

Regulated Information

X-FAB Fourth Quarter and Full Year 2021 Results

Intermediate declaration by the Board of Directors

Tessenderlo, Belgium – February 10, 2022, 05.40 p.m. CET

Highlights Q4 2021:

- › Revenue was USD 172.3 million, within the guidance of USD 170-180 million, up 27% year-on-year (YoY) and up 2% quarter-on-quarter (QoQ)
- › Record quarterly bookings at USD 249.5 million, up 31% YoY and 25% QoQ
- › EBITDA margin of 19.7%, within the 19-23% guidance
- › EBITDA was USD 33.9 million, up 51% YoY and down 16% QoQ
- › EBIT was USD 14.2 million, up USD 10.6 million YoY and down USD 7.2 million QoQ

Highlights 2021:

- › Revenue was USD 657.8 million, within the guided USD 655-665 million, up 38% year-on-year (YoY)
- › Consistently strong demand across all end markets with total bookings amounting to USD 868.4 million
- › EBITDA margin of 23.3%, within the 23-24% guidance
- › EBITDA was USD 153.3 million, up USD 92.8 million, up 154% YoY
- › EBIT was USD 77.2 million, up 91.8 million YoY

Outlook:

- › Q1 2022 revenue is expected in the range of USD 175-185 million with an EBITDA margin in the range of 19-23%. The guidance is based on an average exchange rate of 1.14 USD/Euro.
- › Full-year revenues expected in the range of USD 750-815 million with an EBITDA margin in the range of 21-25%.

Revenue breakdown per quarter:

in millions of USD	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q4 y-o-y growth
Automotive	68.3	61.6	40.8	65.4	83.5	82.8	81.5	83.8	28%
Industrial	22.1	23.9	23.9	27.3	32.4	35.2	38.3	39.7	46%
Medical	6.5	7.3	7.7	12.0	8.7	10.4	14.3	14.5	21%
Subtotal core business	96.9	92.7	72.3	104.7	124.6	128.4	134.1	138.0	32%
	76.4%	78.1%	75.2%	77.1%	80.1%	79.8%	79.3%	80.1%	
CCC ¹	29.7	25.9	23.7	30.9	30.6	32.4	34.7	34.0	10%
Others	0.3	0.2	0.1	0.3	0.3	0.1	0.3	0.3	
Total revenues	126.9	118.8	96.1	135.9	155.4	161.0	169.1	172.3	27%

¹ Consumer, Communications & Computer



in millions of USD	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q4 y-o-y growth
CMOS	112.8	103.4	81.1	115.0	134.9	137.5	141.8	144.2	25%
MEMS	9.6	10.4	9.8	14.6	14.4	16.2	17.4	17.5	20%
Silicon carbide	4.5	5.0	5.2	6.3	6.1	7.2	9.9	10.6	70%
Total revenues	126.9	118.8	96.1	135.9	155.4	161.0	169.1	172.3	27%

Business development

Revenues in the fourth quarter came in at USD 172.3 million, within the guided USD 170-180 million, up 27% year-on-year and 2% quarter-on-quarter. Full year revenues reached USD 657.8 million, up 38% against the previous year. X-FAB has achieved new annual and quarterly sales records, following five quarters of consecutive growth.

Quarterly revenues in X-FAB's core markets – namely automotive, industrial, and medical – amounted to USD 138.0 million, up 32% year-on-year and 3% quarter-on-quarter. For the full year 2021, revenue in the core markets totaled USD 525.1 million, up 43% against 2020. Ongoing electrification in the automotive and industrial markets was a major growth driver in 2021, pushing demand for X-FAB's silicon carbide technology as well as supporting applications required in electric vehicles. X-FAB's medical business benefited from the pandemic-related need for testing as well as point-of-care devices with lab-on-a-chip applications recording the strongest growth.

X-FAB's CCC revenue (Consumer, Communications & Computer) was up 10% year-on-year in the fourth quarter and up 19% year-on-year for the full year. While the CCC legacy business manufactured at X-FAB France gradually decreased in line with expectations over the course of 2021, interest in X-FAB's RF SOI technology picked up significantly, driven by the increased deployment of 5G.

The year 2021 was marked by tremendous demand with fourth quarter bookings reaching an all-time high of USD 249.5 million, up 31% year-on-year and 25% quarter-on-quarter. Demand remained strong across all end markets with automotive bookings recording a particularly steep increase in the fourth quarter. This was driven not only by the acceleration of car electrification but also by the pressure resulting from the ongoing chip shortage. Due to high order intake, which significantly exceeded short-term production capacities, X-FAB continued to allocate capacity to customers and backlog kept rising. As long as capacity will have to be allocated, it remains of utmost importance for X-FAB to ensure customers receive the minimum quantities necessary to avoid disruptions in their supply chains.

Supported by strong demand, efforts to move business to X-FAB France brought the site's share of revenues based on X-FAB technologies up to 48%. The process of converting the French site's capacity to manufacture X-FAB's core technologies is ongoing with new equipment being delivered and installed regularly. This will



contribute positively to meeting the high demand, in particular for X-FAB's much sought after 180nm automotive technology.

Prototyping revenues in the fourth quarter were at USD 24.2 million, up 9% year-on-year and down 6% quarter-on-quarter after the previous quarter had been exceptionally strong. For the full year 2021, X-FAB recorded prototyping revenues of USD 89.2 million, up 32% compared to 2020.

Prototyping and production revenue per quarter and end market:

in millions of USD	Revenue	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q4 y-o-y growth
Automotive	Prototyping	3.6	3.2	3.0	3.5	3.6	2%
	Production	61.8	80.4	79.8	78.0	80.2	30%
Industrial	Prototyping	8.2	9.0	10.3	12.9	11.5	40%
	Production	19.0	23.3	24.9	25.4	28.2	48%
Medical	Prototyping	6.9	2.2	2.9	4.1	4.0	-43%
	Production	5.1	6.4	7.5	10.2	10.6	107%
CCC	Prototyping	3.2	4.3	4.1	4.8	4.5	40%
	Production	27.7	26.3	28.3	29.9	29.5	7%

Operations update

In the fourth quarter, all factories continued to run at high load. Productivity improvements remained the top priority to further increase wafer output while ensuring an excellent execution of all orders. The most important measures include eliminating production bottlenecks and recruiting additional staff.

X-FAB's SiC activities further accelerated. For the full year, SiC revenues came in at USD 33.8 million which was a 61% increase over the previous year. In the fourth quarter, SiC revenues set a new record at USD 10.6 million, up 70% year-on-year and 7% quarter-on-quarter. Quarterly SiC bookings amounted to USD 17.0 million, up 141% year-on-year and 51% quarter-on-quarter. In line with strong demand, X-FAB kicked off investments to significantly expand its SiC manufacturing as well as in-house SiC epitaxy capacity to be available by the end of this year. According to customer feedback, X-FAB's SiC line delivers quality and yield that is above industry average. While there is a lot of interest coming from new customers, the current main focus is on supporting existing accounts with products in development to progress with the launch of volume production.

In 2021, X-FAB invested across all sites to expand capacities in response to the strong demand and the expected growth going forward. Capital expenditures in the fourth quarter amounted to USD 21.1 million. For the full year, capital expenditures totaled USD 67.0 million, up 74% against the previous year. Apart from maintenance capex, these were mainly prepayments for new equipment ordered in 2021 as part of X-FAB's



capacity expansion program. Most of these new tools are expected to be delivered in the course of the current year and will have to be paid in full after delivery and installation. The reported capex does therefore not reflect the total volume of investment projects initiated in 2021, which amounted to approx. USD 190 million. As the new equipment becomes available, it will contribute positively to an increase of the wafer output. Main portion of the investments relates to the conversion of the French site's capacity for the production of X-FAB technologies, the expansion of capacity at X-FAB Sarawak in Malaysia as well as the expansion of X-FAB's SiC capacity at X-FAB Texas.

Financial update

Fourth quarter EBITDA was USD 33.9 million with an EBITDA margin of 19.7%, within the guided 19-23%. For the full year 2021, EBITDA amounted to USD 153.3 million with an EBITDA margin of 23.3%.

Performance in the fourth quarter was impacted by operational challenges caused by an increased absence rate due to COVID-19-related infections or quarantines. In addition to this, cost of sales went up due to price increases related to raw materials, spare parts, electricity and transportation. Although unfinished and finished goods inventory recorded an increase of USD 7.9 million, its contribution to profitability was limited. With a high number of SiC wafer starts, the main portion of this increase relates to the SiC substrate value.

Cash and cash equivalents at the end of the fourth quarter were USD 290.2 million, up 28% from the end of the previous quarter. Compared to the end of 2020, X-FAB's cash position increased 41% driven by the positive cash flow from operating activities as well as from financing activities. With a total of USD 109.3 million, cash flow from operating activities recorded 47% increase over the previous year and fully covered 2021 capital expenditures.

The share of Euro-denominated sales in the fourth quarter amounted to 41%, which is in line with the level of costs incurred in Euro. This natural hedging of the business makes X-FAB's profitability development largely independent of exchange rate fluctuations.

The actual US-Dollar/Euro exchange rate for the fourth quarter of 2021 was 1.14 leading to an EBITDA margin of 19.7%. At a constant exchange rate of 1.19, as experienced in the fourth quarter 2020, the EBITDA margin would have been 19.4%.

Management comments

Rudi De Winter, CEO of X-FAB Group, said: "I am very excited about the strong business development and how well X-FAB is positioned to benefit from the transition to green energy in automotive and industrial as well as the increasing deployment of reliable testing and point-of-care applications in medical. The ever-growing need for semiconductor-based innovative solutions will ensure healthy demand for our specialty technologies in the long term. In the short term, it is key to manage the challenges arising from the



tremendous demand requiring full attention and commitment of all X-FAB teams. Our key focus has been and will be on execution excellence and productivity improvements for the best possible supply to our customers. The installation and qualification of new tools to remove bottlenecks will particularly contribute to an increase of wafer output going forward. While it is currently not clear how the semiconductor industry and, in light of all the uncertainties, the world economy will evolve, I am confident that X-FAB is perfectly placed to achieve its growth targets for 2022 and 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 10, 2022, at 6.30 p.m. CET. The conference call will be in English. Please register in advance of the conference using the following link: <http://emea.directeventreg.com/registration/9650368>

Upon registering, you will be provided with participant dial-in numbers, Direct Event passcode and a unique registrant ID. In the 10 minutes prior to the call, you will need to use the conference access information provided in the email received at the point of registering.

The conference call will be available for replay from February 10, 2022, 11.30 p.m. CET until February 17, 2022, 11.30 p.m. CET. The replay number will be +44 (0) 3333009785, conference ID 9650368.

The first quarter 2022 results will be communicated on April 28, 2022.

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 about 4,000 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 2021 unaudited	Quarter ended 31 Dec 2020 unaudited	Quarter ended 30 Sep 2021 unaudited	Year ended 31 Dec 2021 unaudited	Year ended 31 Dec 2020 audited
Revenue	172,279	135,851	169,097	657,751	477,586
Revenues in USD in %	59	66	60	63	68
Revenues in EUR in %	41	34	40	37	32
Cost of sales	-138,351	-116,258	-129,773	-507,773	-433,852
Gross Profit	33,928	19,593	39,323	149,978	43,734
<i>Gross Profit margin in %</i>	<i>19.7</i>	<i>14.4</i>	<i>23.3</i>	<i>22.8</i>	<i>9.2</i>
Research and development expenses	-9,383	-9,559	-7,751	-34,308	-26,812
Selling expenses	-1,922	-2,077	-1,969	-8,017	-8,005
General and administrative expenses	-8,651	-8,065	-8,320	-32,771	-29,610
Rental income and expenses from investment properties	181	703	422	1,898	1,691
Other income and other expenses	38	3,026	-340	412	4,385
Operating profit	14,192	3,621	21,366	77,192	-14,617
Finance income	3,196	43,016	5,166	16,115	54,187
Finance costs	-4,143	-5,080	-6,027	-20,441	-22,015
Net financial result	-947	37,936	-861	-4,326	32,172
Profit before tax	13,245	41,557	20,505	72,866	17,555
Income tax	9,083	-2,486	1,296	10,774	-4,025
Profit for the period	22,327	39,072	21,801	83,640	13,530
Operating profit (EBIT)	14,192	3,621	21,366	77,192	-14,617
Depreciation	19,748	18,879	19,076	76,093	75,067
EBITDA	33,940	22,500	40,442	153,286	60,450
<i>EBITDA margin in %</i>	<i>19.7</i>	<i>16.6</i>	<i>23.9</i>	<i>23.3</i>	<i>12.7</i>
Earnings per share at the end of period	0,17	0,30	0,17	0,64	0,10
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	1.14382	1.19146	1.17954	1.18331	1.14126

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 2021 unaudited	Year ended 31 Dec 2020 audited
ASSETS		
Non-current assets		
Property, plant, and equipment	340,670	336,848
Investment properties	8,310	8,556
Intangible assets	4,034	4,726
Other non-current assets	28	68
Deferred tax assets	26,000	30,392
Total non-current assets	379,042	380,590
Current assets		
Inventories	181,014	153,711
Trade and other receivables	73,689	54,576
Other assets	43,354	38,054
Cash and cash equivalents	290,187	205,867
Deferred tax assets (short-term)	19,645	0
Total current assets	607,889	452,208
TOTAL ASSETS	986,931	832,798
EQUITY AND LIABILITIES		
Equity		
Share capital	432,745	432,745
Share premium	348,709	348,709
Retained earnings	-36,154	-120,603
Cumulative translation adjustment	-559	-747
Treasury shares	-770	-770
Total equity attributable to equity holders of the parent	743,971	659,334
Non-controlling interests	365	344
Total equity	744,335	659,677
Non-current liabilities		
Non-current loans and borrowings	39,917	44,413
Other non-current liabilities and provisions	5,686	4,371
Total non-current liabilities	45,602	48,784
Current liabilities		
Trade payables	41,364	27,882
Current loans and borrowings	87,114	31,796
Other current liabilities and provisions	68,515	64,658
Total current liabilities	196,993	124,336
TOTAL EQUITY AND LIABILITIES	986,931	832,798

Condensed Consolidated Statement of Cash Flow

in thousands of USD	Quarter ended 31 Dec 2021 unaudited	Quarter ended 31 Dec 2020 unaudited	Quarter ended 30 Sep 2021 unaudited	Year ended 31 Dec 2021 unaudited	Year ended 31 Dec 2020 audited
Income before taxes	13,245	41,557	20,505	72,866	17,555
Reconciliation of net income to cash flow arising from operating activities:	18,518	-20,219	18,131	70,319	34,404
Depreciation and amortization, before effect of grants and subsidies	19,748	18,879	19,076	76,093	75,067
Recognized investment grants and subsidies netted with depreciation and amortization	-991	-850	-850	-3,530	-3,453
Interest income and expenses (net)	203	-1,601	-139	-176	379
Loss/(gain) on the sale of plant, property, and equipment (net)	37	-2,668	80	-275	-3,253
Loss/(gain) on the change in fair value of derivatives (net) and financial assets (net)	0	0	0	0	-420
Other non-cash transactions (net)	-480	-33,978	-36	-1,793	-33,915
Changes in working capital:	-14,312	10,852	15,565	-31,806	23,032
Decrease/(increase) of trade receivables	1,027	-3,592	1,439	-9,769	362
Decrease/(increase) of other receivables & prepaid expenses	-3,456	5,433	10,743	-4,267	25,510
Decrease/(increase) of inventories	-8,454	6,377	-10,324	-27,302	936
(Decrease)/increase of trade payables	301	4,611	4,446	5,146	-10,970
(Decrease)/increase of other liabilities	-3,731	-1,978	9,261	4,386	7,194
Income taxes (paid)/received	-134	187	-220	-2,101	-645
Cash Flow from operating activities	17,316	32,377	53,981	109,278	74,346
Cash Flow from investing activities:					
Payments for property, plant, equipment & intangible assets	-21,122	-14,611	-21,932	-66,972	-38,460
Proceeds from sale of financial assets	0	0	0	0	1,156
Payments for loan investments to related parties	-626	-39	-72	-827	-211
Proceeds from loan investments related parties	45	40	42	211	193
Proceeds from sale of property, plant, and equipment	220	2,002	47	669	3,528
Interest received	380	459	451	1,769	1,864
Cash Flow used in investing activities	-21,104	-12,149	-21,464	-65,149	-31,929

Condensed Consolidated Statement of Cash Flow – con't

in thousands of USD	Quarter ended 31 Dec 2021 unaudited	Quarter ended 31 Dec 2020 unaudited	Quarter ended 30 Sep 2021 unaudited	Year ended 31 Dec 2021 unaudited	Year ended 31 Dec 2020 audited
Cash Flow from (used in) financing activities:					
Proceeds from loans and borrowings	77,796	8,660	310	82,585	17,208
Repayment of loans and borrowings	-7,807	-6,232	-8,561	-28,218	-26,950
Payments of lease installments	-1,057	-1,130	-1,335	-5,094	-5,331
Receipt of government grants and subsidies	535	0	0	535	696
Interest paid	-325	-1,617	-312	-1,335	-2,244
Distribution to non-controlling interests	0	0	0	-12	-12
Cash Flow from (used in) financing activities	69,142	-318	-9,898	48,461	-16,633
Effect of changes in foreign currency exchange rates on cash	-1,180	6,295	-1,715	-8,269	6,872
Increase/(decrease) of cash and cash equivalents	65,354	19,909	22,619	92,589	25,783
Cash and cash equivalents at the beginning of the period	226,013	179,662	205,109	205,867	173,211
Cash and cash equivalents at the end of the period	290,187	205,867	226,013	290,187	205,867

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