (Germany) has been excluded from the calculation of consolidated data. As X-FAB is not the owner of the cleanroom building, facility infrastructure, and parts of the equipment, and does not have complete operational and financial control for this production site, X-FAB relies on getting the necessary data from the landlord. At this point in time, we do not have the verifiable environmental data needed to be able to report. The impact of the production site in Itzehoe is not material with respect to X-FAB's financial and sustainability results for the fiscal year 2025. X-FAB plans to include the production site in Itzehoe in the scope of the consolidated sustainability statement in future, which will be enabled through the establishment of an adequate system for the verifiable collection of the relevant sustainability data for this production site.

6.1.1.2 Coverage of value chain

The sustainability statement covers both X-FAB's own business activities as well as upstream and downstream value chains. For the purpose of the double materiality analysis (DMA), X-FAB focused primarily on Tier 1 suppliers and direct customers when assessing the upstream and downstream value chain.

6.1.1.3 Exclusion of specific information

In order to protect intellectual property, know-how, and the results of innovation X-FAB uses the option to omit a specific piece of information corresponding to intellectual property, know-how, or the results of innovation information within this sustainability report.

6.1.2 Specific circumstances (BP-2)

6.1.2.1 Time horizons

The time horizons considered when assessing the impacts, risks, and opportunities are the same as those defined in ESRS 2, paragraph 9.

6.1.2.2 Value chain estimations and metrics

X-FAB does not disclose value chain data, with the exception of Scope 3 GHG emissions. For these emissions, estimates have been applied to specific categories. Further details regarding the basis of preparation and the level of data accuracy for Scope 3 categories can be found in the Environment section.

6.1.2.3 Sources of estimation and outcome uncertainty

When full data was unavailable, we relied on estimations for certain key metrics. Our methods, assumptions, and the potential uncertainties associated with these values are explained within the relevant chapters.

6.1.2.4 Changes in preparation or presentation of sustainability information

As this report represents the first sustainability statement prepared in accordance with the European Sustainability Reporting Standards (ESRS) under the Corporate Sustainability Reporting Directive (CSRD), there are no previous ESRS-compliant reporting periods for comparison. To ensure the highest level of data quality and regulatory alignment, the Company performed a comprehensive revision of its Double Materiality Assessment (DMA) in 2025. This updated methodology incorporates all relevant impacts and industry-specific benchmarks. To provide meaningful transparency from the outset, sustainability data for both the 2024 and 2025 reporting periods have been collected and presented according to this updated 2025 DMA methodology. This approach ensures full consistency and comparability between the current and the prior year's figures within this initial report.

6.1.2.5 Disclosures stemming from other legislation or generally accepted sustainability reporting pronouncements

X-FAB prepared this report in accordance with the European Sustainability Reporting Standards (ESRS) and the Corporate Sustainability Reporting Directive (CSRD). No other sustainability reporting standards were applied.

6.1.2.6 Incorporation by reference

We used the option to incorporate information in this sustainability statement by reference, as defined in ESRS 1. The information that has been incorporated by reference is included in the table below.

Disclosure requirement	Reference document	Section reference
GOV-1	Annual Report (Corporate Governance Statement required by the Belgian Companies and Associations Code)	Chapter 6
SBM-1	Annual Report 2025 - Consolidated Financial Statements	Chapter 5, Section 9
EU Taxonomy	- Notes to the consolidated financial statements - Notes to the statement of financial position	- Chapter 5, Note 6.1 Revenue - Chapter 5, Note 7.1 Property, plant, equipment, and investment

6.1.3 Use of phase-in provisions in accordance with Appendix C of ESRs 1

X-FAB has elected to omit the full disclosure requirements in accordance with the phased-in Disclosure Requirements set out in Appendix C of ESRs 1, as amended by Commission Delegated Regulation (EU) 2025/1416 for the following sustainability topics for the current reporting period:

- **ESRS E4** (Biodiversity and ecosystems)
- **ESRS S2** (Workers in the value chain)
- **ESRS S3** (Affected communities)
- **ESRS S4** (Consumers and end-users)
- Anticipated financial effects (ESRS E1–9, ESRS E3–5, ESRS E5–6)
- Certain information under ESRS S1 (Characteristics of non-employees (ESRS S1–7); Cases of work-related ill-health (ESRS S1–14 88d); Number of days lost to injuries, accidents, fatalities and work-related ill health (ESRS S1–14 88e); Health and safety regarding non-employees (relevant paragraphs under ESRS S1–14)

Although our materiality assessment identified these topics as material to our business, we utilize the regulatory relief provided by the amended transition rules to focus our resources on the implementation of the General Disclosures and other material topical standards.

The following list of topics under the respective topical standards was assessed as material and will be omitted for the current reporting period:

- **ESRS E4** (Biodiversity and ecosystems)

ESRS topic	ESRS subtopic	ESRS sub-subtopic
Biodiversity and Ecosystems	Direct Drivers of Biodiversity Loss	Land Use Change, Freshwater and Marine Use Change
Biodiversity and Ecosystems	Direct Drivers of Biodiversity Loss	Direct Exploitation
Biodiversity and Ecosystems	Direct Drivers of Biodiversity Loss	Pollution
Biodiversity and Ecosystems	Impacts on Species Status	Population Size of Species
Biodiversity and Ecosystems	Impacts on Extent and Condition of Ecosystems	Land Degradation
Biodiversity and Ecosystems	Impacts on Extent and Condition of Ecosystems	Desertification
Biodiversity and Ecosystems	Impacts on Extent and Condition of Ecosystems	Soil Sealing

- **ESRS S2** (Workers in the value chain)

ESRS topic	ESRS subtopic	ESRS sub-subtopic
Workers in the Value Chain	Other Work-Related Rights	Forced Labor

- **ESRS S3** (Affected communities)

ESRS topic	ESRS subtopic	ESRS sub-subtopic
Affected Communities	Economic, Social and Cultural Rights of Communities	Adequate Housing
Affected Communities	Rights of Indigenous Peoples	Free, Prior, and Informed Consent

- **ESRS S4** (Consumers and end-users)

ESRS topic	ESRS subtopic	ESRS sub-subtopic
Consumers and End-Users	Personal Safety of Consumers and/or End-Users	Health and Safety

Our business model and strategy explicitly account for the impacts related to these topics. We have established governance structures and strategic initiatives to ensure all necessary steps are taken to manage and mitigate material impacts across our operations and value chain.

X-FAB takes the following measures to prevent the occurrence or increase of negative impacts in the subject areas:

- **ESRS E4** (Biodiversity and ecosystems)

Our business strategy integrates biodiversity risk management across our value chain. We require suppliers to adhere to the applicable laws and regulations (including environmental laws) through our procurement agreements. The impact on biodiversity is minimized through strategic site selection: all operational facilities are located within designated industrial areas, with no sites situated within or adjacent to nature reserves or other protected areas of high biodiversity value.

- **ESRS S2** (Workers in the value chain)

We require suppliers to adhere to the applicable laws and regulations (including social laws) through our procurement agreements.

- **ESRS S3** (Affected communities)

Our internal governance, planning, and ethical standards guide how our growth impacts local communities, ensuring we strengthen rather than harm the social and economic well-being of those affected by our operations.

- **ESRS S4** (Consumers and end-users)

All our sites are certified to IATF (International Automotive Task Force) 16949, ensuring consistent quality and reliability for our customers. Our process technologies are designed for longevity, delivering durable solutions that meet end-user expectations and support sustainable product use. We maintain a Code of Conduct with clear commitments on human rights and customer interests, reinforcing ethical behavior across our operations and value chain.

To date, X-FAB has not established any time-bound targets related to above listed sustainability matters, has no dedicated sustainability policies or structured actions to address actual or potential adverse impacts, and does not currently disclose related metrics.

Specification of data points under material topics that are not reported

X-FAB will not disclose certain data points which fall under the material topics and are not subject to phase-in regulations for the current reporting year. The reasons for non-disclosure are listed below:

1. ESRS E2: Information on microplastics under disclosure requirement E2-4, 28 (b).

X-FAB has assessed its materials, processes, and emissions and confirmed that no polymer-based microplastics are used, generated, or released, as Chemical Mechanical Planarization (CMP) slurries contain only mineral (silica/silicon dioxide) particles that do not meet the regulatory definition of microplastics. All slurry residues are managed through controlled wastewater treatment or licensed disposal, and as no microplastic emissions are identified, there are no reportable quantitative data under ESRS E2-4, 28 (b).

2. ESRS E5: Percentage of biological materials under disclosure requirement E5-4, 31 (b).

X-FAB does not purchase any biological materials. For this reason, no data can be reported.

3. ESRS E5: The rates of recyclable content in products under disclosure requirement E5-5, 36 (c).

X-FAB products are neither recyclable nor repairable. For this reason, no data can be reported.

4. ESRS E5: Total amount of radioactive waste under disclosure requirement E5-5, 39.

X-FAB does not generated any radioactive waste for disposal. For this reason, no data can be reported.

6.1.4 Governance

6.1.4.1 Role of the Board of Directors and Executive Management (ESRS 2 GOV-1)

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 daily management of X-FAB has been delegated by the Board of Directors to the Chief Executive Officer (CEO). The CEO 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.

Composition of the board

The CEO is the only member of the Board of Directors with an executive mandate. There are seven non-executive directors, four of which are independent. That means that 50% of the board members are independent.

Our Board of Directors comprises eight members of whom three are women (37.5%) and five are men (62.5%). They are from diverse industries, nationalities, cultural backgrounds and ages. Our Board of Directors has a gender diversity ratio of 3:5 (female to male ratio).

As the CVs from the board members as included in Section 7.3 of this Annual Report show, the board members have a rich background of relevant experience in different sectors (including the semiconductor industry and its products) and geographic locations, providing X-FAB with the required expertise to navigate the landscape it operates in.

The CEO represents the employees and other workers in the Board of Directors of the Company. At the level of the manufacturing sites, employees and workers are represented in the local administrative, management, or supervisory bodies, for example by a works council representative.

Composition of the Executive Management Team

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. They have a rich background of relevant experience within X-FAB or elsewhere in the semiconductor sector. They originate from and are located in different areas where X-FAB has its operations.

Our Executive Management Team comprises nine members of whom one is a woman (11%) and eight are men (89%) resulting in a female to male ratio of 1:8. The members of the Executive Management Team are listed in the table in Section 7.5 of this Annual Report. The table also includes the members' position and age, indicating both a geographical and age diversity.

Roles and responsibilities

As documented by the Corporate Governance Charter, the Board of Directors holds the overarching responsibility for overseeing the impacts, risks, and opportunities associated with our operations. The audit committee and ESG committee support the Board of Directors. The audit committee assists the board in its supervisory tasks with respect to the internal controls and acts as point of contact for the external auditors. The ESG committee, which has been set up in 2025, is composed of the CEO and two independent directors. The management reports during each meeting of said committee on the execution of the ESG strategy and is responsible for preparing the required disclosure of the corporate sustainability information. The Sustainability Office takes care of the day-to-day execution of all tasks relating to corporate sustainability.

Targets are defined at the Executive Management level and consequently approved by the board. After approval, such targets are regularly reported on by the relevant manager to the Executive Management and the Board of Directors (or in one of the board committees). Certain key targets get translated into concrete KPIs for individuals at the Executive Management level.

Furthermore, it is the task of the Executive Management to put internal controls in place (i.e. systems to identify, assess, manage and monitor financial and other metrics) based on the framework approved by the Board of Directors. The internal control and risk assessment procedures in relation to the process of sustainability reporting are coordinated by the VP Quality and the CEO. Such procedures are in place to ensure that the sustainability reporting is based on reliable information and that the continuity of the reporting in conformity with the ESRS is guaranteed. The process of internal control is based on the following principles:

- Data is registered accurately and saved in an automated global enterprise resource planning (ERP) system by the different X-FAB business units.
- The sustainability information is prepared and reported in first instance by the relevant departments in the different legal entities of X-FAB worldwide.
- Consequently, the Sustainability Office will review and consolidate the prepared and reported local financial information before it is included in the consolidated sustainability report.

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 sustainability 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 information relevant to the business activities of their functional area for monitoring, controlling, and directing purposes.
- 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 sustainability reporting. The adequacy and integrity of these IT systems and procedures are reviewed regularly.

The members in our Board of Directors and Executive Management come from a wide variety of industries and backgrounds: some members have years of experience in the operations of semiconductor companies, while others leverage their experience in change management, academics, or general management.

All combined, they possess the necessary skills and expertise to oversee sustainability initiatives effectively. As the individuals within the board, Executive Management and Sustainability Office continue to build and develop their skills and knowledge regarding sustainability matters, X-FAB makes sure to have direct access to external industry experts and regular training programs to ensure there are no gaps. As X-FAB reports more and more on its material impacts, risks and opportunities, the individuals involved will gain new insights and will automatically deepen their knowledge of the topics that matter for X-FAB.

6.1.4.2 Sustainability matters addressed by the Board of Directors and Executive Management (ESRS 2 GOV-2)

In 2025, the Sustainability Office performed the double materiality assessment and as part of that created the list of material impacts, risks, and opportunities for the first time in line with the ESRS. This list has been shared with and approved by the ESG committee. The ESG Committee gathers at least twice a year. Going forward, it will be the ESG Committee that will, based on input from the Sustainability Office, advise on the implementation of due diligence, and results and effectiveness of policies, actions, metrics, and targets.

The impacts deemed material are inherently taken into account by the Board of Directors in defining X-FAB's strategy. Our strategy is to continue focusing on our specialty technologies. These technologies offer solutions, 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. The Executive Management takes these impacts, risks, and opportunities into consideration when putting the strategy into practice.

When preparing the list of material impacts, risks, and opportunities, we have already started initiatives to address certain material impacts. In terms of climate change mitigation, we raised awareness within the Company and engaged external experts to define a reliable carbon footprint calculation. This sets the baseline for the targets in this regard.

6.1.4.3 Integration of sustainability-related performance in incentive schemes (ESRS 2 GOV-3)

X-FAB's Remuneration Policy sets out the principles of the remuneration of the Board of Directors and the Executive Management of the Company. This policy has been approved by the shareholders on April 24, 2025. The Board of Directors determines, upon recommendation by the Nomination and Remuneration Committee, the individual remuneration of the Executive Management in accordance with this remuneration policy. The Nomination and Remuneration Committee evaluates the performance of the CEO and discusses with the CEO the performance of the other members of the Executive Management based on the guidelines of this remuneration policy.

Every year, the Board of Directors, upon the advice of the Nomination and Remuneration Committee, determines the objectives the CEO and other members of the Executive Management must reach in the coming year in view of the performance criteria in this remuneration policy.

As such, individual objectives of members of the Executive Management can include both financial and non-financial targets to determine the variable remuneration. Such non-Executive Management financial targets could be targets supporting the Company's ESG strategy. Over the reporting year, depending on the role of each Executive Management member, individual objectives were already linked to one or more qualitative sustainability-related objectives, such as CO₂ emission reduction and driving technological innovation to support climate change and health and well-being.

Not all members of the Executive Management had targets that were directly linked to the Company's ESG strategy, but for the members that did have such targets, these typically represent around 10% of the portion of the short-term cash bonus that is linked to the individual, department, or site performance.

6.1.4.4 Statement on due diligence (ESRS 2 GOV-4)

The below table provides a mapping to where in our annual report we provide information about our due diligence process, including how we apply the main aspects and steps of our due diligence process.

Core Elements of Due Diligence	Sections in the Annual Report	Section Reference
Embedding due diligence in governance, strategy and business model	- Corporate Governance Statement (Chapter 7) - ESRS 2 GOV-2 - GOV-3	6.1.4 Governance
Engaging with affected stakeholders in all key steps of the due diligence	- ESRS 2 IRO-1 - GOV-2 - SBM-2	6.1.8 Processes to identify and assess material IROs (ESRS 2 IRO-1); 6.1.4 Governance; 6.1.7 Material impacts, risks and opportunities and their interaction with strategy and business model (ESRS 2 SBM-3)
Identifying and assessing adverse impacts	- ESRS 2 IRO-1 - SBM-3	6.1.8 Processes to identify and assess material IROs (ESRS 2 IRO-1); 6.1.7 Material impacts, risks and opportunities and their interaction with strategy and business model (ESRS 2 SBM-3)
Taking actions to address those adverse impacts	ESRS 2 - MDR-A	6.2.2.6 MDR-A: Actions and resources in relation to Climate change policies (E1-3); 6.2.3.4 MDR-A: Actions and resources in relation to Pollution policies (E2-2); 6.2.4.4 MDR-A: Actions and resources in relation to Water policies (E3-2); 6.2.5.4 MDR-A: Actions and resources in relation to Resource use and circular economy policies (E5-2); 6.3.1.5 MDR-A: Actions on material impacts on Own workforce, and approaches to managing material risks and pursuing material opportunities related to Own workforce (S1-4)
Tracking the effectiveness of these efforts and communicating	- ESRS 2 - MDR-T - ESRS 2 - MDR-M	6.2.2.7 MDR-T: Targets related to Climate change mitigation and adaptation (E1-4); Metrics (E1) 6.2.2.8-6.2.2.9; 6.2.3.5 MDR-T: Targets related to Pollution (E2-3); Metrics (E2) 6.2.3.6.-6.2.3.8; 6.2.4.5 MDR-T: Targets related to Water (E3-3); Metrics (E3) 6.2.4.6; 6.2.5.5 MDR-T: Targets related to Resource use and circular economy (E5-3); Metrics (E5) 6.2.5.6.-6.2.5.7; 6.3.1.6 MDR-T: Own Workforce targets (S1-5); Metrics (S1) 6.3.1.7-6.3.1.11

6.1.4.5 Risk management and internal controls over sustainability reporting (ESRS 2 GOV-5)

Our risk management and internal control processes are intended to cover all aspects of sustainability reporting and are under the responsibility of the Board of Directors and the Audit Committee and ESG Committee. This scope includes the governance, data collection systems, data processing workflows, and IT platforms used to compile, validate, and disclose sustainability data across all reporting entities and functions. The audit committee assists the Board in its supervisory tasks with respect to the internal controls while the ESG committee oversees the execution of the ESG strategy by management. The Financial and Legal department assists with the interpretation of the requirements and consistency of both quantitative and qualitative data points. The Internal Auditor is an integral part of X-FAB's internal control system and reports to the Board of Directors at least twice per year.

The risk assessment approach starts with defining the appropriate stakeholders and experts for each topic of the sustainability reporting. These stakeholders are responsible for the risk identification. The approach aims for having a documented risk universe covering typical sustainability reporting risks (e.g., completeness and integrity of data, timing/availability of inputs, estimation accuracy, and IT system dependencies), consistent with ESRS guidance. Stakeholders continuously identify potential risks, considering factors like industry trends, regulatory changes, and internal assessments. The next step is the analysis and evaluation of those risks. The analysis and evaluation of these risks follow a structured scoring methodology to ensure consistency across the undertaking. Each identified risk is assessed on a defined likelihood scale, ranging from remote (1) to very likely (5), and an impact scale, ranging from insignificant (1) to extreme (5). This impact assessment specifically considers potential effects on data integrity, reporting timelines, and regulatory compliance. To guide risk owners in their evaluation, we utilize specific

scoring criteria such as historical error rates, the degree of dependence on external data sources, and the inherent complexity of the calculation methods involved. An overall risk score is subsequently calculated as the product of likelihood and impact, allowing us to classify risks into three tiers: Low (1–6), Medium (7–12), and High (13–25). This classification serves as a formal escalation trigger; any risk exceeding the Medium threshold requires a documented mitigation plan and undergoes a formal review by the Sustainability Office. Risks classified as High are subject to further escalated review and oversight by the ESG Committee to ensure that adequate resources and controls are allocated.

Based on the comprehensive evaluation methodology described above, we have identified the inherent operational risk of misstatements, as sustainability information is gathered from various departments and geographical locations, which could theoretically result in differences in interpretation, calculation, or human error. Other identified risks include potential delays in upstream value chain data, inconsistency in estimation methodologies between sites, and gaps in IT access controls.

To address these risks, we have started to implement a company-wide system of internal controls over our sustainability reporting data. This internal control system is based on the following pillars:

- **Standardized Data Collection:** Uniform templates and reporting packages were distributed to all production sites. These templates were completed by the respective Site Managers and subsequently reviewed and validated at the Group level by designated data owners.
- **Analytical Controls:** We performed analytical controls to analyze deviations in the data. This includes period-over-period variance analysis to ensure the credibility, consistency, and comparability of the reported information. Thresholds for variance triggers and documentation requirements for investigations are defined in our control procedures.
- **Plausibility Checks:** In a second instance, the Sustainability Office performs data validation. For example, when there is a significant increase for certain data points, the Sustainability Office consults the Sites manager to check the plausibility of that increase and reconciles utility invoices or similar evidence sources against reported consumption data.

As we gain more experience and more comparable data throughout the coming years, these pillars will be further developed and improved.

Findings from the risk assessment and internal controls regarding the sustainability reporting process are first discussed within the Sustainability Office. The Sustainability Office analyzes these findings and develops mitigating actions, which are then integrated into relevant internal processes (e.g., changes to standard operating procedures, updates to IT controls, additional training for data owners) and presented to the ESG Committee if they are material. Non-material items are immediately addressed and resolved by the Sustainability Office.

To ensure adequate oversight by the administrative and supervisory bodies, the findings of the risk assessment and the effectiveness of internal controls are reported to and discussed with the ESG Committee on a periodic basis, as well as on an as-needed basis for any ad-hoc material findings. For the first year of the reporting under the CSRD, these internal controls were largely based on spot checks and were not yet systematically implemented to ensure that indeed all material errors would be flagged.

6.1.5 Strategy

• Strategy, business model and value chain (ESRS 2 SBM-1)

6.1.5.1 Strategy overview

Quality and sustainability are core pillars of our operations. X-FAB is dedicated to delivering high-quality products and services that not only meet customer expectations but also contribute to environmental and social responsibility. We are committed to reducing our environmental footprint, promoting sustainable practices throughout our supply chain, and fostering a culture of continual improvement to ensure a better future for generations to come.

Main products and services

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 manufacturing sites across the globe. The specialty technologies offered by X-FAB include analog-mixed signal integrated circuits (ICs), microsystems, and wide-bandgap technologies (silicon carbide and gallium nitride).

X-FAB's technology portfolio includes:

- **High-voltage CMOS and SOI:** Modular platform technologies from 1.0 μm down to 110nm nodes offering the integration of various functionalities on one chip, such as analog/mixed signal, digital, non-volatile memory, or RF. These chips support up to 700 V breakdown voltage and are qualified for a temperature range from -40°C to $+175^{\circ}\text{C}$, making them particularly suitable for automotive applications.
- **Microsystems:** Technologies range from micro-electro-mechanical systems (MEMS) with or without integrated CMOS to microfluidics and heterogeneous integration, offering custom microsystems solutions for a variety of applications in the automotive, industrial, and medical end market.
- **Wide-bandgap semiconductors:** Semiconductor substrates silicon carbide (SiC) and gallium nitride (GaN) offer superior efficiency compared to silicon and enable the development of energy-efficient solutions for applications such as EV traction inverters, on-board chargers, industrial power conversion, solar inverters, or grid converters.
- **Silicon photonics:** The combination of silicon-based semiconductor technology and photonics enables energy-efficient and smaller devices for applications ranging from high-speed data transmission to sensing. X-FAB is also engaged in the EU-funded

photonixFAB project for photonic ICs that are used for telecom, data communication, quantum computing, and LiDAR applications.

The services of X-FAB include wafer fabrication, design and IP support, and customer-specific technology development:

- Wafer fabrication services: production at six global wafer fabs (Germany, France, Malaysia, USA).
- Design support and IP libraries: in-house developed design models, PDKs, analog and digital libraries, embedded flash, and consultancy for first-time-right prototyping.
- Customer-specific technologies: tailored process development, especially in MEMS and SiC, requiring close engineering collaboration.
- Non-recurring engineering (NRE) & technology services: prototyping, process customization, and milestone-based engineering contracts.
- Outsourcing and fab transfers: hosting customer-specific processes, second-source production, and full fab migration support.

Main markets and customer groups

X-FAB's business is tailored to serve specific high-reliability market segments, including:

- Automotive: Sensor interfaces, power management ICs, electronics for safety-critical applications; strong presence in the European automotive supply chain.
- Industrial: Automation, control systems, and robust analog and mixed-signal chips for long lifecycle applications.
- Medical: Chips for implants, diagnostic equipment, and other high-reliability medical technologies.

X-FAB's customer base is broad and global – it serves more than 400 customers worldwide. It ranges from well-known fabless design companies to smaller device makers and even some integrated device manufacturers (IDMs) that outsource part of their production. This diversified client portfolio reflects X-FAB's role as an enabling foundry across multiple industries, with a particularly strong presence in the European automotive supply chain.

We had a total of 4,470 employees worldwide as per December 2025.

The number of our employees by geographic region is presented in the table below:

Employees by region		2025
Region	Number of employees	
EMEA	2,509	
North America	424	
Asia	1,537	

In 2025, X-FAB Group recorded total revenues of USD 870.3 million.

X-FAB's core operations are categorized under the Electronics ESRS sector. The Group manages its operations as one single operating segment in accordance with IFRS 8. Further information can be found in chapter 5 (X-FAB consolidated financial statements), section 9 (Segment reporting) of the Annual Report 2025.

Beyond its primary manufacturing activities, X-FAB identifies the Energy & Utilities and Chemicals sectors as significant to its sustainability profile.

- Energy & Utilities: Identified due to the energy-intensive nature of cleanroom operations and the reliance on stable, increasingly renewable energy sources.
- Chemicals: Reflects the procurement and processing of specialty gases and chemicals essential for wafer manufacturing. These sectors are integrated into our Double Materiality Assessment, as they represent the areas with the highest potential for environmental impact (Scope 1 & 2 emissions) and regulatory risk (e.g., PFAS management).

X-FAB's sustainability goals are categorized across key stakeholder groups and product categories:

- Products: One of X-FAB's primary ESG goals is to drive innovation in semiconductor technologies that contribute to critical sustainability objectives: mitigating climate change and providing healthcare to aging populations. X-FAB's specialty technologies – high-voltage CMOS and SOI, microsystems, and wide bandgap SiC and GaN technologies – enhance the energy efficiency and system performance of automotive power electronics, renewable energy systems, industrial automation, and medical devices. X-FAB continuously enhances its capabilities and capacities to enable the global transition to green energy and electric mobility, as well as advancements for more efficient and effective healthcare.
- Operations: X-FAB aims to reduce CO₂ emissions, as defined in our ESG objectives. This includes a number of activities, such as increasing the proportion of purchased electricity from renewable sources or reducing specific energy consumption. The ultimate goal is to progress towards long-term carbon neutrality.

- **Social:** X-FAB currently adheres to the ZVEI Code of Conduct across all manufacturing sites in Europe, Asia, and the US to uphold strong social and ethical standards. Beginning in 2026, X-FAB plans to transition to the Responsible Business Alliance (RBA) Code of Conduct and progressively implement its requirements. In addition, X-FAB has set a dedicated ESG objective to strengthen diversity and inclusion, ensuring equal opportunities for all employees.

X-FAB's current product portfolio is highly aligned with its sustainability-related goals. Our core markets – Automotive, Industrial, and Medical – account for more than 90% of our revenue.

- **Automotive & Industrial:** X-FAB's high-voltage CMOS and SOI solutions as well as wide bandgap technologies SiC (silicon carbide) and GaN (gallium nitride) are "critical enablers" for decarbonization (e.g., inverters for EVs and solar power).
- **Medical:** X-FAB's CMOS sensor and microsystems solutions support healthcare for the prevention, diagnosis, treatment, and monitoring of diseases.

We assess these significant product groups as being in direct support of our mission to provide technologies that improve energy efficiency and human health.

6.1.5.2 Business model and value chain

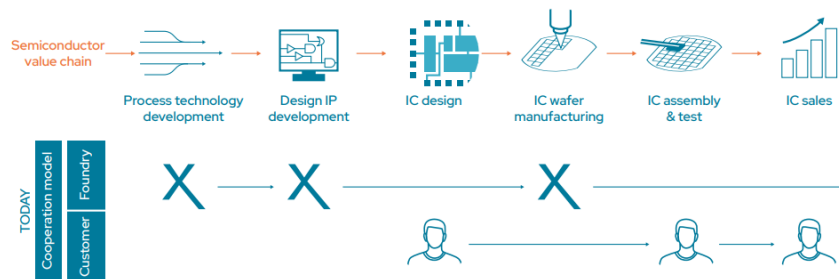


Fig. 6.1: X-FAB within the semiconductor value chain

X-FAB's upstream value chain is characterized by the procurement of raw materials, consumables, and equipment required for wafer fabrication. The most critical inputs are silicon wafers, specialty substrates such as silicon carbide (SiC), as well as high-purity gases, chemicals, and photoresists. Beyond raw materials, X-FAB's business model relies on significant inputs of energy (primarily electricity for cleanroom operations) and high-purity water, which are essential for the manufacturing process. X-FAB also relies on advanced semiconductor equipment and spare parts to maintain and expand production capacity.

Suppliers are managed under a global cross-site system. New suppliers must undergo qualification, including process audits, certification, and compliance checks. Performance is reviewed annually, with corrective actions required for underperformance. Responsible sourcing is an integral part of the upstream model. X-FAB enforces conflict minerals reporting, requiring all strategic suppliers to provide full traceability and source only from certified conflict-free smelters. The approach to securing inputs also includes long-term agreements with key suppliers to ensure business continuity in a volatile market environment.

X-FAB serves around 400 customers worldwide, the majority of which are fabless semiconductor companies, complemented by integrated device manufacturers (IDMs) and original equipment manufacturers (OEMs). The group's business is strongly anchored in the automotive, industrial, and medical sectors. As a pure-play foundry, X-FAB does not design or market proprietary products but manufactures based on customer designs, ensuring full IP protection and neutrality. The primary outputs are processed semiconductor wafers and related technical services. The customer relationship extends across the entire lifecycle: process selection, design support, prototyping, qualification, and volume production. X-FAB commits to long-term availability of its processes, typically for at least seven years and often more than 15 years, which is particularly critical for automotive and medical applications with long product lifecycles.

To support efficient development, X-FAB provides process design kits, IP libraries, and prototyping services such as multi-project wafer shuttles, making entry costs manageable even for smaller customers. During production, quality is ensured through ISO- and automotive-certified fabs, compliance with AEC-Q100 standards, and a zero-defect culture. Customers are given access to real-time reporting on production and yield data.

Downstream, X-FAB also coordinates additional services through our X-CHAIN partner ecosystem, which covers packaging, testing, and logistics. This enables customers to access turnkey solutions while maintaining quality and confidentiality standards.

The upstream value chain of X-FAB is highly complex, reflecting the global semiconductor industry's dependence on numerous specialized inputs. These supply chains are characterized by multi-tier structures, cross-border dependencies, and a significant degree of technological and regulatory specialization. Beyond Tier-1 suppliers, material flows often extend across multiple tiers of refiners, smelters, and raw material providers, which makes comprehensive traceability and direct influence highly challenging. Given this complexity, and in line with common industry practice, X-FAB focuses primarily on management of Tier-1 suppliers. This approach ensures that the most relevant business relationships are systematically assessed. While X-FAB acknowledges the importance of sustainability risks further upstream, the focus on Tier-1 suppliers as the level where the Company has both the strongest leverage and the highest ability to manage risks and compliance obligations effectively.

The downstream value chain of X-FAB is characterized by limited transparency and traceability regarding the final application of our products. As a pure-play foundry, X-FAB does not manufacture end-user products but produces semiconductor wafers that serve as components within larger integrated systems. These wafers are further processed by customers and subsequently embedded into complex modules, electronic systems, or equipment by downstream manufacturers. Due to this position in the supply chain, X-FAB has no direct contractual relationship with end-users and limited visibility on the ultimate markets, geographies, or product applications in which its chips are deployed. This structural characteristic makes it challenging to fully trace the social and environmental impacts of its products beyond the immediate customer interface. X-FAB therefore focuses its downstream assessment on its direct customers. These Tier-1 customer relationships are where the Company can exercise influence through contractual agreements, quality standards, sustainability requirements, and collaborative product development. While acknowledging that broader downstream risks and impacts exist, X-FAB's ability to monitor and manage them is inherently constrained by its role as an upstream supplier within the global semiconductor value chain.

6.1.6 Interests and views of stakeholders (ESRS 2 SBM-2)

In August 2024, the results of the internal Double Materiality Assessment performed under the GRI standards (DMA) were shared with key external stakeholders, including banks, investors, customers, and suppliers. These groups were selected because of their critical roles in the Company's ecosystem and their ability to provide valuable feedback on the Company's performance and data capabilities. As a core element of the DMA process, an online survey was issued to the identified stakeholders to systematically capture external perspectives and integrate them into the assessment.

The survey was designed to gather comprehensive insights from varied viewpoints and was directly aligned with the material topics identified in the internal DMA.

Stakeholders were asked to provide feedback on the Company's current practices, policies, and performance across both financial and environmental/social dimensions of the business. They were also asked to indicate which topical standards under the European Sustainability Reporting Standards (ESRS) they consider particularly important for their decision-making and engagement with the Company. The objective was to evaluate how well the Company's actions align with external expectations, industry standards, and evolving regulatory trends.

This collected feedback was carefully evaluated. The suggestions for improvement were incorporated into the processes for DMA 2025. This led to additional Impacts, Risks and Opportunities (IROs) being identified, which were included in the long list (such as topics under ESRS E2, E3, S2 and G). Stakeholder engagement conducted during the reporting period did not result in any modifications to X-FAB's strategy or business model.

For 2025, the systematic stakeholder assessment was carried out as part of the implementation of the Environmental Management System in accordance with ISO

14001:2015. During this process all relevant interested parties, such as customers, employees, suppliers and financial institutions were identified (see the table below). Internal experts were consulted to validate the information as well as for the assessment of their actual or potential needs and expectations with regard to the undertaking's performance. In preparation of the long list for the reporting year 2025, the stakeholders assessment was taken from this systematic stakeholder according to ISO 9001:2015.

Stakeholder	Key expectations	Engagement method
Employees	- 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
Standardization Bodies/Organizations	- Achieve and maintain compliance to relevant standards - Promote standards towards supply chain - Contribute to standardization	Direct exchange with Global + Site Reps (Quality, Technology, Operations, Facility, EHS, IT)
Customers	- Full filled contractually agreed requirements - Enable manufacturing of competitive products - Achieve profitable and sustainable business - Meet volume demands, ensure on-time delivery - Meet product quality and reliability targets and fulfill customer specific requirements - Provide evidence for compliance to standards (e.g. by certifications); data security	- Customer satisfaction survey - Control and review of business plan - Management review - Customer relationship management - Contract review - Order Entry, Scheduling and Delivery - Control of customer projects - Customer specific requirements
Investors	- Achieve profitable and sustainable business - Consider climate change affects by X-FAB business	- Investor relationship management - EnSimiMaV; European ESG reporting standard – CSRD (Corporate Sustainability Reporting directive)
Banks	Receive on-time repayment of loans	- Controlling - Capital expenditures - Management of debtors - Risk management
Legislators, Governments, Public Authorities,	Ensure compliance to all legal requirements	Legal compliance management
Suppliers (external providers), business partners incl. certification body	- Establish defined procurement frequency and quantity, - Ensure on-time payment	Supplier management
Research Partners, Universities	- Realize joint research and development - Prepare industrialization of research results	- Innovation management - Knowledge management
Shareholders, Investors, rating agencies as influencers	Achieve profitable and sustainable business	Investor relationship management

X-FAB has installed an ESG Committee overseeing its various sustainability-related activities. These are regularly presented to the Company's Board of Directors. The committee was informed about the results of the stakeholder engagement during the regular meetings in 2025.

6.1.7 Material impacts, risks and opportunities and their interaction with strategy and business model (ESRS 2 SBM-3)

To identify its material impacts, risks, and opportunities (IROs) X-FAB has carried out a Double Materiality Assessment (DMA) in accordance with ESRS 1. This section describes

how these IROs relate to our business activities and presents the strategies developed to address them effectively.

Through the DMA a number of material impacts have been identified which are summarized in the table below. There were no significant risks or opportunities identified. Throughout the DMA and based on the set thresholds for the determination of material impacts, risks and opportunities, none of the risks and opportunities have been assessed as material. This is reflecting the stable and resilient approach for X-FAB's operation and the boundaries of its business model. X-FAB is not developing and selling own functional products but providing technologies and manufacturing services to produce products for other companies.

The relevant impacts are mostly long- or medium term and arise across the entire value chain:

Topic	Subtopic	Sub-subtopic	Description of the impact	Category of impact	Classification	Upstream value chain	Own operations	Downstream value chain	Affected company units	Time Horizon
Climate Change	Climate Change Mitigation		High greenhouse gas emissions from production of silicon wafers, specialty gases (SF ₆ , NF ₃), and chemicals contribute to climate change	Negative	Actual	✓	✓		All manufacturing sites	Long-term
Climate Change	Climate Change Mitigation		Providing IC design services and wafer manufacturing for energy-efficient applications (EV power systems, renewable energy inverters) increases positive climate impact	Positive	Actual			✓	All manufacturing sites	Long-term
Climate Change	Climate Change Mitigation		Semiconductor manufacturing enables substantial GHG emission reductions in downstream sectors	Positive	Potential		✓	✓	All manufacturing sites	Long-term
Climate Change	Climate Change Mitigation		Global shipping of wafers, chemicals, photomasks, and targets contributes to significant GHG emissions and carbon footprint	Negative	Actual	✓			All manufacturing sites	Long-term
Climate Change	Climate Change Mitigation		High-GWP perfluoro compounds (PFCs) and fluorinated gases contribute to GHG emissions but since there are no effective substitutes, they remain critical for the industry. This makes efforts for emission reduction very challenging.	Negative	Actual	✓	✓	✓	All manufacturing sites	Long-term
Climate Change	Climate Change Mitigation		Sulfur hexafluoride (SF ₆) used in etch chamber cleaning and wafer power-device testing is a potent greenhouse gas; closed-cycle reuse concepts are under exploration	Negative	Potential	✓	✓	✓	All manufacturing sites	Medium term
Climate Change	Climate Change Mitigation		Usage of standardised GHG methodologies improve value-chain data quality and comparability, while boosting transparency and trust	Positive	Potential	✓	✓	✓	All manufacturing sites	Long-term
Climate Change	Climate Change Mitigation		Systematic quantification of product environmental impacts (PCF focus) is essential to meet legal and customer requirements, remain competitive, and identify savings potentials; integrating this practice delivers transparency for purchasing decisions.	Positive	Potential	✓	✓	✓	All manufacturing sites	Long-term

Topic	Subtopic	Sub-subtopic	Description of the impact	Category of impact	Classification	Upstream value chain	Own operations	Downstream value chain	Affected company units	Time Horizon
Climate Change	Climate Change Mitigation		Using EPDs (Type III, ISO 14025/EN 15804/ISO 21930) with product-category rules can enable transparent, verified communication of lifecycle impacts; alignment challenges should be planned for.	Positive	Potential	✓	✓	✓	All manufacturing sites	Long-term
Climate Change	Climate Change Mitigation		Insufficient primary data availability across the supply chain (48% report only 0–10% primary data) undermines data quality, delays implementation, and increases costs of environmental assessments.	Negative	Actual	✓	✓	✓	All manufacturing sites	Medium-term
Climate Change	Climate Change Mitigation		Insufficient alignment with the GHG reduction targets of the customers also has a negative effect on this very goal from the inside-out perspective.	Negative	Potential	✓	✓	✓	All manufacturing sites	Long-term
Climate Change	Climate Change Mitigation		Greenhouse gas emissions across the value chain (own operations, suppliers, contractors, distributors, and customers) contribute to climate change, creating significant negative environmental impacts and linking production to customer carbon footprint accountability	Negative	Actual	✓	✓	✓	All manufacturing sites	Long-term
Climate Change	Energy	Energy Generation/ Energy Consumption	By offering components for renewable energy, electrification, and digitalization, the industry positively impacts the reduction of greenhouse gas emissions across the value chain	Positive	Potential		✓	✓	All manufacturing sites	Long-term
Climate Change	Energy	Energy Generation/ Energy Consumption	High electricity consumption in own operations and across the value chain (suppliers, subcontractors) creates negative impacts on grid stability and availability for other users.	Negative	Actual	✓	✓	✓	All manufacturing sites	Long-term
Pollution	Air Pollution		Pollution of air through emissions due to production and logistics activities	Negative	Actual	✓	✓	✓	All manufacturing sites	Long-term
Pollution	Air Pollution		Manufacturing processes requiring high temperatures and chemical use can release VOCs and other pollutants, creating environmental and community health impacts.	Negative	Potential	✓	✓	✓	All manufacturing sites	Long-term

Topic	Subtopic	Sub-subtopic	Description of the impact	Category of impact	Classification	Upstream value chain	Own operations	Downstream value chain	Affected company units	Time Horizon
Pollution	Air Pollution		Use and handling of hazardous chemicals and gases in operations create negative impacts on local air quality.	Negative	Potential	✓	✓	✓	All manufacturing sites	Long-term
Pollution	Air Pollution		Accidental pollution from suppliers or subcontractors, such as the release of hazardous gases, could negatively impact local air quality.	Negative	Potential	✓	✓	✓	All manufacturing sites	Long-term
Pollution	Water Pollution		Pollution of water due to emissions of nitrates, phosphates, pesticides, priority substances (as defined by local authorities) due to production processes	Negative	Potential		✓		All manufacturing sites	Long-term
Pollution	Water Pollution		Return of used water to water bodies after treatment (only treated water discharged 3 of 5 sites return used water to water bodies directly)	Negative	Potential		✓		All manufacturing sites	Long-term
Pollution	Water Pollution		Use and handling of hazardous chemicals and gases in operations can contaminate local water resources	Negative	Potential	✓	✓	✓	All manufacturing sites	Long-term
Pollution	Water Pollution		Accidental pollution from suppliers or subcontractors, such as release of hazardous chemicals, could contaminate local water resources.	Negative	Potential	✓	✓	✓	All manufacturing sites	Long-term
Pollution	Water Pollution		Inappropriate handling of waste and its disposal can cause soil water contamination	Negative	Potential	✓	✓	✓	All manufacturing sites	Long-term
Pollution	Soil Pollution		Inappropriate handling of waste and its disposal can cause soil contamination	Negative	Potential	✓	✓	✓	All sites	Long-term
Pollution	Soil Pollution		Improper handling of hazardous chemicals and gases in operations can result in soil contamination.	Negative	Potential	✓	✓	✓	All sites	Long-term
Pollution	Soil Pollution		Accidental leaks or spills from suppliers or subcontractors could cause soil contamination.	Negative	Potential	✓	✓	✓	All sites	Long-term
Pollution	Pollution of Living Organisms and Food Resources		Inappropriate handling of waste and its disposal can cause contamination of living organisms	Negative	Potential		✓	✓	All manufacturing sites	Long-term

Topic	Subtopic	Sub-subtopic	Description of the impact	Category of impact	Classification	Upstream value chain	Own operations	Downstream value chain	Affected company units	Time Horizon
Pollution	Pollution of Living Organisms and Food Resources		Release of hazardous chemicals and gases in operations can harm living organisms and food resources in surrounding ecosystems.	Negative	Potential	✓	✓	✓	All manufacturing sites	Long-term
Pollution	Pollution of Living Organisms and Food Resources		Accidental pollution from suppliers or subcontractors could harm living organisms and food resources in local ecosystems.	Negative	Potential	✓	✓	✓	All manufacturing sites	Long-term
Pollution	Harmful Substances		Improper handling of hazardous chemicals such as acids, solvents, and photoresists by suppliers causes environmental and health damage (All production countries, esp. Malaysia) (Tier 1)	Negative	Potential	✓			All manufacturing sites	Long-term
Pollution	Harmful Substances		Reducing PFAS has the potential to have a positive effect on reducing the ecological footprint	Positive	Potential		✓		All manufacturing sites	Long-term
Pollution	Harmful Substances		Hazardous waste generated in production processes can lead to environmental and community impacts if not managed properly	Negative	Actual	✓	✓	✓	All manufacturing sites	Long-term
Pollution	Substances of Very High Concern		Use of SOC, COR as well as other hazardous substances in production, if handled improperly, could lead to pollution	Negative	Potential		✓		All manufacturing sites	Short-term
Pollution	Substances of Very High Concern		The use and potential release of PFAS, due to their potential persistence and toxicity, may lead to long-term accumulation in air, water and soil, with adverse impacts on ecosystems and human health	Negative	Potential	✓	✓	✓	All manufacturing sites	Long-term
Pollution	Substances of Very High Concern		As little research has been conducted in this area, novel nanomaterials may cause damage to living organisms and lead to contamination when enriched.	Negative	Potential	✓	✓	✓	All manufacturing sites	Long-term
Pollution	Substances of Very High Concern		Hazardous substances used in production, including SVHCs, can be potentially harmful to ecosystems and living organisms	Negative	Potential	✓	✓	✓	All manufacturing sites	Long-term

Topic	Subtopic	Sub-subtopic	Description of the impact	Category of impact	Classification	Upstream value chain	Own operations	Downstream value chain	Affected company units	Time Horizon
Pollution	Substances of Very High Concern		When handled inappropriately use or release of SVHCs by suppliers or subcontractors may create negative environmental impacts.	Negative	Potential	✓	✓	✓	All manufacturing sites	Long-term
Pollution	Substances of Very High Concern		Failure to substitute hazardous materials could intensify the existing problem of pollution.	Negative	Potential	✓	✓	✓	All manufacturing sites	Long-term
Pollution	Microplastics		Microplastics emitted during production can enter the environment (e.g. through the discharge of treated water into open water bodies) and thus cause pollution.	Negative	Potential		✓		All manufacturing sites	Long-term
Water and Marine Resources	Water	Water Consumption	Improving production processes and machines (for both effectiveness and efficiency) as well as investing in water recycling and ultrapure water reduce the water consumption	Positive	Actual	✓			All manufacturing sites	Long-term
Water and Marine Resources	Water	Water Consumption	The European semiconductor industry has implemented advanced closed-loop water recycling and reuse systems, significantly reducing the need for external water supply and wastewater generation	Positive	Potential	✓	✓	✓	All manufacturing sites	Long-term
Water and Marine Resources	Water	Water Consumption	Semiconductor manufacturers have achieved measurable improvements in water efficiency through process optimization and equipment upgrades, reducing water-intensive operations while maintaining production quality. This also leads to a reduction in water consumption	Positive	Actual	✓	✓	✓	All manufacturing sites	Long-term
Water and Marine Resources	Water	Water Consumption	Limited use of advanced closed-loop water recycling could increase the water consumption	Negative	Potential	✓	✓	✓	All manufacturing sites	Long-term
Water and Marine Resources	Water	Water Consumption	Limited improvement in water efficiency across processes and equipment may contribute to higher water consumption	Negative	Actual	✓	✓	✓	All manufacturing sites	Long-term

Topic	Subtopic	Sub-subtopic	Description of the impact	Category of impact	Classification	Upstream value chain	Own operations	Downstream value chain	Affected company units	Time Horizon
Water and Marine Resources	Water	Water Consumption	Companies in the industry have embedded water stewardship principles into sustainability strategies, setting concrete water consumption reduction and efficiency targets. This contributes positively to reducing water consumption.	Positive	Actual	✓	✓	✓	All manufacturing sites	Long-term
Water and Marine Resources	Water	Water Consumption	Limited integration of water stewardship principles and measurable reduction targets may contribute to higher water consumption	Negative	Actual	✓	✓	✓	All manufacturing sites	Long-term
Water and Marine Resources	Water	Water Consumption	Improved water resource management systems, including efficiency measures and closed-loop recycling leads to the reduction of water consumption.	Positive	Actual	✓	✓	✓	All manufacturing sites	Long-term
Water and Marine Resources	Water	Water Withdrawal	High-purity water (UPW) demand in wafer fabs creates local water stress, especially in water-stressed regions (Tier 1).	Negative	Actual	✓	✓		manufacturing sites in Malaysia, USA, Germany and France	Long-term
Water and Marine Resources	Water	Water Withdrawal	Semiconductor manufacturing is highly water-intensive, requiring large volumes of ultra-pure water for wafer cleaning and processing, which could create significant local resource pressure and environmental impacts.	Negative	Potential	✓	✓	✓	All manufacturing sites	Long-term
Circular Economy	Resource inflows, including resource use		The consumption of critical raw materials and special gases minimises their reserves	Negative	potential	✓	✓	✓	All manufacturing sites	Medium-term
Circular Economy	Resource inflows, including resource use		Reducing usage of such material as e.g. sulfuric acid reuse, circular technologies is beneficial from the inside-out perspective.	Positive	Actual	✓	✓	✓	All manufacturing sites	Medium-term
Circular Economy	Resource inflows, including resource use		Residual waste generated by suppliers and contractors may negatively impact the environment through landfill use and waste treatment processes.	Negative	Actual	✓	✓	✓	All manufacturing sites	Medium-term
Circular Economy	Resource inflows, including resource use		Reduced usage of rare metals is beneficial from the inside-out perspective	Positive	Actual	✓	✓	✓	All manufacturing sites	Medium-term

Topic	Subtopic	Sub-subtopic	Description of the impact	Category of impact	Classification	Upstream value chain	Own operations	Downstream value chain	Affected company units	Time Horizon
Circular Economy	Resource inflows, including resource use		Aluminum circularity reduces energy intensity vs primary production and supports facility decarbonization	Positive	Actual	✓	✓	✓	All manufacturing sites	Medium-term
Circular Economy	Resource inflows, including resource use		Circular use of precious and specialty metals through reclaims and refining reduces freshwater and energy footprints while lowering embedded emissions	Positive	Actual	✓	✓	✓	All manufacturing sites	Medium-term
Circular Economy	Resource inflows, including resource use		Increasing recyclability and take-back schemes for semiconductor-containing equipment supports circular economy, reduces raw material pressure.	Positive	Actual		✓	✓	All manufacturing sites	Medium-term
Circular Economy	Resource Outflows related to Products and Services		Manufacturers carry financial and organizational obligations for the end-of-life treatment of their products, ensuring proper recycling and disposal.	Positive	Actual	✓	✓	✓	All manufacturing sites	Medium-term
Circular Economy	Resource Outflows related to Products and Services		Supplier take-back/refurbishment programs for components and materials strengthen supply resilience and circularity performance	Positive	Actual	✓	✓	✓	All manufacturing sites	Medium-term
Circular Economy	Resource Outflows related to Products and Services		Implementing ecodesign principles allows manufacturers to extend product lifetimes, reduce environmental impacts, and differentiate positively in global markets.	Positive	Actual	✓		✓	All manufacturing sites	Medium-term
Circular Economy	Resource Outflows related to Products and Services		Active engagement of all actors (recyclers, municipalities, retailers, consumers) creates opportunities for more efficient collection systems and higher recovery rates, reducing environmental footprint.	Positive	Actual	✓	✓	✓	All manufacturing sites	Medium-term
Circular Economy	Waste		E-Waste from end-of-life devices (automotive, industrial, medical) containing chips leads to hazardous waste if not properly recycled.	Negative	Actual		✓		All manufacturing sites	Medium-term
Circular Economy	Waste		Insufficient closed-loop recovery for semiconductor manufacturing materials (e.g., specialty gases, photoresists, slurry, rare metals) drives resource depletion and waste.	Negative	Actual	✓	✓	✓	All manufacturing sites	Medium-term

Topic	Subtopic	Sub-subtopic	Description of the impact	Category of impact	Classification	Upstream value chain	Own operations	Downstream value chain	Affected company units	Time Horizon
Circular Economy	Waste		Failures in waste management (e.g. non-compliant waste contractors, accumulation, residual waste from own operations, end-of-life product disposal) can increase environmental burdens.	Negative	Potential	✓	✓	✓	All manufacturing sites	Medium-term
Circular Economy	Waste		Sputter targets (precious-metal bearing) present high-value circularity via reclaim/refine loops with significant primary mining avoidance	Positive	Actual	✓	✓	✓	All manufacturing sites	Medium-term
Own Workforce	Working Conditions	Working Hours	Supporting parental leave and care responsibilities	Positive	Actual		✓		All sites	Medium-term
Own Workforce	Working Conditions	Fair Wages	Ensuring that temporary or part-time receive equal pay for equal work	Positive	Actual		✓		All sites	Short-term
Own Workforce	Working Conditions	Health and Safety	Insufficient implementation of Health & Safety regulations could result in serious accidents at work, including fatal accidents	Negative	Potential		✓		All sites	Short-term
Own Workforce	Working Conditions	Health and Safety	Usage of chemical materials in production can cause health damage	Negative	Potential		✓		All manufacturing sites	Short-term
Own Workforce	Working Conditions	Health and Safety	Semiconductor fabs implement risk mitigation measures - hazardous gas systems, segregated exhaust, safety interlocks, redundant controls - protecting workers from chemical exposure under normal operations	Positive	Potential		✓		All manufacturing sites	Medium-term
Own Workforce	Working Conditions	Health and Safety	Hazardous process gases managed through automated, enclosed systems with hazard segregation, safety interlocks, and redundant controls to minimize worker exposure	Positive	Potential		✓		All manufacturing sites	Medium-term
Own Workforce	Working Conditions	Health and Safety	In high-intensity production environments, insufficient safety measures may cause accidents and injuries, potentially leading to severe harm	Negative	Potential		✓		All manufacturing sites	Medium-term

Topic	Subtopic	Sub-subtopic	Description of the impact	Category of impact	Classification	Upstream value chain	Own operations	Downstream value chain	Affected company units	Time Horizon
Own Workforce	Working Conditions	Health and Safety	Occupational risks such as exposure to hazardous chemicals, repetitive strain injuries, or mental health issues could lead to illness, exhaustion or poor well-being among employees	Negative	Potential		✓		All manufacturing sites	Medium-term
Own Workforce	Equal Treatment and Opportunities for All	Measures Against Violence and Harassment in the Workplace	Insufficient or ineffective implementation of measures against violence and harassment in the workplace may lead to non-compliance with fundamental labour and human rights	Negative	Potential		✓		All sites	Medium-term

All material impacts identified through the DMA are considered by management when reviewing the organization's strategy and priorities.

The identified material impacts may affect people or the environment in positive or negative ways over short-, medium-, or long-term horizons. X-FAB's products and technologies are associated with improved energy efficiency and reduced emissions during use, which can support renewable energy deployment and electrification. At the same time, greenhouse gas emissions are generated in the production of wafers, specialty gases, chemicals and through logistics activities, contributing to climate change.

Environmental impacts encompass emissions to air and water, the handling and use of hazardous substances, wastewater discharge and waste management. Water use efficiency and recycling measures are applied to reduce resource use; however, high ultra-pure water demand in certain regions represents an ongoing operational consideration. Circular economy practices, such as material recycling and ecodesign, are implemented in parts of the value chain, while challenges remain with closed-loop recovery and the generation of waste materials.

With respect to social aspects, positive impacts are associated with aspects of working conditions, remuneration, occupational health and safety, and measures to promote equal treatment. Potential negative impacts relate to workplace exposure to hazardous substances, incidents where health and safety measures may be insufficient, repetitive strain or psychosocial stressors, and shortcomings in the implementation of anti-harassment and labor rights safeguards in parts of the value chain.

X-FAB acknowledges the presence of both positive and negative material impacts and applies management measures to address and monitor these across its operations and value chain.

As part of the DMA 2025 preparatory process, all subsidiaries of X-FAB were analyzed through a structured pre-screening to identify potentially material sustainability topics and impact drivers. This assessment included mapping each subsidiary's location, core operations, main product groups, and workforce, followed by classification of their activities with regard to potential negative or positive effects on people and the environment, dependence on natural, human and social resources, and exposure to external risk factors.

In addition, key business relationships and partnerships across the value chain were reviewed to identify indirect impacts arising from suppliers and wider business activities. Strategic objectives were also analyzed to determine areas of potential positive impact as well as gaps where negative impacts could emerge, ensuring that material sustainability impacts are clearly linked to the Company's strategic priorities and business model.

X-FAB is involved with material impacts primarily through the Company's own semiconductor manufacturing operations and the upstream and downstream business relationships required to run and commercialize these operations.

X-FAB has not yet completed a dedicated resilience analysis according to ESRS requirements, but we are continuously developing our sustainability reporting and intend to include such assessments in future.

Our company has an ESG committee, and we operate under environmental, health and safety policies certified to ISO 14001 and ISO 50001. We regularly report these initiatives to our Board of Directors. In our 2024 report we highlighted that our silicon-carbide business remained robust during a market downturn, demonstrating adaptability and our commitment to invest in future growth. Together, these elements illustrate our efforts toward sustainability and resilience while we prepare a formal resilience analysis.

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. Even if no significant risks or opportunities have been identified within the DMA process, X-FAB monitors within the risk management financial negative impacts that could affect the Company's long-term sustainability. 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.

Compared to the previous reporting period, greater emphasis was placed on implementing the requirements of CSRD and ESRS, and the DMA was completed accordingly.

All material IROs were identified and prioritized across the topics defined by ESRS and mapped to ESRS Disclosure Requirements, as no material entity-specific topics were retained following internal review.

6.1.8 Processes to identify and assess material IROs (ESRS 2 IRO-1)

In accordance with ESRS 1 (Chapter 3, Paragraph 21) the sustainability statement must contain information on material impacts, risks and opportunities identified in a materiality assessment applying the principles of double materiality. Double materiality encompasses the materiality of impacts and financial materiality. The materiality of impacts refers to the material information about how the undertaking affects people or the environment in relation to a sustainability aspect. Financial materiality refers to the material information about risks and opportunities related to a sustainability aspect.

The DMA was carried out in particular on the basis of the following specifications and recommendations: Directive (EU) 2022/2464 of 14 December 2022 amending Regulation (EU) No 537/2014 and Directives 2004/109/EC, 2006/43/EC and 2013/34/EU as regards sustainability reporting by companies (CSRD); ESRS 1, AR16: Overview of possible sustainability aspects in the areas of environment, social affairs and governance; ESRS 1, Chapter 3 "Double materiality as the basis for sustainability disclosures", in particular Section 3.3; ESRS 2 IRO-1, IRO-2 and SBM-3: Disclosure requirements regarding the DMA; Definitions of the ESRS; Implementation Guidance 1 DMA of the European Financial Reporting Advisory Group (hereinafter "EFRAG"); Implementation Guidance 2 Value Chain of the EFRAG.

Based on the given requirements and recommendations the DMA included the following key phases:

- **Analysis and description of the business environment:**

This analysis covers the core activities and business relationships as well as partnerships, the context in which they take place, and an understanding of the most important stakeholders affected as well as the users of the sustainability report. A description of the entire value chain, geographical specifics of the subsidiaries as well as consideration of the legal framework, inputs from internal subject matter experts, as well as publicly available information and information provided by relevant industry associations, were considered.

X-FAB employs a risk-based due diligence process to identify and prioritize its actual and potential impacts on people and the environment. This process focuses on areas where the risk of adverse impacts is naturally heightened due to our business model as a semiconductor foundry:

- **Specific activities:** We prioritize monitoring our manufacturing operations, specifically the handling of hazardous chemicals, high-volume water consumption, and energy-intensive wafer fabrication.
- **Business relationships:** Our assessment focuses on critical suppliers of raw materials (including 3TG minerals) and specialized chemicals. We use the IATF (International Automotive Task Force) 16949 quality management system and RMI (Responsible Minerals Initiative) frameworks to evaluate the compliance and ethical standards of these partners.
- **Geographies:** We identify heightened risks by mapping our global production sites and supply chain against country-specific indices, such as those for water stress and regional labor standards (e.g., at our Southeast Asian locations).
- **Prioritization:** Potential impacts are prioritized based on their severity and likelihood (see below). This assessment informs our strategic focus and ensures that mitigation measures are directed toward the most significant environmental and social risks.
- **Identification of actual and potential IROs in relation to sustainability matters (identification of impacts):**

Based on the information collected and analyzed as described above, potential and actual positive and negative impacts as well as risks and opportunities (IROs) relating to environmental, social and governance matters were identified along the whole value chain. They were recorded in a "long list" of IROs. For this purpose, X-FAB followed the requirements in Annex A of ESRS 1: List of sustainability aspects covered by the ESRS, categorized by topic, sub-topic and sub-sub-topic. To ensure a sufficient stakeholder engagement, each IRO was assigned to internal experts and mapped to its key external stakeholders. The internal experts proceed with an evaluation during the next step of the DMA. The interests of key external stakeholders were included indirectly by using their feedback given during a stakeholder survey as a part of preparation of the sustainability reporting 2024.

X-FAB identified and assessed impacts and financial risks and opportunities through an integrated double materiality approach. Our process ensured that sustainability-related impacts and dependencies are not viewed in isolation but could be translated into financial implications for our business model.

During the DMA we identified how our environmental and social impacts may lead to financial liabilities. This included, for example, assessing how greenhouse gas emissions, waste, or chemical management could result in increased regulatory costs, carbon taxes, or potential reputational risks that could affect our access to capital. We evaluated our operational dependencies on critical resources (specifically water, energy, and specialized raw materials) to identify financial risks. These included potential production disruptions due to resource scarcity, price volatility in energy markets, or supply chain bottlenecks that could impact our operating margins and revenue stability. Our process also identified financial opportunities arising from our impacts and dependencies. By leveraging our expertise in manufacturing energy-efficient semiconductors, we have analyzed growth opportunities in markets focused on the green transition (e.g. electrification of the automotive industry and medical technology), which could improve our long-term financial performance. Potential sustainability-related risks and opportunities were included in a comprehensive "long list" and subsequently filtered against a financial materiality threshold. Following this assessment, no risks or opportunities were identified as material and hence no disclosure follows in this sustainability statement.

- **Assessment and determination of material IROs in relation to sustainability matters (assessment of the significance of the impacts):**

In this step, evaluation criteria required by ESRS 1 for impact materiality (inside-out perspective) and financial materiality (outside-in perspective) were applied to each IRO from the long list.

Each sustainability matter identified as impact (inside-out) was assessed according to its nature (positive or negative), the scale and the scope of its negative or positive impact, irreversibility of its negative impact and the likelihood of occurrence. Additionally, the value chain, the affected stakeholders and the time horizon as well as possibility of a human rights violation were mapped to each IRO.

Each sustainability matter identified as risk or opportunity from the financial perspective was assessed based on following criteria: its nature (negative for risks and positive for opportunities), the extent of its direct and indirect impacts on the undertaking's earnings before interest, taxes, depreciation, and amortization (EBITDA), and the likelihood of occurrence. Additionally, the value chain, the affected stakeholders, and the time horizon were mapped to each IRO.

Sustainability-related risks were identified as described above and subsequently assessed according to ESRS criteria. A fully comprehensive prioritization process is still maturing as market practices for quantifying sustainability-related risks relative to other risk types are

not yet fully developed. In accordance with ESRS 2 § 53(c)(iii), we clarify how sustainability-related risks are prioritized relative to other risk categories, acknowledging that the integration of sustainability risk processes into the Company's enterprise risk management (ERM) system is still in development.

At this stage, no dedicated quantitative risk-assessment tool for sustainability-related risks has been applied that places them directly on the same scoring scale as other enterprise risks. Instead, sustainability-related risks are evaluated based on qualitative criteria (such as likelihood, severity of potential consequences and relevance over defined time horizons) that are also considered in the double materiality assessment. These criteria provide a basis for comparing sustainability-related risks with other risk types in narrative and governance reporting.

Sustainability-related risks identified through this process are documented in the internal risk register and discussed in the context of broader risk discussions with management and governance bodies, enabling stakeholders to understand their relative importance even in the absence of a unified quantitative risk model.

Planned developments include progressing towards an ERM framework in which sustainability-related risks are fully aligned with other risk categories and evaluated using consistent risk-assessment scales, methodologies, and documentation practices, thereby supporting comparability across risk types in future reporting.

- **Clustering and prioritization of the IROs (identification of material impacts):**

In this step, a threshold was applied to define which IROs are material for X-FAB. The selection of the threshold was based in terms of a balance between coverage of material topics and practical focus for subsequent target setting and action planning. It also covers the upper range of the highest-rated IROs.

- Validation based on internal policies and guidelines

To ensure that by applying the thresholds no relevant aspects covered by governance framework, policies and internal guidelines are missing an internal consistency check was carried out.

The decision-making process regarding sustainability at X-FAB is governed by a clear hierarchy that ensures oversight and internal validation. The identification and evaluation of sustainability matters are managed by Sustainability Team, with the ESG Committee serving as the primary body for reviewing and officially confirming the materiality of all identified topics. This committee validates the findings to ensure they align with the Company's strategic direction and maintain a level of consistency comparable to industry leaders.

To ensure the reliability and transparency of our sustainability reporting, X-FAB has established a robust system of internal controls specifically for the Double Materiality Analysis. This framework ensures that our reporting aligns with ESRS requirements and provides an objective view of our corporate impact and financial risks. Our DMA is governed by a formal Methodology Manual that defines the scope across our entire value chain. We have implemented specific quantitative and qualitative thresholds to ensure a reproducible assessment of impacts, risks, and opportunities. Every decision – including the justification for topics deemed non-material – is documented to provide a clear audit trail for external verification. Strategic oversight is anchored at the highest level, with our ESG Committee actively validating the final materiality results. The identification of IROs follows a standardized process based on ESRS topic lists and industry benchmarks. We enrich this analysis through structured stakeholder engagement, which is formally logged to verify the relevance of our findings. The DMA is integrated into our annual management cycle, ensuring it reflects changes in our business model and the global regulatory environment. Prior to external assurance, the ESG Committee department conducts an independent review of the process and its controls to confirm that all procedural requirements have been met and that the results are based on a sound, verifiable foundation.

Regarding the integration into corporate management, the process to identify, assess, and manage sustainability-related impacts, risks, and opportunities is currently conducted through the dedicated Double Materiality Assessment (DMA) framework and is not yet fully embedded into the Company's overall Enterprise Risk Management system. While holistic integration is currently being developed as part of a comprehensive future approach, X-FAB presently relies on specific, isolated analysis systems to monitor sustainability factors. These include ad-hoc assessments and specialized audit systems, particularly in the areas of Environment, Health, and Safety (EHS), as well as explicit risk analyses within the supply chain. These existing mechanisms allow the Company to evaluate specific operational risks while the broader integrated management framework is being finalized.

Based on the most recent assessment conducted within this framework, no sustainability-related risks or opportunities were identified as being material for X-FAB at this time. Consequently, while sustainability factors are monitored through the audit and supply chain processes to detect potential shifts in the Company's profile, they do not currently trigger specific financial materiality disclosures.

The robustness of the assessment is ensured by various input parameters, including data from global manufacturing sites, stakeholder engagement, and a scope of operations covering all consolidated subsidiaries. This process is subject to continuous refinement; notably, the DMA methodology was significantly adjusted and improved in 2025 compared to the 2024 period, expanding the scope to include additional material topics.

For the management of identified impacts, X-FAB is currently developing specific policies and strategic approaches to be implemented in the coming years. This roadmap aims to minimize negative externalities and maximize positive contributions, with the intention of fully embedding these strategies into the Company's general management processes as they reach maturity.

6.1.9 ESRS Disclosure Requirements in scope ESRS 2 IRO-2

The content index below provides a list of all the data points that derive from other EU legislation as listed in Appendix B of ESRS 2, including the outcome of the DMA and the references to the relevant sections:

ESRS 2 IRO-2: Disclosure of list of data points that derive from other EU legislation and information on their location in sustainability statement

Disclosure requirement/related data point	Reference to other EU legislation ESRS 2, Appendix B	DMA result	Section reference
ESRS 2 GOV-1 / para 21 d Board's gender diversity	SFRD; Benchmark Regulation	N/A	6.1.4.1 Role of the Board of Directors and Executive Management (ESRS 2 GOV-1) / Composition of the board
ESRS 2 GOV-1 / para 21 e Percentage of board members who are independent	Benchmark Regulation	N/A	6.1.4.1 Role of the Board of Directors and Executive Management (ESRS 2 GOV-1) / Composition of the board
ESRS 2 GOV-4 / para 30 Statement on due diligence	SFRD	N/A	6.1.4.4 Statement on due diligence
ESRS 2 SBM-1 / para 40 d.i Involvement in activities related to fossil fuel activities	SFRD; Pillar 3; Benchmark Regulation	Not relevant	N/A
ESRS 2 SBM-1 / para 40 d.ii Involvement in activities related to chemical production	SFRD; Benchmark Regulation	Not relevant	N/A
ESRS 2 SBM-1 / para 40 d.iii Involvement in activities related to controversial weapons	SFRD; Benchmark Regulation	Not relevant	N/A
ESRS 2 SBM-1 / para 40 d.iv Involvement in activities related to cultivation and production of tobacco	Benchmark Regulation	Not relevant	N/A
ESRS E1-1 / para 14 Transition plan to reach climate neutrality by 2050	EU Climate Law reference	Material	6.2.2.2 Transition plan for Climate change mitigation
ESRS E1-1 / para 16 g Undertakings excluded from Paris-aligned Benchmarks	Pillar 3; Benchmark Regulation	Material	6.2.2.2 Transition plan for Climate change mitigation
ESRS E1-4 / para 34 GHG emission reduction targets	SFRD reference; Pillar 3; Benchmark Regulation	Material	6.2.2.7 MDR-T: Targets related to Climate change mitigation and adaptation
ESRS E1-5 / para 38 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	SFRD	Material	6.2.2.8 Energy consumption and mix
ESRS E1-5 / para 37 Energy consumption and mix	SFRD	Material	6.2.2.8 Energy consumption and mix
ESRS E1-5 / para 40-43 Energy intensity associated with activities in high climate impact sectors	SFRD	Material	6.2.2.8 Energy consumption and mix
ESRS E1-6 / para 44 Gross Scope 1, 2, 3 and Total GHG emissions	SFRD; Pillar 3; Benchmark Regulation	Material	6.2.2.9 Gross Scopes 1, 2, 3 and total GHG emissions
ESRS E1-6 / para 53-55 Gross GHG emissions intensity	SFRD; Pillar 3; Benchmark Regulation	Material	6.2.2.9 Gross Scopes 1, 2, 3 and total GHG emissions
ESRS E1-7 / para 56 GHG removals and carbon credits paragraph 56	EU Climate Law reference	Not relevant	6.2.2.9 Gross Scopes 1, 2, 3 and total GHG emissions

Disclosure requirement/related data point	Reference to other EU legislation ESRS 2, Appendix B	DMA result	Section reference
ESRS E1-9 / para 66 Exposure of the benchmark portfolio to climate-related physical risks	Benchmark Regulation	Material	The data point was omitted due to ESRS phase-in provisions
ESRS E1-9 / para 66 a Disaggregation of monetary amounts by acute and chronic physical risk ESRS E1-9 / para 66 c Location of significant assets at material physical risk	Pillar 3	Material	The data point was omitted due to ESRS phase-in provisions
ESRS E1-9 / para 67 c Breakdown of the carrying value of its real estate assets by energy-efficiency classes	Pillar 3	Material	The data point was omitted due to ESRS phase-in provisions
ESRS E1-9 / para 69 Degree of exposure of the portfolio to climate-related opportunities	Benchmark Regulation	Material	The data point was omitted due to ESRS phase-in provisions
ESRS E2-4 / para 28 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil	SFRD	Material	6.2.3.6 Pollution of air, water and soil metrics
ESRS E3-1 / para 9 Water and marine resources	SFRD	Material	6.2.4.3 MDR-P: Policies related to Water
ESRS E3-1 / para 13 Dedicated policy	SFRD	Material	6.2.4.3 MDR-P: Policies related to Water
ESRS E3-1 / para 14 Sustainable oceans and seas	SFRD	Not material	N/A
ESRS E3-4 / para 28c Total water recycled and reused paragraph 28 (c)	SFRD	Material	6.2.4.6 Water consumption metrics
ESRS E3-4 / para 29 Total water consumption in m3 per net revenue on own operations	SFRD	Material	6.2.4.6 Water consumption metrics
ESRS 2- SBM 3 - E4 / para 16 a.i	SFRD	Material	The data point was omitted due to ESRS phase-in provisions
ESRS 2- SBM 3 - E4 / para 16 b	SFRD	Material	The data point was omitted due to ESRS phase-in provisions
ESRS 2- SBM 3 - E4 / para 16 c	SFRD	Material	The data point was omitted due to ESRS phase-in provisions
ESRS E4-2 / para 24 b Sustainable land / agriculture practices or policies	SFRD	Not relevant	N/A
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	SFRD	Not relevant	N/A
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	SFRD	Material	The data point was omitted due to ESRS phase-in provisions
ESRS E5-5 / para 37 d Non-recycled waste	SFRD	Material	6.2.5.7 Resource outflows metrics
ESRS E5-5 / para 39 Hazardous waste and radioactive waste	SFRD	Material (hazardous waste)/ radioactive waste not relevant	6.2.5.7 Resource outflows metrics
ESRS 2- SBM3 - S1 / para 14 f Risk of incidents of forced labour	SFRD	Material	6.3.1.1 Material IROs and their interaction with strategy and business model (SBM-3)

Disclosure requirement/related data point	Reference to other EU legislation ESRS 2, Appendix B	DMA result	Section reference
ESRS 2- SBM3 - S1 / para 14 g Risk of incidents of child labour	SFRD	Material	6.3.1.1 Material IROs and their interaction with strategy and business model (SBM-3)
ESRS S1-1 / para 20 Human rights policy commitments	SFRD	Material	6.3.1.2 MDR-P: Policies related to Own workforce
ESRS S1-1 / para 21 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8	Benchmark Regulation	Material	6.3.1.2 MDR-P: Policies related to Own workforce
ESRS S1-1 / para 22 Processes and measures for preventing trafficking in human beings	SFRD	Material	6.3.1.2 MDR-P: Policies related to Own workforce
ESRS S1-1 / para 23 Workplace accident prevention policy or management system	SFRD	Material	6.3.1.2 MDR-P: Policies related to Own workforce
ESRS S1-3 / para 32 c Grievance/complaints handling mechanisms	SFRD	Material	6.3.1.2 MDR-P: Policies related to Own workforce
ESRS S1-14 / para 88 b, c Number of fatalities and number and rate of work-related accidents	SFRD; Benchmark Regulation	Material	6.3.1.9 Health and safety metrics
ESRS S1-14 / para 88 e Number of days lost to injuries, accidents, fatalities or illness	SFRD	Material	The data point was omitted due to ESRS phase-in provisions
ESRS S1-16 / para 97 a Unadjusted gender pay gap	SFRD; Benchmark Regulation	Not material	N/A
ESRS S1-16 / para 97 b Excessive CEO pay ratio	SFRD	Not material	N/A
ESRS S1-17 / para 103 a Incidents of discrimination	SFRD	Material	6.3.1.10 Incidents, complaints and severe human rights impacts
ESRS S1-17 / para 104 a Non-respect of UNGPs on Business and Human Rights and OECD Guidelines	SFRD; Benchmark Regulation	Material	6.3.1.10 Incidents, complaints and severe human rights impacts
ESRS 2- SBM3 - S2 / para 111 b Significant risk of child labour or forced labour in the value chain	SFRD	Material	The data point was omitted due to ESRS phase-in provisions
ESRS S2-1 / para 17 Human rights policy commitments	SFRD	Material	The data point was omitted due to ESRS phase-in provisions
ESRS S4-4 / para 35 Human rights issues and incidents	SFRD	Not material	N/A
ESRS G1-1 / para 10 b United Nations Convention against Corruption	SFRD	Not material	N/A
ESRS G1-1 / para 10 d Protection of whistle- blowers	SFRD	Not material	N/A
ESRS G1-4 / para 24 a Fines for violation of anti-corruption and anti-bribery laws	SFRD; Benchmark Regulation	Not material	N/A
ESRS G1-4 / para 24 b Standards of anti- corruption and anti- bribery	SFRD	Not material	N/A

The content index below provides a list of the disclosure requirements complied with in preparing the sustainability statement, following the outcome of the DMA, including the section references to the related disclosures and their location in the sustainability statement.

Disclosure of list of ESRS Disclosure Requirements complied with in preparing sustainability statement following outcome of materiality assessment

Disclosure requirement	Disclosure requirement and reference	Section reference/Notes
ESRS 2 – General disclosures		
BP-1	General basis for preparation of sustainability statements	6.1.1 Basis for preparation (BP-1)
BP-2	Disclosures in relation to specific circumstances	6.1.2 Specific circumstances (BP-2)
GOV-1	The role of the administrative, management and supervisory bodies	6.1.4.1 Role of the Board of Directors and Executive Management
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	6.1.4.2 Sustainability matters addressed by the Board of Directors and Executive Management
GOV-3	Integration of sustainability-related performance in incentive schemes	6.1.4.3 Integration of sustainability-related performance in incentive schemes (ESRS 2 GOV-3)
GOV-4	Statement on due diligence	6.1.4.4 Statement on due diligence
GOV-5	Risk management and internal controls over sustainability reporting	6.1.4.5 Risk management and internal controls over sustainability reporting
SBM-1	Strategy, business model and value chain	6.1.5 Strategy
SBM-2	Interests and views of stakeholders	6.1.6 Interests and views of stakeholders (ESRS 2 SBM-2)
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	6.1.7 Material impacts, risks and opportunities and their interaction with strategy and business model
IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	6.1.8 Processes to identify and assess material IROs
IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	6.1.9 ESRS Disclosure Requirements in scope
MDR-P	Policies adopted to manage material sustainability matters	Covered under the relevant specific topics
MDR-A	Actions and resources in relation to material sustainability matters	
MDR-M	Metrics in relation to material sustainability matters	
MDR-T	Tracking effectiveness of policies and actions through targets	
ESRS E1 – Climate change		
GOV-3	Integration of sustainability-related performance in incentive schemes	6.1.4.3 Integration of sustainability-related performance in incentive schemes
E1-1	Transition plan for climate change mitigation	6.2.2.2 Transition plan for Climate change mitigation
SBM-3	Material IROs and their interaction with strategy and business model	6.2.2.3 Material IROs and their interaction with strategy and business model
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	6.2.2.4 The processes of identification and assessment of material climate-related impacts, risks and opportunities
E1-2	MDR-P: Policies related to Climate change	6.2.2.5 MDR-P: Policies related to Climate change
E1-3	MDR-A: Actions and resources in relation to Climate change policies	6.2.2.6 MDR-A: Actions and resources in relation to Climate change policies
E1-4	MDR-T: Targets related to Climate change mitigation and adaptation	6.2.2.7 MDR-T: Targets related to Climate change mitigation and adaptation
E1-5	Energy consumption and mix	6.2.2.8 Energy consumption and mix

Disclosure requirement	Disclosure requirement and reference	Section reference/Notes
E1-6	Gross Scopes 1, 2, 3 and total GHG emissions	6.2.2.9 Gross Scopes 1, 2, 3 and total GHG emissions
E1-7	GHG removals and GHG mitigation projects financed through carbon credits	6.2.2.9 Gross Scopes 1, 2, 3 and total GHG emissions
ESRS E2 – Pollution		
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	6.2.3.1 Process to identify material impacts, risks and opportunities
E2-1	MDR-P: Policies related to pollution	6.2.3.3 MDR-P: Policies related to Pollution
E2-2	MDR-A: Actions and resources related to pollution	6.2.3.4 MDR-A: Actions and resources in relation to Pollution policies
E2-3	MDR-T: Targets related to pollution	6.2.3.5 MDR-T: Targets related to Pollution
E2-4	Pollution of air, water and soil	6.2.3.6 Pollution of air, water and soil metrics
E2-5	Substances of concern and substances of very high concern	6.2.3.7 Substances of concern and substances of very high concern
E2-6	Anticipated financial effects from material impacts, risks and opportunities	6.2.3.8 Anticipated financial effects from material pollution-related risks and opportunities
ESRS E3 – Water		
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	6.2.4.2 Process to identify material impacts, risks and opportunities
E3-1	MDR-P: Policies related to water	6.2.4.3 MDR-P: Policies related to Water
E3-2	MDR-A: Actions and resources related to water	6.2.4.4 MDR-A: Actions and resources in relation to Water policies
E3-3	MDR-T: Targets related to water	6.2.4.5 MDR-T: Targets related to Water
E3-4	Water consumption	6.2.4.6 Water consumption metrics
E2-5	Anticipated financial effects from material impacts, risks and opportunities	Subject to phase-in
ESRS E5 – Resource use and circular economy		
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	6.2.5.2 Process to identify material impacts, risks and opportunities
E5-1	MDR-P: Policies related to resource use and circular economy	6.2.5.3 MDR-P: Policies related to Resource Use and Circular Economy
E5-2	MDR-A: Actions and resources related to resource use and circular economy	6.2.5.4 MDR-A: Actions and resources in relation to Resource use and circular economy policies
E5-3	MDR-T: Targets related to resource use and circular economy	6.2.5.5 MDR-T: Targets related to Resource use and circular economy
E5-4	Resource inflows	6.2.5.6 Resource inflows metrics
E5-5	Resource outflows	6.2.5.7 Resource outflows metrics
E5-6	Anticipated financial effects from material impacts, risks and opportunities	Subject to phase-in
ESRS S1 – Own workforce		
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	6.3.1.1 Material IROs and their interaction with strategy and business model

Disclosure requirement	Disclosure requirement and reference	Section reference/Notes
S1-1	Policies related to own workforce	6.3.1.2 MDR-P: Policies related to Own workforce
S1-2	Processes for engaging with own workforce and workers' representatives about impacts	6.3.1.4 Processes to remediate negative impacts and channels for Own workforce to raise concerns
S1-3	Processes to remediate negative impacts and channels for own workforce to raise concerns	6.3.1.4 Processes to remediate negative impacts and channels for Own workforce to raise concerns
S1-4	Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	6.3.1.5 MDR-A: Actions on material impacts on Own workforce, and approaches to managing material risks and pursuing material opportunities related to Own workforce
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	6.3.1.6 MDR-T: Own Workforce targets
S1-6	Characteristics of the undertaking's employees	6.3.1.7 Characteristics of the undertaking's employees
S1-10	Adequate wages	6.3.1.8 Adequate wages
S1-14	Health and safety metrics	6.3.1.9 Health and safety metrics
S1-17	Incidents, complaints and severe human rights impacts	6.3.1.10 Incidents, complaints and severe human rights impacts
Governance		6.4 Governance

To identify the material information disclosed in this sustainability statement, X-FAB applied a structured assessment process involving both quantitative thresholds and qualitative criteria, aligned with ESRS 1.

1. Determination of material topics

We identified material impacts, risks, and opportunities (IROs) using following approach:

- **Quantitative Scoring Threshold:** X-FAB utilized a defined scoring model to evaluate the significance of each IRO. All IROs were considered material if their aggregated impact or financial score exceeded a company-defined threshold of 60% of the maximum possible assessment value. This threshold was selected after modeling various scenarios to balance comprehensive reporting with operational relevance.
- **Severity Principle (Human Rights & High-Impact Safety Net):** In alignment with ESRS 1, we prioritized high-severity impacts, particularly those related to human rights. Irrespective of the quantitative score or probability, any impact that received the maximum assessment score in scale, scope, or irremediability was automatically classified as material.

2. Determination of information for disclosure

Once the material sustainability matters were identified, X-FAB determined the specific content (data points and qualitative descriptions) to be disclosed by applying a qualitative assessment.

- **Mapping to Disclosure Requirements:** We followed the guidance provided in EFRAG Explanation ID 177 (Mapping sustainability matters with disclosure requirements). For every sustainability matter assessed as material, the corresponding data points defined in the topical ESRS were treated as mandatory for disclosure.

However, certain topical disclosures or individual data points were omitted in accordance with the simplification and relief measures (the so-called "Quick Fix" amendments under Commission Delegated Regulation (EU) 2025/1416), or were not disclosed due to a current lack of data availability or because the data points did not align with the Company's internal processes. Further information on these omissions is provided in Chapter 6.1.3 Use of phase-in provisions in accordance with Appendix C of ESRS 1.

6.2 Environment

6.2.1 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 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.

An economic activity is deemed eligible where it matches the description set out in one of the delegated acts adopted by the Commission. While it is possible that our customers provide solutions for any of the other environmental objectives, the technologies we deem eligible have clear benefits for the objective of climate change mitigation. This is also driven by the fact that our technologies are designed with our core markets of automotive, industrial and medical in mind. In these markets, climate change mitigation is clearly the most important objective. Since we have no reliable data on the end application we prefer to report conservatively and limit our assessment to 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.

For an activity to be eligible for climate change mitigation, 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 greenhouse gas (GHG) emission savings.

X-FAB provides technologies that enable our customers to develop innovative solutions that can have the potential to reduce energy consumption and greenhouse gas (GHG) emissions.

To determine eligibility under the taxonomy regulation, we have therefore made a classification of the technologies themselves. The classification is a qualitative approach which compares technologies with previous generations. In addition, typical applications for such technologies are taken into consideration to be able to determine whether the technologies have the potential to enable significant GHG reductions in other sectors of the economy. This analysis is carried out on an annual basis to consider end-of-life scenarios, new technologies, or other changes in the technology portfolio.

- Comparing technologies with previous generations: for example, X-FAB's SOI technologies provide superior isolation for high voltages on chips as well as between different voltage levels on the same chip. This feature allows the design of chips with improved energy efficiency compared to chips in standard CMOS technologies. This isolation capability allows the design of low-power chips.
- Identifying typical applications: 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 efficient generation, conversion, and storage of energy. Due to their material properties, also other wide-bandgap technologies such as gallium nitride offer the possibility of developing systems with maximum energy efficiency.

An eligible activity must fulfil the following criteria to be classified as aligned.

1. It must substantially contribute to at least one of the environmental objectives.
2. It must not significantly harm any of the other environmental objectives.
3. It must be carried out in compliance with certain minimum safeguards.

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, X-FAB cannot fulfil this first criterion to evidence a substantial contribution to at least one of the environmental objectives. Without meeting this foundational requirement, alignment under the Taxonomy Regulation is not possible, rendering further evaluation of Do No Significant Harm criteria or compliance with minimum safeguards unnecessary. X-FAB is therefore reporting 0% alignment of its activities. We continue to closely monitor the legislation and best practices and remain in contact with semiconductor industry associations on this topic and will reassess our approach when needed.

1. Turnover

To report turnover under this section, the definition of turnover in accordance with International Financial Reporting Standards (IFRS) is used. We refer to the Chapter 5, Note 6.1 (Revenue) of the Notes to the consolidated financial statements, which details the revenue from contract with customers and the different components thereof. The revenue for work in progress that is recognized over time under IFRS 15 is not included.

The proportion of the turnover in taxonomy-eligible activities remained stable in 2025 compared to 2024 even though the turnover was slightly higher as a result of a general growth in business.

Based on the above-described uncertainties and the current status of the legislation, X-FAB deems it prudent to report a 0% alignment. This is consistent with 2024.

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. It includes payments for property, plant, equipment, and intangible assets as well as payments for investments in investment properties as detailed in Notes to the statement of financial position (Chapter 5, Note 7.1 Property, plant, equipment, and investment).

CapEx can be categorized into two types:

1. **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.
2. **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 could include activities such as for example the installation, maintenance, and repair of energy-efficiency equipment (CCM 7.3) or the installation of equipment for water treatment. Since these are not X-FAB's core activities however, and in total contribute to less than 10% of the total CapEx, these are considered immaterial and not reported on separately. The proportion of (non-Technology) CapEx under economic activities other than activity 3.6 that was omitted as "non-material" was 0.8%.

The eligible Technology CapEx in 2025 is lower compared to 2024 since X-FAB's multi-year capacity expansion plan is close to being finalized.

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.

Proportion of turnover, CapEx, OpEx from products or services associated with Taxonomy-eligible or Taxonomy-aligned economic activities – disclosure covering the year 2025 (summary KPIs)

KPI	Total	Proportion of Taxonomy-eligible activities	Taxonomy-aligned activities	Proportion of Taxonomy-aligned activities	Breakdown by environmental objectives of Taxonomy-aligned activities						Proportion of enabling activities	Proportion of transitional activities	Not assessed activities considered non-material	Taxonomy-aligned activities in previous financial year 2024	Proportion of Taxonomy-aligned activities in previous financial year 2024
					Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity					
	In USD	%	In USD	%	%	%	%	%	%	%	%	%	%	In USD	%
Turnover	867,593,628.00	59%	0	0%	–	–	–	–	–	–	– %	– %	0%		0%
CapEx	204,111,321.00	70%	0	0%	–	–	–	–	–	–	– %	– %	1%	2,648,000.00	1%
OpEx	49,690,523.00	39%	0	0%	–	–	–	–	–	–	– %	– %	0%		0%

*The revenue for work in progress that is recognized over time under IFRS 15 is not included.

Proportion of turnover, CapEx, OpEx from products or services associated with Taxonomy-eligible or Taxonomy-aligned economic activities – disclosure covering year 2025 (activity breakdown)

Turnover

Economic Activities	Code	Taxonomy-eligible KPI (Proportion of Taxonomy-eligible Turnover)	Taxonomy-aligned KPI (monetary value of Turnover)	Taxonomy-aligned KPI (Proportion of Taxonomy-aligned Turnover)	Environmental objective of Taxonomy-aligned activities						Enabling activity	Transitional activity	Proportion of Taxonomy-aligned in Taxonomy-eligible
					Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity			
		%	In USD	%	%	%	%	%	%	%	(E where applicable)	(T where applicable)	%
Manufacture of other low carbon technologies	CCM 3.6	59%		0%	–	–	–	–	–	–			0%
Sum of alignment per objective					–	–	–	–	–	–			
Total KPI (Turnover)				– %	–	–	–	–	–	–	– %	– %	– %

CapEx

Economic Activities	Code	Taxonomy-eligible KPI (Proportion of Taxonomy-eligible CapEx)	Taxonomy-aligned KPI (monetary value of CapEx)	Taxonomy-aligned KPI (Proportion of Taxonomy-aligned CapEx)	Environmental objective of Taxonomy-aligned activities						Enabling activity	Transitional activity	Proportion of Taxonomy-aligned in Taxonomy-eligible
					Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity			
		%	In USD	%	%	%	%	%	%	%	(E where applicable)	(T where applicable)	%
Manufacture of other low carbon technologies	CCM 3.6	70%	0	0%	–	–	–	–	–	–			0%
Sum of alignment per objective					–	–	–	–	–	–			
Total KPI (CapEx)				– %	–	–	–	–	–	–	– %	– %	– %

OpEx

Economic Activities	Code	Taxonomy-eligible KPI (Proportion of Taxonomy-eligible OpEx)	Taxonomy-aligned KPI (monetary value of OpEx)	Taxonomy-aligned KPI (Proportion of Taxonomy-aligned OpEx)	Environmental objective of Taxonomy-aligned activities						Enabling activity	Transitional activity	Proportion of Taxonomy-aligned in Taxonomy-eligible
					Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity			
		%	In USD	%	%	%	%	%	%	%	(E where applicable)	(T where applicable)	%
Manufacture of other low carbon technologies	CCM 3.6	39%	0	0%	–	–	–	–	–	–			0%
Sum of alignment per objective					–	–	–	–	–	–			
Total KPI (OpEx)				– %	–	–	–	–	–	–	– %	– %	– %

6.2.2 E1 Climate Change

6.2.2.1 Integration of sustainability-related performance in incentive schemes (GOV-3)

Details on how financial and non-financial targets are used to determine variable remuneration of executive managers, can be found in section GOV-3 under **6.1.4.1 Role of the Board of Directors and Executive Management (ESRS 2 GOV-1)**.

6.2.2.2 Transition plan for climate change mitigation (E1-1)

As of the reporting date, X-FAB does not yet have a formal transition plan for climate change mitigation as defined by ESRS E1. Nevertheless, we support the goals of the Paris Agreement and the EU's climate legislation. We intend to develop and adopt a detailed

transition plan in the coming years. This plan will set out our decarbonization targets (Scopes 1–3), identify key decarbonization levers, outline required investments, and describe how the plan will be embedded in our business strategy and financial planning. We will report on progress in future sustainability reports.

6.2.2.3 Material IROs and their interaction with strategy and business model (SBM-3)

The following table lists the impacts related to climate change we have identified and assessed as material in our 2025 DMA. No material risks or opportunities have been identified.

Subtopic	Description of the impact	Category of impact	Classification	Upstream value chain	Own operations	Downstream value chain	Affected company units	Time horizon
Climate Change Mitigation	High greenhouse gas emissions from production of silicon wafers, specialty gases (SF ₆ , NF ₃), and chemicals contribute to climate change (Malaysia, Germany, France, USA) (Tier 1 & Tier 2)	Negative	Actual	✓	✓		All manufacturing sites	Long-term
Climate Change Mitigation	Providing IC design services and wafer manufacturing for energy-efficient applications (EV power systems, renewable energy inverters) increases positive climate impact (global market)	Positive	Actual			✓	All manufacturing sites	Long-term
Climate Change Mitigation	Semiconductor manufacturing enables substantial GHG emission reductions in downstream sectors	Positive	Potential		✓	✓	All manufacturing sites	Long-term
Climate Change Mitigation	Global shipping of wafers, chemicals, photomasks, and targets contributes to significant GHG emissions and carbon footprint. (Tier 1)	Negative	Actual	✓			All manufacturing sites	Long-term
Climate Change Mitigation	High-GWP perfluoro compounds (PFCs) and fluorinated gases contribute to GHG emissions but since there are no effective substitutes, they remain critical for the industry. This makes efforts for emission reduction very challenging.	Negative	Actual	✓	✓	✓	All manufacturing sites	Long-term
Climate Change Mitigation	Sulfur hexafluoride (SF ₆) used in etch chamber cleaning and wafer power-device testing is a potent greenhouse gas; closed-cycle reuse concepts are under exploration	Negative	Potential	✓	✓	✓	All manufacturing sites	Medium term

Subtopic	Description of the impact	Category of impact	Classification	Upstream value chain	Own operations	Downstream value chain	Affected company units	Time horizon
Climate Change Mitigation	Usage of standardised GHG methodologies improve value-chain data quality and comparability, while boosting transparency and trust	Positive	Potential	✓	✓	✓	All manufacturing sites	Long-term
Climate Change Mitigation	Systematic quantification of product environmental impacts (PCF focus) is essential to meet legal and customer requirements, remain competitive, and identify savings potentials; integrating this practice delivers transparency for purchasing decisions.	Positive	Potential	✓	✓	✓	All manufacturing sites	Long-term
Climate Change Mitigation	Using EPDs (Type III, ISO 14025/EN 15804/ ISO 21930) with product category rules can enable transparent, verified communication of lifecycle impacts; alignment challenges should be planned for.	Positive	Potential	✓	✓	✓	All manufacturing sites	Long-term
Climate Change Mitigation	Insufficient primary data availability across the supply chain (48% report only 0–10% primary data) undermines data quality, delays implementation, and increases costs of environmental assessments.	Negative	Actual	✓	✓	✓	All manufacturing sites	Medium-term
Climate Change Mitigation	Insufficient alignment with the GHG reduction targets of the customers also has a negative effect on this very goal from the inside-out perspective.	Negative	Potential	✓	✓	✓	All manufacturing sites	Long-term
Climate Change Mitigation	Greenhouse gas emissions across the value chain (own operations, suppliers, contractors, distributors, and customers) contribute to climate change, creating significant negative environmental impacts and linking production to customer carbon footprint accountability.	Negative	Actual	✓	✓	✓	All manufacturing sites	Long-term
Energy	By offering components for renewable energy, electrification, and digitalization, the industry positively impacts the reduction of greenhouse gas emissions across the value chain.	Positive	Potential		✓	✓	All manufacturing sites	Long-term
Energy	High electricity consumption in own operations and across the value chain (suppliers, subcontractors) creates negative impacts on grid stability and availability for other users.	Negative	Actual	✓	✓	✓	All manufacturing sites	Long-term

X-FAB conducted a qualitative climate-risk assessment across our sites and found generally low to medium exposure to severe natural hazards, with some locations showing higher sensitivity to wind-related events. Given our industry's vulnerability to environmental disruptions, we regularly review natural and technical hazards, supply-chain risks and site-specific emergency plans. Although a full quantitative climate-scenario analysis is still in progress, benchmarking against industry insights and public data indicates elevated extreme-weather risks at certain sites, while other hazards remain minimal. It should be noted that, at this stage, a formal climate resilience analysis in alignment with the specific requirements of the European Sustainability Reporting Standards has not yet been performed. Going forward, we plan to integrate climate-scenario modelling into our risk-management processes to further strengthen operational resilience.

6.2.2.4 The processes of identification and assessment of material climate-related impacts, risks and opportunities (IRO-1)

The methodologies used and the process carried out to identify impacts, risks, and opportunities (IROs) on climate change are consistent with those described in Section 6.1.8 including the applied time horizons.

During the screening activities to identify impacts on climate change, in particular our current GHG emissions and emissions sources, the focus was placed on manufacturing sites with present production and transportation processes and energy sources as well as globally oriented upstream and downstream value chain. Publicly available and generally accepted findings on the causes and sources of emissions within the semiconductor industry were used in order to derive the IROs.

X-FAB is a globally active company with manufacturing sites in Europe, North America, and Asia, our products are used worldwide just as our value chain is globally anchored. Based on these circumstances and the scientific findings recognized in the context of the ESRS, X-FAB assumed potential or actual climate-related physical and transitional (e.g. legal requirements- and market-related) risks (in own operations as well as along our value chain) and covered them in the process of the DMA by inclusion within the long list and corresponding evaluation. Individual assets and business activities were not considered specifically.

As a basis for the identification and assessment of physical risks, specifically for the manufacturing sites, a preliminary initial evaluation of various climate-related hazards covering flood, tornado, earthquakes, etc. from 2024 was used, which was initially created for internal purposes based on publicly available national sources that provide relevant information on possible risk classification (e.g., Federal Emergency Management Agency, METEO France, Climate Change Knowledge Portal, Adequate Water Risk Atlas, etc.).

No further assessment of possible scenarios was carried out for the current reporting period. However, we intend to expand the existing initial evaluation in accordance with ESRS in the coming reporting periods.

6.2.2.5 MDR-P: Policies related to climate change (E1-2)

For the 2025 reporting period, X-FAB has not yet adopted specific policies, actions, or targets concerning climate change. Our primary focus for the year was the successful completion and confirmation of the Double Materiality Assessment (DMA) and the establishment of a robust data foundation. Given our current resource capacities, prioritizing these fundamental reporting requirements temporarily precluded the development of formal policies, actions, and targets. The Company is currently in the process of developing these policies. We anticipate full adoption and integration into our management systems in the next years, ensuring that specific targets and action plans are aligned with our long-term sustainability strategy. We recognize that manufacturing high-quality microchips and microsensors requires significant materials and energy, therefore we aim to balance environmental, social and economic requirements to minimize our impact on future generations. To manage environmental impacts, the Group uses an integrated environmental-management system certified to ISO 14001:2015 and complemented by an Environmental, Health, and Safety (EHS) policy and an energy-management system based on ISO 50001:2018. These frameworks provide general environmental controls but are not yet a comprehensive climate-change policy. Future reports will specify and expand on these measures to create a more comprehensive policy framework.

6.2.2.6 MDR-A: Actions and resources in relation to climate change policies (E1-3)

Climate mitigation activities are currently identified and implemented through standard operational and capital investment processes. The undertaking does not operate a formalized Group-wide decarbonization program. No climate change adaptation actions have been implemented or planned. Climate-related investments are financed through regular capital expenditure processes. The undertaking does not maintain a separate climate-specific CapEx or OpEx tracking mechanism. Relevant expenditures are included within additions to property, plant, and equipment in the consolidated financial statements.

6.2.2.7 MDR-T: Targets related to climate change mitigation and adaptation (E1-4)

X-FAB has not yet defined a formalized climate target that fully complies with the specific requirements of ESRS E1 for the current reporting period. X-FAB will define climate targets as part of our evolving decarbonization roadmap in the coming years.

We are working on integrating absolute emission reduction targets and checking the scientific consistency as required by the ESRS. Detailed information on the specific climate-related targets will be expanded in future reporting cycles as our decarbonization roadmaps evolve.

6.2.2.8 Energy consumption and mix (E1-5)

Energy consumption and mix		2024	2025
1	Fuel consumption from coal and coal products (MWh)	0.00	0.00
2	Fuel consumption from crude oil and petroleum products (MWh)	2,381.00	2,503.00
3	Fuel consumption from natural gas (MWh)	39,291.00	36,537.00
4	Fuel consumption from other fossil sources (MWh)	0.00	0.00
5	Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	149,032.00	165,132.00
6	Total fossil energy consumption (MWh) (calculated as the sum of lines 1 to 5)	190,703.00	204,171.00
	Share of fossil sources in total energy consumption (%)	34.00	34.00
7	Consumption from nuclear sources (MWh)	127,308.00	129,648.00
	Share of consumption from nuclear sources in total energy consumption (%)	23.00	22.00
8	Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen) (MWh)	0.00	48.00
9	Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	242,001.00	259,952.00
10	The consumption of self-generated non-fuel renewable energy (MWh)	0.00	0.00
11	Total renewable energy consumption (MWh) (calculated as the sum of lines 8 to 10)	242,001.00	260,001.00
	Share of renewable sources in total energy consumption (%)	43.00	43.79
	Total energy consumption (MWh) (calculated as the sum of lines 6, 7 and 11)	560,011.00	593,772.00

In this reporting year, X-FAB's total energy consumption amounted to 593,772 MWh out of which 204,171 MWh related to fossil sources, 129,648 MWh related to nuclear sources and 260,001 MWh related to renewable sources. This includes the energy consumption for

our manufacturing sites with exception of Itzehoe as well as sales offices. The reported amounts correspond either to meter reading, invoices, certificates received from external providers or was estimated using benchmark data based on FTE.

As X-FAB has all its operations in high climate sector, it has disaggregated the total energy consumption from fossil sources by consumption from crude oil and petroleum products 2,503 MWh, from natural gas 36,537 MWh and from consumption of purchased or acquired electricity, heat, steam, or cooling from fossil sources 165,132 MWh. X-FAB does not consume fuel from coal and coal products nor from other fossil sources.

As of December 31, 2025, the share of renewable energy in X-FAB overall energy mix amounted to 43.79%. X-FAB's energy consumption from renewable sources relates to the following sources: (i) fuel consumption for renewable sources, including biomass, and (ii) consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources. There is no self-generation of non-renewable energy for our operations.

Energy intensity from activities in high climate impact sectors

Energy intensity per net revenue	2024	2025
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors (MWh/USD million)	685.97	682.26

As the X-FAB Group's consolidated activities fall under NACE C26.11 – Manufacture of electronic components, 100% of consolidated net revenue is considered attributable to high climate impact sector activities. The net revenue used as denominator corresponds to the "Total revenue" line item in the consolidated financial statement for the current reporting year.

Total energy consumption from activities in high climate impact sectors

Total energy consumption from activities in high climate impact sectors (MWh)	2024	2025
	560,011.00	593,772.00

The total energy consumption from activities in sectors with high climate impact corresponds to X-FAB's total energy consumption, as all activities are attributed to the energy-intensive sector, as described above.

6.2.2.9 Gross Scopes 1, 2, 3 and total GHG emissions (E1-6)

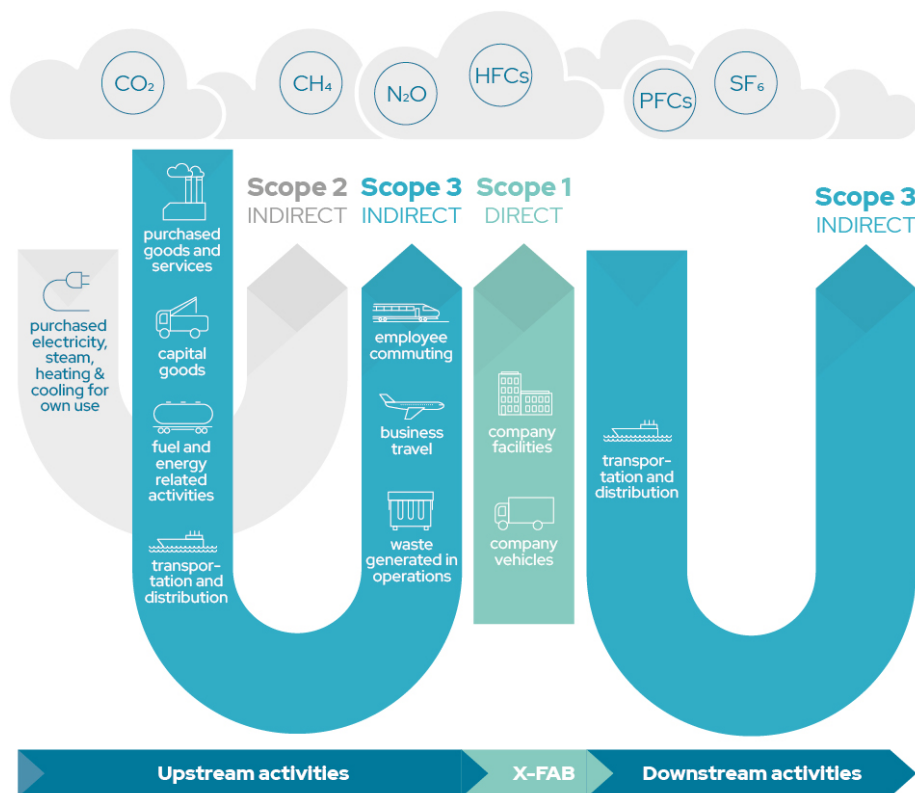


Fig. 6.2: X-FAB's activities used for greenhouse gas reporting

Organizational boundary

The organizational boundary follows the operational control approach and includes all entities and locations under operational control worldwide with the exception of the Itzehoe site, which was excluded from the scope of data collection for all environmental topics, as described in section 6.1.1 Basis for preparation.. All reported Scope 1 and Scope 2 emissions relate to entities within the consolidated accounting Group with the exception of the Itzehoe site. There are no associates, joint ventures, or unconsolidated subsidiaries under operational control requiring separate disclosure.

Methodology

The greenhouse gas inventory has been prepared in accordance with the Greenhouse Gas Protocol Corporate Standard and the Corporate Value Chain (Scope 3) Standard. Scope 2 emissions are calculated and reported using both the location-based and market-based methods in line with the GHG Protocol Scope 2 Guidance. Emissions are calculated using activity data multiplied by corresponding emission factors and are reported in metric tonnes of CO₂ equivalent.

The greenhouse gases included in the inventory are carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF₆) and nitrogen trifluoride (NF₃). Emissions are converted into CO₂ equivalent using 100-year global warming potential values in accordance with the applicable Intergovernmental Panel on Climate Change assessment report (AR4, 5 and 6).

No carbon removals, carbon credits, emission allowances, or other offsetting instruments are deducted from Scope 1, Scope 2 or Scope 3 emissions.

Biogenic CO₂ emissions from biomass combustion amounted to 9.7 metric tonnes in Scope 1 and 60.5 metric tonnes in Scope 2. These emissions are reported separately from fossil greenhouse gas emissions in line with ESRS requirements.

Scope 1 Greenhouse gas emission categories

Scope 1 covers direct emissions from stationary combustion, mobile combustion, fugitive emissions, and process emissions at sites under operational control. For major production sites, actual activity data are used. For smaller offices without primary data, emissions were estimated using an office energy calculator based on floor area and full-time equivalents.

For mobile combustion, direct fuel consumption data were applied for France. For Germany, fuel and electricity spend data together with vehicle numbers and types were converted into estimated consumption using average prices. Fugitive and process emissions are based on actual site data.

Scope 2 Greenhouse gas emission categories

Scope 2 includes indirect emissions from purchased electricity, heating, cooling, and steam. Emissions are calculated using both the location-based and market-based methods in accordance with the GHG Protocol Scope 2 Guidance. Supplier-specific emission factors were used for market-based reporting where available, including for Erfurt and France. For other production sites, residual grid emission factors were applied for market-based calculations and grid average factors for location-based calculations. For smaller offices without primary consumption data, electricity-related emissions were estimated based on floor area and full-time equivalents.

No contractual instruments such as guarantees of origin, renewable energy certificates, power purchase agreements, or similar market-based energy attribute certificates were used in the calculation of market-based Scope 2 emissions.

Scope 3 Greenhouse gas emission categories

All 15 Scope 3 categories defined by the GHG Protocol were screened for relevance. Scope 3 emissions are calculated using a combination of supplier-specific primary data, activity-based methods, and spend-based emission factors. No Scope 3 removals, avoided emissions, or carbon credits are included. For the reporting year, 47 percent of Scope 3 emissions are based on primary supplier-specific data. The categories listed with quantified emissions are considered significant for the reporting period.

Scope 3.1 Purchased goods and services

Emissions are calculated using a combination of supplier-specific and secondary data. Wafer emissions are based on supplier-specific emission factors. Chemicals and gases are converted to kilograms using a hierarchical conversion approach. Where specific emission factors were not available, weighted average emission factors were applied. Remaining operating expenditure is calculated using a spend-based method based on the CEDA database.

Scope 3.2 Capital goods

Capital expenditure data are calculated using a spend-based method and mapped to emission factors from the CEDA database.

Scope 3.3 Fuel- and energy-related activities not included in Scope 1 or Scope 2

Emissions are based on the same activity data used for Scope 1 and Scope 2. The Scope 3 components embedded in the emission factors were applied to reflect upstream production, transmission, and delivery of fuels and energy carriers.

Scope 3.4 Upstream transportation and distribution

Inbound transportation emissions are calculated using spend-based data mapped to emission factors. For Corbeil-Essonnes, outbound transport emissions were estimated using the ratio of Scope 1 and Scope 2 emissions relative to other production sites.

Scope 3.5 Waste generated in operations

Major production sites provided actual waste data. Where activity data were unavailable, estimations were made based on waste type and office size and updated proportionally to changes in full-time equivalents.

Scope 3.6 Business travel

For German production sites, activity-based data from internal booking systems were used. For other sites, spend data were converted into emissions using extrapolated emission factors derived from German activity-based data.

Scope 3.7 Employee commuting

Emissions are calculated based on the number of commuting days per employee, average commuting distance by region and transport mode. Emission factors from the UK Department for Energy Security and Net Zero were applied.

Scope 3.8 Upstream leased assets

Upstream leased assets are not separately reported because all leased assets operated by the Company are already included within Scope 1 and Scope 2 emissions under the operational control approach.

Scope 3.9 Downstream transportation and distribution

Emissions from transportation of sold products are included where transportation is paid for by the Company.

Scope 3.10 Processing of sold products

This category is excluded because it is currently not possible to reasonably estimate the emissions, as the downstream applications are too diverse.

Scope 3.11 Use of sold products

This category is excluded because it is currently not possible to reasonably estimate the emissions, as the downstream applications are too diverse.

Scope 3.12 End-of-life treatment of sold products

This category is excluded because it is currently not possible to reasonably estimate the emissions, as the downstream applications are too diverse.

Scope 3.13 Downstream leased assets

This category was assessed and identified as not relevant as X-FAB does not act as a lessor.

Scope 3.14 Franchises

This category was assessed and identified as not relevant as X-FAB does not operate with franchises.

Scope 3.15 Investments

Apart from hedging activities in the normal course of business, investing in financial instruments is part of X-FAB's business activities.

Methodological differences compared to the 2021 Greenhouse Gas Inventory

Compared to 2021, for 2024 and 2025 the reporting boundary was expanded from five major production sites to all operational sites including offices. The quantified impact of including the additional sites is approximately 300 tCO₂eq.

The 2021 inventory included stationary combustion, purchased electricity, district heating and process emissions. Mobile combustion and fugitive emissions were incorporated from 2024 onwards. The quantified impact of including these additional Scope 1 sources is approximately 4,000 tCO₂eq.

Scope 2 reporting distinguishes between location-based and market-based methods from 2024 onwards.

Scope 1, 2, 3, and total GHG emissions¹

	2024	2025	Change compared to previous year
Scope 1 GHG emissions			
Scope 1 GHG emissions (tCO ₂ eq)	86,576.00	77,693.00	-10%
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	—	—	
Scope 2 GHG emissions			
Gross location-based Scope 2 GHG emissions (tCO ₂ eq)	110,713.00	107,873.00	-3%
Gross market-based Scope 2 GHG emissions (tCO ₂ eq)	91,300.00	100,678.00	+10%
Significant scope 3 GHG emissions			
Total Gross indirect (Scope 3) GHG emissions (tCO ₂ eq)	320,488.00	308,911.00	-4%
1. Purchased goods and services	178,069.00	193,775.00	+9%
2. Capital goods	62,345.00	38,262.00	-39%
3. Fuel- and energy-related services	63,378.00	63,381.00	—%
4. Upstream transportation and distribution	8,807.00	3,647.00	-59%
5. Waste generated in operation	912.00	1,029.00	+13%
6. Business travel	1,828.00	945.00	-48%
7. Employee commuting	3,314.00	3,335.00	+1%
8. Upstream leased assets	Not applicable		
9. Downstream transportation and distribution	1,835.00	4,537.00	+147%
10 Processing of sold products	Excluded		
11 Use of sold products			
12 End-of-life treatment of sold products			
13 Downstream leased assets	Not applicable		
14 Franchises			
15 Investments			
Total GHG emissions			
Total GHG emissions (location-based) (tCO ₂ eq)	517,777.00	494,477.00	-5%
Total GHG emissions (market-based) (tCO ₂ eq)	498,364.00	487,282.00	-2%

¹ All emissions shown as market-based, if not stated otherwise.

There are currently no emission reduction targets according to the ESRS in place. X-FAB is actively developing corresponding targets and plans to disclose them in due course once they are finalized and approved.

GHG intensity based on net revenue

Our environmental performance is measured through our GHG emissions intensity, a metric that allows us to track our carbon efficiency relative to our economic growth. This is calculated by dividing our total greenhouse gas emissions by our net revenue. Over the past two years, our net revenue has shown steady growth, increasing from USD 816.4 million in 2024 to USD 870.3 million in 2025. By normalizing our emissions against these revenue figures, we can more accurately assess the impact of our sustainability initiatives.

Our GHG emission intensity is shown in the table below:

GHG Intensity based on net revenue (in tCO ₂ eq / USD million)	2024	2025
Total GHG emissions (location-based) per net revenue	634.24	568.17
Total GHG emissions (market-based) per net revenue	610.46	559.90

X-FAB did not finance any GHG emission reductions or removals from climate change mitigation projects outside its value chain through carbon credits during the 2025 reporting year, and no such financing is currently planned.

6.2.3 E2 Pollution

6.2.3.1 Material IROs related to pollution

The following table lists the impacts related to pollution we have identified and assessed as material in our 2025 DMA. No material risks or opportunities have been identified.

Subtopic	Description of the impact	Category of impact	Classification	Upstream value chain	Own operations	Downstream value chain	Affected company units	Time Horizon
Air Pollution	Pollution of air through emissions due to production and logistics activities	Negative	Actual	✓	✓	✓	All manufacturing sites	Long-term
Air Pollution	Manufacturing processes requiring high temperatures and chemical use can release VOCs and other pollutants, creating environmental and community health impacts.	Negative	Potential	✓	✓	✓	All manufacturing sites	Long-term
Air Pollution	Use and handling of hazardous chemicals and gases in operations create negative impacts on local air quality.	Negative	Potential	✓	✓	✓	All manufacturing sites	Long-term
Air Pollution	Accidental pollution from suppliers or subcontractors, such as the release of hazardous gases, could negatively impact local air quality.	Negative	Potential	✓	✓	✓	All manufacturing sites	Long-term
Water Pollution	Pollution of water due to emissions of nitrates, phosphates, pesticides, priority substances (as defined by local authorities) due to production processes	Negative	Potential		✓		All manufacturing sites	Long-term
Water Pollution	Return of used water to water bodies after treatment (only treated water discharged 3 of 5 sites return used water to water bodies directly)	Negative	Potential		✓		All manufacturing sites	Long-term

Subtopic	Description of the impact	Category of impact	Classification	Upstream value chain	Own operations	Downstream value chain	Affected company units	Time Horizon
Water Pollution	Use and handling of hazardous chemicals and gases in operations can contaminate local water resources	Negative	Potential	✓	✓	✓	All manufacturing sites	Long-term
Water Pollution	Accidental pollution from suppliers or subcontractors, such as release of hazardous chemicals, could contaminate local water resources.	Negative	Potential	✓	✓	✓	All manufacturing sites	Long-term
Water Pollution	Inappropriate handling of waste and its disposal can cause soil water contamination	Negative	Potential	✓	✓	✓	All manufacturing sites	Long-term
Soil Pollution	Inappropriate handling of waste and its disposal can cause soil contamination	Negative	Potential	✓	✓	✓	All sites	Long-term
Soil Pollution	Improper handling of hazardous chemicals and gases in operations can result in soil contamination.	Negative	Potential	✓	✓	✓	All sites	Long-term
Soil Pollution	Accidental leaks or spills from suppliers or subcontractors could cause soil contamination.	Negative	Potential	✓	✓	✓	All sites	Long-term
Pollution of Living Organisms and Food Resources	Inappropriate handling of waste and its disposal can cause contamination of living organisms	Negative	Potential		✓	✓	All manufacturing sites	Long-term
Pollution of Living Organisms and Food Resources	Release of hazardous chemicals and gases in operations can harm living organisms and food resources in surrounding ecosystems.	Negative	Potential	✓	✓	✓	All manufacturing sites	Long-term
Pollution of Living Organisms and Food Resources	Accidental pollution from suppliers or subcontractors could harm living organisms and food resources in local ecosystems.	Negative	Potential	✓	✓	✓	All manufacturing sites	Long-term
Harmful Substances	Improper handling of hazardous chemicals such as acids, solvents, and photoresists by suppliers causes environmental and health damage (All production countries, esp. Malaysia) (Tier 1)	Negative	Potential	✓			All manufacturing sites	Long-term
Harmful Substances	Reducing PFAS has the potential to have a positive effect on reducing the ecological footprint	Positive	Potential		✓		All manufacturing sites	Long-term

Subtopic	Description of the impact	Category of impact	Classification	Upstream value chain	Own operations	Downstream value chain	Affected company units	Time Horizon
Harmful Substances	Hazardous waste generated in production processes can lead to environmental and community impacts if not managed properly	Negative	Actual	✓	✓	✓	All manufacturing sites	Long-term
Substances of Very High Concern	Use of SOCs, COR as well as other hazardous substances in production, if handled improperly, could lead to pollution	Negative	Potential		✓		All manufacturing sites	Short-term
Substances of Very High Concern	The use and potential release of PFAS, due to their potential persistence and toxicity, may lead to long-term accumulation in air, water, and soil, with adverse impacts on ecosystems and human health	Negative	Potential	✓	✓	✓	All manufacturing sites	Long-term
Substances of Very High Concern	As little research has been conducted in this area, novel nanomaterials may cause damage to living organisms and lead to contamination when enriched.	Negative	Potential	✓	✓	✓	All manufacturing sites	Long-term
Substances of Very High Concern	Hazardous substances used in production, including SVHCs, can be potentially harmful to ecosystems and living organisms	Negative	Potential	✓	✓	✓	All manufacturing sites	Long-term
Substances of Very High Concern	When handled inappropriately use or release of SVHCs by suppliers or subcontractors may create negative environmental impacts.	Negative	Potential	✓	✓	✓	All manufacturing sites	Long-term
Substances of Very High Concern	Failure to substitute hazardous materials could intensify the existing problem of pollution.	Negative	Potential	✓	✓	✓	All manufacturing sites	Long-term
Microplastics	Microplastics emitted during production can enter the environment (e.g. through the discharge of treated water into open water bodies) and thus cause pollution.	Negative	Potential		✓		All manufacturing sites	Long-term

6.2.3.2 Process to identify material impacts, risks and opportunities (IRO-1)

The process of identifying impacts, risks, and opportunities related to pollution aligns with our general methodology outlined under IRO-1 of ESRS 2 (Section 6.1.8).

6.2.3.3 MDR-P: Policies related to pollution (E2-1)

For the 2025 reporting period, X-FAB has not yet adopted specific policies, actions, or targets concerning pollution. Our primary focus for the year was the successful completion and confirmation of the Double Materiality Assessment (DMA) and the establishment of a robust data foundation. Given our current resource capacities, prioritizing these fundamental reporting requirements temporarily precluded the development of formal

policies, actions, and targets. The Company is currently in the process of developing these policies. We anticipate full adoption and integration into our management systems in the next years, ensuring that specific targets and action plans are aligned with our long-term sustainability strategy.

6.2.3.4 MDR-A: Actions and resources in relation to pollution policies (E2-2)

Currently, X-FAB's action plans regarding pollution have not yet been fully developed in accordance with the requirements of the European Sustainability Reporting Standards. This is primarily due to the current absence of a formalized, overarching Group-level policy specifically dedicated to pollution prevention and control.

We recognize the need for a cohesive, Group-wide approach. In the coming years, we are committed to developing and formalizing global policies addressing pollution. Simultaneously, we are working to enhance our internal data collection processes to establish a clear and accurate data landscape.

Once these foundational elements – global policies and robust data – are in place, we will strategically define, implement, and consolidate Group-wide actions. This systematic approach will ensure that our future initiatives are highly effective, ESRS compliant, and optimally aligned to support the overall sustainable orientation and long-term objectives of the Company.

6.2.3.5 MDR-T: Targets related to pollution (E2-3)

X-FAB has not yet set formal, measurable targets regarding pollution. X-FAB will determine and set appropriate targets as part of our ongoing sustainability efforts.

The primary reason for this omission is the ongoing refinement of our pollution inventory and baseline data for emissions to air, water, and soil. To ensure that future targets are both ambitious and achievable, we are currently implementing enhanced monitoring systems across our primary production sites. We prioritize the establishment of a robust data foundation over the setting of arbitrary figures. We anticipate defining and disclosing specific reduction targets for key pollutants in the coming years. In the interim, we continue to monitor our environmental performance through existing regulatory compliance metrics.

6.2.3.6 Pollution of air, water and soil metrics (E2-4)

ESRS E2 requires undertakings to disclose each pollutant listed in Annex II of Regulation (EC) No 166/2006 of the European Parliament and of the Council (1) (European Pollutant Release and Transfer Register, "EPRTTR Regulation") emitted to air, water, and soil, with the exception of emissions of GHGs which are disclosed in accordance with ESRS E1 Climate Change; the consolidation shall include only the emissions from facilities for which the applicable threshold value specified in Annex II of Regulation (EC) No 166/2006 is exceeded. In accordance with this requirement, the table below provides an overview of pollutants for which this is the case:

Pollution of air, water, and soil

In kilograms	2024	2025
Pollutant emitted to air	0	2,124.00
Ammonia (NH3)	0	2,124.00
Pollutant emitted to water	27,690.00	32,972.00
Ammonia (NH3)	17,582.00	14,498.00
Fluorides (as total F)	10,108.00	18,474.00

Pollutions in terms of ESRS are defined as direct or indirect introduction, as a result of human activity, of pollutants (substance, vibration, heat, noise, light, or other contaminant) into air, water, or soil which may be harmful to human health and/or the environment, which may result in damage to material property, or which may impair or interfere with amenities and other legitimate uses of the environment. The table overview covers therefore pollution of air and water through substances from X-FAB facilities; X-FAB does not emit any pollution to soil; handling of hazardous waste in the form of landfill disposal is covered under E5 (Waste).

The pollutants shown in the table are emitted at the sites in France and Kuching. X-FAB France falls directly into the scope of the EPRTTR Regulation and reports these in accordance with national and European requirements. X-FAB Sarawak applies Malaysian national laws on pollution control such as Clean Air Regulation 2014 and Industrial Effluent Regulation 2009. Here, regular measurements are carried out in accordance with the requirements of the stated regulations and examined by the responsible local authorities.

The facilities operated in Germany (Erfurt and Dresden) and USA/Texas (analog application of the EU capacity thresholds since not required by local law) are not covered within the scope of the EPRTTR Regulation defined in Annex I and therefore are not presented within the overview.

During the fiscal year X-FAB started production at a new clean room in Malaysia. This expansion increases manufacturing capacity and reduces cycle times. The increase of pollution to water through Fluorides as well as newly occurrence of pollution to air through Ammonia which can be observed during this period can be explained by this circumstances.

6.2.3.7 Substances of concern and substances of very high concern metrics (E2-5)

As semiconductor wafer manufacturer X-FAB uses certain substances classified as substances of concern (SoC) or of very high concern (SVHC) within closed equipment for treatment of our products in all manufacturing sites. SoC are defined within the Regulation (EC) No 1272/2008 on the classification, labelling and packaging of substances and mixtures (CLP Regulation) and published by the European Chemicals Agency (ECHA) within Adaptation to Technical Progress (ATP). The criteria for SVHC are defined within Article 57 of Regulation (EC) No 1907/2006 (REACH), substances themselves are listed by the ECHA as well.

The use of such substances is standard practice across the semiconductor industry. At the same time, their handling and application are subject to stringent regulatory requirements at national and international level, including chemical safety, environmental protection, occupational health, and emission control regulations. X-FAB operates under these regulatory frameworks and applies established environmental, health and safety management systems to ensure compliant storage, handling, monitoring, and disposal of relevant substances.

X-FAB does not generate any new SoC or SVHC. The substances are procured and in particular used as wet chemicals/solvents in the photolithography processes for photo resist strip, lift-off or cleaning processes. Upon completion of the processing, the SoC/SVHC are removed from the products via special cleaning processes and then fed into the system for the disposal of chemical waste.

The identification of relevant SoC is based on ATP 21. The reported quantities reflect the mass of chemical products that contain substances with harmonized CLP hazard classification (broad CLP scope). The calculation is based on the multiplication of all invoiced quantities for purchased substances based on the procurement records and the respective densities. Semiconductor manufacturing requires significant quantities of chemical products for wafer cleaning, etching, photolithography, and surface treatment processes. Many of these products contain substances classified as hazardous under the CLP Regulation. As a result, the reported quantities purchased during the reporting period reflects the overall scale of chemical inputs required for the operation of our semiconductor fabrication facilities. .

The mass of SVHC used and procured by X-FAB is significantly lower compared to SoC since the REACH Candidate List represents a narrow subset of hazardous substances. The reported quantities reflect the limited number of SVHC used in X-FAB's manufacturing processes and were calculated based on a multiplication of all invoiced quantities from the procurement records and the respective densities.

The mass of SoC/SVHC that leaves facilities as emission and/or waste is based on the principle of mass conservation. Under this principle, substances entering the operational system of X-FAB are assumed to leave the system over time through emissions and/or waste streams and/or transformation in chemical processes. In the absence of detailed process tracking during this reporting period the total mass of relevant substances entering operations is therefore used as a proxy for the total mass leaving the facilities. X-FAB intends to further refine the methodology in future reporting periods by improving internal chemical inventory systems, enabling a more precise allocation of substances across operational pathways.

Substances of concern and substances of very high concern

In kilograms	2024	2025
SoC: mass that is used or procured	24,248,797.00	25,166,487.00
SoC: mass that leave facilities as emission and/or waste	24,248,797.00	25,166,487.00
SVHC: mass that is used or procured	19,255.00	16,208.00
SVHC: mass that leave its facilities as emission and/or waste	19,255.00	16,208.00

6.2.3.8 Anticipated financial effects from material pollution-related risks and opportunities (E2-6)

For 2024 and 2025, there were no major CapEx in conjunction with major incidents and deposits (pollution) at any X-FAB site.

Data regarding expenditures for the remediation of air, water, and soil pollution is currently unavailable as we are in the process of enhancing our internal data collection systems. These figures will be disclosed in future reports once the refined monitoring processes are fully established.

6.2.4 E3 Water and marine resources

6.2.4.1 Material IROs related to water

The following table lists the impacts related to water we have identified and assessed as material in our 2025 DMA. No material risks or opportunities have been identified.

Subtopic	Description of the impact	Category of impact	Classification	Upstream value chain	Own operations	Downstream value chain	Affected company units	Time Horizon
Water Consumption	Improving production processes and machines (for both effectiveness and efficiency) as well as investing in water recycling and ultrapure water reduce the water consumption	Positive	Actual	✓			All manufacturing sites	Long-term
Water Consumption	The European semiconductor industry has implemented advanced closed-loop water recycling and reuse systems, significantly reducing the need for external water supply and wastewater generation.	Positive	Potential	✓	✓	✓	All manufacturing sites	Long-term
Water Consumption	Semiconductor manufacturers have achieved measurable improvements in water efficiency through process optimisation and equipment upgrades, reducing water-intensive operations while maintaining production quality. This also leads to a reduction in water consumption.	Positive	Actual	✓	✓	✓	All manufacturing sites	Long-term
Water Consumption	Limited use of advanced closed-loop water recycling could increase the water consumption.	Negative	Potential	✓	✓	✓	All manufacturing sites	Long-term
Water Consumption	Limited improvement in water efficiency across processes and equipment may contribute to higher water consumption.	Negative	Actual	✓	✓	✓	All manufacturing sites	Long-term
Water Consumption	Companies in the industry have embedded water stewardship principles into sustainability strategies, setting concrete water consumption reduction and efficiency targets. This contributes positively to reducing water consumption.	Positive	Actual	✓	✓	✓	All manufacturing sites	Long-term
Water Consumption	Limited integration of water stewardship principles and measurable reduction targets may contribute to higher water consumption.	Negative	Actual	✓	✓	✓	All manufacturing sites	Long-term
Water Consumption	Improved water resource management systems, including efficiency measures and closed-loop recycling, lead to the reduction of water consumption.	Positive	Actual	✓	✓	✓	All manufacturing sites	Long-term
Water Withdrawal	High-purity water (UPW) demand in wafer fabs creates local water stress, especially in water-stressed regions (Tier 1).	Negative	Actual	✓	✓		manufacturing sites in Malaysia, USA, Germany and France	Long-term
Water Withdrawal	Semiconductor manufacturing is highly water-intensive, requiring large volumes of ultra-pure water for wafer cleaning and processing, which could create significant local resource pressure and environmental impacts.	Negative	Potential	✓	✓	✓	All manufacturing sites	Long-term

6.2.4.2 Process to identify material impacts, risks and opportunities IRO-1

The process of identifying impacts, risks, and opportunities related to water aligns with our general methodology outlined under IRO-1 of ESRS 2 (Section 6.1.8).

6.2.4.3 MDR-P: Policies related to water (E3-1)

For the 2025 reporting period, X-FAB has not yet adopted specific policies, actions, or targets concerning Water. Our primary focus for the year was the successful completion and confirmation of the Double Materiality Assessment (DMA) and the establishment of a robust data foundation. Given our current resource capacities, prioritizing these fundamental reporting requirements temporarily precluded the development of formal policies, actions, and targets. The Company is currently in the process of developing these policies. We anticipate full adoption and integration into our management systems in the next years, ensuring that specific targets and action plans are aligned with our long-term sustainability strategy.

6.2.4.4 MDR-A: Actions and resources in relation to water policies (E3-2)

During the reporting year, X-FAB did not have a formally adopted water policy or a consolidated action plan at Group level in accordance with the requirements of ESRS E3. Consequently, water-related actions were not developed within a structured, ESRS-aligned governance framework. Water management measures are currently initiated, implemented and monitored at site level. These activities are operationally driven and site-specific. They are not consolidated within a Group-wide action plan and are not subject to a harmonized central steering or monitoring structure as envisaged under ESRS E3-3.

The development of a consolidated Group-level framework for water management, including defined responsibilities, monitoring mechanisms, and strategic objectives, is planned for future reporting periods.

6.2.4.5 MDR-T: Targets related to water (E3-3)

X-FAB is currently in a transitional phase as our resource-management roadmap continues to evolve. We explicitly acknowledge that we have not defined water-related targets in accordance with the requirements of the ESRS standards. While we maintain site-specific operational goals, additional measurable and time-bound targets for water consumption and impact will be further defined in the coming years to ensure full future alignment with the ESRS framework.

6.2.4.6 Water consumption metrics (E3-4)

The table below shows key consolidated water-related data points for the reporting years 2024 and 2025 in line with ESRS E3 "Water and Marine Resources". The data are presented on a consolidated basis to reflect total organizational water consumption across all relevant operations, supporting transparency and comparability between reporting periods. Any narrative context needed to interpret these figures is provided alongside the table.

Data points related to water consumption

In cubic meters	2024	2025
Total water consumption	1,074,300.00	923,073.00
Total water consumption in areas at water risk (incl. areas of high-water stress)	96,614.00	123,611.00
Total water recycled and reused	1,250,285.00	1,371,630.00
Total water stored	17,224.00	17,224.00
Changes in water storage	0	0
Water intensity ratio: total water consumption in own operations in cubic meter per USD million net revenue	1,315.93	1,060.64

X-FAB calculated water consumption as total withdrawal minus total discharge, representing the net amount of water used in our processes that is not released back into the environment. As part of our environmental due diligence and in accordance with ESRS E3 requirements, we conducted a water risk assessment across all operational sites. Using the WRI Aqueduct Water Risk Atlas, we analyzed our locations for baseline water stress. The analysis identified two sites situated in areas of high water stress: Erfurt (Germany) and Lubbock (USA). In 2025, the total water consumption of X-FAB amounted to 923,073.00 m³ out of which 123,611.00 m³ in areas at water risk which include areas of high-water stress. The information is collected in our manufacturing sites with exception from Itzehoe site. The data for water consumption is sourced from direct measurements and invoices.

As of December 31, 2025, amount of total water recycled and reused was 1,371,630 m³. Water recycled and reused is defined as water and wastewater (treated or untreated) that has been used more than once before being discharged from the undertaking's or shared facilities' boundary, so that water demand is reduced. This may be in the same process (recycled) or in a different process within the same facility (own or shared with other undertakings) or in another of the undertaking's facilities (reused). To calculate the values, processes for water reuse or water recycling were recorded separately for each site to avoid double counting. Values in m³ for each process were estimated or measured depending on the conditions at the respective sites and then consolidated at Group level.

Water storage volumes were determined for all sites with the exception of Lubbock (USA). At the Lubbock facility, water storage is reported as zero and all water is withdrawn and utilized on an on-demand basis. The values for water storage were calculated based on the volume of raw water and elevated tanks per location and then consolidated at Group level.

Share of the measure obtained from direct measurement, from sampling and extrapolation, or from best estimates

This table below provides an overview of the ratios of measured, sampled and estimated values for water-related metrics.

	% Measured of total volume	% Sampling of total volume	% Estimated of total volume
Total water consumption	100	0	0
Total water recycled and reused	76	5	19
Total water stored	76	0	19

6.2.5 E5 Resource use and circular economy**6.2.5.1 Material IROs related to resource use and circular economy**

The following table lists the impacts related to resource use and circular economy we have identified and assessed as material in our 2025 DMA. No material risks or opportunities have been identified.

Subtopic	Description of the impact	Category of impact	Classification	Upstream value chain	Own operations	Downstream value chain	Affected company units	Time horizon
Resource inflows, including resource use	The consumption of critical raw materials and special gases minimizes their reserves.	Negative	potential	✓	✓	✓	All manufacturing sites	Medium-term
Resource inflows, including resource use	Reducing usage of such material as e.g. sulfuric acid reuse, circular technologies is beneficial from the inside-out perspective.	Positive	Actual	✓	✓	✓	All manufacturing sites	Medium-term
Resource inflows, including resource use	Residual waste generated by suppliers and contractors may negatively impact the environment through landfill use and waste treatment processes.	Negative	Actual	✓	✓	✓	All manufacturing sites	Medium-term
Resource inflows, including resource use	Reducing usage of platinum/palladium (catalysts, targets) is beneficial from the inside-out perspective.	Positive	Actual	✓	✓	✓	All manufacturing sites	Medium-term
Resource inflows, including resource use	Aluminum circularity reduces energy intensity vs primary production and supports facility decarbonization.	Positive	Actual	✓	✓	✓	All manufacturing sites	Medium-term
Resource inflows, including resource use	Circular use of precious and specialty metals through reclaims and refining reduces freshwater and energy footprints while lowering embedded emissions.	Positive	Actual	✓	✓	✓	All manufacturing sites	Medium-term

Subtopic	Description of the impact	Category of impact	Classification	Upstream value chain	Own operations	Downstream value chain	Affected company units	Time horizon
Resource inflows, including resource use	Increasing recyclability and take-back schemes for semiconductor-containing equipment supports circular economy, reduces raw material pressure.	Positive	Actual		✓	✓	All manufacturing sites	Medium-term
Resource Outflows related to Products and Services	Manufacturers carry financial and organizational obligations for the end-of-life treatment of their products, ensuring proper recycling and disposal.	Positive	Actual	✓	✓	✓	All manufacturing sites	Medium-term
Resource Outflows related to Products and Services	Supplier take-back/refurbishment programs for components and materials strengthen supply resilience and circularity performance.	Positive	Actual	✓	✓	✓	All manufacturing sites	Medium-term
Resource Outflows related to Products and Services	Implementing ecodesign principles allows manufacturers to extend product lifetimes, reduce environmental impacts, and differentiate positively in global markets.	Positive	Actual	✓		✓	All manufacturing sites	Medium-term
Resource Outflows related to Products and Services	Active engagement of all actors (recyclers, municipalities, retailers, consumers) creates opportunities for more efficient collection systems and higher recovery rates, reducing environmental footprint.	Positive	Actual	✓	✓	✓	All manufacturing sites	Medium-term
Waste	E-waste from end-of-life devices (automotive, industrial, medical) containing chips leads to hazardous waste if not properly recycled.	Negative	Actual		✓		All manufacturing sites	Medium-term
Waste	Insufficient closed-loop recovery for semiconductor manufacturing materials (e.g., specialty gases, photoresists, slurry, rare metals) drives resource depletion and waste.	Negative	Actual	✓	✓	✓	All manufacturing sites	Medium-term
Waste	Failures in waste management (e.g. non-compliant waste contractors, accumulation, residual waste from own operations, end-of-life product disposal) can increase environmental burdens.	Negative	Potential	✓	✓	✓	All manufacturing sites	Medium-term
Waste	Sputter targets (precious-metal bearing) present high-value circularity via reclaim/refine loops with significant primary mining avoidance	Positive	Actual	✓	✓	✓	All manufacturing sites	Medium-term

6.2.5.2 Process to identify material impacts, risks and opportunities (IRO-1)

The process of identifying impacts, risks, and opportunities related to resource use and circular economy aligns with our general methodology outlined under IRO-1 of ESRS 2 (Section 6.1.8).

6.2.5.3 MDR-P: Policies related to resource use and circular economy (E5-1)

For the 2025 reporting period, X-FAB has not yet adopted specific policies, actions, or targets concerning resource use and circular economy. Our primary focus for the year was the successful completion and confirmation of the Double Materiality Assessment (DMA) and the establishment of a robust data foundation. Given our current resource capacities, prioritizing these fundamental reporting requirements temporarily precluded the development of formal policies, actions, and targets. The Company is currently in the process of developing these policies. We anticipate full adoption and integration into our management systems in the next years, ensuring that specific targets and action plans are aligned with our long-term sustainability strategy.

6.2.5.4 MDR-A: Actions and resources in relation to resource use and circular economy policies (E5-2)

We presently do not have a formal, company-wide circular economy policy in place, nor a consolidated global action plan aligned with ESRS E5 disclosure expectations for resource use and circular economy practices. Although circular measures are implemented locally throughout the year, they are not yet coordinated or reported at the Group level.

We recognize the importance of structured governance for circular economy topics as required by ESRS E5, which includes policies, actions and resources, and targets related to resource use and circular economy. ESRS E5 calls for transparent disclosure of these elements to demonstrate how organizations manage impacts and transition toward circular practices. Accordingly, we are planning the development of a global circular economy policy and a Group-wide action plan for future reporting periods to improve consistency, alignment with ESRS E5, and group-level consolidation of circular economy efforts.

6.2.5.5 MDR-T: Targets related to resource use and circular economy (E5-3)

X-FAB has not yet set formal, measurable targets regarding resource use or circular economy. X-FAB will determine and set appropriate targets as part of our ongoing sustainability efforts. The primary reason for this postponement is the current complexity in establishing a sufficiently granular and consistent data baseline across our global operations and diverse product categories. To ensure that future targets are not only ambitious but also scientifically sound and verifiable, we are currently prioritizing the harmonization of our internal data collection processes.

6.2.5.6 Resource inflows metrics (E5-4)

As a provider of solutions that are specifically tailored to our customers and meet very high technical and quality industry standards, we are dependent on certain resource inflows, which circularity is in turn partially limited by these requirements. During this

reporting period X-FAB focused on the main components and currently available purchasing processes. Based on this, two main categories of resource inflows in terms of ESRS were defined: products and technical components (including packaging covering wafers, targets and masks) as well as materials (covering chemicals, gases, critical raw materials, rare earths as well as packaging):

Category of resource inflows	Description	Total weight (kg)	
		2024	2025
Products and technical components including packaging	Wafers, targets, photomasks and packaging	79,428.00	78,262.00
Materials	Chemicals, gases, critical raw materials, rare earths	113,431,745.00	112,212,175.00
Materials (only packaging – biological)	Paper carton boxes and wood	606,699.00	402,554.00
Materials (only packaging – non-biological)	Mixed plastic, styrofoam, mixed packing materials	118,975.00	119,435.00

The technical components and materials, packaging excluded, do not contain any biological materials, nor do they contain any secondary reused or recycled materials. Semiconductors are based on inorganic materials, their manufacturing takes place in ultra-clean, sterile environment where any biological material would be a contaminant. Product specifications explicitly avoid organic or biological inputs due to reliability, lifetime and safety requirements. Due to this requirement no secondary used ore recycled materials are used by X-FAB, which corresponds to common practice.

The total weight of wafers, targets, and photomasks were calculated based on multiplication of the purchased numbers derived from our ERP (Enterprise Resources Planning) system and either specified or average weight of the specific component. The figures for the packaging were calculated based on the recording of packaging waste. The weight of the materials, chemicals, and gases was also calculated based on the number of items ordered and/or the volume and respective density (for gases) or weight in kg (for other elements).

6.2.5.7 Resource outflows metrics (E5-5)

Following key products and materials come out of our production process:

- analog/mixed-signal integrated circuits (ICs): chips that can process real-world signals (e.g., pressure, light, sound) and digital data;
- high-voltage ICs: support up to 700V breakdown voltage, widely qualified for automotive applications;

- micro-electro-mechanical systems (MEMS): custom microsystem solutions for sensors, actuators, and medical applications;
- silicon carbide devices (SiC): wide-bandgap semiconductor substrate that offers superior efficiency; and
- silicon-on-insulator (SOI) and complementary metal-oxide-semiconductor technologies (CMOS): modular platform technologies from 1.0 µm down to 110 nm nodes, supporting analog, RF, BCD, and high-temperature requirements.

Durability of our products

Our products are designed and qualified to meet stringent automotive, industrial and medical market requirements. X-FAB has a track record of more than 30 years of manufacturing experience and provides its customers with long-term supply continuity exceeding 15 years, especially for automotive and industrial technologies, supported by dual sourcing for key process nodes to ensure long-term reliability and stability. In support of long-term product performance, X-FAB maintains process technology lifetimes of at least 7 years as a standard (and in many cases more than 10 years) to match product lifecycle requirements in automotive, industrial, and similar markets.

Repairability

Semiconductor devices are inherently non-repairable components due to their monolithic structure and encapsulated design; in standard industry practice, defective semiconductors are replaced rather than repaired, with durability ensured through reliability qualification and lifetime testing instead of repairability measures.

Recyclable content

Semiconductors and their components are not designed for repair, refurbishment, or direct reuse at component level. At end of life, they are processed as part of electronic waste streams, where recovery focuses primarily on valuable metals such as gold, copper, and aluminum. Material recovery therefore occurs downstream at system level rather than through product-level circular design.

Disclosures on waste generated

The table below provides information on generated waste. The waste quantities specified result from our own manufacturing processes and are managed by manufacturing sites in accordance with national regulations:

Category of the recovery operation type	Hazardous waste (kg)		Non-hazardous waste (kg)		Recovery total	
	2024	2025	2024	2025	2024	2025
Preparation for reuse	63,433.00	67,522.00	57,350.00	43,310.00	120,783.00	110,832.00
Recycling	1,084,095.00	1,096,328.00	4,312,279.00	2,395,611.00	5,396,374.00	3,491,939.00
Other recovery operations	2,360,428.00	2,570,627.00	847,568.00	901,272.00	3,207,996.00	3,471,899.00
Subtotal for waste recovery	3,507,956.00	3,734,477.00	5,217,197.00	3,340,193.00	8,725,153.00	7,074,670.00
Category of the waste treatment/disposal	Hazardous waste (kg)		Non-hazardous waste (kg)		Disposal total	
	2024	2025	2024	2025	2024	2025
Incineration	225,744.00	285,759.00	0.00	0.00	225,744.00	285,759.00
Landfill	351,764.00	326,819.00	350,921.00	296,342.00	702,685.00	623,161.00
Other disposal operations	54,453.00	45,227.00	10,520.00	0.00	64,973.00	45,227.00
Subtotal for waste disposal	631,961.00	657,805.00	361,441.00	296,342.00	993,402.00	954,147.00
Total waste generated	4,139,917.00	4,392,282.00	5,578,638.00	3,636,535.00	9,718,555.00	8,028,817.00
Percentage of non-recycled waste					10 %	12 %

Waste streams and their disposal are closely monitored at manufacturing sites and in accordance with the applicable national regulations.

There are tracking requirements, particularly for the disposal of hazardous waste. The quantities presented were calculated based on the relevant data from the waste management systems implemented on the sites, waste logs, and invoices. Waste is collected separately according to the respective waste categories and handed over to authorized waste management companies for recovery or disposal. During collection and right before transport, the different waste fractions are generally weighed. This allows to record and document the weight for each waste stream. The recorded weight data forms the basis for the overview presented above.

The main waste streams generated during wafer processing include chemicals waste such as acids, solvents, and photoresist waste which are mostly hazardous as well as sludge from the wastewater treatment. Metal-, silicon- and resins-containing waste is also generated from semiconductor processing steps. Further waste streams arise from logistics and operational support functions. These include packaging waste consisting primarily of paper, cardboard, empty chemical drums, plastic, and wood from incoming materials and shipments. Electronic and equipment waste is generated during maintenance, replacement, or decommissioning of production equipment.

X-FAB does not generate any radioactive waste; therefore, no data can be reported.

6.3 Social

6.3.1 S1 Own workforce

6.3.1.1 Material IROs and their interaction with strategy and business model (SBM-3)

The following table lists the impacts related to own workforce we have identified and assessed as material in our 2025 DMA. No material risks or opportunities have been identified.

Subtopic	Description of the impact	Category of impact	Classification	Upstream value chain	Own operations	Downstream value chain	Affected company units	Time Horizon
Working Conditions	Supporting parental leave and care responsibilities	Positive	Actual		✓		All sites	Medium-term
Working Conditions	Ensuring that temporary or part-time receive equal pay for equal work	Positive	Actual		✓		All sites	Short-term
Working Conditions	Insufficient implementation of Health & Safety regulations could result in serious accidents at work, including fatal accidents.	Negative	Potential		✓		All sites	Short-term
Working Conditions	Usage of chemical materials in production can cause health damage.	Negative	Potential		✓		All manufacturing sites	Short-term
Working Conditions	Semiconductor fabs implement risk mitigation measures – hazardous gas systems, segregated exhaust, safety interlocks, redundant controls – protecting workers from chemical exposure under normal operations.	Positive	Potential		✓		All manufacturing sites	Medium-term
Working Conditions	Hazardous process gases managed through automated, enclosed systems with hazard segregation, safety interlocks, and redundant controls to minimize worker exposure	Positive	Potential		✓		All manufacturing sites	Medium-term
Working Conditions	In high-intensity production environments, insufficient safety measures may cause accidents and injuries, potentially leading to severe harm.	Negative	Potential		✓		All manufacturing sites	Medium-term
Working Conditions	Occupational risks such as exposure to hazardous chemicals, repetitive strain injuries, or mental health issues could lead to illness, exhaustion or poor well-being among employees.	Negative	Potential		✓		All manufacturing sites	Medium-term
Equal Treatment and Opportunities for All	Insufficient or ineffective implementation of measures against violence and harassment in the workplace may lead to noncompliance with fundamental labor and human rights.	Negative	Potential		✓		All sites	Medium-term

In 2025, all employees recorded on the payroll along all X-FAB subsidiaries fall within the scope of the respective disclosures of this report. These employees are regarded as potentially affected by the significant impacts arising from our operations.

Employees are individuals engaged under a formal employment contract with X-FAB and who contribute to the Group's objectives and operate within its organizational structures.

They receive compensation and benefits and work under the direction and supervision of X-FAB.

Non-employees are individuals who contribute to the operations of X-FAB without being employed under a direct employment contract and being part of our own workforce in a legal sense (workers provided by temporary work agencies, contractors, and consultants working under service agreements).

The positive and negative impacts presented in the table above relate to X-FAB's entire workforce worldwide and are not confined to particular regions, job levels, contract types, or demographic groups. As a global semiconductor foundry operating production sites in Europe, the United States, and Malaysia, X-FAB recognizes that these impacts may manifest differently depending on local regulatory frameworks, cultural environments and operational conditions. The Company therefore seeks to manage associated risks and opportunities in a way that is relevant and appropriate to each work setting.

Some negative impacts are of particular importance in the context of X-FAB's wafer fabrication facilities. Semiconductor manufacturing involves complex production processes, including the handling of chemicals, operation of advanced equipment in clean room environments, and shift-based work models. These characteristics require a strong focus on occupational health, process safety, and employee well-being, especially for manufacturing personnel.

X-FAB undertakes specific activities to generate positive impacts for its workforce, particularly through working conditions favorable for parents with young children and the principle of equal pay for equal work. To support employees with parental or caregiving responsibilities, X-FAB offers parental leave benefits in line with local regulations and encourages flexible absence arrangements, helping parents and carers balance professional and personal commitments.

As of the reporting date, X-FAB has not implemented a formal transition plan specifically aimed at reducing environmental impacts or achieving climate-neutral operations that would materially affect its own workforce. Consequently, no material positive or negative impacts on employees or non-employees arising from such transition measures have been identified during the reporting period.

X-FAB's operations, which consist primarily of semiconductor wafer manufacturing and related support functions in Europe, the United States, and Malaysia, are not considered to be at significant risk of incidents of forced labor, compulsory labor, or child labor within its own workforce. Employment relationships are governed by applicable national labor laws and internal compliance standards, and no such incidents have been identified during the reporting period.

6.3.1.2 MDR-P: Policies related to own workforce (S1-1)

The double materiality assessment identified material impacts relating to working hours, fair wages, occupational health and safety, as well as measures against violence, harassment and discrimination in the workplace. No material risks or opportunities in relation to the own workforce were identified at the reporting date.

Unless otherwise specified, the policies described below apply Group-wide to all X-FAB employees and contract employees assigned to X-FAB. At the reporting date, X-FAB's internal policy framework is not fully aligned with the requirements of ESRS S1. While core principles regarding health, safety, and equal treatment are established, specific detailed requirements and explicit references to international frameworks (e.g., UNGPs) are currently outstanding. X-FAB will refine and formalize its global policy landscape over the next reporting cycles to ensure alignment with all ESRS S1-1 disclosure requirements.

Working hours and fair wages

Regarding the material impacts of working hours and fair wages, X-FAB does not currently maintain a single, consolidated global policy. Instead, these areas are governed by local labor contracts, collective bargaining agreements, and adherence to national statutory requirements in the respective jurisdictions of operation. This ensures that compensation meets or exceeds local minimum wage standards and that working hours comply with legal limits. At the reporting date, there are no immediate plans to adopt a centralized global policy for these specific topics, as local compliance mechanisms are deemed effective.

Safe and responsible working environment

Occupational health and safety are embedded in the X-FAB Group Environmental, Health and Safety (EHS) Policy signed by the Chief Executive Officer in March 2025. X-FAB conducts its activities in a manner that safeguards the health and safety of employees and other stakeholders while avoiding adverse environmental impacts.

This commitment is implemented through an Environmental, Health and Safety Management System aligned with ISO 14001. The system is based on principles including regulatory compliance, risk reduction, accident prevention, life safety assurance, competency development, performance review and continual improvement. It provides the structured framework for workplace accident prevention and operational safety management. The policy is communicated to all employees via the internal portal and is physically displayed at production sites in relevant local languages.

Equal treatment and respectful workplace

X-FAB promotes a workplace culture grounded in equal opportunity, dignity and mutual respect. The Global Equal Treatment Policy, implemented in 2024 following consolidation of local policies into a unified global framework, prohibits discrimination and harassment based on legally protected characteristics, including race, color, age, national origin, religion, sex, disability, sexual orientation, and gender identity.

Implementation is supported through mandatory training, including an e-learning module on unconscious bias, designed to ensure awareness and consistent application across the organization.

Human rights commitments

X-FAB has adopted the ZVEI Code of Conduct, which reflects commitments to human dignity and internationally recognized labor standards. These include principles consistent with the ILO core labor conventions, such as the prohibition of child labor and forced labor, non-discrimination, freedom of association, and collective bargaining. The policies do not explicitly address human trafficking.

The Code establishes a principle-based human rights framework for operations. While it reflects internationally recognized labor standards, the policies do not explicitly reference specific frameworks such as the UN Guiding Principles on Business and Human Rights or the OECD Guidelines for Multinational Enterprises.

Engagement and grievance mechanisms

X-FAB fosters dialogue with its workforce through internal communication platforms, management engagement formats and structured employee surveys, including the “Barometer” survey. Feedback supports continuous improvement of the working environment.

Employees may raise concerns through management channels, the People & Culture function, or a confidential whistleblowing mechanism. Reports are handled confidentially and are protected by a non-retaliation principle. Where issues are substantiated, corrective action is taken in accordance with applicable laws.

At the reporting date, no separate policy commitments exist for targeted positive action programs for specific vulnerable groups beyond the established equal treatment principles.

Through these policies and systems, X-FAB manages occupational health and safety and promotes a respectful, non-discriminatory working environment across its operations.

6.3.1.3 Engaging with own workforce (S1-2)

X-FAB engages with its workforce through structured communication formats and periodic surveys to understand employee perspectives on working conditions and potential impacts. The insights gained inform management decisions and continuous improvement and form part of X-FAB’s ongoing approach to identifying, assessing, and addressing these impacts.

Engagement mechanisms

Engagement occurs directly with employees through multiple channels, including the global intranet, “Meet the Management” sessions, and regular information provided via

email, video messages and on-site communication monitors. These formats facilitate ongoing dialogue across sites and regions.

The “Barometer” employee engagement survey provides structured feedback. It has been conducted three times to date (2013, 2016 and 2021). Participation rates are tracked and documented for each cycle. The next survey is planned for 2026. Following each survey, management is reviewed the results and approved documented action plans. These action plans are tracked both centrally and locally, with completion status monitored at Group and site level.

Additional feedback is considered in relation to workplace safety and the surrounding working environment.

Role and governance

Operational responsibility for structured workforce engagement lies with the Vice President People & Culture at Group level. This accountability is embedded in the role description and includes oversight of recurring engagement formats, survey processes and follow-up action plans.

Workforce engagement results are formally reported to Executive Management on a monthly basis through KPI tracking, management reports, and site summaries. These reports include workforce-related indicators and key engagement outcomes.

Workers’ representatives

X-FAB has not concluded a Global Framework Agreement concerning human rights of its workforce.

Engagement with workers’ representatives takes place primarily through local structures. In Europe, approximately 98 percent of employment contracts are covered by collective bargaining agreements. In France, a new collective bargaining agreement entered into force in January 2024. Collective bargaining arrangements are not commonly applied in non-European locations and are therefore not in place in those regions.

Consideration of specific workforce groups is embedded in local engagement and consultation processes where required by applicable labor law and under the Global Equal Treatment Policy. In certain jurisdictions, workforce representation structures provide for consultation on matters affecting specific employee groups.

Assessment of effectiveness

The effectiveness of engagement mechanisms is assessed through survey results and workforce-related key performance indicators. In addition to engagement survey outcomes, X-FAB monitors indicators such as leaver rate, sickness rate, and resignation rate at both Group and site level.

Deviations or trends in these indicators may trigger management review and the definition of corrective action plans.

In jurisdictions with formal worker representation bodies, including Germany and France, regular consultation meetings are held. These meetings are documented and provide an additional structured forum for workforce perspectives to inform management decisions.

6.3.1.4 Processes to remediate negative impacts and channels for own workforce to raise concerns (S1-3)

X-FAB maintains formal processes to address and remediate negative impacts on its workforce and provides accessible channels through which employees can raise concerns.

Grievance channels

Employees may raise concerns through their direct manager, another manager in the reporting line or the People & Culture function. Where these contacts are not appropriate in a specific situation, concerns may be submitted confidentially through a dedicated Group-level reporting channel, including an ethics email address and a designated postal contact. The global whistleblower procedure enables employees worldwide to submit reports confidentially.

These channels are intended to facilitate the reporting of potential breaches of law or regulation, unethical conduct, matters likely to harm another person, or possible concealment of such matters.

Remediation process

The Whistle Blower Policy defines procedures for handling complaints, which includes issues related to human rights concerns. While the helpline facilitates the reporting of potential breaches of law or regulation, activities against the Company's interest, and matters likely to harm another person, these criteria inherently encompass human rights violations. Reports are treated confidentially and investigated without undue delay. Where requested, reporting individuals may receive feedback on outcomes.

If misconduct is substantiated, corrective or disciplinary measures are determined in accordance with applicable procedures and legal requirements.

Accessibility and protection

Awareness of reporting channels is supported through mandatory employee orientation, which includes training on the Code of Conduct and relevant company policies. Reporting procedures are accessible via the corporate intranet and, where applicable, in printed form.

X-FAB operates a no-retaliation principle for individuals who raise concerns in good faith. The Whistle Blower Policy provides that reports are handled confidentially and that efforts are made to protect the identity of the reporting individual, subject to legal requirements.

Monitoring and effectiveness

Reports are investigated on a case-by-case basis in accordance with the Whistle Blower Policy. The current framework focuses on the investigation and resolution of individual cases.

At the reporting date, no formalized Group-wide process for aggregated reporting or periodic effectiveness assessment of grievance mechanisms is defined. The "Barometer" survey provides general insight into employee perceptions but does not constitute a dedicated assessment of awareness of grievance mechanisms.

6.3.1.5 MDR-A: Actions on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce (S1-4)

The double materiality assessment identified material negative impacts in the areas of occupational health and safety as well as violence, harassment, and discrimination, and material positive impacts relating to working hours and fair wages.

X-FAB takes targeted actions to prevent, mitigate, and remediate negative impacts on its workforce. In addition, measures are in place to support positive impacts in relation to working hours. No material risks or opportunities relating to the own workforce were identified in the 2025 double materiality assessment.

Occupational health and safety

Given the inherent hazard profile of semiconductor manufacturing, X-FAB operates a structured Environmental, Health and Safety (EHS) management system across all production sites to prevent and mitigate negative impacts on its workforce.

Preventive measures include engineering and technical controls to contain and monitor hazardous substances, minimization of chemical use where technically feasible, disciplined process safety management, continuous environmental monitoring, preventive maintenance and inspection programs, and mandatory safety training with enforcement of personal protective equipment requirements.

Targeted site-level initiatives complement this framework. In 2025, the Erfurt site introduced measures to reduce manual handling of hazardous waste, including the direct disposal of solid waste contaminated with post-etch cleaning solution in place of a previous internal rinsing procedure. Dedicated awareness days, safety information campaigns, and site tours were conducted to strengthen EHS competency and reinforce safe working practices.

Additional protective concepts apply in cleanroom environments, where a large share of employees work. Hygiene and protection plans include skin protection measures, ergonomic and individualized cleanroom shoes, partially personalized clothing, and the provision of hearing protection. These measures aim to prevent medical harm and support a safe working environment.

Operational safety is further supported through a global preventive maintenance system designed to prevent equipment malfunctions and associated hazards such as electrical risks, chemical leakage or mechanical failure. Preventive maintenance actions are triggered either by defined time intervals or by reaching specific tool performance parameters.

The effectiveness of occupational health and safety measures is tracked using established safety performance indicators, including accident frequency and severity rates. These metrics are monitored over time to assess trends and inform corrective action where necessary.

Equal treatment and prevention of harassment

To prevent negative impacts relating to discrimination and harassment, X-FAB implemented a Global Equal Treatment Policy in 2024 following the consolidation of local policies into a unified framework. The policy is supported by a mandatory e-learning module on unconscious bias, which requires employees to review the policy content and complete knowledge checks.

Regular compliance reviews at operating locations are conducted to verify alignment with applicable labor laws and statutory requirements. In Germany and France, workforce-related matters are subject to formal consultation with employee representative bodies in accordance with applicable labor legislation. These reviews are intended to reduce the risk of non-compliance with labor legislation and fundamental labor rights.

Where concerns are raised through the grievance mechanisms described in S1-3, investigations are conducted in accordance with the Whistle Blower Policy and corrective or disciplinary measures are determined where misconduct is substantiated.

Working hours

X-FAB supports employees in balancing professional and personal responsibilities through flexible working arrangements. Flexible working time models and individual working time solutions are offered where operationally feasible, taking into account the diverse circumstances of the international workforce. The "Flex@Work" approach enables mobile working for roles suitable for remote performance.

Employees are granted paid leave for significant private matters such as relocation or marriage. Working parents receive financial support in cases of children's illness. In Germany, collective bargaining agreements allow employees above a defined age threshold to reduce their weekly working hours where appropriate. At several Asian sites, flexible start and end times support employees in reconciling professional and private commitments.

These measures are intended to support parental leave and caregiving responsibilities and to contribute to long-term employability.

Fair wages

Fair wages were identified as a material positive impact in the double materiality assessment. Remuneration is determined in accordance with applicable labor laws and, where in place, collective bargaining agreements. At the reporting date, no additional Group-level action programs have been established in this area.

Effectiveness and resources

Effectiveness is assessed through safety indicators and employee feedback mechanisms. The management of material impacts is supported by dedicated EHS teams, Group-level coordination, capital investments in safety controls, preventive maintenance budgets, training programs, HR compliance resources, and grievance handling mechanisms.

Through these measures, X-FAB seeks to maintain safe and respectful working conditions across its operations.

6.3.1.6 MDR-T: Own workforce targets (S1-5)

At the reporting date, X-FAB has not defined formal time-bound and outcome-oriented targets at Group level specifically related to reducing negative impacts or advancing positive impacts on its workforce.

Occupational health and safety performance is monitored through established indicators, including accident frequency and lost time injury data. Production sites are required to report work accidents and lost time injuries through a structured reporting process, and certain sites define annual operational safety goals at local level. These local goals do not constitute consolidated Group-wide targets within the meaning of ESRS S1-5.

The Group's policies establish commitments to accident prevention, risk reduction, and continual improvement, which are implemented through the Environmental, Health and Safety management system and supported by ongoing performance monitoring, as described in S1-4.

No material risks or opportunities related to the own workforce were identified in the 2025 double materiality assessment. Accordingly, no specific targets have been defined in relation to managing workforce-related risks or pursuing workforce-related opportunities.

No formalized Group-level process is currently in place for setting workforce-related targets in consultation with employees or workers' representatives.

6.3.1.7 Characteristics of the undertaking's employees (S1-6)

The following tables provides a breakdown of X-FAB's workforce by gender, country, and employment type.

This data serves as the unified foundation for all qualitative and quantitative social disclosures within this report. By aligning the definition of employees across all metrics, we ensure consistency and comparability in accordance with ESRS requirements. These

figures represent the primary baseline for all subsequent calculations and KPIs disclosed in the Social section.

In accordance with ESRS requirements, data related to the Social topical standard (S1-6) for the 2024 reporting period is excluded from the 2025 CSRD Report. The 2024 data collection process did not align with the mandatory definitions and criteria required for CSRD compliance. To ensure a consistent and compliant reporting baseline, this data has been omitted to avoid methodological misalignment. Performance data for 2024, collected under the previous reporting framework, remains available in the 2024 Annual Report published last year.

Number of employees by gender

In headcount	2025
Male	3,192
Female	1,278
Other	0
Total number of employees	4,470

As of December 31, 2025, X-FAB had 4,470 employees out of which 3,192 are male and 1,278 are female. No employee reported "other" and all employees reported their gender as of December 31, 2025.

Number of employees by country

In headcount	2025
Germany	1,480
France	1,029
USA	424
Malaysia	1,537

Headcount figures for the following locations have been omitted due to the workforce size being under the disclosure threshold of 50 employees: Belgium, Japan, Hong Kong, UK, and Taiwan.

Number of employees by contract type

In headcount	2025	
Contract type	Female	Male
Permanent employees	1,188	3,008
Temporary employees	184	90
Non-guaranteed hours employees	0	0

For the purpose of data collection and reporting, we have applied the following definitions of contract types across X-FAB to ensure consistency and transparency in our workforce disclosures:

- Permanent – unrestricted contracts: Employees engaged under open-ended employment agreements without a predetermined end date.
- Temporary – restricted contracts: Employees hired under fixed-term contracts for a defined period or specific project.
- Non-guaranteed hours employees: Employees whose employment contracts do not specify or guarantee a minimum or fixed number of working hours.

These definitions were used in preparing the workforce data for the reporting period 2025. The figures presented in the accompanying table reflect our consolidated approach to capturing workforce composition by contract type.

Employee turnover

	2025
Employee turnover (headcount)	283
Employee turnover ratio (%)	6.33

The number of employees who have left company during the reporting period is considered as normal fluctuation. It includes employees' resignation and retirement. The employee turnover ratio is calculated by dividing the number of leavers by the average number of employees over a reporting year.

6.3.1.8 Adequate wages (S1-10)

X-FAB is committed to providing a competitive compensation and benefits package that reflects the economic realities of each region where it operates. At a minimum, the Company complies with all applicable wage laws and collective bargaining agreements, covering minimum wages, overtime requirements, and legally mandated benefits. No X-FAB employee earns less than the adequate wage as defined by the ESRS standards, ensuring that our workforce receives fair and sustainable remuneration globally.

6.3.1.9 Health and safety metrics (S1-14)

Health and safety metrics	2024	2025
People covered by health and safety management system (in %)	100	100
Number of fatalities as a result of work-related injuries and work-related ill health of other workers	0	0
Number of fatalities as a result of work-related injuries and work-related ill health in own workforce	0	0
Number of recordable work-related accidents for own workforce	35	36
Rate of recordable work-related accidents for own workforce (in %)	5.43	5.91

At X-FAB, we have 100 % coverage of our own workforce in the health and safety management system. X-FAB recorded no work-related fatalities – whether due to injury or illness – across our entire workforce and supply chain during this reporting year. The number of recordable work-related accidents amounted to 36 for X-FAB's employees with a rate of 5.91 in the reporting year 2025.

6.3.1.10 Incidents, complaints, and severe human rights impacts (S1-17)

For the fiscal year 2025, X-FAB reports zero incidents related to discrimination and harassment. No severe human rights impacts or related complaints were identified. Consequently, the Company was not subject to any fines, penalties, or legal proceedings regarding these matters.

6.3.1.11 Omitted material data points

Information regarding omitted data points has already been detailed in chapter 6.1.3 Use of phase-in provisions in accordance with Appendix C of ESRS 1.

6.4 Governance

X-FAB maintains high standards of corporate oversight and transparency. Based on the results of our Double Materiality Assessment, this specific data point was identified as not material. Consequently, a dedicated description of this information under the specific ESRS topical requirements is not provided within this section.

To ensure comprehensive transparency, however, all relevant information regarding the composition, role, and policies of the Board of Directors and Executive Management is disclosed in the following sections:

- Corporate Governance Statement: Detailed information in accordance with the requirements of the Belgian Companies and Associations Code is disclosed within the Corporate Governance section of the Annual Report (Chapter 7).
- ESRS 2 General Disclosures: Governance oversight related to sustainability matters is covered under the ESRS 2-GOV section of this report.

6.5. 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 24 April 2025, 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 *Chapter 6. Sustainability* of the annual report as of 31 December 2025 and for the year then ended (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 2025. We have performed our assurance engagement on the sustainability information of the Group for 2 consecutive financial years.

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)).

Notwithstanding the adverse conclusion expressed above, our limited assurance procedures performed solely in respect of (i) the process carried by the Group to identify the sustainability information ("the Process") in accordance with ESRS 2 / IRO 1 as disclosed in *section 6.1. General Disclosures including the Basis for Preparation (BP-1)* of the sustainability information and (ii) the disclosures of information required under Article 8 of Regulation (EU) 2020/852 (the EU Taxonomy Regulation) as disclosed in *section 6.2.1 EU Taxonomy* of the sustainability information did not identify any matters that would cause us to modify our limited assurance conclusion with respect to those components.

Accordingly, the adverse conclusion expressed in this report arises solely from the matters described in the basis for adverse conclusion relating to the preparation of the sustainability information in accordance with ESRS.

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 at X-Fab" of the consolidated annual report, the board of directors states that the preparation of the consolidated sustainability information of the Group in accordance with the European Sustainability Reporting Standards ("ESRS") is still in an early stage of implementation.

During our limited assurance engagement, we identified several material matters affecting the sustainability information indicating that the requirements of ESRS were not applied.

These matters include, among others:

Environmental matters (ESRS E1, E2, E3, E5)

The disclosures related to environmental matters (ESRS E1, E2, E3, and E5) contain material misstatements affecting the completeness and accuracy of the reported datapoints and the qualitative information as follows:

- reported inflows and outflows are understated, including chemicals used (ESRS E5-4) and total waste generated (ESRS E5-5);
- substances of (very) high concern are overstated due to the use of an inappropriate measurement method (ESRS E2-5);
- emissions to air and water are incompletely reported as a result of omitting certain pollutant types based on local legal interpretations rather than ESRS requirements (ESRS E2-4);
- environmental metrics are understated at specific sites due to incomplete data access without estimation techniques being applied (ESRS E1, E2, E3, E5);
- renewable energy consumption is understated resulting in a corresponding overstatement of non renewable energy consumption as a result of an incomplete inventory of renewable energy certificates (ESRS E1-5);
- inconsistencies exist between qualitative statements; and
- required disclosures on methodologies and key assumptions underpinning environmental metrics are missing, limiting transparency and interpretability.

Social matters (ESRS S1)

For social disclosures relating to the own workforce, misstatements include:

- an understatement of total hours worked at a specific site due to registration errors, affecting health and safety indicators (ESRS S14);
- the absence of required comparative figures for workforce characteristics (ESRS S1 6); and
- inconsistencies exist between qualitative statements (ESRS S1).

Together, these misstatements affect the reliability, comparability, and internal coherence of the reported social information.

Governance matters (ESRS 2)

Several qualitative misstatements were identified in the governance section:

- the double materiality assessment disclosures state that no material risks or opportunities were identified, whereas other sections refer to such risks and opportunities, creating internal inconsistency (ESRS 2);
- no formal resilience analysis in relation to sustainability matters is performed or reported (ESRS 2), and disclosures under ESRS 2 GOV1-GOV5 lack sufficient detail on roles and responsibilities, training and incentive metrics, integrated due diligence processes, and the (im)maturity of internal control system; and

- governance disclosures lack clarity on the design, implementation, and operating effectiveness of internal controls over sustainability reporting and do not reference a specific internal control framework (ESRS 2 GOV).

The Board of Directors acknowledges in section 6.1.4.5 Risk Management and Internal Controls over Sustainability Reporting that the Group's processes and controls supporting its sustainability reporting were not fully embedded during the Company's first year of CSRD implementation and, in several areas, relied on ad hoc reviews and high-level data aggregation. Management further acknowledges that due to the immature state of the control environment, certain material errors may not have been detected prior to finalisation.

We have not been able to quantify the misstatements described above reliably based on the evidence available in the context of a limited assurance engagement due to their underlying causes, including incomplete underlying datasets, unresolved analytical inconsistencies, absence of required estimation techniques, misclassification of outputs and immature processes and controls.

The matters described above constitute material departures from the requirements of ESRS and are material and pervasive to the sustainability information of the Group resulting in our adverse conclusion.

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.

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 section 6.1. General Disclosures including the Basis for Preparation (BP-1) 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 6.2.1.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 section 6.1. General Disclosures including the Basis for Preparation (BP-1).

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 section 6.1. General Disclosures including the Basis for Preparation (BP-1).

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;
- performed inquiries of relevant personnel and analytical procedures on selected disclosures in the sustainability information;

- performed substantive assurance procedures based on a sample basis on selected disclosures 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

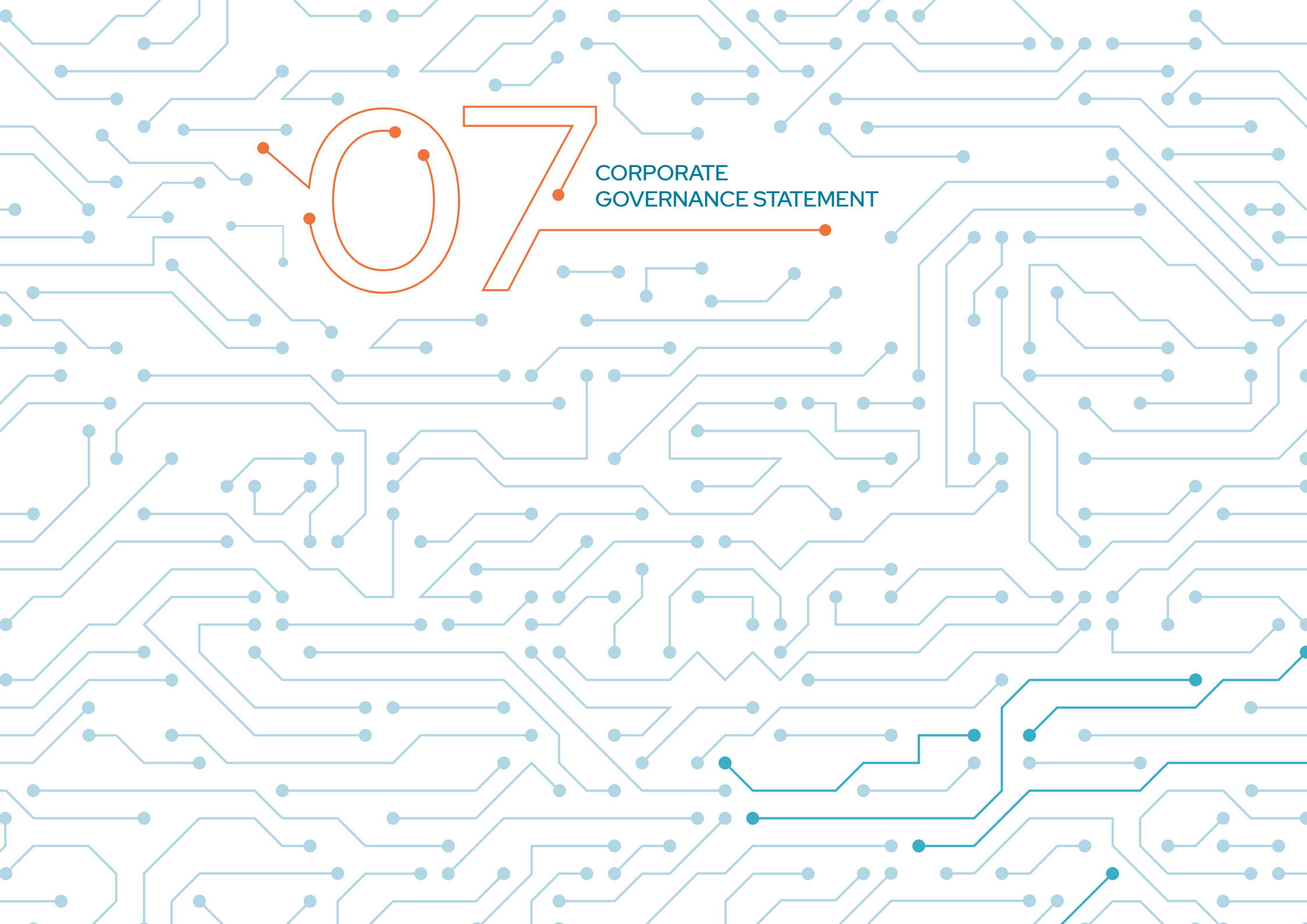
Our audit firm and our network have not performed any engagement which is incompatible with the limited assurance engagement and our audit firm remained independent of the Group during the term of our mandate.

Hasselt, 30 March 2026

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises
Statutory Auditor

Herwig Carmans
Bedrijfsrevisor/ Réviseur d'Entreprises

Mike Boonen
Bedrijfsrevisor/ Réviseur d'Entreprises

The background of the entire page is a complex, light blue circuit board pattern. It features a dense network of thin lines and small circular nodes, resembling a microchip or a data network. The pattern is more intricate in the lower half of the image.

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. The 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 recognizes 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, a Remuneration and Nomination Committee and an ESG 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. In 2025, X-FAB announced its CEO succession plan. According to this plan, Rudi De Winter stepped down as CEO on February 6, 2026, and was succeeded by Damien Macq on the same day. More information can be found in the [press release](#) dated October 30, 2025.

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 eight members, three of which are independent as defined in the Code 2020. Ms. Ling Qi, representing Vlinvlin BV, concluded her term on the Board of Directors earlier than anticipated to dedicate more time to new professional commitments. She stepped back from the Board after the annual Shareholders' Meeting on April 24, 2025.

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	61	2026	Non-executive director
Sensinnovat BV (Represented by Rudi De Winter)	65	2029	Managing Director, CEO
Roland Duchâtelet	79	2029	Non-executive director
Thomas Hans-Jürgen Straub	71	2029	Non-executive director
Tan Sri Datuk Amar Dr. Hamid bin Bugo	80	2029	Non-executive director (Chair)
Aurore NV (Represented by Christine Juliam)	65	2026	Non-executive and independent director
Christel Verschaeren	61	2029	Non-executive and independent director
Estelle Iacona	53	2029	Non-executive and independent director
Vlinvlin BV (Represented by Ling Qi) <i>Until 24 April 2025</i>	55	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. Ms. 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, Ms. lacona was elected as Senior Vice-President at Paris-Saclay University, and in 2022, President at Paris-Saclay University. Since July 2024, she has been in charge of the international strategy of higher education and research at the French Ministry of Higher Education, Research and Innovation (MESRI). 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. Ms. Qi has more than 20 years of international business management experience. Currently, she is CEO of two multimedia and animation film companies. Alongside this, she has been consulting for foreign invested companies in China, has extensive experience in the semiconductor industry as a board member for a European headquartered wafer foundry, and has served as a director of a Belgian private bank. Ms. Qi 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 2025 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 2026; and
- ESG-governance.

Dato Sri Dr. Wan Lizozman bin Wan Omar was excused for one meeting and was represented by proxy at two other meetings of the Board. Both Christel Verschaeren and Vlinvlin BV were represented by proxy at one meeting. 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 were 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 2025, 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. Ms. Verschaeren was represented by proxy at one meeting. Other than that, 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.

In 2025, the Remuneration and Nomination Committee met four times. During these meetings, the remuneration of the Executive Management, CEO succession planning and an updated remuneration policy were discussed. Ms. Verschaeren was represented by proxy at one meeting. Other than that, all members of the Remuneration and Nomination Committee attended all meetings.

7.5 Executive Management

Composition

The Executive Management is composed of the following members:

Name	Age	Position
Rudi De Winter	65	Chief Executive Officer
Alba Morganti	57	Chief Financial Officer
Jörg Doblaski	47	Chief Technology Officer
Damien Macq	59	Chief Operations Officer
Lee Boon Chun	56	Chief Executive Officer, X-FAB Sarawak
Dr. Gabriel Kittler	47	Chief Executive Officer, X-FAB Erfurt
Dr. Sébastien Daveau	51	Chief Executive Officer, X-FAB France
Rico Tillner	43	Chief Executive Officer X-FAB Texas
Michael Woittennek	45	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, three of the eight members of the Board were female. 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 24, 2025. This remuneration report has been prepared in accordance with Article 3:6, §3 BCCA.

Total remuneration

The application of the remuneration policy during 2025 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 2025, Vlinvlin BV (represented by Ling Qi) received additional remuneration of USD 3,163 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 11,296 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	16,943.00	–	11,296.00	–	–
Tan Sri Datuk Amar Dr. Hamid bin Bugo, Non-executive director	28,239.00	–	–	–	–
Dato Sri Dr. Wan Lizozman bin Wan Omar, Non-executive director	22,591.00	–	–	–	–
Aurore NV (Represented by Christine Juliam), Independent director	28,239.00	–	–	–	–
Christel Verschaeren, Independent director	28,239.00	–	–	–	–
Estelle lacona, Independent director	28,239.00	–	–	–	–
Vlinvlin BV (Represented by Ling Qi), Non-executive director <i>until 24 April 2025</i>	5,391.00	–	3,163.00	–	–
Sensinnovat BV, permanently represented by Rudi De Winter, Executive, CEO	412,286.00	–	–	–	51,536.00
Executive Management excl. Sensinnovat BV	1,530,951.23	–	147,522.32	207,882.00	–

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	–	–	28,239.00	Fixed:	100%
Tan Sri Datuk Amar Dr. Hamid bin Bugo, Non-executive director	–	–	28,239.00	Fixed:	100%
Dato Sri Dr. Wan Lizozman bin Wan Omar, Non-executive director	–	–	22,591.00	Fixed:	100%
Aurore NV (Represented by Christine Juliam), Independent director	–	–	28,239.00	Fixed:	100%
Christel Verschaeren, Independent director	–	–	28,239.00	Fixed:	100%
Estelle lacona, Independent director	–	–	28,239.00	Fixed:	100%
Vlinvlin BV (Represented by Ling Qi), Non-executive director	–	–	8,554.00	Fixed:	100%
Sensinnovat BV, permanently represented by Rudi De Winter, Executive director, CEO	–	–	463,821.00	Fixed:	89%
				Variable:	11%
Executive Management excl. Sensinnovat BV	–	106,940.05	1,993,295.84	Fixed:	90%
				Variable:	10%
			2,629,456.84		

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:

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)	80,000,000	a)	140,000,000	a)	76,425,000
Relative weighting 50%	b)	0	b)	103,071	b)	0
Total bonus		0		103,071		0

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 2025 by TechInsights as a reference value.

- 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 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 2025 are shown in the table below. In 2025 the EBIT was USD 76.4 million. This means that 0% of the short-term cash bonus will be paid out.

The results for performance year 2025 are shown in the table below. In 2025, revenue increased by 5.5% compared to 2024. The industry average only increased by 4%. The revenue growth compared to 2023 was minus 4.3% while the industry averaged a decrease of only 0.4%. 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 >4%	a)	-5.5%
	b)	51,536	b)	51,536
Revenue growth over the last two years	a)	Revenue growth >-0.4%	a)	-4.3%
	b)	51,536	b)	0
Total bonus		103,072		51,536

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 2025 are shown in the table below. In 2025 the EBIT was USD 76.4 million. This means that 0% 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)	80,000,000	a)	140,000,000	a)	76,425,000
Relative weighting 50%	b)	0	b)	265,924	b)	0
Individual/team performance	a)	Determined individually	a)	Determined individually	a)	Determined individually
Relative weighting 50%	b)	0	b)	265,924	b)	207,882
Total bonus		0		531,848		207,882

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	2021	2022	2023	2024	2025
Annual change of remuneration (Executive management)					
• Fixed remuneration	-4.1%	4.2%	24.1%	4.5%	4.6%
• Variable remuneration	+100%	-33.4%	133.4%	-51.1%	-14.4%
• Total remuneration	21.3%	-2.5%	38.3%	-9.2%	2.5%
Annual change in the developments and performances (in thousands of U.S. dollars)					
• Performance criteria (EBIT)	77,192	57,335	157,675	85,542	76,425
• Net profit	83,640	52,491	161,895	61,526	30,128
Annual change in the average remuneration of employees on consolidated basis*	8.39%	-1.58%	7.98%	-0.62%	6.3%

*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 2025 the ratio between the highest and lowest remuneration was 74.1 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 2025.

Use of clawback provisions

No clawbacks were applied in 2025.

Vote of the shareholders

The remuneration report for the financial year ended December 31, 2024, was approved at the annual Shareholders' Meeting held on April 24, 2025, with a 99.5% majority of the 67.8% validly votes cast. The remuneration report was approved with a large majority. With the change in CEO, however, X-FAB will request the Shareholders' Meeting of April 30, 2026 to approve a new Remuneration Policy.

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.

There was one conflict of interest as per article 7:96 BCCA in the financial year 2025. This conflict of interest concerned the proposed outsourcing of the internal audit function to Sensinnovat BV during the board meeting of July 29, 2025:

Prior to discussing the outsourcing of the internal audit function to Sensinnovat BV, Rudi De Winter, permanent representative of Sensinnovat BV, director of the Company, declares to have an interest of a patrimonial nature which conflicts with the decisions that fall within the scope of the powers of the Board of Directors, in respect of the outsourcing. This conflict of interest results from the fact that Sensinnovat BV is a director of the Company and could at the same time be appointed as internal audit function. As the internal audit function will be remunerated, there will be financial consequences for the Company. The Company will be required to pay additional fees to Sensinnovat BV as compensation for the provision of the internal audit services. Under Article 9 of the Council Regulation (EC) No 2157/2001 of October 8, 2001, on the Statute for a European company (the "SE Regulation") juncto Article 7:96 of the Companies and Associations Code, a conflict of interest prevents the directors in question from taking part in the deliberations and from voting on the decision for which a potential conflict of interest exists. Therefore, Rudi De Winter left the room before the deliberations and voting started.

The Board of Directors took note of the proposed outsourcing. Informed of the existence of a conflict of interest as described, the Board of Directors decided to approve the outsourcing of the internal audit function to Sensinnovat BV provided an at arm's length remuneration. The Board of Directors is of the opinion that the structure proposed by Sensinnovat BV is an efficient solution to bring highly qualified specialists with extensive experience and expertise in its field of business to X-FAB without having them full-time on the payroll. The board stressed the importance of the independence of the internal audit function, so the function can only accept instructions from the Audit Committee. An audit charter will be established to detail the services. The Board of Directors has concluded that the outsourcing of the audit function to Sensinnovat BV is in the interest of the Company, given that, in return for the additional payments by the Company to Sensinnovat BV, the Company will get high quality internal audit services. The board resolved that the outsourcing of the audit function to Sensinnovat BV is approved in the form presented to the Board of Directors.

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 2025, there have been no conflicts of interest for which the procedure of Article 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 2025, 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, the 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

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 et seq 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 was valid only until May 2, 2025: 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 remained in effect for a period of three (3) years from the date of the amendment to the Articles of Association approved by the Shareholders' Meeting held on April 28, 2022 (until April 28, 2025). 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 IK, 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 691,378, excluding value-added taxes. Additional fees were charged in 2025 for other services amounting to USD 207,242, excluding value-added taxes. Non-audit related services mainly relate to certification engagements and tax compliance services. An additional fee of USD 112,955 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:

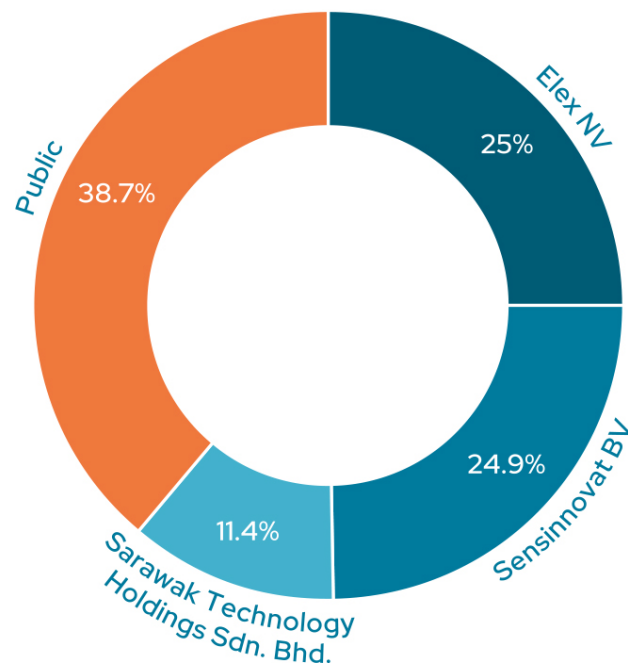
- Contrary to recommendation 7.9 of the Code 2020, the members of the Executive Management are not required to hold a minimum threshold of shares in the Company. Further, the Company does not grant shares, options, or other rights to acquire shares to its members of the Executive Management. However, it should be noted that in 2025 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.

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, 2025:	130,781,669
Market capitalization on December 31, 2025:	EUR 676,141,228.73

Financial calendar

April 30, 2026

Publication of Q1 2026 results
Annual shareholders' meeting

July 30, 2026

Publication of Q2 2026 results

September 1, 2026

Publication of Half-Year Report 2026

October 29, 2026

Publication of Q3 2026 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-Ham, Belgium.

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	2025	2024
Operating income		
Turnover	3,650	20,074
Operating charges		
Cost of services and other expenses	(2,815)	(19,159)
Wages and salaries, social security costs and pension costs	(313)	(291)
Depreciation	(6)	(9)
Operating profit	516	615
Finance income		
Income from financial fixed assets	24,329	15,510
Income from current assets	100	1,020
Other financial income	–	2,083
Finance costs		
Debt charges	(1,164)	(222)
Other financial charges	(4,322)	–
Non-recurring financial charges	(59,282)	–
Net financial result	(40,339)	18,391
Profit /(-loss) before taxes	(39,823)	19,006
Income tax	(30)	(349)
Profit/(-loss) for the period	(39,853)	18,657

Condensed non-consolidated statement of financial position

in thousands of EUR	December 31, 2025	December 31, 2024
ASSETS		
Fixed assets		
Loan issue expenses	2,157	2,157
Other equipment	22	28
Financial assets		
Affiliated companies		
Investments in affiliates	1,092,855	1,137,750
Total fixed assets	1,095,034	1,139,935
Current assets		
Amounts receivable within one year		
Other receivables	19,975	36,971
Cash and cash equivalents	43,130	19,296
Accruals and deferred income	126	66
Total current assets	63,231	56,333
Total assets	1,158,265	1,196,268
EQUITY AND LIABILITIES		
Equity		
Capital		
Share capital – issued	657,457	657,457
Share premium	92,902	92,902
Reserves		
Legal reserves	20,775	20,775
Reserve for treasury shares	562	562
Accumulated profits	354,139	393,992
Total equity	1,125,835	1,165,688

in thousands of EUR	December 31, 2025	December 31, 2024
Current liabilities		
Amounts payable within one year		
Financial debt	31,518	6,535
Trade payables	312	500
Other current liabilities	479	23,443
Taxes	121	102
Total current liabilities	32,430	30,580
Total equity and liabilities	1,158,265	1,196,268

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 43% of the Group's revenue in 2025, while the Group's top three customers accounted for 53% of revenue and its top five customers accounted for 58% 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 2025, raw wafer costs accounted for 11% 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

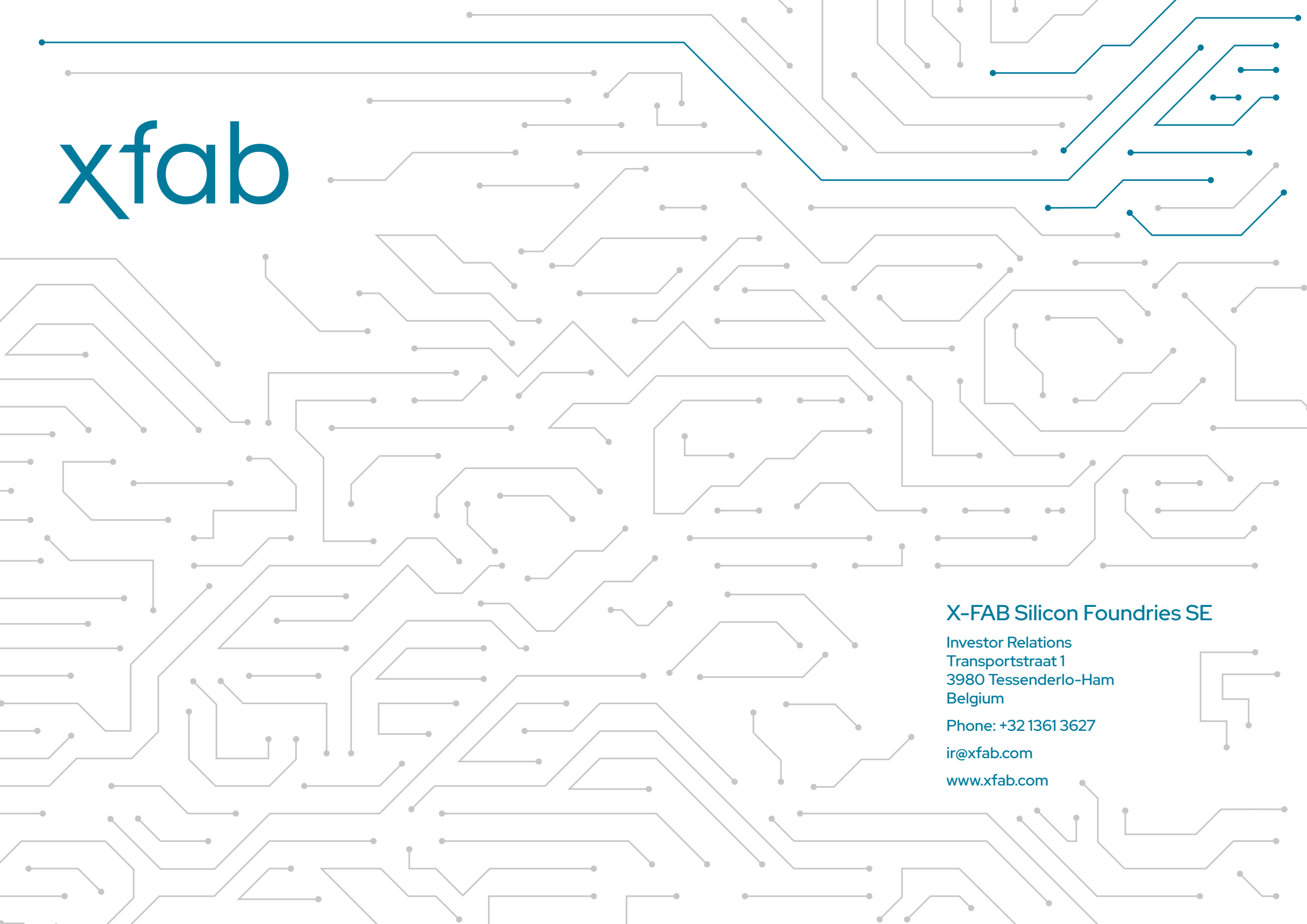
AEC	Automotive Electronics Council
AI	Artificial intelligence
AIM	Automotive, industrial, medical
Analog M/S	Analog mixed-signal
ATP	Adaptation to Technical Progress
BCCA	Belgian Code on Companies and Associations
BCD	Bipolar-CMOS-DMOS
Belgian GAAP	Belgian generally accepted accounting principles, which refers to the financial reporting framework applicable in Belgium
BMS	Battery management system
CapEx	Capital Expenditure
CCC	Consumer, communications, computer
CEDA	Capital expenditure data
CLP	Classification, labelling and packaging
CMOS	Complementary metal-oxide-semiconductor
CMP	Chemical Mechanical Planarization
Company	X-FAB Silicon Foundries SE
CSRD	Corporate Sustainability Reporting Directive
CV	Curriculum vitae
DBO	Defined benefit obligation
DMA	Double Materiality Assessment
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.
ECHA	European Chemicals Agency
ECL	Expected credit loss
EEA	Export Excellence Awards in Malaysia
EFRAG	European Financial Reporting Advisory Group
EHS	Environmental, Health and Safety
EMEA	Europe, Middle East, and Africa
EPDs	Environmental Product Declaration
EPTR	European Pollutant Release and Transfer Register
ERM	Enterprise risk management
ERP	Enterprise resource planning
ESEF	European Single Electronic Format
ESG	Environmental, social, governance
ESRS	European Sustainability Reporting Standards
EV	Electric vehicle
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
GaN	Gallium nitride
GDP	Gross domestic product
GHG	Greenhouse gases
GRI	Global Reporting Initiative
GWP	Global Warming Potential

High Temp	High temperature
HR	Human resources
IAASB	International Auditing and Assurance Standards Board
IATF	International Automotive Task Force
IC	Integrated circuit
IDM	Integrated device manufacturer
IFRS	International Financial Reporting Standards as adopted by the European Union
ILO	International Labour Organization
IoT	Internet of things
IP	Intellectual property
IROs	Impacts, risks, and opportunities
ISAs	International Standards on Auditing
KPI	Key performance indicator
LiDAR	Light imaging, detection, and ranging
MEMS	Micro-electro-mechanical systems
MESRI	French Ministry of Higher Education, Research and Innovation
MFI	X-FAB MEMS Foundry Itzehoe GmbH
M-MOS	M-MOS Semiconductor Sdn. Bhd.
MWh	Megawatt hour
NRE	Non-recurring engineering
NVM	Non-volatile memory
OCI	Other comprehensive income
OECD	Organization for Economic Cooperation and Development
OEM	Original equipment manufacturer
OpEx	Operating Expenditure
PCF	Product Carbon Footprint
PCM	Process control monitoring

PDK	Process design kits
PFC	Perfluorinated carbons
RBA	Responsible Business Alliance
REACH	Registration, Evaluation, Authorization, and Restriction of Chemicals
RF	Radio frequency
RMI	Responsible Minerals Initiative
SBM	Strategy and business model
SE Regulation	Council Regulation (EC) No 2157/2001 of October 8, 2001 on the Statute for a European company (SE)
SFRD	System Functional Requirements Description
SiC	Silicon carbide
SoCs	Substances of concern
SOI	Silicon-on-insulator
SVHC	Substances of very high concern
UNGPs	UN Guiding Principles on Business and Human Rights
UPW	Ultra pure water
VOCs	Volatile Organic Compounds
X-CHAIN	X-FAB Design & Supply Chain Partner Network
X-FAB Dresden	X-FAB Dresden GmbH & Co. KG and X-FAB Dresden Verwaltungs-GmbH
X-FAB France	X-FAB France SAS
X-FAB GmbH	X-FAB Semiconductor Foundries GmbH
X-FAB Japan	X-FAB Japan K.K.
X-FAB Sarawak	X-FAB Sarawak Sdn. Bhd.
X-FAB SE	X-FAB Silicon Foundries SE
X-FAB Texas	X-FAB Texas Inc.
X-FAB, X-FAB SE Group, or the Group	X-FAB Silicon Foundries SE together with its subsidiaries

XMF	X-FAB MEMS Foundry GmbH
ZVEI	Electrical industry association, Germany

The background of the slide is a complex, light gray circuit board pattern. It features a dense network of lines, including straight segments, right-angle turns, and loops, resembling a microchip layout. Some lines are thicker and more prominent than others. In the upper right corner, there are several lines in a darker blue color, some of which form a stylized, abstract shape that could be interpreted as a logo or a specific circuit component.

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