

Regulated Information

X-FAB Second Quarter 2023 Results

Intermediate declaration by the Board of Directors

Tessenderlo, Belgium – July 27, 2023, 05.40 p.m. CEST

Highlights Q2 2023:

- › Revenue was USD 227.1 million, up 20% year-on-year (YoY) and 9% quarter-on-quarter (QoQ); including USD 8.3 million of revenues recognized over time due to long-term customer contracts in accordance with IFRS 15
- › Excluding this positive effect, revenues* would have been USD 218.9 million, within the guided USD 205-220 million
- › Strong growth in X-FAB's key end markets – automotive, industrial, and medical – up 28% YoY (excluding revenues recognized over time)
- › EBITDA at USD 62.3 million, up 46.7% YoY
- › EBITDA margin of 27.4%, slightly above the guided 23-27%
- › EBIT was USD 40.8 million, up 69.9% YoY, with an EBIT margin of 18.0%

Outlook:

- › Q3 2023 revenue is expected to come in within a range of USD 225-240 million with an EBITDA margin in the range of 24-28%. This guidance is based on an average exchange rate of 1.10 USD/Euro.
- › The FY 2023 guidance gets reconfirmed.

Revenue* breakdown per quarter:

in millions of USD	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q2 y-o-y growth
Automotive	81.5	83.8	89.7	98.3	96.9	104.4	120.9	131.1	33%
Industrial	38.3	39.7	41.4	42.5	46.7	42.3	46.9	51.3	21%
Medical	14.3	14.5	13.7	13.9	13.5	14.6	17.6	16.2	16%
Subtotal core business	134.1	138.0	144.9	154.7	157.0	161.3	185.4	198.7	28%
	79.3%	80.1%	81.1%	81.9%	83.4%	87.9%	89.1%	90.8%	
CCC ¹	34.7	34.0	32.5	33.6	30.7	21.6	22.5	20.0	-40%
Others	0.3	0.3	1.2	0.6	0.6	0.7	0.2	0.2	
Revenue*	169.1	172.3	178.7	188.8	188.3	183.6	208.1	218.9	16%

¹Consumer, Communications & Computer

*excluding revenues recognized over time in accordance with IFRS 15



in millions of USD	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q2 y-o-y growth
CMOS	141.8	144.2	148.6	156.3	152.6	151.9	172.8	180.7	16%
Microsystems	17.4	17.5	17.9	19.8	18.4	19.5	22.2	20.8	5%
Silicon carbide	9.9	10.6	12.1	12.8	17.4	12.2	13.2	17.3	36%
Revenues*	169.1	172.3	178.7	188.8	188.3	183.6	208.1	218.9	16%

Business development

In the second quarter of 2023, X-FAB recorded total revenues of USD 227.1 million, up 20% year-on-year and up 9% quarter-on-quarter. A portion of USD 8.3 million is due to the recognition of revenues over time mainly related to long-term contracts with customers in accordance with IFRS 15. Excluding this effect, quarterly revenues* would have been at USD 218.9 million and in line with the guided USD 205-220 million.

In the second quarter, the volume of business based on long-term contracts reached a level that is material under IFRS 15. In line with the long-term nature of these contracts, X-FAB will from now on regularly recognize revenues over time.

X-FAB's core markets – automotive, industrial, and medical – accounted for USD 198.7 million, up 28% year-on-year, representing a share of 90.8% of revenues*.

Demand remained strong and continued to exceed X-FAB's available production capacity. Second quarter bookings came in at USD 220.9 million with a book-to-bill ratio of 1.01. Backlog at the end of the second quarter amounted to USD 507.0 million, compared to USD 508.3 million in the previous quarter.

In the second quarter, X-FAB's automotive revenues* set a new record totaling USD 131.1 million. This represents a strong growth of 33% compared to the same quarter last year. The majority of this increase is directly attributable to X-FAB France. The site significantly increased its wafer shipments in X-FAB's popular 180nm automotive process and now produces 92% of its quarterly revenues* based on X-FAB technologies, compared to 52% one year ago. The positive momentum from converting X-FAB France's capacity to X-FAB's automotive technologies is expected to continue in the coming quarters, helping to close the gaps between supply and demand from customers. X-FAB delivers into a great variety of car applications from comfort functions, such as interior lighting, to safety measures, including tire pressure monitoring systems, as well as battery management systems for hybrid and electric cars. The electrification of mobility is a key growth driver for X-FAB's automotive business and demand for X-FAB's specialty technologies for high-voltage CMOS as well as silicon carbide (SiC) applications remains high.

Industrial revenues* totaled USD 51.3 million in the second quarter, up 21% year-on-year. X-FAB's comprehensive technology portfolio enables a wide range of industrial applications addressing major global trends such as smart manufacturing, smart buildings, smart cities, and the transition to renewable energy

*excluding revenues recognized over time in accordance with IFRS 15



sources. Growth of X-FAB's industrial business during the second quarter was primarily driven by strong demand for SiC technologies.

SiC revenues* in the second quarter were USD 17.3 million, up 36% year-on-year. The even stronger increase in SiC wafer shipment, up by 103% year-on-year, is not fully reflected in the top line due to a higher portion of customers that source their own SiC raw wafers and consign them to X-FAB. This results in a lower total billing but a stronger profitability, as the value added by X-FAB remains unaffected.

In the second quarter, X-FAB's medical business recorded revenues* of USD 16.2 million, up 16% year-on-year with a strong contribution from an ultrasound probe application. Ultrasound is a medical imaging technique used as a primary diagnostic method during pregnancy which does not require radiation.

In the second quarter, CCC (Consumer, Communication & Computer) revenues* were USD 20.0 million, down 40% year-on-year. This reflects the planned decline in CCC legacy business, which until recently was produced at X-FAB France. While X-FAB France is in the process of converting the freed-up capacity to X-FAB's popular 180nm automotive technology, CCC revenues* are now at a sustainable level and X-FAB's top line growth is no longer impacted by the decreasing legacy business.

Prototyping revenues* in the second quarter came in at USD 27.7 million, up 35% year-on-year and up 5% quarter-on-quarter.

Prototyping and production revenue* per quarter and end market:

in millions of USD	Revenue	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
Automotive	Prototyping	4.1	3.3	4.7	3.5	3.9
	Production	94.2	93.6	99.8	117.3	127.2
Industrial	Prototyping	9.2	11.1	11.2	14.2	16.6
	Production	33.3	35.6	31.1	32.7	34.8
Medical	Prototyping	1.6	2.8	2.8	2.9	2.5
	Production	12.4	10.7	11.8	14.7	13.7
CCC	Prototyping	5.0	5.0	4.6	5.7	4.5
	Production	28.6	25.7	17.1	16.8	15.4

Operations update

The capacity utilization of X-FAB's fabs remained high throughout the second quarter. All teams have been focused on ensuring smooth operations and increasing productivity and wafer output further. This gets supported by consistent clearing of production bottlenecks, automation projects and the execution of X-FAB's capacity expansion program, which continues to progress well and on schedule.

*excluding revenues recognized over time in accordance with IFRS 15



In the second quarter, capital expenditures came in at USD 104.5 million, up 114% against the previous quarter, in line with expectations. Over the quarter and in the context of the ongoing capacity expansion projects, X-FAB has received several new tools and equipment at various sites, primarily related to the capacity conversion at X-FAB France and the expansion of SiC capacity at X-FAB Texas. The building extension at X-FAB Sarawak to provide additional cleanroom space is also progressing. Over the full year 2023, capital expenditures are expected to come in at USD 350 million.

Financial update

Second quarter EBITDA was USD 62.3 million with an EBITDA margin of 27.4%, slightly above the guidance range of 23-27%. Excluding the effect from the revenue recognition over time, the EBITDA margin would have been 27.0%.

Due to the long-term agreements (LTAs) with customers, which include a commitment to deliver and a commitment to buy certain wafer quantities, the IFRS 15 effect on overtime revenue recognition has become material during the second quarter. As a result, X-FAB has recognized over time revenue in the amount of USD 8.3 million in the second quarter.

X-FAB has achieved an all-time high gross profit in the second quarter amounting to USD 67.6 million with a gross profit margin of 29.8%, mainly due to volume growth, an improved product mix and good cost control.

Profitability was unaffected by exchange rate fluctuations thanks to the natural hedging of X-FAB's business. At a constant USD/Euro exchange rate of 1.07 as experienced in the previous year's quarter, the EBITDA margin would have been 0.1 percentage points lower.

Cash and cash equivalents at the end of the second quarter amounted to USD 441.8 million, up 26.1% compared to the end of the previous quarter. This increase is mainly due to prepayments received from customers with whom X-FAB has long-term agreements in place. This gets also reflected in the cash flow from operating activities, which totaled USD 203.5 million. The prepayments will be used to support capital expenditures in the next quarters.

Management comments

Rudi De Winter, CEO of the X-FAB Group, said: "I am proud that X-FAB has delivered another strong quarter with a new revenue record and in line with the guidance. We continue to see high demand, with the automotive end market being particularly strong, and reliable supply to our customers is key. We are fully focused on filling existing supply gaps and increasing our wafer production to match X-FAB's positive growth



prospects and to serve our customers. Our capacity expansion program is well underway, with new equipment coming online at various sites and on a regular basis. Our unique technology portfolio supports solutions in high-growth end markets, and I see X-FAB well on track to achieve its long-term financial and strategic goals.”

Procedures of the independent auditor

The statutory auditor, KPMG Bedrijfsrevisoren – Réviseurs d’Entreprises BV/SRL, represented by Herwig Carmans, has confirmed that the review procedures, which have been substantially completed, have not revealed any material misstatement in the accounting information included in this press release as of and for the six months ended June 30, 2023.

X-FAB Quarterly Conference Call

X-FAB’s second quarter results will be discussed in a live conference call/audiocast on Thursday, July 27, 2023, at 6.30 p.m. CEST. The conference call will be in English.

Please register here for the audiocast (listen only):

https://channel.royalcast.com/x-fab/#!/x-fab/20230727_1

Please register here for the conference call (listen and ask questions):

<https://registrations.events/direct/INF61177>

The third quarter 2023 results will be communicated on October 27, 2023.

About X-FAB

X-FAB is the leading analog/mixed-signal and MEMS foundry group manufacturing silicon wafers for automotive, industrial, consumer, medical and other applications. Its customers worldwide benefit from the highest quality standards, manufacturing excellence and innovative solutions by using X-FAB’s modular CMOS processes in geometries ranging from 1.0 µm to 110 nm, and its special silicon carbide and MEMS long-lifetime processes. X-FAB’s analog-digital integrated circuits (mixed-signal ICs), sensors and micro-electro-mechanical systems (MEMS) are manufactured at six production facilities in Germany, France, Malaysia and the U.S. X-FAB employs more than 4,200 people worldwide. For more information, please visit www.xfab.com.

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Forward-looking information

This press release may include forward-looking statements. Forward-looking statements are statements regarding or based upon our 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 we operate. 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 press release 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 press release.

The information contained in this press release 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.

Condensed Consolidated Statement of Profit and Loss

in thousands of USD	Quarter ended 30 Jun 2023 unaudited	Quarter ended 30 Jun 2022 unaudited	Quarter ended 31 Mar 2023 unaudited	Half-year ended 30 Jun 2023 unaudited	Half-year ended 30 Jun 2022 unaudited
Revenue*	218,870	188,832	208,109	426,979	367,495
Revenue recognized over time	8,261	0	0	8,261	0
Total revenue	227,131	188,832	208,109	435,240	367,495
Revenues in USD in %	56	58	55	56	59
Revenues in EUR in %	44	42	45	44	41
Cost of sales	-159,492	-142,870	-150,912	-310,404	-278,292
Gross Profit	67,639	45,962	57,197	124,836	89,203
<i>Gross Profit margin in %</i>	<i>29.8</i>	<i>24.3</i>	<i>27.5</i>	<i>28.7</i>	<i>24.3</i>
Research and development expenses	-12,905	-9,920	-10,922	-23,828	-20,679
Selling expenses	-2,112	-1,968	-2,196	-4,308	-4,117
General and administrative expenses	-11,961	-10,495	-10,501	-22,462	-19,226
Rental income and expenses from investment properties	390	187	2,071	2,462	478
Other income and other expenses	-231	257	1,743	1,512	588
Operating profit	40,820	24,023	37,393	78,213	46,247
Finance income	6,658	8,585	8,538	15,196	15,677
Finance costs	-8,229	-24,153	-10,255	-18,484	-32,643
Net financial result	-1,571	-15,567	-1,717	-3,288	-16,966
Profit before tax	39,249	8,456	35,676	74,925	29,281
Income tax	-548	-1,539	7,042	6,494	-2,988
Profit for the period	38,701	6,917	42,717	81,418	26,293
Operating profit (EBIT)	40,820	24,023	37,393	78,213	46,247
Depreciation	21,465	18,442	20,618	42,083	37,250
EBITDA	62,284	42,465	58,011	120,295	83,496
<i>EBITDA margin in %</i>	<i>27.4</i>	<i>22.5</i>	<i>27.9</i>	<i>27.6</i>	<i>22.7</i>
Earnings per share at the end of period	0.30	0.05	0.33	0.62	0.20
Weighted average number of shares	130,631,921	130,631,921	130,631,921	130,631,921	130,631,921
EUR/USD average exchange rate	1.08946	1.06719	1.07165	1.08060	1.09491

Amounts in the financial tables provided in this press release are rounded to the nearest thousand except when otherwise indicated, rounding differences may occur.

*excluding revenues recognized over time in accordance with IFRS 15

Condensed Consolidated Statement of Financial Position

in thousands of USD	Quarter ended 30 Jun 2023 unaudited	Quarter ended 30 Jun 2022 unaudited	Year ended 31 Dec 2022 audited
ASSETS			
Non-current assets			
Property, plant, and equipment	568,926	397,012	460,126
Investment properties	7,403	8,070	7,675
Intangible assets	5,989	6,227	6,199
Other non-current assets	68	8	79
Deferred tax assets	79,082	45,143	67,977
Total non-current assets	661,467	456,459	542,056
Current assets			
Inventories	247,912	198,427	214,435
Contract assets	15,667	0	0
Trade and other receivables	115,217	90,472	73,116
Other assets	61,322	49,473	56,025
Cash and cash equivalents	441,786	250,828	369,425
Total current assets	881,905	589,200	713,001
TOTAL ASSETS	1,543,372	1,045,659	1,255,057
EQUITY AND LIABILITIES			
Equity			
Share capital	432,745	432,745	432,745
Share premium	348,709	348,709	348,709
Retained earnings	100,230	-9,598	16,509
Cumulative translation adjustment	-243	123	-226
Treasury shares	-770	-770	-770
Total equity attributable to equity holders of the parent	880,672	771,209	796,967
Non-controlling interests	0	368	0
Total equity	880,672	771,576	796,967
Non-current liabilities			
Non-current loans and borrowings	55,952	33,697	63,432
Other non-current liabilities and provisions	4,025	3,996	4,024
Total non-current liabilities	59,977	37,693	67,456
Current liabilities			
Trade payables	67,764	43,157	53,654
Current loans and borrowings	204,948	105,040	233,513
Other current liabilities and provisions	330,011	88,192	103,467
Total current liabilities	602,723	236,389	390,634
TOTAL EQUITY AND LIABILITIES	1,543,372	1,045,659	1,255,057

Condensed Consolidated Statement of Cash Flow

in thousands of USD	Quarter ended 30 Jun 2023 unaudited	Quarter ended 30 Jun 2022 unaudited	Quarter ended 31 Mar 2023 unaudited	Half-year ended 30 Jun 2023 unaudited	Half-year ended 30 Jun 2022 unaudited
Income before taxes	39,249	8,456	35,676	74,925	29,281
Reconciliation of net income to cash flow arising from operating activities:	22,895	36,295	22,981	45,876	57,239
Depreciation and amortization, before effect of grants and subsidies	21,465	18,442	20,618	42,083	37,250
Recognized investment grants and subsidies netted with depreciation and amortization	-751	-841	-737	-1,488	-1,715
Interest income and expenses (net)	652	13,015	1,445	2,097	13,198
Loss/(gain) on the sale of plant, property, and equipment (net)	-137	-19	-1,483	-1,620	-177
Other non-cash transactions (net)	1,666	5,698	3,138	4,804	8,683
Changes in working capital:	141,779	-21,335	-1,210	140,569	-53,518
Decrease/(increase) of trade receivables	-21,482	-15,479	-21,001	-42,483	-24,115
Decrease/(increase) of other receivables & prepaid expenses	-7,006	-918	3,073	-3,933	-6,717
Decrease/(increase) of inventories	-12,303	-3,062	-18,886	-31,189	-17,411
Decrease/(increase) of contract assets	-15,667	0	0	-15,667	0
(Decrease)/increase of trade payables	-8,175	-3,341	27,240	19,065	-5,356
(Decrease)/increase of other liabilities	206,411	1,466	8,364	214,776	82
Income taxes (paid)/received	-401	-108	-109	-509	-215
Cash Flow from operating activities	203,522	23,308	57,339	260,861	32,787
Cash Flow from investing activities:					
Payments for property, plant, equipment & intangible assets	-104,498	-36,760	-48,895	-153,393	-85,606
Payments for loan investments to related parties	-41	-35	-135	-176	-148
Proceeds from loan investments related parties	42	62	120	162	160
Proceeds from sale of property, plant, and equipment	208	64	1,486	1,694	228
Interest received	2,557	275	1,014	3,571	512
Cash Flow used in investing activities	-101,732	-36,393	-46,411	-148,143	-84,855

Condensed Consolidated Statement of Cash Flow – con't

in thousands of USD	Quarter ended 30 Jun 2023 unaudited	Quarter ended 30 Jun 2022 unaudited	Quarter ended 31 Mar 2023 unaudited	Half-year ended 30 Jun 2023 unaudited	Half-year ended 30 Jun 2022 unaudited
Cash Flow from (used in) financing activities:					
Proceeds from loans and borrowings	5,027	15,281	9,213	14,240	22,542
Repayment of loans and borrowings	-13,870	-1,367	-35,931	-49,800	-4,170
Receipts of sale & leaseback arrangements	0	0	0	0	7,723
Payments of lease installments	-1,273	-1,258	-1,513	-2,785	-3,017
Interest paid	691	-432	-3,258	-2,568	-571
Distribution to non-controlling interests	0	0	0	0	-11
Cash Flow from (used in) financing activities	-9,425	12,224	-31,488	-40,913	22,495
Effect of changes in foreign currency exchange rates on cash	-855	-7,581	1,411	556	-9,786
Increase/(decrease) of cash and cash equivalents	92,365	-861	-20,560	71,805	-29,573
Cash and cash equivalents at the beginning of the period	350,276	259,271	369,425	369,425	290,187
Cash and cash equivalents at the end of the period	441,786	250,828	350,276	441,786	250,828

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