



Regulated Information

X-FAB Fourth Quarter and Full Year 2022 Results

Intermediate declaration by the Board of Directors
Tessenderlo, Belgium – February 9, 2023, 05.40 p.m. CET

Highlights Q4 2022:

- › Revenue was USD 183.6 million, within the guided USD 180-190 million, up 7% year-on-year (YoY) and down 2% quarter-on-quarter (QoQ)
- › All-time high automotive revenue at USD 104.4 million, up 25% YoY
- › Consistently strong demand with bookings at USD 191.5 million and a backlog at USD 480.5 million
- › EBITDA at USD 42.2 million, up 24% YoY
- › EBITDA margin of 23.0%, within the guided 20-24%
- › EBIT was USD 21.0 million with an EBIT margin of 11.5%

Highlights 2022:

- › Revenue was USD 739.5 million, within the guided USD 735-745 million, up 12% YoY
- › Core business – Automotive, Industrial and Medical – reaching a share of 84% of total revenue and a CAGR of 12% over the past five years
- › EBITDA at USD 134.9 million, down 12% YoY due to exceptional item in the third quarter 2022
- › EBITDA margin of 18.2%, excluding one-off item EBITDA margin would have been 23.4%
- › EBIT was USD 57.3 million with an EBIT margin of 7.8%, excluding one-off item EBIT margin would have been 12.9%

Outlook:

- › Management reiterates the previous Q1 2023 guidance with revenues in the range of USD 205-220 million and an EBITDA margin in the range of 22-26%.
- › Full-year 2023 revenues are expected to come in at a range of USD 880-960 million with an EBITDA margin in the range of 23-27%.
- › Guidance is based on an average exchange rate of 1.08 USD/Euro

Revenue breakdown per quarter:

in millions of USD	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q4 y-o-y growth
Automotive	83.5	82.8	81.5	83.8	89.7	98.3	96.9	104.4	25%
Industrial	32.4	35.2	38.3	39.7	41.4	42.5	46.7	42.3	7%
Medical	8.7	10.4	14.3	14.5	13.7	13.9	13.5	14.6	1%
Subtotal core business	124.6	128.4	134.1	138.0	144.9	154.7	157.0	161.3	17%
	80.1%	79.8%	79.3%	80.1%	81.1%	81.9%	83.4%	87.9%	
CCC*	30.6	32.4	34.7	34.0	32.5	33.6	30.7	21.6	-36%
Others	0.3	0.1	0.3	0.3	1.2	0.6	0.6	0.7	
Total revenues	155.4	161.0	169.1	172.3	178.7	188.8	188.3	183.6	7%

* Consumer, Communications & Computer

in millions of USD	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q4 y-o-y growth
CMOS	134.9	137.5	141.8	144.2	148.6	156.3	152.6	151.9	5%
MEMS	14.4	16.2	17.4	17.5	17.9	19.8	18.4	19.5	11%
Silicon carbide	6.1	7.2	9.9	10.6	12.1	12.8	17.4	12.2	15%
Total revenues	155.4	161.0	169.1	172.3	178.7	188.8	188.3	183.6	7%

Business development

In the fourth quarter, X-FAB recorded revenues of USD 183.6 million, within the guided USD 180-190 million, up 7% year-on-year and down 2% quarter-on-quarter. The Euro weakness in the fourth quarter continued to have an impact on the top line growth. At the same USD/Euro exchange rate as in the respective comparable quarter, X-FAB's revenues would have gone up 12% year-on-year.

Full-year revenues amounted to USD 739.5 million, within the guided USD 735-745 million, up 12% year-on-year. X-FAB's core markets – automotive, industrial, and medical – accounted for USD 618.0 million, up 18% year-on-year reflecting the strong demand in these end-markets throughout 2022. With its comprehensive technology portfolio X-FAB enables the development of sustainable and energy-efficient products and is ideally positioned to support the transition to electric mobility and renewable energy sources as well as digitization in the medical sector.

Fourth quarter revenues in X-FAB's core markets came in at USD 161.3 million, up 17% year-on-year and 3% quarter-on-quarter. The proportion of total revenues accounted for by X-FAB's core business increased significantly to 88%, which was mainly driven by the strong growth of X-FAB's automotive business.

Fourth quarter automotive revenues reached an all-time high of USD 104.4 million, up 25% year-on-year and up 8% quarter-on-quarter. The increase primarily reflects the ramp-up of the automotive business at X-FAB France, where the capacity conversion from legacy business to X-FAB technologies gained momentum. The



proportion of the French site's revenues based on X-FAB technologies increased significantly to 84% in the fourth quarter from 56% in the previous quarter. Full year automotive revenues recorded a growth of 17% year-on-year. In 2022, automotive demand continued to be driven by the transition to electric vehicles and the associated increase of semiconductor content per unit. Order intake was very high throughout the year and capacity had to be allocated between customers due to persistent shortage of supply.

In the fourth quarter, industrial revenues came in at USD 42.3 million, up 7% compared to the same quarter last year and down 9% quarter-on-quarter. In the full year of 2022, X-FAB's industrial business recorded a growth of 19%. The shift to renewable energy sources drove strong demand for power semiconductors, which is expected to accelerate further by more stringent regulations for companies across all sectors to reduce greenhouse gas emissions.

Silicon carbide (SiC) revenues in the fourth quarter amounted to USD 12.2 million, up 15% year-on-year. The 30% quarter-on-quarter decline is entirely related to the increasing proportion of customers procuring their own SiC raw wafers and consigning them to X-FAB. While this has reduced the top line, particularly in Industrial where the SiC contribution is marginally higher, X-FAB's value creation remained unaffected, and fourth quarter SiC wafer output was stable compared to the exceptionally strong previous quarter. Full year SiC revenues came in at USD 54.5 million, recording a strong year-on-year growth of 61%.

Fourth quarter medical revenues totaled USD 14.6 million, up 1% year-on-year and 8% sequentially. Due to normal fluctuations, prototyping revenues were down 30% compared to the same quarter last year, whereas medical volume production revenues recorded a 12% growth year-on-year. In 2022, medical revenues came in at USD 55.8 million, an increase of 16%. X-FAB benefits from the growing trend to use semiconductor technology for advances in the prevention, diagnosis, treatment and monitoring of disease. The main growth drivers in 2022 were DNA sequencing as well as ultrasound applications and contact-less temperature sensors.

In the fourth quarter, X-FAB's CCC business (Consumer, Communication & Computer) recorded revenues of USD 21.6 million, down 36% year-on-year and 30% quarter-on-quarter. This is in line with the plan to convert capacity at X-FAB France, which was used to manufacture the site's legacy business, to X-FAB technologies. Full year CCC revenues for the same reason decreased to USD 118.4 million, down 10% compared to the previous year. The freed-up capacity will be fully converted to further ramp production of X-FAB's high-demand 180nm automotive technology.

Backlog in the fourth quarter reached a record of USD 480.5 million while quarterly bookings came in at USD 191.5 million with a book-to-bill of 1.04. Demand remains high and X-FAB expects its core business to grow strongly in 2023. Automotive revenues are forecast to increase by approximately 35% over 2022, industrial and medical revenues by about 25% and 10% respectively, whereas CCC revenues will further decrease at a rate of approximately 30%. This is supported by the increased visibility resulting from the



introduction of long-term agreements (LTAs) with customers. To date, seven LTAs have been signed covering a large portion of X-FAB's 200mm CMOS capacity with a total value of USD 1.4 billion over three years. X-FAB has also started to negotiate LTAs for its SiC business. One LTA has been signed and five more are expected to be signed by the end of the first half 2023.

Prototyping revenues came in at USD 23.6 million, down 2% year-on-year and up 4% quarter-on-quarter. In 2022, they amounted to USD 91.5 million, up 3% over 2021.

Prototyping and production revenue per quarter and end market:

in millions of USD	Revenue	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q4 y-o-y growth
Automotive	Prototyping	3.6	5.0	4.1	3.3	4.7	29%
	Production	80.2	84.8	94.2	93.6	99.8	24%
Industrial	Prototyping	11.5	11.0	9.2	11.1	11.2	-3%
	Production	28.2	30.4	33.3	35.6	31.1	11%
Medical	Prototyping	4.0	3.1	1.6	2.8	2.8	-30%
	Production	10.6	10.7	12.4	10.7	11.8	12%
CCC	Prototyping	4.5	4.3	5.0	5.0	4.6	1%
	Production	29.5	28.2	28.6	25.7	17.1	-42%

Operations update

In the fourth quarter, all sites continued to operate at high load driving ongoing initiatives to increase productivity as well as to implement capacity expansion measures. X-FAB's Malaysian site successfully recovered after the power outage experienced in early October 2022.

Quarterly capital expenditures came in at USD 54.1 million. With a total of USD 180.6 million in 2022, annual capital expenditures have turned out slightly lower than expected due to delays in the delivery of new equipment ordered.

In response to strong demand, X-FAB is expanding capacity at all sites and plans to invest a total of USD 1 billion over the period of 2023 to 2025, of which approximately USD 350 million are expected to be spent in 2023. Key investment projects include the capacity expansion at X-FAB Sarawak, Malaysia, and the continued conversion of capacity at the French site to X-FAB technologies. Both projects are essential to meet the strong demand for X-FAB's 180nm automotive technology platform. In line with growth projections, X-FAB will also gradually expand its SiC business with a target capacity of 17k wafer starts per month due to be installed by 2025. In 2023, the current run rate for SiC wafers is expected to double to approximately 7k wafer starts per month.



Financial update

Fourth quarter EBITDA was USD 42.2 million with an EBITDA margin of 23.0%, at the upper end of the guided 20-24%. Due to the natural hedging of X-FAB's business, the current weakness of the Euro had no impact on earnings, while price increases offset cost inflationary pressures.

At a constant USD/Euro exchange rate of 1.14 as experienced in the previous year's quarter, the EBITDA margin would have been 0.2 percentage points higher.

Cash and cash equivalents at the end of the fourth quarter amounted to USD 369.4 million, up 12.8% compared to the previous quarter end. Cash flow from operating activities was USD 54.5 million, fully covering capital expenditures in the fourth quarter.

Management comments

Rudi De Winter, CEO of X-FAB Group, said: "We closed 2022 with continued high demand and I see X-FAB very well positioned for future growth and success. X-FAB is in the sweet spot of the semiconductor market and our expertise in specialty applications for the automotive, industrial and medical sector continues to get a lot of traction in the market. In the fourth quarter, X-FAB's automotive business accelerated and set a new revenue record, reflecting strong customer interest as well as the progress we have achieved in ramping automotive capacity at our French site. This positive overall trend will continue in 2023 and our key focus is on execution excellence and productivity improvements to meet customers' demand. The introduction of long-term agreements with customers has significantly increased the visibility of our business, providing a solid foundation for the major investment projects we have initiated in 2022. We are well on track to not only reach our USD 1 billion revenue target in 2024, but to continue to grow strongly beyond."

Procedures of the independent auditor

The statutory auditor, KPMG Bedrijfsrevisoren – Réviseurs d'Entreprises BV/SRL, represented by Jos Briers, has confirmed that the audit procedures, which have been substantially completed, have not revealed any material misstatement in the accounting information included in the Company's annual announcement.

X-FAB Quarterly Conference Call

X-FAB's fourth quarter results will be discussed in a live conference call on Thursday, February 9, 2023, at 6.30 p.m. CET. The conference call will be in English. Please register in advance of the conference using the following link: <https://cossprereg.btc.com/prereg/key.process?key=PFCHRG9TC>.

The conference call will be available for replay for ten days following the event. Please call +1-754-333-7735 and enter the following replay code: 157834.

The first quarter 2023 results will be communicated on April 27, 2023.

Save the date: X-FAB Investor Day 2023 scheduled for June 8, 2023, in Paris.



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 to 0.13 μm , 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 approx. 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 31 Dec 2022 unaudited	Quarter ended 31 Dec 2021 unaudited	Quarter ended 30 Sep 2022 unaudited	Year ended 31 Dec 2022 unaudited	Year ended 31 Dec 2021 audited
Revenue	183,638	172,279	188,336	739,469	657,751
Revenues in USD in %	56	59	59	58	63
Revenues in EUR in %	44	41	41	42	37
Cost of sales	-142,791	-138,351	-142,432	-563,515	-507,773
Gross Profit	40,847	33,928	45,904	175,954	149,978
<i>Gross Profit margin in %</i>	22.2	19.7	24.4	23.8	22.8
Research and development expenses	-10,208	-9,383	-9,917	-40,803	-34,308
Selling expenses	-2,218	-1,922	-1,844	-8,179	-8,017
General and administrative expenses	-9,400	-8,651	-8,860	-37,487	-32,771
Rental income and expenses from investment properties	-448	181	-328	-298	1,898
Other income and other expenses	2,458	38	-34,897	-31,852	412
Operating profit	21,031	14,192	-9,943	57,335	77,192
Finance income	10,635	3,196	10,219	36,531	16,115
Finance costs	-10,472	-4,143	-13,690	-56,804	-20,441
Net financial result	163	-947	-3,471	-20,273	-4,326
Profit before tax	21,194	13,245	-13,413	37,062	72,866
Income tax	20,025	9,083	-1,608	15,429	10,774
Profit for the period	41,219	22,327	-15,021	52,491	83,640
Operating profit (EBIT)	21,031	14,192	-9,943	57,335	77,192
Depreciation	21,161	19,748	19,123	77,534	76,093
EBITDA	42,192	33,940	9,180	134,869	153,286
<i>EBITDA margin in %</i>	23.0	19.7	4.9	18.2	23.3
Earnings per share at the end of period	0.32	0.17	-0.11	0.40	0.64
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	1.01900	1.14382	1.00955	1.05431	1.18331

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

Condensed Consolidated Statement of Financial Position

in thousands of USD	Year ended 31 Dec 2022 unaudited	Year ended 31 Dec 2021 audited
ASSETS		
Non-current assets		
Property, plant, and equipment	460,126	340,670
Investment properties	7,675	8,310
Intangible assets	6,199	4,034
Other non-current assets	79	28
Deferred tax assets	67,977	45,645
Total non-current assets	542,056	398,687
Current assets		
Inventories	214,435	181,014
Trade and other receivables	73,116	73,689
Other assets	56,024	43,354
Cash and cash equivalents	369,425	290,187
Total current assets	713,001	588,244
TOTAL ASSETS	1,255,057	986,931
EQUITY AND LIABILITIES		
Equity		
Share capital	432,745	432,745
Share premium	348,709	348,709
Retained earnings	16,509	-36,154
Cumulative translation adjustment	-226	-559
Treasury shares	-770	-770
Total equity attributable to equity holders of the parent	796,968	743,971
Non-controlling interests	0	365
Total equity	796,968	744,335
Non-current liabilities		
Non-current loans and borrowings	63,433	39,917
Other non-current liabilities and provisions	4,024	5,686
Total non-current liabilities	67,456	45,602
Current liabilities		
Trade payables	53,654	41,364
Current loans and borrowings	233,513	87,114
Other current liabilities and provisions	103,467	68,515
Total current liabilities	390,633	196,993
TOTAL EQUITY AND LIABILITIES	1,255,057	986,931

Condensed Consolidated Statement of Cash Flow

in thousands of USD	Quarter ended 31 Dec 2022 unaudited	Quarter ended 31 Dec 2021 unaudited	Quarter ended 30 Sep 2022 unaudited	Year ended 31 Dec 2022 unaudited	Year ended 31 Dec 2021 audited
Income before taxes	21,194	13,245	-13,413	37,062	72,866
Reconciliation of net income to cash flow arising from operating activities:	20,664	18,518	18,392	96,296	70,319
Depreciation and amortization, before effect of grants and subsidies	21,161	19,748	19,123	77,534	76,093
Recognized investment grants and subsidies netted with depreciation and amortization	-811	-991	-820	-3,346	-3,530
Interest income and expenses (net)	3,242	203	967	17,407	-176
Loss/(gain) on the sale of plant, property, and equipment (net)	-1,890	37	-1,822	-3,889	-275
Loss/(gain) on the change in fair value of derivatives and financial assets (net)	500	0	0	500	0
Other non-cash transactions (net)	-1,538	-480	945	8,090	-1,793
Changes in working capital:	12,564	-14,079	8,067	-32,886	-31,573
Decrease/(increase) of trade receivables	9,571	1,027	7,883	-6,661	-9,769
Decrease/(increase) of other receivables & prepaid expenses	-7,955	-3,222	1,913	-12,759	-4,034
Decrease/(increase) of inventories	-10,159	-8,454	-5,852	-33,422	-27,302
(Decrease)/increase of trade payables	6,563	301	-3,080	-1,873	5,146
(Decrease)/increase of other liabilities	14,544	-3,731	7,203	21,828	4,386
Income taxes (paid)/received	77	-134	-342	-480	-2,101
Cash Flow from operating activities	54,500	17,549	12,704	99,991	109,511
Cash Flow from investing activities:					
Payments for property, plant, equipment & intangible assets	-54,056	-21,122	-40,918	-180,580	-66,972
Payments for investments	0	0	-204	-204	0
Payments for loan investments to related parties	-106	-626	-45	-299	-827
Proceeds from loan investments related parties	54	45	70	284	211
Proceeds from sale of property, plant, and equipment	1,902	220	1,887	4,017	669
Interest received	895	380	394	1,801	1,769
Cash Flow used in investing activities	-51,311	-21,104	-38,815	-174,981	-65,149

Condensed Consolidated Statement of Cash Flow – con't

in thousands of USD	Quarter ended 31 Dec 2022 unaudited	Quarter ended 31 Dec 2021 unaudited	Quarter ended 30 Sep 2022 unaudited	Year ended 31 Dec 2022 unaudited	Year ended 31 Dec 2021 audited
Cash Flow from (used in) financing activities:					
Proceeds from loans and borrowings	32,002	77,796	129,728	184,272	82,585
Repayment of loans and borrowings	-5,358	-7,807	-1,892	-11,420	-28,218
Receipts of sale & leaseback arrangements	0	0	0	7,723	0
Payments of lease installments	-1,283	-1,057	-1,362	-5,662	-5,094
Receipt of government grants and subsidies	433	535	512	945	535
Interest paid	-3,738	-558	-13,503	-17,812	-1,569
Distribution to non-controlling interests	0	0	0	-11	-12
Cash Flow from (used in) financing activities	22,056	68,908	113,484	158,035	48,228
Effect of changes in foreign currency exchange rates on cash	16,712	-1,180	-10,734	-3,808	-8,269
Increase/(decrease) of cash and cash equivalents	25,245	65,354	87,373	83,046	92,589
Cash and cash equivalents at the beginning of the period	327,468	226,013	250,828	290,187	205,867
Cash and cash equivalents at the end of the period	369,425	290,187	327,468	369,425	290,187

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