

Regulated Information

X-FAB First Quarter 2023 Results

Intermediate declaration by the Board of Directors

Tessenderlo, Belgium – April 27, 2023, 07.00 a.m. CEST

Highlights Q1 2023:

- › Revenue was USD 208.1 million, within the guided USD 205-220 million, up 16% year-on-year (YoY) and up 13% quarter-on-quarter (QoQ)
- › Record revenues with strong 28% year-on-year growth across X-FAB's key end markets automotive, industrial, and medical
- › EBITDA at USD 58.0 million, up 41% YoY
- › EBITDA margin of 27.9%, above the guided 22-26%
- › EBIT was USD 37.4 million, up 68% YoY, with an EBIT margin of 18.0%

Outlook:

- › Q2 2023 revenue is expected to come in at a range of USD 205-220 million with an EBITDA margin in the range of 23-27%. The guidance is based on an average exchange rate of 1.09 USD/Euro

Revenue breakdown per quarter:

in millions of USD	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q1 y-o-y growth
Automotive	82.8	81.5	83.8	89.7	98.3	96.9	104.4	120.9	35%
Industrial	35.2	38.3	39.7	41.4	42.5	46.7	42.3	46.9	13%
Medical	10.4	14.3	14.5	13.7	13.9	13.5	14.6	17.6	28%
Subtotal core business	128.4	134.1	138.0	144.9	154.7	157.0	161.3	185.4	28%
	79.8%	79.3%	80.1%	81.1%	81.9%	83.4%	87.9%	89.1%	
CCC*	32.4	34.7	34.0	32.5	33.6	30.7	21.6	22.5	-31%
Others	0.1	0.3	0.3	1.2	0.6	0.6	0.7	0.2	
Total revenues	161.0	169.1	172.3	178.7	188.8	188.3	183.6	208.1	16%

* Consumer, Communications & Computer

in millions of USD	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q1 y-o-y growth
CMOS	137.5	141.8	144.2	148.6	156.3	152.6	151.9	172.8	16%
MEMS	16.2	17.4	17.5	17.9	19.8	18.4	19.5	22.2	24%
Silicon carbide	7.2	9.9	10.6	12.1	12.8	17.4	12.2	13.2	9%
Total revenues	161.0	169.1	172.3	178.7	188.8	188.3	183.6	208.1	16%



Business development

In the first quarter of 2023, X-FAB recorded revenues of USD 208.1 million, within the guided USD 205-220 million, up 16% year-on-year and 13% quarter-on-quarter. X-FAB's core markets – automotive, industrial, and medical – accounted for USD 185.4 million, up 28% year-on-year, further increasing their share of total revenues to 89.1%. Each core market set a new quarterly revenue record.

Demand remained strong throughout the quarter with order intake amounting to USD 226.8 million and a book-to-bill ratio of 1.1. Backlog at the end of the first quarter came in at USD 508.3 million.

X-FAB's automotive business continued to grow strongly, reaching USD 120.9 million in the first quarter, up 35% year-on-year. The transition to climate-friendly mobility continues to drive demand for power semiconductors and supporting applications covered by X-FAB's comprehensive technology portfolio and expertise as an automotive supplier. In the first quarter, the share of automotive revenues went up to 58%, reflecting X-FAB's strong exposure to this market. The growth of X-FAB's automotive business continues to be driven by the French site's ongoing capacity conversion to X-FAB's automotive technologies. 89% of X-FAB France's first quarter revenues were based on X-FAB technologies.

Industrial revenue for the first quarter was USD 46.9 million, up 13% year-on-year. The electrification trend is also driving growth in X-FAB's industrial business, as the transition to renewable energy sources as well as the need to efficiently generate and store energy, requires more and more semiconductor technologies, including silicon carbide (SiC) applications and sensors.

X-FAB's SiC revenues in the first quarter were USD 13.2 million, up 9% year-on-year. An increasing share of customers sourced their own SiC raw wafers, contributing to a lower total billing. However, this had no impact on the total value added provided by X-FAB to customers, which resulted in a higher profitability margin for the business. In the first quarter, customers provided the substrate for more than 70% of all SiC wafers produced by X-FAB while the total quantity of SiC wafers delivered increased by 56% year-on-year.

First quarter medical revenues came in at USD 17.6 million, up 28% year-on-year. Strong medical growth during this period was primarily driven by increased production volumes of a lab-on-a-chip device for DNA sequencing. Lab-on-a-chip applications are one of the key technologies driving advances in medicine, enabling reliable, fast and cost-effective testing and screening for a wide range of applications, and are expected to remain a major growth driver for X-FAB's medical business going forward.

In the first quarter, CCC (Consumer, Communication & Computer) revenues were USD 22.5 million, down 31% year-on-year. The first quarter still included a small amount of legacy CCC business produced at X-FAB France, which has now been reduced to zero. This is in line with the plan to convert the freed-up capacity at the French site to X-FAB's popular automotive technology platform. X-FAB's CCC business has thus reached a

more sustainable level and top line growth will no longer be impacted by the planned phase-out of the legacy business.

In the first quarter, prototyping revenues came in at USD 26.4 million, up 7% year-on-year and up 12% quarter-on-quarter.

Prototyping and production revenue per quarter and end market:

in millions of USD	Revenue	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
Automotive	Prototyping	5.0	4.1	3.3	4.7	3.5
	Production	84.8	94.2	93.6	99.8	117.3
Industrial	Prototyping	11.0	9.2	11.1	11.2	14.2
	Production	30.4	33.3	35.6	31.1	32.7
Medical	Prototyping	3.1	1.6	2.8	2.8	2.9
	Production	10.7	12.4	10.7	11.8	14.7
CCC	Prototyping	4.3	5.0	5.0	4.6	5.7
	Production	28.2	28.6	25.7	17.1	16.8

Operations update

Given the continued strong demand, all fabs operated at high capacity throughout the first quarter, focusing on smooth execution, productivity improvements and the implementation of ongoing capacity expansion projects. Equipment engineering teams at all sites have made good progress with the installation and qualification of new equipment, which is being delivered on a regular basis.

In the first quarter, capital expenditures came in at USD 48.9 million. With total capital expenditures expected to reach approximately USD 350 million in 2023, the first quarter capital expenditures were rather on the low side. However, X-FAB expects a significant increase in capital expenditures in the second half of the year in line with anticipated equipment deliveries, primarily related to the capacity conversion at X-FAB France, the expansion of SiC capacity at X-FAB Texas, and the building expansion at X-FAB Sarawak.

Financial update

First quarter EBITDA was USD 58.0 million with an EBITDA margin of 27.9%, above the guidance range of 22-26%. Volume growth and economies of scale positively impacted profitability. In addition, the price increases introduced in 2022 have taken effect, contributing to top-line growth and higher margins.

In the first quarter, deferred tax assets were increased, resulting in a tax benefit of USD 9.6 million. Due to the improved profitability, stable performance of the underlying entities, and positive outlook supported by the long-term agreements with customers, X-FAB is currently reviewing the valuation horizon for deferred tax assets in line with the better expected visibility of the business.



Since X-FAB's business is naturally hedged, profitability remained unaffected by exchange rate fluctuations. At a constant USD/Euro exchange rate of 1.12 as experienced in the previous year's quarter, the EBITDA margin would have been 0.1 percentage points higher.

Cash and cash equivalents at the end of the first quarter amounted to USD 350.3 million, down 5.2% compared to the previous quarter end. Cash flow from operating activities was USD 57.3 million.

Organizational update

Damien Macq has joined X-FAB's executive management team as Chief Operations Officer of the X-FAB group, effective April 2023. Concurrently, Michael Woittennek has assumed the role of CEO of X-FAB Dresden, succeeding Rico Tillner, who will take on a new challenge at X-FAB Texas later this year.

Management comments

Rudi De Winter, CEO of the X-FAB Group, said: "The first quarter was marked by strong revenue growth of 28% in our core business and improved profitability that exceeded our guidance. I am very pleased to see the key elements of X-FAB's success coming to fruition: We offer a broad range of specialty technologies that are urgently needed to address the major challenges of our time, and we continue to see strong demand from our customers. With X-FAB's capacity expansion projects well underway, we are able to increase capacity at our existing sites, setting the stage for strong growth over the next three years. Last but not least, increased volumes, an improved product mix with higher value-added products and the ongoing turnaround of our French site continue to contribute to higher profitability. I am confident in X-FAB's long-term success, and we are fully focused on excellent execution in all parts of our business."

X-FAB Quarterly Conference Call

X-FAB's first quarter results will be discussed in a live conference call on Thursday, April 27, 2023, at 6.30 p.m. CEST. The conference call will be in English. Please register in advance of the conference using the following link: <https://emportal.ink/3UR032n>.

The conference call will be available for replay for ten days following the event. Please call +1-416-764-8692 and enter the following replay code: 270118#.

The second quarter 2023 results will be communicated on July 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 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 Mar 2023 unaudited	Quarter ended 31 Mar 2022 unaudited	Quarter ended 31 Dec 2022 unaudited	Year ended 31 Dec 2022 audited
Revenue	208,109	178,664	183,638	739,469
Revenues in USD in %	55	59	56	58
Revenues in EUR in %	45	40	44	42
Cost of sales	-150,912	-135,422	-142,791	-563,515
Gross Profit	57,197	43,241	40,847	175,954
<i>Gross Profit margin in %</i>	27.5	24.2	22.2	23.8
Research and development expenses	-10,922	-10,759	-10,208	-40,803
Selling expenses	-2,196	-2,149	-2,218	-8,179
General and administrative expenses	-10,501	-8,732	-9,400	-37,487
Rental income and expenses from investment properties	2,071	292	-448	-298
Other income and other expenses	1,743	331	2,458	-31,852
Operating profit	37,393	22,223	21,031	57,335
Finance income	8,538	7,092	10,635	36,531
Finance costs	-10,255	-8,490	-10,472	-56,804
Net financial result	-1,717	-1,398	163	-20,273
Profit before tax	35,676	20,825	21,194	37,062
Income tax	7,042	-1,450	20,025	15,429
Profit for the period	42,717	19,375	41,219	52,491
Operating profit (EBIT)	37,393	22,223	21,031	57,335
Depreciation	20,618	18,808	21,161	77,534
EBITDA	58,011	41,031	42,192	134,869
<i>EBITDA margin in %</i>	27.9	23.0	23.0	18.2
Earnings per share at the end of period	0.33	0.15	0.32	0.40
Weighted average number of shares	130,631,921	130,631,921	130,631,921	130,631,921
EUR/USD average exchange rate	1.07165	1.12344	1.01900	1.05431

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	Quarter ended 31 Mar 2023 unaudited	Quarter ended 31 Mar 2022 unaudited	Year ended 31 Dec 2022 audited
ASSETS			
Non-current assets			
Property, plant, and equipment	486,499	368,674	460,126
Investment properties	7,539	8,158	7,675
Intangible assets	6,184	5,018	6,199
Other non-current assets	73	18	79
Deferred tax assets	77,577	45,528	67,977
Total non-current assets	577,872	427,397	542,056
Current assets			
Inventories	233,322	195,362	214,435
Trade and other receivables	93,896	74,999	73,116
Other assets	53,231	48,654	56,024
Cash and cash equivalents	350,276	259,271	369,425
Total current assets	730,725	578,286	713,001
TOTAL ASSETS	1,308,597	1,005,683	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	59,227	-16,780	16,509
Cumulative translation adjustment	-297	-607	-226
Treasury shares	-770	-770	-770
Total equity attributable to equity holders of the parent	839,614	763,297	796,968
Non-controlling interests	0	355	0
Total equity	839,614	763,652	796,968
Non-current liabilities			
Non-current loans and borrowings	59,143	36,877	63,433
Other non-current liabilities and provisions	4,023	5,685	4,024
Total non-current liabilities	63,165	42,562	67,456
Current liabilities			
Trade payables	78,119	37,132	53,654
Current loans and borrowings	211,542	93,030	233,513
Other current liabilities and provisions	116,157	69,308	103,467
Total current liabilities	405,818	199,470	390,633
TOTAL EQUITY AND LIABILITIES	1,308,597	1,005,683	1,255,057

Condensed Consolidated Statement of Cash Flow

in thousands of USD	Quarter ended 31 Mar 2023 unaudited	Quarter ended 31 Mar 2022 unaudited	Quarter ended 31 Dec 2022 unaudited	Year ended 31 Dec 2022 audited
Income before taxes	35,676	20,825	21,194	37,062
Reconciliation of net income to cash flow arising from operating activities:	22,981	20,944	20,664	96,296
Depreciation and amortization, before effect of grants and subsidies	20,618	18,808	21,161	77,534
Recognized investment grants and subsidies netted with depreciation and amortization	-737	-874	-811	-3,346
Interest income and expenses (net)	1,445	183	3,242	17,407
Loss/(gain) on the sale of plant, property, and equipment (net)	-1,483	-158	-1,890	-3,889
Loss/(gain) on the change in fair value of derivatives and financial assets (net)	0	0	500	500
Other non-cash transactions (net)	3,138	2,985	-1,538	8,090
Changes in working capital:	-1,210	-32,183	12,564	-32,886
Decrease/(increase) of trade receivables	-21,001	-8,637	9,571	-6,661
Decrease/(increase) of other receivables & prepaid expenses	3,073	-5,799	-7,955	-12,759
Decrease/(increase) of inventories	-18,886	-14,349	-10,159	-33,422
(Decrease)/increase of trade payables	27,240	-2,014	6,563	-1,873
(Decrease)/increase of other liabilities	8,364	-1,384	14,544	21,828
Income taxes (paid)/received	-109	-107	77	-480
Cash Flow from operating activities	57,339	9,479	54,500	99,991
Cash Flow from investing activities:				
Payments for property, plant, equipment & intangible assets	-48,895	-48,847	-54,056	-180,580
Payments for investments	0	0	0	-204
Payments for loan investments to related parties	-135	-114	-106	-299
Proceeds from loan investments related parties	120	98	54	284
Proceeds from sale of property, plant, and equipment	1,486	164	1,902	4,017
Interest received	1,014	237	895	1,801
Cash Flow used in investing activities	-46,411	-48,462	-51,311	-174,981

Condensed Consolidated Statement of Cash Flow – con't

in thousands of USD	Quarter ended 31 Mar 2023 unaudited	Quarter ended 31 Mar 2022 unaudited	Quarter ended 31 Dec 2022 unaudited	Year ended 31 Dec 2022 audited
Cash Flow from (used in) financing activities:				
Proceeds from loans and borrowings	9,213	7,261	32,002	184,272
Repayment of loans and borrowings	-35,931	-2,803	-5,358	-11,420
Receipts of sale & leaseback arrangements	0	7,723	0	7,723
Payments of lease installments	-1,513	-1,759	-1,283	-5,662
Receipt of government grants and subsidies	0	0	433	945
Interest paid	-3,258	-139	-3,738	-17,812
Distribution to non-controlling interests	0	-11	0	-11
Cash Flow from (used in) financing activities	-31,488	10,271	22,056	158,035
Effect of changes in foreign currency exchange rates on cash	1,411	-2,205	16,712	-3,808
Increase/(decrease) of cash and cash equivalents	-20,560	-28,712	25,245	83,046
Cash and cash equivalents at the beginning of the period	369,425	290,187	327,468	290,187
Cash and cash equivalents at the end of the period	350,276	259,271	369,425	369,425

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