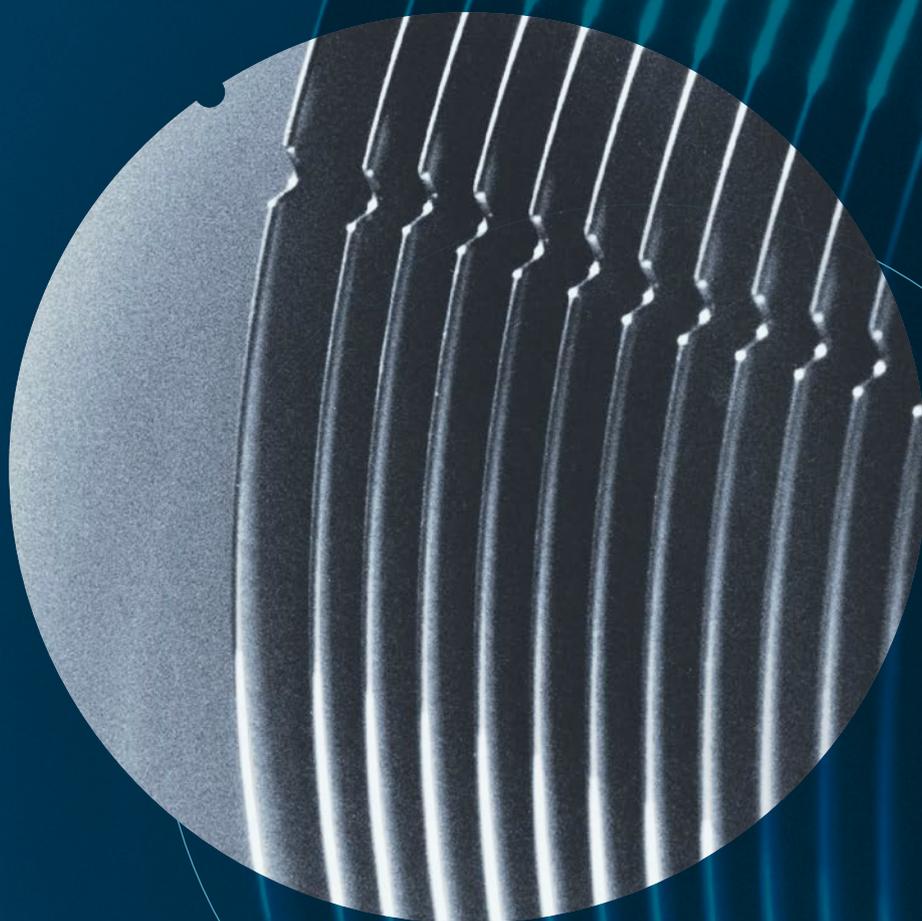


Quality.  
Precision.  
Wafer.



# Siltronic Group key figures

## Statement of profit or loss

In EUR million	2022	2021	2020	2019	2018
Sales	1,805.3	1,405.4	1,207.1	1,270.4	1,456.7
Gross profit	615.4	441.2	339.5	457.6	631.9
Gross margin	34.1	31.4	28.1	36.0	43.4
EBITDA	671.6	466.4	331.9	408.7	589.3
EBITDA margin	37.2	33.2	27.5	32.2	40.5
EBIT	495.6	316.9	192.2	298.3	497.7
EBIT margin	27.5	22.5	15.9	23.5	34.2
Financial result	-8.5	1.5	-2.9	4.5	-9.3
Income taxes	-52.7	-28.7	-2.5	-41.7	-87.8
Result for the period	434.4	289.6	186.8	261.1	400.6
Earnings per share	13.02	8.44	5.36	7.52	12.44

## Capital expenditure and net cash flow

In EUR million	2022	2021	2020	2019	2018
Capital expenditure in property, plant and equipment, and intangible assets	1,073.6	425.6	187.6	363.0	256.9
Net cash flow	-395.4	1.7	77.4	81.3	240.4

## Statement of financial position

In EUR million	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Total assets	4,050.7	2,455.4	1,919.4	1,945.0	1,818.2
Equity	2,067.1	1,318.8	871.8	930.2	915.7
Equity ratio	51.0	53.7	45.4	47.8	50.4
Net financial assets	373.6	572.9	499.2	588.9	691.3

## Non-financial performance indicators

	2022	2021	2020	2019	2018
Efficiency of the use of silicon (100 percent corresponds to the 2015 base)	99	99	99	103	99
CO <sub>2</sub> -emissions scope 1 and 2 (market based)	214,343	238,378	243,112	229,081	not evaluated
Waste recycling ratio	71	72	70	69	70
Water usage for production per wafer area (100 percent corresponds to 2015 base)	86	90	99	107	89
Occupational accidents (per working days) at work per million working hours	3.8	4.4	2.1	2.5	1.9
Occupational accidents (per working days) with chemicals per year	6	2	0	5	0

## Employees

	2022	2021	2020	2019	2018
At year-end, excluding external personnel	4,488	4,117	3,772	3,669	3,914

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## About this report

We have optimized our annual report in PDF format for convenient use on a PC or tablet. The linked tables of contents allow quick and easy navigation through all chapters. Meaningful links and standardized function buttons on each page make it easier for the reader to establish references to the content and enable convenient and transparent absorption of the report content.

## Navigation toolbar

-  Search
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## Further information

-  Page reference
-  Reference to external document
-  Mouseover function

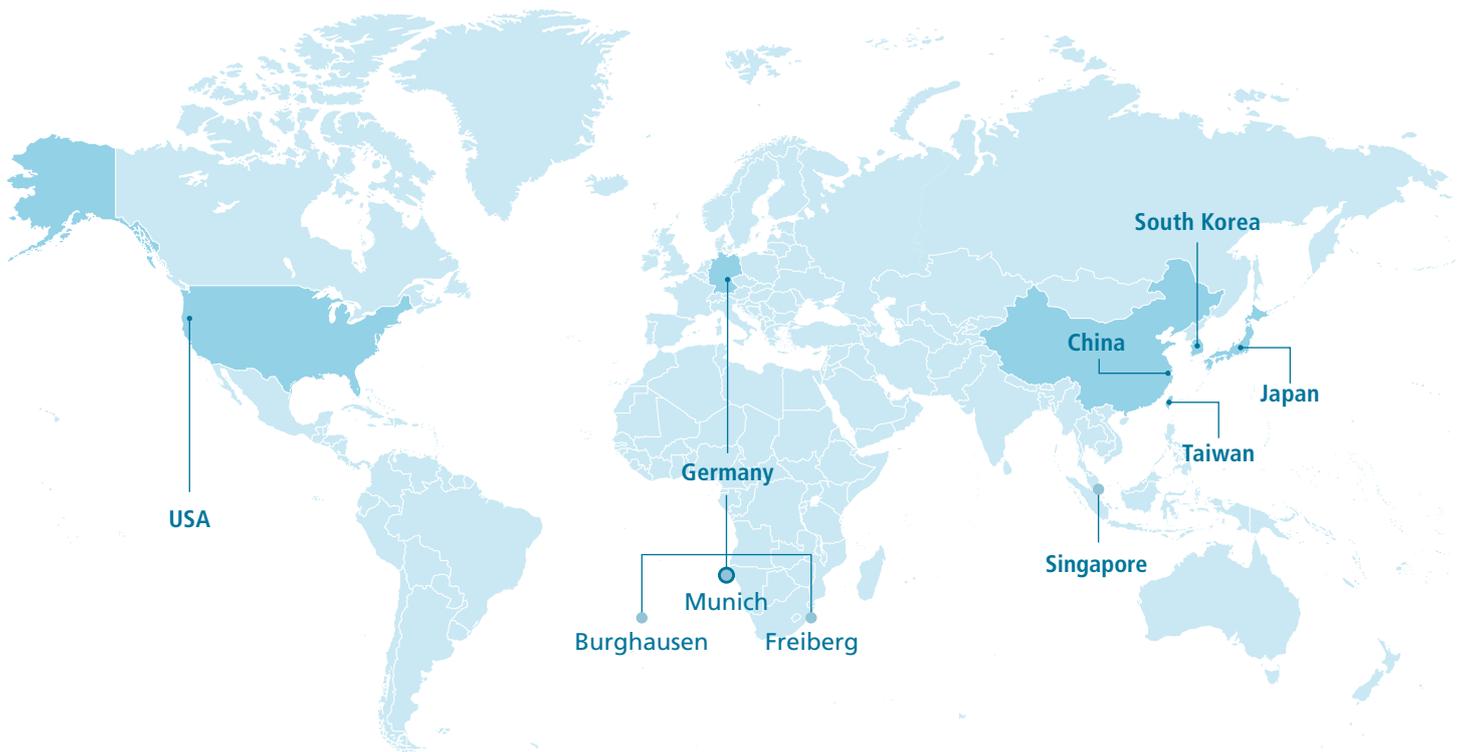
## Contact

-  Corporate Communications
-  Investor Relations

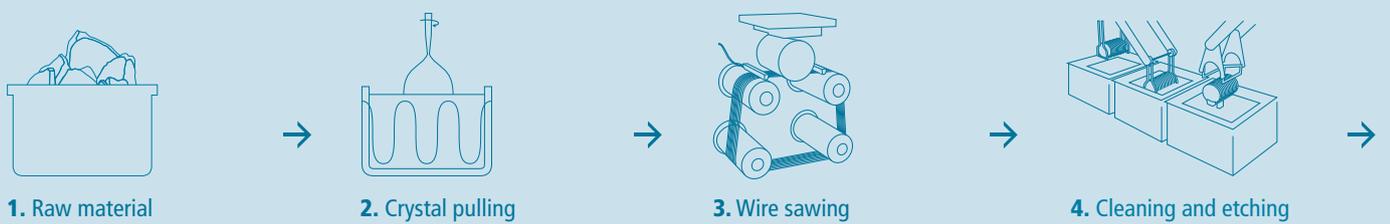
# Figures and Facts

As one of the leading wafer manufacturers, Siltronic is globally oriented and operates production facilities in Asia, Europe and the USA. Silicon wafers are the foundation of the modern semiconductor industry and the basis for chips in all electronic applications – from computers and smartphones to electric cars and wind turbines. The international company is highly customer-oriented and focused on quality, precision, innovation and growth.

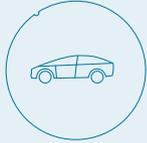
## Our sites



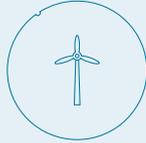
## Wafer production



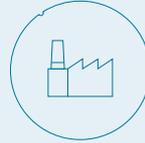
## We enable technologies for a sustainable future



Sustainable mobility



Clean energy



Resource efficiency

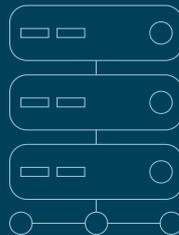
Siltronic AG aims to reduce its CO<sub>2</sub> emissions by 50% by 2030 and by 100% by 2045.

## Silicon area

The area of a 300 mm wafer corresponds to approx. 707 cm<sup>2</sup>.  
In 2022, the following silicon area was used in the products:



Smartphone  
10 – 15 cm<sup>2</sup>



Server  
600 cm<sup>2</sup> – 1,200 cm<sup>2</sup>



PC  
18 – 60 cm<sup>2</sup>

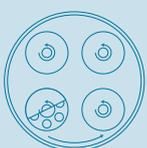


E-car  
100 – 150 cm<sup>2</sup>

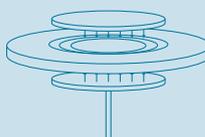
## Our way to success

- 1962 → Development of the first silicon wafer
- 1968 → Founding of Wacker-Chemitronic-Gesellschaft für Elektronik-Grundstoffe mbH ("Wacker-Chemitronic")
- 1978 → Founding of Wacker Siltronic Corporation in Portland, USA
- 1995 → Acquisition of Freiburger Elektronikwerkstoffe Produktions- und Vertriebsgesellschaft mbH
- 2006 → Foundation of the joint venture Siltronic Silicon Wafer Pte. Ltd. (SSW) in Singapore
- 2014 → Take-over of the majority interest in SSW
- 2015 → Siltronic successfully goes public
- 2017 → Wacker Chemie AG sells majority stake in Siltronic
- 2018 → Siltronic celebrates its 50th anniversary
- 2021 → Groundbreaking for Fab Next in Singapore and the expansion of the crystal pulling hall in Freiberg

## Wafer production



5. Polishing



6. Epitaxy



7. Silicon wafer

A photograph of two men in dark suits standing in a modern office with large windows. The man on the left has his arms crossed and is wearing glasses and a pink tie. The man on the right is wearing a teal tie. The background shows a view of a city building through the glass.

# Year of records and investments into the future

**Rainer Irle,**  
Chief Financial Officer

**Dr. Christoph von Plotho,**  
Chief Executive Officer

# Interview with the Executive Board

## What were your milestones as you look back on the financial year 2022?

**Dr. Christoph von Plotho:** 2022 is a year of records with the highest sales and the best earnings per share in the company's history. This outstanding development is primarily based on price increases and a favorable exchange rate development. Sales volumes increased slightly. Due to high demand, we also achieved high-capacity utilization in 2022. These results were only possible thanks to the tireless efforts and performance of our employees. For this, we thank our employees from the bottom of our hearts.

Another milestone was the progress of the construction of the largest investment in Siltronic's history – our new state-of-the-art and cost-efficient 300 mm fab in Singapore (Fab Next). We are particularly proud that the construction continues to progress on schedule and on budget despite the challenges in the supply chains and increased inflation. In the meantime, the first machines have already been installed in the clean room. Our employees in Singapore are doing an outstanding job and always manage to overcome minor obstacles. This deserves our utmost respect.

At the Freiberg site, the expansion of the crystal pulling hall is also progressing with great strides. This investment in Germany will help us to remain at the forefront of technology in the future.

## Last year you published a new climate strategy. How have you come closer to your targets this year?

**Rainer Irlle:** With our climate strategy, we want to reduce directly caused greenhouse gas emissions by 50 percent by 2030 and to close to zero by 2045. We have set ourselves annual targets along the way. In 2022, we significantly exceeded our reduction target. Despite a slight increase in production volumes, greenhouse gas emissions (Scope 1 and 2) fell by more than 10 percent. In the reporting year, it was also decided to install a photovoltaic system at our production site in Portland (USA), which will contribute to the self-imposed climate target as early as 2023.

## What contribution does Siltronic's product make to protecting the environment?

**Rainer Irlle:** Without silicon wafers, there would be no digitization, no electromobility, no decarbonization – in other words, no energy transition. Silicon wafers are the key to almost all electronic components that make our lives more digital and thus simpler, safer and more environmentally friendly. In addition, our research and development activities are helping to provide our customers with ever more advanced wafers, which are used to produce chips with a significantly lower energy consumption.

## The takeover by GlobalWafers failed, why and how do you assess that?

**Dr. Christoph von Plotho:** For the merger with GlobalWafers, all regulatory clearances should have been obtained by the end of January 2022. Since the clearance certificate under the German Foreign Trade and Payments Act was not granted, the transaction could not be completed. The merger would have created a company on a par with the market leader, with Siltronic technology as its main pillar. We regret that this was not possible.

## What happened after the failed takeover and can Siltronic also be successful as an independent company?

**Dr. Christoph von Plotho:** In the past 2022 financial year, we looked ahead and showed that Siltronic is a top-class company even without a merger. This is evidenced not only by our record figures in 2022, but also by the decision we made in 2021 to invest in Fab Next, setting the course for a successful future for Siltronic. This investment in state-of-the-art and cost-efficient production capacity secures our position as one of the world's five largest wafer manufacturers, and the support of our most important customers shows that we are among the technology leaders. Therefore, Siltronic is very well positioned as an independent company and will continue to be successful.

## Why is Fab Next so important for Siltronic?

**Dr. Christoph von Plotho:** We need the new fab to meet the increasing customer demand in the medium and long term. We must take this into account at an early stage in order to be able to grow with the market. In addition, the new fab will be equipped with the latest production technology and will therefore have a



**“The construction progress of our new, state-of-the-art and cost-efficient fab in Singapore fills me with great pride.”**

positive impact on our profitability. The state-of-the-art production infrastructure will enable us to keep pace with our customers' latest technological developments.

#### **How is Fab Next funded?**

**Rainer Irlé:** We are taking a conservative approach to financing Fab Next. Most of the investments will be financed by existing liquidity, operating cash flows and prepayments from key customers. In addition, a promissory note loan was placed in June 2022 and another loan was obtained. It was important to us that the interest rate of the promissory note loan is linked to the assessment of Siltronic's sustainability development. This strengthens Siltronic's growth strategy based on sustainable and responsible action.

#### **You also received a loan from the European Investment Bank in October 2022. What will the funds be used for?**

**Rainer Irlé:** The European Investment Bank (EIB) has granted us a loan of EUR 200 million. The funds will be invested in research and development of the next generation of crystals and wafers as well as the modernization of wafer production at our Freiberg site. With this move, the European Union has demonstrated that Siltronic is of strategic importance for Europe, as we are the only

major wafer manufacturer in the semiconductor industry outside Asia. This is a clear commitment to our two German sites in Freiberg and Burghausen and we can further expand our presence in Europe.

#### **Are there plans to apply for further funding from the European Union as part of the Chips Act or to benefit from Chips Acts of other countries?**

**Dr. Christoph von Plotho:** Our focus is on our investment project in Singapore. We are looking forward to the first wafer being delivered from our new fab in early 2024. The ramp-up of the fab to full capacity will take several years and that is where our full attention lies. This does not mean that this will be the last fab that Siltronic builds. When the time comes, we will compare many different alternatives and of course also consider Europe as a location.

#### **In October 2022, the USA imposed new export restrictions on China. How does this affect Siltronic's business and how do you assess further developments?**

**Rainer Irlé:** The export restrictions mainly affect certain semiconductor products produced on 300 mm wafers and supplied from

the USA. As Siltronic does not produce such products in the USA, we are currently not directly affected by the restrictions. Therefore, we do not see any impact on our business. If the export restrictions will be extended to specific customers, this could have an impact on our sales.

**What impact does the war in Ukraine have on Siltronic?**

**Dr. Christoph von Plotho:** The war in the Ukraine has been going on for over a year now, and it is unimaginable what the people in the region have had to endure during this time and still have to. Our sympathy goes out to all those directly affected. Together with our employees, various actions have been taken to collect donations, and a total of EUR 100,000 was donated to local organizations at our German production sites. With these donations, we want to contribute to helping the victims of the war. Siltronic's business is not directly affected by the war.

**How much have the increased energy prices and high inflation affected Siltronic?**

**Rainer Irle:** Due to the Ukraine war, energy prices have risen globally. As our production is very energy-intensive, we have unfortunately not been spared. There has been a significant increase in electricity prices in Germany and Singapore. In addition,

our costs for raw materials and supplies have increased due to high inflation, even though our procurement has done an excellent job. In 2022, the result was influenced mainly by higher electricity and material prices, at approximately EUR 133 million.

**What result was achieved in 2022?**

**Rainer Irle:** We achieved many records this year and were able to significantly exceed our original expectations. We increased Group sales by almost 29 percent to EUR 1,805.3 million. This was mainly driven by price increases due to strong demand for wafers and a favorable exchange rate development. At EUR 671.6 million, EBITDA was 44 percent and EBIT at EUR 495.6 million even 56 percent higher than in the prior year. Earnings per share increased from EUR 8.44 in the prior year to EUR 13.02 in 2022. At the Annual General Meeting on May 5, 2023, the Executive – and Supervisory Board will propose a dividend of EUR 3.00.

**What are the priorities for 2023?**

**Dr. Christoph von Plotho:** We are working at full speed to complete Fab Next in Singapore. In 2023, there will be many important construction phases, and by early 2024, the first wafers should already be delivered to our customers. In addition, our engineers and scientists are working closely with technologically

**“Without silicon wafers,  
there is no digitization,  
no electromobility,  
no decarbonization and  
no energy transition.”**



leading customers to further develop wafers for the latest design rules. Innovation rates are high. We have always been by our customers' side in the conception of new technologies and will continue to do so in the future. We continue to work on process improvements that are important for all products. Another focus is on optimizing our cost structure and successfully implementing continuous cost-cutting programs.

**Dr. von Plotho, you will no longer be on board for the entire year 2023 and will be handing over the baton to your successor. Why is this change happening and is this the right time?**

**Dr. Christoph von Plotho:** After more than twelve exciting years at Siltronic, with many highs but also some lows, I will retire in 2023. Everything I have achieved in recent years has only been possible thanks to the commitment and performance of Siltronic's employees. The Supervisory Board has appointed Dr. Heckmeier as my successor. Dr. Heckmeier brings with him many important competencies that are crucial as CEO of Siltronic, and I am convinced that he will continue Siltronic's successful course. With the construction of our new fab in Singapore, the foundation for a successful future of Siltronic has been laid, and therefore the timing for the handover of the baton is very well chosen.

**What do you expect for 2023?**

**Rainer Irle:** We expect Siltronic to continue to be successful in the market in 2023, but below the prior year's level. We see high inventory levels in the supply chains downstream of us due to temporary market weakness, especially in the memory sector, which could lead to inventory corrections at our customers and could impact wafer sales. We also expect a headwind from the weakening US dollar and rising unit costs due to persistently high inflation. On the other hand, there are slightly increasing prices.

**What long-term development do you expect for Siltronic and the industry?**

**Dr. Christoph von Plotho:** We are very optimistic about our business because demand for wafers in end applications is consistently increasing. Of course, this does not mean that there will not be weaker phases. There are many growth drivers for semiconductors, especially for 300 mm wafers. We expect an average annual growth rate of 6 percent in the coming years. With the capacities of the new greenfield fab, Siltronic will participate in this growth.

**Dr. Christoph von Plotho, Rainer Irle:** We would like to take this opportunity to express our special thanks to our employees. They have mastered all challenges in the past year 2022 and led Siltronic to record numbers. Every day anew, they give their best for Siltronic. Our thanks also go to our business partners – suppliers and customers alike – for their trusting collaboration.

To our dear shareholders, we thank you for your trust and assure you that your company – Siltronic AG – is well prepared for a successful future.

Sincerely,



Dr. Christoph von Plotho  
CEO



Rainer Irle  
CFO

# Supervisory Board report

## Dear shareholders,

Siltronic closed the fiscal year 2022 extremely successful and achieved the highest sales in the Company's history. This is particularly gratifying in view of the challenging macroeconomic and geopolitical environment. Siltronic was able to cope well with the scarcity of energy and raw materials, which was exacerbated by the war in Ukraine, and the resulting price increases. At the same time, the construction of the new fab in Singapore and the expansion of the Freiberg site are progressing in great strides. Demand for semiconductors remained high throughout the year, resulting in strong production capacity utilization.

As every year, you as shareholders should participate appropriately in Siltronic's success. In accordance with the dividend policy adjusted by the Executive Board on July 26, 2022, the Executive Board and the Supervisory Board therefore recommend that a dividend of EUR 3.00 per dividend-bearing no-par value share be distributed.

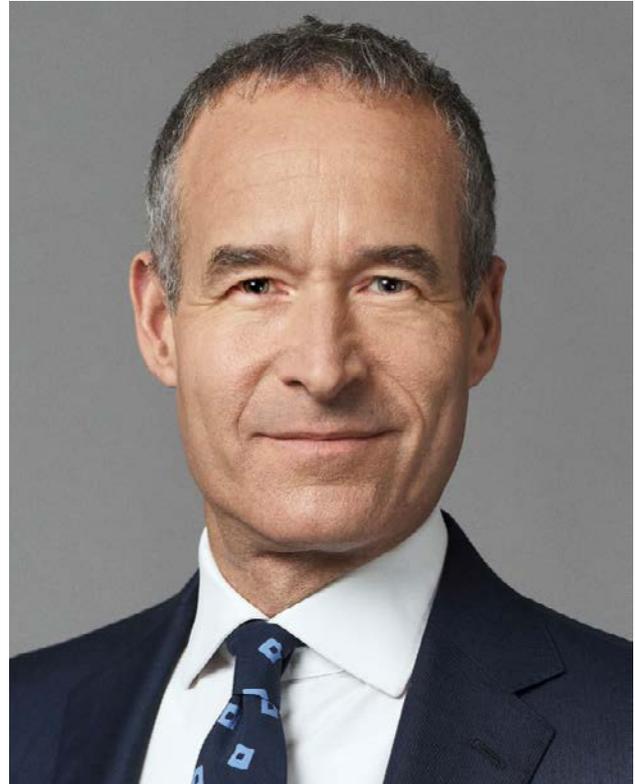
## Continuous dialogue with the Executive Board

Throughout the financial year 2022, the Supervisory Board performed its duties according to the law, the Articles of Association and the rules of procedure with the utmost diligence. The Executive Board and the Supervisory Board worked together in the best interest of the Company in a spirit of trust. The Supervisory Board regularly advised the Executive Board on the management of the Company, monitored its activities and satisfied itself that the Company was managed in a lawful, expedient and correct manner. The Executive Board informed the Supervisory Board and its committees both in writing and verbally in detail and in a timely manner about the Company's course of business, the position of the Company and its strategic development as well as the risk situation, the activities of the internal audit department and compliance topics. The Supervisory Board and the responsible committees were involved in all decisions of fundamental importance at an early stage. The Supervisory Board always had the opportunity to critically examine the reports and proposed resolutions of the Executive Board.

Deviations of the Company's course of business from the plans and targets were explained in detail. The Chairman of the Supervisory Board and the Chairman of the Audit Committee were also in close contact with the Executive Board outside the regular meetings of the Supervisory Board and were informed about current developments and significant business transactions.

## Public tender offer by GlobalWafers fails due to outstanding approval from the German Federal Ministry of Economic Affairs and Climate Action

The Supervisory Board continued to closely monitor the ultimately failed tender offer process in the reporting year. As already reported, the final condition for completion of the tender offer,



**Dr. Tobias Ohler,**  
Chairman of the Supervisory Board of Siltronic AG

the issuance of a clearance certificate by the German Federal Ministry of Economics and Climate Protection (BMWK), had not been met by the long stop date of January 31, 2022. The merger could therefore not be completed. The Supervisory Board greatly regrets this, as the merger of the two companies would have created a strong, global number 2. Nevertheless, we believe that Siltronic is well equipped to meet the challenges of the demanding semiconductor market, even on a stand-alone basis.

## Key activities of the Supervisory Board plenum

In the reporting year, four regular plenary meetings were held – two each in the first and second half of the year – as well as one extraordinary plenary meeting in December. All meetings of the Supervisory Board and its committees were held in person.

At the meeting of the Supervisory Board to approve the financial statements held on March 8, 2022 we, including the auditor, who was present at the meeting, discussed in detail the annual financial statement of Siltronic AG and the consolidated financial statement as of December 31, 2021 as well as the combined management report and approved them. The Supervisory Board determined the variable compensation of the Executive Board for the financial year 2021 based on the recommendation of the Executive Committee and based on the determined target achievement. After the preparation and recommendation by the Executive Committee, we

resolved on the individual total target compensation and maximum compensation for each Executive Board member as well as the performance criteria for the variable compensation for the financial year 2022.

Another focal point was the failed tender offer by GlobalWafers. Since a closing condition for the transaction was missing until the long stop date at the end of January 2022, the tender offer – as already reported – could not be completed.

The Supervisory Board also dealt with the progress of the Fab Next project. To finance the construction of the second 300 mm fab at our Singapore site, we approved the raising of a loan in the amount of SGD 450 million as well as guarantee facilities and guarantees from the parent company Siltronic AG to secure this loan.

Within the internal control procedure for Related Party Transactions adopted by the Supervisory Board in 2020, the Executive Board reported about the business transactions with Wacker Chemie AG. As a precautionary measure, Supervisory Board Chairman Dr. Tobias Ohler, who is also a member of the Wacker Chemie AG Executive Board, and Sieglinde Feist, who holds a management position at Wacker Chemie AG, did not take part in the resolution about the implementation of the control procedure in order to avoid even the appearance of a conflict of interest.

We also adopted the Supervisory Board's report to the Annual General Meeting and dealt with the agenda for the Annual General Meeting on May 5, 2022. Due to the developments of the COVID pandemic, this was again held as a virtual Annual General Meeting without the physical presence of the shareholders. In addition, the Executive Board reported on the business performance during the financial year 2021 and the start of the financial year 2022.

On May 3, 2022, the Supervisory Board dealt, among other things, with the course of business of the Company. The Executive Board also reported on the Company's occupational health and safety measures. In addition, the Supervisory Board dealt with the construction progress of Fab Next. For general corporate financing and the financing of strategic growth investments, we approved the issuance of an ESG-linked promissory note loan in the amount of EUR 300 million. Finally, we discussed the implications of the OECD initiative to introduce a global minimum tax for the Siltronic Group.

At the Supervisory Board meeting on July 26, 2022, we addressed the report of the Executive Board on the business performance and the status of investments including Fab Next. The Executive

Board reported on the strategy meeting which included a focus on the power market. Siltronic aims to further strengthen its good position in this market segment. Due to the expansion of renewable energies and because of the electrification of the automotive sector, the growth prospects for power semiconductors are particularly good.

We also dealt in detail with the capital structure of the Company. The Executive Board presented the adjustment to the dividend policy resolved on the same day. As in the past, around 40 percent of the consolidated net profit attributable to shareholders determined in accordance with IFRS principles is to be distributed, but capped at a maximum of EUR 3.00 per dividend-bearing no-par value. The Supervisory Board also approved the raising of a loan in the amount of EUR 200 million from the European Investment Bank (EIB). The funds will be used for research and development of the next generation of hyperpure silicon wafers and silicon rods as well as for the modernization of Siltronic's wafer production in Freiberg, Saxony.

The Supervisory Board also reviewed how effectively the Supervisory Board itself and its committees perform their duties as a whole (self-assessment). No deficits were identified. Other items on the agenda included the German Corporate Governance Code and the issuance of the Declaration of Conformity in accordance with § 161 of the German Stock Corporation Act (AktG). The Code, which was revised in 2022, places particular emphasis on sustainability aspects in Supervisory Board activities. In this connection we resolved to provide the Supervisory Board with regular reports on the implementation of the sustainability strategy and amended the Rules of Procedure for the Supervisory Board. The Executive Board reported on implementation steps in the sustainability strategy. We also adopted the diversity concept (including an adapted competency profile) and a qualification matrix for the Supervisory Board.

At its meeting on November 30, 2022, the Supervisory Board dealt with succession planning for the Chairman of the Executive Board. In addition to the report by the Executive Board on the course of business, we also dealt with the planning of the Siltronic Group for the financial year 2023 and the long-term planning for the financial years up to and including 2028. The 2023 budget presented by the Executive Board, including financial and investment planning, was discussed in detail and approved. It formed the focus of the deliberations.

At an extraordinary meeting on December 19, 2022, we appointed Dr. Michael Heckmeier as a member of the Executive Board with effect from July 1, 2023 at the latest.

## Supervisory Board committees

In order to perform its duties efficiently, the Supervisory Board has set up four permanent committees: an Executive Committee, an Audit Committee, a Nomination Committee and the Conciliation Committee, the latter of which is mandatory pursuant to Section 27 (3) of the German Co-Determination Act. The committee chairpersons reported regularly and comprehensively to the Supervisory Board on the committee work.

The Executive Committee met twice during the reporting year. It dealt with the compensation and prepared the resolutions of the Supervisory Board plenum regarding the determination of targets for the variable compensation, the particular total target compensation and maximum compensation, the determination and review of the appropriateness of the Executive Board compensation and the approval of the compensation report. It also led the long-term succession planning process and prepared the appointment of the new CEO.

The Audit Committee held four meetings in the financial year 2022 and adopted two resolutions in writing outside meetings. The Audit Committee discussed the annual financial statement of Siltronic AG and the consolidated financial statement as well as the combined management reports in the presence of the auditor. It also discussed the quarterly reports and, in the presence of the auditor, the half-year report as well as the auditor's review thereof. The Audit Committee recommended to the Supervisory Board that

KPMG AG Wirtschaftsprüfungsgesellschaft, Munich, be proposed to the 2022 Annual General Meeting for election as auditor. The Audit Committee issued the audit engagement letter to the auditor for the financial year 2022, defined the focal points of the audit and determined the auditor's fee. In addition, the Committee monitored the selection, independence, qualifications, rotation and efficiency of the auditor. The Audit Committee also discussed the assessment of the audit risk, the audit strategy and the audit planning with the auditor. In addition, it dealt with the treatment of non-audit services and the assessment of the quality of the audit. In addition, the Audit Committee dealt with the accounting process, the Company's risk management system, the effectiveness and findings of the internal audit and the compliance system and received on-going reports on compliance topics. In addition, the Audit Committee commissioned the auditors to review the non-financial report.

The Nomination Committee and the Conciliation Committee were not convened in the financial year 2022.

## Education and training measures

The members independently take responsibility for the training and continuing education required for their duties and they receive appropriate support from the Company as required. New Supervisory Board members are offered the opportunity to attend an onboarding information event in connection with their induction into office in order to familiarize them with the Company.

## Individualized disclosure of attendance of Supervisory Board members in 2022

Supervisory Board member	Supervisory Board plenum		Executive Committee		Audit Committee	
	Number	in %	Number	in %	Number	in %
Dr. Tobias Ohler (Chairman))	5 v. 5	100	2 of 2	100	4 of 4	100
Johann Hautz (Deputy Chairman)	5 v. 5	100	2 of 2	100	4 of 4	100
Mandy Breyer	4 v. 5	80				
Prof. Dr. Gabi Dreio	5 v. 5	100				
Klaus Estermaier	5 v. 5	100				
Sieglinde Feist	5 v. 5	100				
Dr. Hermann Gerlinger	5 v. 5	100	2 of 2	100		
Michael Hankel	5 v. 5	100	2 of 2	100		
Markus Hautmann	5 v. 5	100				
Bernd Jonas	5 v. 5	100			4 of 4	100
Lina Ohlmann	5 v. 5	100				
Volker Stapfer	5 v. 5	100				

## Further disclosures on offices held

Name	Occupation	Membership of other supervisory boards and other comparable domestic and foreign supervisory bodies of business enterprises (as of December 31, 2022)
Dr. Tobias Ohler Chairman of the Supervisory Board	Member of the Executive Board of Wacker Chemie AG, Munich, Germany	Member of the Supervisory Board – Wacker Chemie VVaG Pension Fund
Johann Hautz <sup>1)</sup> Deputy Chairman of the Supervisory Board	Exempted works council of Siltronic AG, Burghausen site Since 1 January 2022 Chairman of the general works council Siltronic AG	
Mandy Breyer <sup>1)</sup>	Deputy Chairwoman of the works council of Siltronic AG, Freiberg site	
Prof. Dr. Gabi Dreo Rodosek	Founding Director of the Research Institute CODE, University Professor and Chair of Communication Systems and Network Security at the University of the Federal Armed Forces in Munich	Member of the Supervisory Board – Giesecke & Devrient GmbH, Munich – BWI GmbH Member of the Advisory Board – Giesecke & Devrient GmbH, Munich
Klaus-Peter Estermaier <sup>1)</sup> Representative of senior executives	Head of Supply Chain Management Germany, Siltronic AG Chairman of the Joint Speaker Committee of the Senior Executives of Siltronic AG	
Sieglinde Feist	Head of Sales & Distribution, Wacker Chemie AG, Munich	Chairperson of the Board of Directors (non-executive) – Wacker Chemicals Ltd., United Kingdom – Wacker-Kemi AB, Sweden – Wacker Quimica Iberica, S.A., Spain Member of the Board of Directors (non-executive) – Wacker Chemie Italia S.r.l., Italy – Wacker Chimie S.A.S., France – Wacker Chemicals (South Asia) Pte Limited, Singapore – Wacker Chemicals Korea Inc., South Korea (all Wacker Chemie Group mandates)
Volker Stapfer <sup>1)</sup>	Independent member of the Works Council Siltronic AG Chairman of the Works Council Burghausen / Munich	
Dr. Hermann Gerlinger	Managing Partner of the GeC GmbH (one-person company)	Member of the Board of Directors – VAT Group AG, Switzerland
Michael Hankel	Supervisory Board member	
Markus Hautmann <sup>1)</sup>	District Chairman of the IGBCE, Altötting	Member of the Supervisory Board – Wacker Chemie AG, Munich
Bernd Jonas	Independent lawyer	
Lina Ohlmann <sup>1)</sup>	Secretary IGBCE, Union Pay Policies Division	

<sup>1)</sup> Employee representative

## Audit of annual and consolidated financial statements

The auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, Munich, audited the annual financial statements of Siltronic AG for the fiscal year 2022, the consolidated financial statement and the combined management report on the individual and consolidated financial statements (balance sheet date December 31, 2022) prepared by the Executive Board and issued an unqualified audit opinion thereon. Signing auditors are Beate Schäfer and Matthias Koeplin as auditor responsible for the audit since the fiscal year 2022. The external rotation period for auditors defined as a maximum of ten years in compliance with the European Auditing Regulation (EU Regulation 537/2014) started in 2015, the year in which Siltronic AG was listed on the stock exchange.

The annual financial statements of Siltronic AG and the combined management report for the Siltronic Group were prepared in accordance with German statutory accounting requirements. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and in accordance with the additional requirements of German law pursuant to Section 315e (1) of the German Commercial Code (HGB).

The Executive Board's proposal for the use of unappropriated profit, the various financial statements, the combined management report and the auditor's reports were made available to all members of the Supervisory Board in a timely manner and were first discussed and examined in detail as a draft version in the Audit Committee meeting on February 27, 2023. The final version was subsequently discussed and examined in great detail at the Supervisory Board's meeting to approve the financial statements on March 7, 2023. The auditor was present in both meetings. The Audit Committee dealt in particular with the Key Audit Matters described in the audit opinion, including the audit procedures performed. The auditor reported on the scope, the priorities and main results of their audit and in particular addressed the Key

Audit Matters and the audit procedures applied. The auditor was available to the Audit Committee and the Supervisory Board plenum for questions and additional information. The auditor also examined the early warning system for risks in accordance with Section 91 of the German Stock Corporation Act (AktG) and found that the early warning system for risks meets the legal requirements. No risks were identified that could jeopardize the going concern status of the Company.

At the Supervisory Board meeting held on March 7, 2023, the Supervisory Board, taking into account the recommendation of the Audit Committee, adopted the resolution proposal to be made to the 2023 Annual General Meeting regarding the selection of the auditor. The decision was based on the Audit Committee's statement that its recommendation is free from undue influence by third parties and that no restrictive clause within the meaning of Article 16 (6) of the EU Statutory Audit Regulation had been imposed on it.

The compensation report was also prepared jointly by the Executive Board and Supervisory Board and approved by both on March 7, 2023.

The Supervisory Board concurs with the results of the audit. Based on the final results of the review by the Audit Committee and our own examination, there are no objections to the annual financial statements of Siltronic AG, the consolidated financial statements, the combined management report and the auditor's reports. We therefore approve the annual financial statements of Siltronic AG and the consolidated financial statements for the year ending December 31, 2022, as prepared by the Executive Board. The annual financial statements of Siltronic AG are thus adopted. The Executive Board proposes to use the unappropriated profit to pay a dividend of EUR 3.00 per dividend-bearing no-par value share and to carry forward the remainder. The Supervisory Board concurs with this proposal.

## Separate non-financial report

At its meeting on October 24, 2022, the Audit Committee also commissioned the auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, Munich, to audit limited collateral requirements for the combined non-financial (Group) report. KPMG AG Wirtschaftsprüfungsgesellschaft issued an unqualified audit opinion. The combined non-financial (Group) report and the audit opinion of KPMG AG Wirtschaftsprüfungsgesellschaft were submitted to the members of the Supervisory Board in a timely manner. The Audit Committee at its meeting on February 27, 2023 and the Supervisory Board at its meeting on March 7, 2023 discussed, reviewed and approved the combined non-financial (Group) report in detail. There were no indications for any objections to the combined non-financial (Group) report or the assessment of the audit results by KPMG AG Wirtschaftsprüfungsgesellschaft.

## Changes to the Executive Board and Supervisory Board

There were no changes to the composition of the Supervisory Board or the Executive Board in the reporting year.

By resolution of the Supervisory Board on December 19, 2022, Dr. Michael Heckmeier was appointed member of the Executive Board and Chairman of the Executive Board of Siltronic AG with effect from July 1, 2023 at the latest. In agreement with the Supervisory Board, Dr. von Plotho will resign from his position as Chairman of the Executive Board and retire no later than the end of June 30, 2023.

The Supervisory Board would like to thank all employees of Siltronic AG and all Group companies for their active commitment.

Munich, March 7, 2023  
The Supervisory Board



Dr. Tobias Ohler  
Chairman of the Supervisory Board of Siltronic AG

# Siltronic on the stock exchange

## Stock markets in 2022 overshadowed by geopolitical factors and inflation

2022 was a difficult year for the stock markets. The main cause for the negative development was the tight monetary policy of central banks around the world. At the beginning of the year, the inflation rate was well above the usual target of 2 percent. The war in Ukraine further aggravated the situation. The year was marked by geopolitical crises and a turnaround in monetary policy. Thus, one of the worst stock market years in a long time came to an end. The cost of oil and gas seemed to explode, resulting in a chain reaction of price increases and inflation peaking at 9.1 percent in the USA in June. The key interest rate in the USA was raised by 75 basis points, no less than four times and again by 50 basis points at the end of the year. In Europe, on the other hand, interest rates were raised only very cautiously. In Germany, inflation lost momentum at the end of 2022 but still reached a record high for the year. Increased prices for energy and food drove the inflation rate to an average of 7.9 percent. Driven by these conditions, the DAX lost almost 12 percent over the course of the year.

## Siltronic's share price falls after failed takeover and poor market environment

Siltronic's share price performance at the beginning of the year was dominated by speculation on whether authorities would approve the takeover of GlobalWafers. The share opened the year at EUR 139.75. On February 1, Siltronic AG announced that the

tender offer had not been completed and the offer period had expired. As a result of the failed takeover, the share price fell and reached its low of EUR 56.10 on September 29. At the end of the year, the Siltronic share closed at EUR 68.15, corresponding to a yearly loss of 50.09 percent. The MDAX also posted an annual loss of 28.49 percent. The TecDAX performed slightly better with a loss of 25.48 percent. The international benchmark Philadelphia Semiconductor Index even lost nearly 35 percent. These declines in stock prices can be explained by the aforementioned market conditions.

The average daily trading volume of Siltronic shares in Xetra in 2022 was 91,622 shares (excluding turnover in tendered shares). The market capitalization was approximately EUR 2.0 billion on December 30, 2022, based on the Xetra closing price.

At the end of 2022, the Siltronic share was ranked 90th in the MDAX and 21st in the TecDAX. In the selection process, the index operator only takes market capitalization into account; trading volume no longer plays a role.

## Dividend proposal of EUR 3.00

The proposed dividend for 2022 is EUR 3.00 per share resulting in a total payout of EUR 90 million. In 2022, Siltronic changed its dividend policy to distribute 40 percent of the consolidated net income, but with a new cap of EUR 3.00 per share. The dividend cap provides additional liquidity for investments.

## Performance of Siltronic shares vs. indices 2022

in %



### Performance of Siltronic shares vs. competitors 2022

in %



### Shareholder structure

As of December 31, 2022, Wacker Chemie AG was the largest shareholder of Siltronic AG with 30.83 percent of voting rights. GlobalWafers' parent company, Sino-American Silicon Products, acquired 13.67 percent as part of the takeover bid. According to the voting rights notifications available to us, the largest institutional investor as of December 31, 2022, with a share of voting rights exceeding 3 percent was DWS Investment GmbH with a stake of 5.27 percent.

At the end of 2022, 56 percent of the shares were located in Germany, 14 percent in Asia, 9 percent in continental Europe, 3 percent in the United Kingdom and 18 percent in the United States. As of December 31, 2022, the Executive board and Supervisory board held less than 1 percent of the shares.

### Investor relations activities

Our investor relations activities aim to provide comprehensive information and to contribute to an appropriate valuation of the shares. We communicate openly with our investors and analysts to create transparency. Compared to the prior year, participation at conferences or roadshows was possible in person again. In 2022, we participated in 16 capital market conferences and roadshows organized by banks, focusing on investors and analysts in Germany, Europe, the USA and Asia. In total, over 260 meetings with investors and analysts were held, with several investors or analysts taking part in so-called group meetings. Our capital market communications focused on the business performance in 2022, demand trends, the failed tender offer by GlobalWafers and our investment in a state-of-the-art new fab in Singapore, as well as our sustainability performance.

## Analyst coverage

At the end of 2022, the Siltronic share was covered by nine financial analysts, as in the prior year. As of December 31, 2022, three analysts recommended buying the share, four analysts recommended holding the share and two analysts recommended selling the share. The analyst's average target price was EUR 84 in December 2022.

Current data and information are published on the Siltronic website [www.siltronic.com](http://www.siltronic.com) under Investor Relations.

## Key share data

First trading day	June 11, 2015
Stock exchange	Frankfurt
Market segment	Regulated Market
Transparency standard	Prime Standard
Index	MDAX, TecDAX
ISIN	DE000WAF3001
Ticker symbol	WAF300
Free float in % as of December 30, 2022 <sup>2)</sup>	55.5
Number of shares	30,000,000
High of 2022 <sup>1)</sup>	EUR 145.65
Low of 2022 <sup>1)</sup>	EUR 51.16
2022 closing price <sup>1)</sup>	EUR 68.15
Market capitalization as of December 30, 2022	EUR 2.0 billion

<sup>1)</sup> Xetra closing price

<sup>2)</sup> According to DAX index rules

# Combined management report

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# Business and economic conditions

## Group structure and business activities

### One of the leading international suppliers of hyperpure silicon wafers

Siltronic is one of the leading manufacturers of hyperpure silicon wafers for the semiconductor industry. There are production facilities at four locations in Asia, Germany and the USA, where we manufacture silicon wafers with diameters of up to 300 mm. Our customers include the top consumers of silicon wafers in the semiconductor industry, and we generally maintain business relationships with them over several years.

Siltronic stands for leading technology, expertise, customer-specific solutions, and global product availability, as well as assured quality and delivery reliability. The global presence enables us to maintain close relationships with customers in all regions and to respond quickly to their requests. This combination is the basis for our high level of customer satisfaction and it is the foundation for the sustained success of our business. Our aim is to supply high-quality wafers with specifications that fulfill our customers' requirements. This requires continuous improvement of product quality and a high level of innovation.

Silicon wafers are the basis for modern microelectronics and nano-electronics and are therefore a key component of many electronic applications, such as computers, smartphones, industrial equipment, or cars.

Our mission is to remain one of the leading suppliers for the most advanced applications in the semiconductor industry.

## Legal structure of the Group

Siltronic has had the legal form of a stock corporation (Aktien-gesellschaft) subject to German law since 1996, although at that time it was called Wacker Siltronic Gesellschaft für Halbleiter-materialien AG. In 2004, the Company was renamed Siltronic AG. Its head office is based in Munich, Germany. At the end of 2022, the Company held direct or indirect equity investments in seven companies and one special fund.

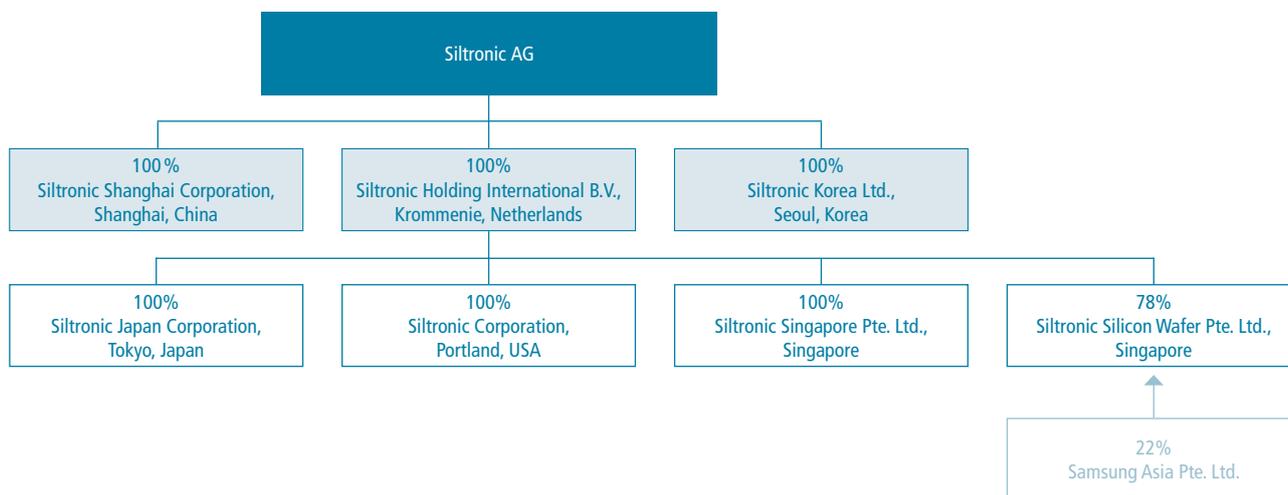
## Management and control

As required by the German Stock Corporation Act (AktG), Siltronic AG has a two-tier governance structure consisting of the Executive Board and Supervisory Board. The Executive Board has two members; its composition did not change in 2022. The Supervisory Board consists of twelve members. Information on the Executive Board and the Supervisory Board and how their responsibilities are allocated can be found in the [Declaration on corporate governance](#) on [p. 65](#).

## Allocation of responsibilities on the Executive Board and further offices held

Dr. Christoph von Plotho (CEO)	Rainer Irle (CFO)
<ul style="list-style-type: none"> <li>• Application Technology</li> <li>• Investor Relations &amp; Communications</li> <li>• Corporate Development</li> <li>• Supply Chain &amp; Operations</li> <li>• Quality Management &amp; EHS</li> <li>• Legal &amp; Compliance</li> <li>• Site Management Burghausen &amp; Freiberg</li> <li>• Engineering &amp; Technology</li> <li>• Marketing &amp; Sales</li> <li>• Siltronic Singapore</li> </ul> <p>Member of the board of directors of the following affiliated companies:</p> <ul style="list-style-type: none"> <li>• Siltronic Silicon Wafer Pte. Ltd., Singapore (Chairman)</li> <li>• Siltronic Singapore Pte. Ltd., Singapore (Chairman)</li> <li>• Siltronic Corporation, USA (Chairman)</li> <li>• Siltronic Japan Corporation, Japan (Chairman)</li> </ul>	<ul style="list-style-type: none"> <li>• Accounting &amp; Tax</li> <li>• Controlling</li> <li>• Corporate Responsibility</li> <li>• Strategic Procurement</li> <li>• Information Technology</li> <li>• Human Resources</li> <li>• Corporate Auditing &amp; Risk Management</li> <li>• Siltronic USA</li> </ul> <p>Member of the board of directors of the following affiliated companies:</p> <ul style="list-style-type: none"> <li>• Siltronic Corporation, USA</li> <li>• Siltronic Japan Corporation, Japan</li> </ul>

## Structure of the Siltronic Group



### Active strategic management holding company, decentralized structure, and proximity to customers

The parent company of the Siltronic Group, Siltronic AG, acts as the Group's holding company under company law and as its operational holding company. As the parent company, Siltronic AG is in charge of the corporate strategy and strategic management as well as communications with the Company's important stakeholders, particularly the capital markets and shareholders. The operational subsidiaries are managed by local management. The Siltronic AG Executive Board is represented on the executive boards of the subsidiaries, except for Korea and China, which are sales entities only. An extended team of senior group managers at Siltronic AG have their performance measured in accordance with agreed targets. Specific targets are defined at groupwide, regional, and operational level and are reviewed on an ongoing basis.

### Remuneration of the Executive Board and Supervisory Board

The Executive Board's remuneration consists of fixed and variable elements. The main features of the remuneration system for the Executive Board and Supervisory Board are described in the [compensation report](#) on [p. 181](#).

### Declaration on corporate governance

The [declaration on corporate governance](#), which is required by Section 289f and Section 315d of the German Commercial Code (HGB), is issued on [p. 65](#). It includes information on the work of the Executive Board and Supervisory Board, the declaration of conformity pursuant to Section 161 of the German Stock Corporation Act (AktG), details on significant corporate management practices and further details on corporate governance.

The declaration of conformity has been made permanently accessible to the public on the website <https://www.siltronic.com/en/investors/corporate-governance.html>.

## Important products, business processes, and markets

### We create added value with our experience, technological competence and innovative strength

Silicon is the basis for nearly all semiconductor components and thus the foundation for the entire global electronics industry.

The performance of semiconductor components is constantly increasing, and more and more functions are being integrated. Today, the smallest structures, so-called 'nodes' or 'design rules' are just a few nanometers in size. The rapid technological development is reflected in the requirements for our silicon wafers. Their material properties are optimized and continuously improved for each of the highly complex applications. Volume production of wafers with diameters of up to 300 mm is then carried out according to specifications that define many different parameters and production processes.

Siltronic produces among others polished wafers for memory chips, epitaxial wafers for highly integrated microprocessors, low-resistance wafers for power applications and a variety of other wafer types for applications in automotive electronics, telecommunications, high-voltage applications or network technology.

We act as a strategic development partner for our industrial customers and we supply solutions tailored specifically to their requirements. In doing so, we draw on our technical expertise and deep understanding of what our customers need. With our four production facilities and nine sales offices in Europe, the USA, and Asia we are close to our customers worldwide. In 2022, our five largest customers were (in alphabetical order) Infineon Technologies, Intel, Micron Technology, Samsung Electronics and Taiwan Semiconductor Manufacturing Company (TSMC). Our local sales approach and our global production network enable us to offer high-quality customer service with optimal utilization of our resources.

By working closely with our customers, we help them to continuously improve and update their products and solutions. At the same time, this gives us important feedback on our products, which we use to steer technology development.

We manufacture specified polished and epitaxial wafers in accordance with the latest design rules and for all volume applications.

### Competitive situation

There is a great deal of global competitive pressure in the market for silicon wafers for the semiconductor industry which is characterized by a high concentration of wafer suppliers. Our main competitors are the two Japanese manufacturers Shin-Etsu and SUMCO Corporation, as well as GlobalWafers (Taiwan) and SK Siltron (Korea). In terms of sales, Siltronic had a market share of around 14 percent in 2022.

Together, the five largest manufacturers meet roughly 85 percent of global demand. Customers are working closely with manufacturers on the development of new wafers. We expect to be able to benefit even more from this trend in the future due to our excellent access to customers.

### Economic and legal influences

We sell our wafers to customers in the semiconductor industry worldwide. This means we are subject to the cyclical fluctuations that are typical for this industry. However, this volatility may vary significantly in terms of when it occurs and to what extent. We take account of expected developments in our business planning at an early stage using selected leading indicators,

such as commodity prices, customers' ordering behavior, our capacity utilization, and production and unit sales forecasts for the semiconductor industry.

Exchange rate volatility caused by trade relationships between currency areas has an operational impact on our sales and earnings because we generate nearly 80 percent of our sales in US dollars but we incur the bulk of our costs in euros. We are trying to reduce the effect of changes in foreign exchange rates by increasing the production in Singapore, with its currency linked closer to the US dollar.

Siltronic's costs are affected by wage and salary increases and by changes in the cost of materials and energy costs. Our main raw material is polysilicon, which we obtain to a large extent from Wacker Chemie AG on the basis of long-term supply agreements. We use a variety of supplies in our manufacturing processes, e.g. slurries and sawing wire. As far as possible, we try to procure our materials from multiple suppliers.

We increase our profitability by taking steps within the Company, such as optimizing processes in all functional units. We use ongoing cost-reduction programs, in order to proactively identify and unlock potential for improvement. As part of these programs, we systematically record projects to increase efficiency.

As we operate worldwide, various legal and tax regulations come into play that we have to take into account in our business operations. These include product liability laws and employment requirements, as well as foreign trade and patent law.

Increasing trade barriers and sanctions as well as other protectionist and politically motivated obstacles, particularly with regard to the intensification of the economic disputes between China and the USA, may have an impact on our sales markets. We continuously monitor geopolitical developments and have developed plans and measures to minimize the impact on our business processes.

We also keep a particularly close eye on the logistics chains and our suppliers.

Risks for our business arising from the economic and legal situation are presented in the [risk report](#) on [p. 49](#).

## Corporate strategy and corporate management

Our short- and long-term strategic objective is to expand our business activities in order to strengthen our position as one of the leading manufacturers of semiconductor wafers. To achieve this objective, we will continue to invest strongly in technology and quality. Furthermore, we continue our programs for operational excellence and cost reductions, and we increase our capacities according to market growth. We also focus on a high level of profitability and stable cash flow. If needed, we adjust our strategy and our operating activities to the respective market conditions. It was not necessary to change Siltronic's strategic focus significantly compared to the prior year.

### **Megatrends creating a sustained increase in the use of our high-quality hyperpure silicon wafers**

Customer requirements in the semiconductor industry are changing all the time, driven primarily by global megatrends such as electromobility, connectivity, miniaturization, and cost efficiency. The Internet of Things (IoT), for example, leads to more and more "smart" devices coming to the market. Everyday objects are fitted with processors, sensors and networking capabilities, with a wide range of applications from app-controlled wearables to smart factories. The steady improvements in functionality and energy efficiency are based on semiconductor manufacturers' continuous improvements to the components used in these applications, for example in smartphones, driver assistance systems in motor vehicles, and industrial automation. These developments typically go along with increasing performance requirements to the raw materials used. For example, smaller design rules for components are only possible if the silicon wafers used have the necessary uniformity.

We therefore expect that demand for highly developed wafers will continue to rise. We want to take advantage of these growth opportunities by focusing on innovative solutions that add value, thereby proactively helping to meet our customers' new requirements.

### **Synergies through standardized production processes**

We have many years of experience in manufacturing 300 mm wafers and we have built state-of-the-art production facilities for the volume production of these wafers at our German sites in Freiberg (Saxony) and Burghausen (Bavaria) as well as in Singapore. Standardized processes and largely identical machinery ensure knowledge transfer between our production sites. This enables us to improve processes quickly and easily, and to simplify the qualification process at our customers.

### **Our success factors: global presence and innovative strength**

We want to offer solutions with enhanced product capabilities and quality that can be used in our customers' current and future applications.

The products required in our target markets are highly sophisticated. Examples of applications for silicon wafers are computers, tablets, smartphones, solid-state drives, assistance and control systems in the automotive industry, or wearables. We provide our customers worldwide with specified, high-quality products. Apart from the Czochralski process we use the float zone technology to grow ingots for the production of wafers with diameters of up to 200 mm (see the chapter on [production](#) on [p. 45](#)). We continuously improve our innovative strength and give high priority to research and development (R&D).

### **Ongoing optimization of our production processes and cost structures**

Our strategic objectives are to improve profitability and to strengthen cash flow. We support and steer our efforts to achieve these objectives in a variety of ways. These include cost discipline and continuous improvement of processes in all functions and regions.

### **Securing sustainable profitable growth**

We invest in new equipment to meet the highest requirements of our customers and to participate in market growth.

### **Constant monitoring of selected financial and non-financial key performance indicators**

The Executive Board essentially bases its management of Siltronic on financial performance indicators.

The most important financial performance indicators in 2022 were EBIT, EBITDA margin and net cash flow.

High profitability is one of the key targets and metrics for the Executive Board. EBIT and EBITDA are used as key performance indicators. EBIT is defined as earnings before interest and taxes, EBITDA as EBIT excluding depreciation, amortization, impairment losses and impairment reversals. We use the EBITDA margin to compare ourselves with competitors. From this comparison, historical development and planning, we calculate a target EBITDA margin.

Another key performance indicator is net cash flow. Net cash flow is defined as free cash flow (cash flow from operating activities less cash outflows/inflows for investments in property, plant and equipment and intangible assets) excluding increases or decreases

due to advance payments from customers or suppliers. The exclusion of timing differences due to advance payments helps to assess the extent to which a company can finance its investments in property, plant and equipment and intangible assets through its operating business. By focusing on this figure, we ensure that Siltronic's financial solidity is maintained in the future.

Our goal is to achieve positive net cash flow. In addition to profitability, the main influencing factors are effective management of net working capital and the level of capital expenditure. Net working capital is the sum of inventories and trade receivables less trade payables.

All financial performance indicators are planned throughout the Group and monitored on an ongoing basis. We measure deviations between planned and achieved targets monthly at Group level and in all local companies. Key performance indicators are analyzed monthly and quarterly. We also regularly review detailed business planning and forecast specific business developments based on available monthly and quarterly results.

The above-mentioned key performance indicators are supplemented by further financial performance indicators. These include sales, capital expenditures and net financial assets.

Non-financial performance indicators mainly relate to the efficient use of silicon and energy, recycling of waste, water withdrawal, the number of occupational accidents and accidents involving chemicals. There are also key performance indicators on product quality and innovation. We do not consistently use any of these indicators to manage the business. For further information, please refer to the [non-financial report](#) (see [p. 135](#)).<sup>1</sup>

<sup>1</sup> The non-financial KPIs of the non-financial report have been audited in accordance with International Accounting Standard on Assurance Engagements (ISAE) 3000 (Revised).

# Business report

## Macroeconomic situation and industry trends

According to analyses by the International Monetary Fund (IMF), the global economy slowed down broadly and more than expected in 2022 and inflation is at its highest level in several decades. Increased cost of living and energy, the tightening financial conditions in most regions, the Russian invasion of Ukraine and the consequences of the Corona pandemic weighed heavily on growth. According to the latest forecast on January 30, 2023, global growth slowed, and reduced from 6.2 percent in 2021 to 3.4 percent in 2022. Global inflation has increased from 4.7 percent in 2021 to 8.8 percent in 2022. Overall, economic risks have increased throughout 2022. Sharp rises in consumer and producer prices and resulting significantly higher inflation rates are forcing central banks in industrialized countries to tighten their monetary policy and raise interest rates faster and more significantly than originally planned – measures that also have a dampening effect on the economy.

The economy in the eurozone increased by 3.5 percent in 2022, following a 5.3 percent increase the prior year. The German economy grew by 1.9 percent in 2022, after a 2.6 percent increase in 2021. Ongoing uncertainty about energy supply has led to a slowdown in real economic activity in Europe and Germany in particular.

According to the IMF, growth of the US economy also declined significantly to 2.0 percent in 2022 (2021: 5.9 percent).

The Japanese economy grew by 1.4 percent in 2022, down from 2.1 percent the year before.

China's gross domestic product growth in 2022 was 3.0 percent, lower than the 8.4 percent recorded in 2021 and well below the Chinese government's official target of 5.5 percent. This is due to the government's strict zero-COVID policy, as well as the decline in the Chinese real estate sector.

With a growth rate of 3.9 percent in 2022 (2021: 14.2 percent), the market for silicon wafers for the semiconductor industry – measured in terms of wafer area sold worldwide – was able to slightly outperform the growth of the overall economic development in 2022.

## Significant events

### War in Ukraine and its consequences

In the first quarter of 2022, the war in Ukraine began to weigh on the general economic environment. Energy prices, which had already risen in the second half of 2021, skyrocketed in the first half of the 2022. The shortage of gas supplies from Russia to the European Union caused European natural gas prices to increase more than tenfold at times compared to 2021. Both hit Germany and the industrial sector disproportionately hard. The impact on Siltronic AG's business performance is explained in detail in the chapter financial position and financial performance.

### Projects to expand production capacities

On July 27, 2021 we decided to build a second 300 mm fab at the Siltronic site in Singapore to meet market demand and expansion projects of key customers. Based on current planning Siltronic expects capex for this project to be around EUR 2 billion until the end of 2024. The construction work is progressing with great strides and is on schedule. The first wafers are expected to be delivered to our customers at the beginning of 2024.

Furthermore, we decided to expand the crystal pulling hall at the Siltronic site in Freiberg, Germany, to increase the pulling and epitaxy capacities. The groundbreaking ceremony for the extension, which will be equipped with crystal pulling equipment for 300 mm monocrystals, took place on August 6, 2021. The extension is progressing with great strides.

Financing is largely provided by existing liquidity, operating cash flows and prepayments from key customers. In addition, three loans were draw down, consisting of a promissory note loan, a loan from the European Investment Bank and another loan.

The investments resolved will also further strengthen the Research & Development site in Burghausen, which will provide technological support for the planned expansions.

The effects of the investments on the financial performance and financial position, the opportunities and risks, and the outlook are described separately in the relevant sections.

## Tender offer of GlobalWafers

On December 9, 2020, Siltronic and GlobalWafers from Taiwan concluded a Business Combination Agreement (BCA), based on which GlobalWafers submitted a voluntary public tender offer to Siltronic shareholders, which was accepted by 56,60 percent of the shareholders. By January 31, 2022, the required certificate of non-objection had not been issued by the German Federal Ministry of Economic Affairs and Climate Action (BMWK). Thus, the deadline for the fulfillment of the foreign trade conditions expired. Therefore, the tender offer was not closed, but had expired. Siltronic has terminated the merger agreement. As a result of the failed takeover, Siltronic received a termination fee in the first quarter of 2022. The impact on the earnings position of Siltronic AG is explained separately in the corresponding chapter.

## Comparison of actual and forecast business performance

Business performance in 2022 exceeded the expectations stated in the forecast of the 2021 Annual Report dated March 8, 2022. This was mainly due to a favorable exchange rate development of the US dollar.

In the first half of 2022, the euro exchange rate weakened significantly against the US dollar. This resulted in a positive impact on Siltronic's sales, leading to an increase in the forecast in July 2022 to sales growth of plus 21 percent to 27 percent for the financial year.

Due to the even stronger exchange rate of the US dollar against the euro, Siltronic had again raised its full-year sales forecast for 2022 on October 28, 2022 and specified the forecast for the EBITDA margin. Sales were predicted to increase by 26 percent to 30 percent and the EBITDA margin by 36 percent to 38 percent.

With sales of EUR 1,805.3 million, the year-on-year increase of 28.5 percent was within the adjusted forecast. The EBITDA margin in 2022 was 37.2 percent, also within the adjusted range. In line with the forecast, EBIT of EUR 495.6 million was significantly above the prior year.

At EUR -395.4 million net cash flow was significantly below prior year's level due to the burden of the extensive investments and thus in line with expectations.

Capital expenditure including intangible assets (Capex) were slightly below forecast with EUR 1,073.6 million in 2022. The investments are primarily attributable to the new 300 mm fab in Singapore and the expansion of the crystal pulling hall in Freiberg.

Depreciation (without reversals thereof) was slightly lower than forecasted.

At the end of the reporting year, demand for wafers with diameters of 200 mm and 300 mm remained strong. Demand for wafers with diameters of 150 mm and smaller had weakened slightly.

### Comparison of actual and forecast business performance

	2021 actual	Forecast Annual as of March 9, 2022 (Annual Report)	Forecast as of July 29, 2022 (Q2 2022)	Forecast as of October 28, 2022 (Q3 2022)	2022 actual
Sales in EUR million	1,405.4	increase of 15 to 22 percent	increase of 21 to 27 percent	increase of 26 to 30 percent	1,805.3 28.5 percent
EBITDA margin in %	33.2	34 to 37 percent	34 to 37 percent	increase of 36 to 38 percent	37.2
Net cash flow in EUR million	1.7	significantly negative	significantly negative	significantly negative	-395.4
EBIT in EUR million	316.9	significant increase	significant increase	significant increase	495.6
Depreciation (without reversals thereof) in EUR million	156.8	around EUR 185 million	around EUR 185 million	around EUR 185 million	181.7
Tax rate in %	9	10 to 15 percent	10 to 15 percent	10 to 15 percent	11
Capex in EUR million	425.6	around EUR 1,100 million (2/3 for new fab in Singapore)	around EUR 1,100 million (2/3 for new fab in Singapore)	around EUR 1,100 million (2/3 for new fab in Singapore)	1,073.6
Earnings per share in EUR	8.44	significant increase	significant increase	significant increase	13.02

## Overall statement by the Executive Board on business performance and the economic position

The financial year 2022 was extremely positive for Siltronic. Due to the high global demand for silicon wafers, we had high-capacity utilization throughout the year and were able to achieve price increases with our customers. The favorable development of the US dollar exchange rate provided us with additional tailwinds in the reporting year. This led to the best sales in the company's history and an excellent result.

At EUR 1,805.3 million, Siltronic AG's sales in 2022 were 28.5 percent above 2021 (EUR 1,405.4 million). At around EUR –395.4 million, net cash flow in 2022 was significantly negative, as expected, due to the high level of investment activity (2021: EUR 1.7 million). Net financial assets decreased to EUR 373.6 million (2021: EUR 572.9 million) despite the investments in capacity expansion projects and the dividend payment of EUR 90 million. This was due to a strong core business flanked by the increase in prepayments received from customers and suppliers amounting to EUR 277.4 million (2021: EUR 106.9 million).

In the past financial year, Siltronic invested EUR 1,073.6 million. (2021: EUR 425.6 million) With the construction of the new 300 mm fab in Singapore and the expansion of the crystal pulling hall in Freiberg, we are securing our position as one of the technology leaders in the market and specifically expanding it further.

Siltronic's economic situation remains solid. This assessment is based on the results of the consolidated financial statements and the separate financial statements 2022 and considers the course of business up to the time of preparation of the combined management report for 2022.

However, 2023 is not expected to reach the record levels of 2022. We are currently seeing high inventory levels in the supply chains downstream of us – particularly in the storage sector – which are leading to inventory corrections at our customers. We therefore expect temporary market weakness in the coming quarters. In the medium and long term, we remain convinced that the semiconductor industry will continue to be a growth driver and expect an increase in demand.

# Financial position and financial performance

## Financial performance and financial position

Price increases and exchange rate drive sales to record level of EUR 1.8 billion.

		2022	2021	Change	Q4 2022 <sup>1</sup>	Q3 2022 <sup>1</sup>	Q4 2021 <sup>1</sup>	Change	
								Q4 to Q3	Q4 to Q4
<b>Sales</b>	<b>in EUR million</b>	<b>1,805.3</b>	<b>1,405.4</b>	<b>399.9</b>	<b>472.1</b>	<b>474.0</b>	<b>376.6</b>	<b>-1.9</b>	<b>95.5</b>
	in %			28.5				-0.4	25.4

<sup>1</sup> Quarterly figures are unaudited

In the financial year 2022, consolidated sales increased from EUR 1,405.4 million in the prior year to EUR 1,805.3 million. This represents a significant increase of 28.5 percent or EUR 399.9 million. The increase was mainly due to price increases in invoice currency and a weaker euro against the US dollar. The sales trend was supported by an increase in production, which was already running at high capacity in the prior year.

The largest share of sales growth was attributable to price increases in invoice currency, which were a consequence of the high demand for wafer area.

As Siltronic generates most of its sales in US dollars, the development of the US dollar against the euro is significant. In 2022, the euro traded at an average of 1.05 against the US dollar, compared with 1.18 in the prior year. This means that the euro declined by 11 percent.

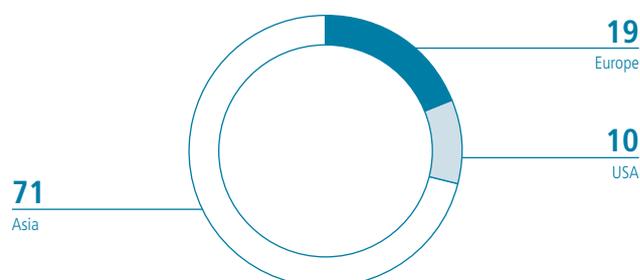
Production capacities were not significantly expanded in 2022.

Sales in Q4 2022 decreased slightly by EUR 1.9 million compared to Q3 2022, due to the exchange rate development of the US dollar. In Q4 2022, the euro showed a slightly stronger average exchange rate against the US dollar of 1.02 compared to Q3 2022 (average rate Q3 2022: 1.01; Q2 2022: 1.07; Q1 2022: 1.12.).

The regional breakdown of sales shows that Asia, the largest region, accounted for 71 percent of sales (prior year: 72 percent), followed by Europe with 19 percent (prior year: 18 percent) and the USA with 10 percent (prior year: 10 percent).

### Sales by region

in %



### Gross profit increases by 40 percent to EUR 615 million

		2022	2021	Change	Q4 2022 <sup>1</sup>	Q3 2022 <sup>1</sup>	Q4 2021 <sup>1</sup>	Change	
								Q4 to Q3	Q4 to Q4
Cost of sales	in EUR million	1,189.9	964.2	225.7	301.5	309.8	248.2	-8.3	53.3
	in %			23.4				-2.7	21.5
<b>Gross profit</b>	<b>in EUR million</b>	<b>615.4</b>	<b>441.2</b>	<b>174.2</b>	<b>170.5</b>	<b>164.2</b>	<b>128.4</b>	<b>6.3</b>	<b>42.1</b>
	in %			39.5				3.8	32.8
Gross margin	in %	34.1	31.4		36.1	34.6	34.1		

<sup>1</sup> Quarterly figures are unaudited

Cost of sales increased by EUR 225.7 million or 23.4 percent compared to the prior year and reached EUR 1,189.9 million, although the wafer area sold increased only marginally.

The higher cost of sales was driven by price increases for energy, raw materials and supplies, exchange rate effects, personnel cost and higher depreciation. The exchange rate effects mainly relate to the weakening of the euro against the Singapore dollar and the US dollar. The cost of sales per wafer area were correspondingly higher.

The increased wafer area with hardly any increase in production capacities had a positive impact on the gross margin.

As the cost of sales increased less than sales (sales increased by EUR 399.9 million or 28.5 percent), the gross profit increased by 39.5 percent to EUR 615.4 million and the gross margin from 31.4 percent to 34.1 percent.

The gross profit for Q4 2022 increased by EUR 6.3 million compared to Q3. This is mainly due to lower cost of sales in Q4 2022.

### Selling, R&D and administration expenses only 9 percent of sales

		2022	2021	Change	Q4 2022 <sup>1</sup>	Q3 2022 <sup>1</sup>	Q4 2021 <sup>1</sup>	Change	
								Q4 to Q3	Q4 to Q4
In EUR million									
Selling expenses		34.3	34.9	-0.6	9.2	8.9	8.9	0.3	0.3
R&D expenses		89.5	80.4	9.1	23.0	22.2	21.2	0.8	1.8
Administration expenses		33.8	32.5	1.3	8.0	8.4	4.7	-0.4	3.3
<b>Total</b>		<b>157.6</b>	<b>147.8</b>	<b>9.8</b>	<b>40.2</b>	<b>39.5</b>	<b>34.8</b>	<b>0.7</b>	<b>5.4</b>
In % of sales		8.7	10.5		8.5	8.3	9.2		

<sup>1</sup> Quarterly figures are unaudited

The expenses for selling, research and development (R&D) and administration were EUR 157.6 million in 2022. This represents 8.7 percent of sales.

The increase in R&D expenses is due to generally higher R&D activities.

The low administration expenses in Q4 2021 are attributable to cost relief. The background to this is the tender offer from GlobalWafers. Until Q4 2021, we assumed that the takeover would take place. When preparing the 2021 annual financial statements, it was assumed on the basis of new information that the tender offer would not be successful. This had a relieving effect on administration expenses in the fourth quarter 2021.

### EUR 50 million termination fee dominates other operating income/expense, net

In EUR million	2022	2021	Change	Q4 2022 <sup>1</sup>	Q3 2022 <sup>1</sup>	Q4 2021 <sup>1</sup>	Change	
							Q4 to Q3	Q4 to Q4
Balance of exchange rate effects	-21.0	9.5	-30.5	-15.0	-	-0.4	-15.0	-14.6
Sundry other operating income and expenses	58.9	13.9	45.0	9.5	-0.4	15.9	9.9	-6.4
<i>thereof income from tender offer from GlobalWafers</i>	50.0	9.9	40.1	-	-	9.9	-	-9.9
<i>thereof reversal of impairment of production building</i>	5.7	7.3	-1.6	5.7	-	7.3	5.7	-1.6
<b>Balance of other operating income and expenses</b>	<b>37.9</b>	<b>23.4</b>	<b>14.5</b>	<b>-5.5</b>	<b>-0.4</b>	<b>15.5</b>	<b>-5.1</b>	<b>-21.0</b>

<sup>1</sup> Quarterly figures are unaudited

To mitigate risks arising from exchange rate developments, we implement measures to hedge currencies.

Exchange rate effects from hedging activities are included on other operating income and other operating expenses. Such income and expense counteract the impact of exchange rate effects on sales and gross margin.

In 2022, the development of the euro against the US dollar had a positive effect on Siltronic's sales and gross margin, while the development of the euro against the Japanese yen had a negative effect. In the prior year, the stronger euro had a negative impact on sales and gross margin.

In the reporting period, there was a net expense from exchange rate effects of EUR 21 million. In 2021, there was income of EUR 9.5 million.

As a result of the failed tender offer by GlobalWafers, Siltronic received a termination fee of EUR 50.0 million in 2022. In the prior year, a other operating income of EUR 9.9 million arose in connection with the tender offer, which was incurred in Q4 2022 (non-cash income).

Another special effect included in other operating income results from the reversal of an impairment of production buildings. Background for the impairment were vacant area in one of our production buildings which are now used or will be used based on investment plans as a result of expanding the production. In the reporting period, EUR 5.7 million have been reversed compared to EUR 7.3 million in the prior year. No write-up potential remains as of December 31, 2022.

### EBITDA and EBITDA margin grow despite cost increases (even disregarding termination fee)

		2022	2021	Change	Q4 2022 <sup>1</sup>	Q3 2022 <sup>1</sup>	Q4 2021 <sup>1</sup>	Change	
								Q4 to Q3	Q4 to Q4
<b>EBITDA</b>	<b>in EUR million</b>	<b>671.6</b>	<b>466.4</b>	<b>205.2</b>	<b>168.1</b>	<b>170.5</b>	<b>143.7</b>	<b>-2.4</b>	<b>24.4</b>
	<b>in %</b>			<b>44.0</b>				<b>-1.4</b>	<b>17.0</b>
<b>EBITDA margin</b>	<b>in %</b>	<b>37.2</b>	<b>33.2</b>		<b>35.6</b>	<b>36.0</b>	<b>38.2</b>		
Depreciation, amortization and impairment less reversals thereof	in EUR million	-176.0	-149.5	-26.5	-43.3	-46.2	-34.5	2.9	-8.8
<b>EBIT</b>	<b>in EUR million</b>	<b>495.6</b>	<b>316.9</b>	<b>178.7</b>	<b>124.8</b>	<b>124.3</b>	<b>109.2</b>	<b>0.5</b>	<b>15.6</b>
	<b>in %</b>			<b>56.4</b>				<b>0.4</b>	<b>14.3</b>
<b>EBIT-Marge</b>	<b>in %</b>	<b>27.5</b>	<b>22.5</b>		<b>26.4</b>	<b>26.2</b>	<b>29.0</b>		

<sup>1</sup> Quarterly figures are unaudited

EBITDA 2022 amounted to EUR 671.6 million and was significantly higher than in 2021 with EUR 466.4 million. The EBITDA margin was 37.2 percent. This includes the termination fee because of the failed takeover by GlobalWafers.

Excluding the GlobalWafers effects, EBITDA in 2022 would have totaled EUR 621.6 million, compared with EUR 460.1 million in the prior year. The increase in gross profit is responsible for the improvement of EUR 161.5 million. Disregarding the GlobalWafers effects, the EBITDA margin for 2022 is 34.4 percent compared to 32.7 percent in the prior year.

Depreciation, amortization and impairment less reversals thereof increased by EUR 24.9 million as a result of the investment activities. For information on the reversals of impairment losses, please refer to the comments under other operating income above.

The increase in EBIT by EUR 178.7 million to EUR 495.6 million was driven by higher depreciation and amortization in addition to the factors explained under EBITDA.

### Loans for investments increase interest expense

In EUR million	2022	2021	Change	Q4 2022 <sup>1</sup>	Q3 2022 <sup>1</sup>	Q4 2021 <sup>1</sup>	Change	
							Q4 to Q3	Q4 to Q4
Interest expenses for pension provisions	-5.2	-4.3	-0.9	-1.3	-1.3	-1.1	-	-0.2
Net result of financial investments	4.6	8.1	-3.5	6.4	3.5	2.2	2.9	4.2
Interest from longterm loans	-4.5	-	-4.5	-2.9	-1.6	-	-1.3	-2.9
Other financial result, net	-3.4	-2.2	-1.2	-3.4	-0.4	-1.7	-3.0	-1.7
<b>Financial result</b>	<b>-8.5</b>	<b>1.5</b>	<b>-10.0</b>	<b>-1.2</b>	<b>0.2</b>	<b>-0.6</b>	<b>-1.4</b>	<b>-0.6</b>

<sup>1</sup> Quarterly figures are unaudited

In the prior year, Siltronic could not fully compensate for the expense from interest on pensions with results from cash investments. Cash investments comprise interest-bearing and non-interest-bearing investments, in particular securities and time deposits.

In 2022, Siltronic for the first time drew down loans. The loans will support the financing of investments in a plant in Germany and in Singapore.

### Earnings per share up significantly

		2022	2021	Change	Q4 2022 <sup>1</sup>	Q3 2022 <sup>1</sup>	Q4 2021 <sup>1</sup>	Change	
								Q4 to Q3	Q4 to Q4
Result before income tax	in EUR million	487.1	318.3	168.8	123.6	124.5	108.6	-0.9	15.0
Income taxes	in EUR million	-52.7	-28.7	-24.0	-5.0	-14.6	-14.9	9.6	9.9
Tax rate	in %	11	9		4	12	14		
<b>Result for the period</b>	<b>in EUR million</b>	<b>434.4</b>	<b>289.6</b>	<b>144.8</b>	<b>118.6</b>	<b>109.9</b>	<b>93.7</b>	<b>8.7</b>	<b>24.9</b>
<i>thereof Siltronic shareholders</i>		<i>390.6</i>	<i>253.3</i>		<i>106.8</i>	<i>99.7</i>	<i>83.8</i>		
<i>thereof other shareholders</i>		<i>43.8</i>	<i>36.3</i>		<i>11.8</i>	<i>10.2</i>	<i>9.9</i>		
<b>Earnings per share</b>	<b>in EUR million</b>	<b>13.02</b>	<b>8.44</b>	<b>4.58</b>	<b>3.56</b>	<b>3.32</b>	<b>2.79</b>	<b>0.24</b>	<b>0.77</b>

<sup>1</sup> Quarterly figures are unaudited

In 2022, income taxes amounted to EUR 52.7 million (prior year: EUR 28.7 million). The Group's tax rate in the reporting year was 11 percent (prior year: 9 percent).

Net profit reached EUR 434.4 million in 2022, compared with EUR 289.6 million in 2021. Of this amount, EUR 390.6 million is attributable to Siltronic AG shareholders (prior year: EUR 253.3 million).

In both financial years (2022 and 2021), Siltronic benefited from government programs to promote capex and to create skilled jobs, which are accompanied by tax advantages.

Earnings per share were EUR 13.02 in 2022, compared with EUR 8.44 in the prior year.

## Assets and liabilities

The Group's total assets significantly increased to EUR 4,050.7 million on December 31, 2022 (2021: EUR 2,455.4 million).

### Non-current assets increased significantly due to investments

In EUR million	Dec. 31, 2022	Dec. 31, 2021	Change
Intangible assets	21.7	23.0	-1.3
Property, plant and equipment	2,235.0	1,275.8	959.2
Right-of-use assets	107.5	103.5	4.0
Financial investments	12.7	22.2	-9.5
Other assets	41.1	36.3	4.8
<b>Non-current assets</b>	<b>2,418.0</b>	<b>1,460.8</b>	<b>957.2</b>

Non-current assets amounted to EUR 2,418.0 million at the end of 2022, or around 60 percent of total assets (prior year: 59 percent). Compared with the end of 2021 (EUR 1,460.8 million), they increased by EUR 957.2 million which is attributable to a higher level of property, plant and equipment.

Investments (Capital expenditure including intangible assets) totaled EUR 1,073.6 million (prior year: EUR 425.6 million). These were largely attributable to the construction of the new production plant for 300 mm wafers in Singapore and the expansion of the crystal pulling hall in Freiberg..

Depreciation and amortization less reversal of impairment amounted to EUR 176.0 million in 2022 (prior year: EUR 149.5 million).

As of December 31, 2022, intangible assets include in particular goodwill arising from the step acquisition of Siltronic Silicon Wafer Pte. Ltd. in 2014. Goodwill, which amounts to EUR 20.5 million, is not subject to regular amortization.

Other non-current assets largely comprise prepayments on inventories and deferred taxes. The increase in this item was driven by market values of derivative financial instruments.

### Cash and cash equivalents and fixed-term deposits increase due to inflow from loans

In EUR million	Dec. 31, 2022	Dec. 31, 2021	Change
Inventories	277.6	211.8	65.8
Trade receivables	236.8	182.7	54.1
Other assets	80.1	47.3	32.8
Cash and cash equivalents and fixed-term deposits	1,038.2	552.8	485.4
<b>Current assets</b>	<b>1,632.7</b>	<b>994.6</b>	<b>638.1</b>

Current assets amounted to EUR 1,632.7 million as of December 31, 2022, compared to EUR 994.6 million in the prior year. They accounted for around 40 percent of total assets (prior year: around 41 percent).

The increase in inventories was due to higher safety stock levels for raw materials and supplies, exchange rates and price increases.

As sales towards the end of 2022 were significantly higher than in the same period of 2021, the line items trade receivables and contract assets increased.

Other current assets mainly comprise tax receivables, fair values of derivatives and prepaid expenses. The main reason for the increase is the fair value of derivatives due to currency hedges.

Net working capital amounted to EUR 178.3 million as of 31 December 2022 (prior year: EUR 230.2 million). The amount consists of inventories, trade receivables and contract assets less trade payables. Customer prepayments are not included in net working capital.

The main reason for the EUR 485.4 million increase in cash and cash equivalents is the inflow of loans. In the financial year, Siltronic received EUR 671.7 million from loans. In 2022. The cash flow from operating activities of EUR 804.5 million was opposed by payments for capital expenditure including intangible assets of EUR 922.5 million and for dividends of EUR 90.0 million.

### Loans increased the long-term debt

In EUR million	Dec. 31, 2022	Dec. 31, 2021	Change
<b>Equity</b>	<b>2,067.1</b>	<b>1,318.8</b>	<b>748.3</b>
Pension provision	119.5	404.8	-285.3
Loan liabilities	653.8	-	653.8
Customer prepayments	503.7	254.2	249.5
Lease liabilities	106.7	99.5	7.2
Other liabilities	74.1	70.7	3.4
<b>Non-current liabilities</b>	<b>1,457.8</b>	<b>829.2</b>	<b>628.6</b>

Equity amounted to EUR 2,067.1 million as of December 31, 2022 (prior year: EUR 1,318.8 million). The equity ratio was thus 51.0 percent compared to 53.7 percent as of 31 December 2021.

The development of equity is shown in the following table:

In EUR million	
<b>Equity December 31, 2021</b>	<b>1,318.8</b>
Net income	434.4
Dividend	-90.0
Other comprehensive income: remeasurement of DBO, mainly due to increase in interest rate	298.4
Other comprehensive income: foreign currency valuation	83.7
Other comprehensive income: changes of derivative financial instruments	21.8
<b>Equity December 31, 2022</b>	<b>2,067.1</b>

Non-current liabilities amounted to EUR 1,457.8 million as of December 31, 2022 (prior year: EUR 829.2 million); they account for around 34 percent (prior year: around 34 percent) of total liabilities and equity. There are three reasons for the increase of EUR 628.6 million:

On the one hand, pension liabilities have decreased, which is primarily due to rising interest rates: In the USA, the interest rate for pensions rose from 2.51 percent at the end of 2021 to 4.90 percent at the end of 2022, and in Germany from 1.23 percent to 3.72 percent in the same period.

Secondly, non-current prepayments received increased by EUR 249.5 million year-on-year. The background to this is the expansion of production capacities at Siltronic. We have concluded

multi-year supply agreements with selected customers, which required the customers to provide prepayments.

In addition, Siltronic draw down loans in 2022 for the capital expenditure in Singapore and Freiberg. These amount to EUR 653.8 million as of December 31, 2022.

Non-current other liabilities mainly comprise obligations for jubilee, partial retirement, taxes and environmental protection due in more than one year, as well as deferred income which will materializes beyond one year, as well as deferred non-current income.

#### Higher trade liabilities due to investments

In EUR million	Dec. 31, 2022	Dec. 31, 2021	Change
Trade liabilities	336.1	164.3	171.8
Loan liabilities	3.9	–	3.9
Customer prepayments	58.6	33.1	25.5
Lease liabilities	6.1	6.3	–0.2
Other provisions and liabilities	121.1	103.7	17.4
<b>Current liabilities</b>	<b>525.8</b>	<b>307.4</b>	<b>218.4</b>

Current liabilities totaled EUR 525.8 million as of December 31, 2022. They account for around 13 percent of total assets (prior year: around 13 percent).

Trade liabilities increased compared to December 31, 2021 because investments in the months prior to the 2022 balance sheet date were more extensive than in the same period of the prior year.

The short-term customer prepayments reflect the share of prepayments which is expected to be delivered within one year. Refunds are linked to shipments and sales, respectively.

Other current liabilities mainly include the current portion of personnel liabilities (vacation, overtime, performance-related compensation), tax liabilities and negative market values for derivative financial instruments.

#### Influence of exchange rate fluctuations and acquisitions on balance sheet

The exchange rate fluctuations on the change in the carrying amounts of assets and liabilities located outside Germany (impact from translation shown in equity) decreased compared to the prior year by EUR 83.7 million. There was no acquisition of any company or business.

#### Unrecognized intangible assets

We consider the confidence of our customers in the quality of existing products as well as in the ability of Siltronic to adapt existing products to the continuously increasing technical requirements of customers as an important factor for a successful business. To be able to identify and properly assess the future technical requirements of our customers at an early stage, we rely primarily on our own worldwide sales network, which maintains mature customer relationships.

Furthermore, we see our long-standing expertise in research and development as a competitive advantage.

## Net cash flow down due to capital expenditure

In EUR million	2022	2021	Change
Cash flow from operating activities	804.5	501.1	303.4
Proceeds/payments for capital expenditure including intangible assets	-922.5	-392.5	-530.0
<b>Free cash flow</b>	<b>-118.0</b>	<b>108.6</b>	<b>-226.6</b>
Increase/decrease of prepayments received (customer prepayments)	-277.4	-106.9	-170.5
<b>Net cash flow</b>	<b>-395.4</b>	<b>1.7</b>	<b>-397.1</b>
Proceeds/payments for capital expenditure including intangible assets	-922.5	-392.5	-530.0
Proceeds/payments from financial investments (fixed-term deposits, securities)	-411.9	70.3	-482.2
<b>Cash flow from investing activities</b>	<b>-1,334.4</b>	<b>-322.2</b>	<b>-1,012.2</b>
Dividends	-90.0	-60.0	-30.0
Proceeds from loans	671.7	-	671.7
Principle portion of lease payments	-4.6	-4.5	-0.1
<b>Cash flow from financing activities</b>	<b>577.1</b>	<b>-64.5</b>	<b>641.6</b>

### Net cash flow from operating activities

We generated a net cash flow from operating activities of EUR 804.5 million in 2022, compared to EUR 501.1 million in the prior year. These amounts are influenced by prepayments, which only represent a period shift. In the reporting year, the cash flow was positively influenced by EUR 277.4 million (prior year: EUR 106.9 million). The cash inflow from prepayments in 2022 of EUR 277.4 million breaks down by quarter as follows: EUR 100.5 million in Q1 2022, EUR 88.5 million in Q2 2022, EUR -9.8 million in Q3 2022 and EUR 98.2 million in Q4 2022.

Apart from the effect of prepayments, cash flow from operating activities developed similarly positively to EBITDA less financial result and income taxes.

The cash flow from operating activities is positively influenced by the termination fee from the failed tender offer by GlobalWafers in the amount of EUR 35.5 million. The aforementioned amount takes into account income taxes paid.

### Cash inflow/outflow for capital expenditure and free cash flow

Cash outflows for capital expenditure including intangible assets more than doubled from EUR 392.5 million in 2021 to EUR 922.5 million in 2022. In contrast to prior years, cash outflow for capital expenditure including intangible assets could not be financed from operating activities:

The free cash flow (cash inflow from operating activities after deduction of proceeds/payments for capital expenditure including intangible assets) was negative at EUR -118.0 million. In the prior year, there was a positive free cash flow of EUR 108.6 million.

### Net cash flow significantly reduced due to high investments

As prepayments from customers and suppliers affect the usefulness of the cash flow from operating activities due to their amount and infrequency, Siltronic uses net cash flow as a key performance indicator. Further information on this key performance indicator can be found in the section "[Corporate strategy and management](#)".

In 2022, net cash flow showed a payout surplus of EUR 395.4 million (prior year: inflow surplus of EUR 1.7 million). This is due to the EUR 530.0 million increase in payments for capital expenditure including intangible assets compared to the prior year.

### Cash inflow/outflow for financial investments

In addition to cash outflows for capital expenditure including intangible assets, cash inflows and outflows for cash investments (time deposits and securities) are included in cash flow from investing activities. In 2022, net cash outflows due to cash investments had a volume of EUR 411.9 million (prior year: net inflows of EUR 70.3 million). After these net cash inflows, the Group had EUR 562.2 million in cash investments as of December 31, 2022. This amount was owned in addition to cash and cash equivalents of EUR 488.7 million.

### Cash flow from financing activities

In 2022, EUR 3.00 per share was distributed to the shareholders of Siltronic AG (prior year: EUR 2.00).

Cash inflows from loans of EUR 671.7 million result from three long-term loans that were closed in 2022.

## Financial management

### Principles and objectives

The aim of financial management at Siltronic is to optimize cash flows and ensure that currency effects are hedged in accordance with our policy. Derivatives are used exclusively to hedge cash inflows and outflows resulting from receivables and liabilities.

As the Group's parent company, Siltronic AG is significantly involved in the financing of its subsidiaries. Financing is managed from the Group perspective.

### Off-balance sheet financing instruments

Siltronic only uses off-balance sheet financing sources in negligible amounts.

### Net financial assets at EUR 373.6 million

Despite the high investments of EUR 922.7 million in 2022 and the dividend of EUR 90.0 million paid to shareholders, net financial assets only decreased by EUR 199.3 million, mainly due to the positive cash flow from operating activities. Siltronic showed net financial assets of EUR 373.6 million as of December 31, 2022 (December 31, 2021: EUR 572.9 million).

In EUR million	Dec. 31, 2022	Dec. 31, 2021	Change
Cash and cash equivalents	-488.7	-424.3	-64.4
Securities and time deposits	-562.2	-150.7	-411.5
Restricted Funds	1.9	2.1	-0.2
Nominal value of loan liabilities including interest	675.4	0.0	675.4
<b>Net debt</b>	<b>-373.6</b>	<b>-572.9</b>	<b>199.3</b>

(negative value corresponds to net financial assets)

### Liquidity management

Our aim is to pool Group companies' surplus liquidity and, ensuring solvency at all times, to optimally allocate this money within the Group or invest it externally. For this purpose, we use a treasury management system that provides us with an overview of each subsidiary's cash status at all times.

### Summary of financial position

Despite the extremely high outflows for capital expenditure including intangible assets in 2022, net financial assets remained at EUR 373.6 million. This provides Siltronic a solid foundation for our growth strategy.

### Limitation of financial risk

To limit Siltronic's currency risk, we have defined a strategy for entering into currency hedging transactions. We refer to this as 'hedging strategy'. Currency hedging transactions include futures, swaps and options. Expenses and income are recognized in accordance with the rules on hedge accounting under IFRS (reported in the income statement or in other comprehensive income).

Other core components of our policy for limiting financial risk are the clear definition of process responsibility, multi-level approval processes, and risk assessments.

### Analysis of capital expenditure

We invest the funds from the operating cash flow in existing plants and in a new plant in Singapore. Beyond capacity expansions, our investment projects focus on the following: automation, increasing yields, epi-reactors and capabilities.

# Siltronic AG

In addition to the information on the Siltronic Group, we report on the performance of Siltronic AG. The annual financial statements of Siltronic AG are prepared in accordance with the regulations of the German Commercial Code (HGB). The complete set of financial statements including related documents is published separately.

As the parent company of the Siltronic Group, Siltronic AG is responsible for overall strategic management, financing and communication with the capital market and shareholders.

Siltronic AG is an operating company. Wafers and the intermediate product ingot are manufactured at the two German production sites in Burghausen and Freiberg. In addition, Siltronic AG has sales entities in the form of permanent establishments in Taiwan, France and Italy and a permanent establishment in Singapore, whose activities are limited in providing engineering services to Siltronic group companies in Singapore.

The company realizes its sales on the one hand from self-produced products (wafers and ingots) and on the other from reselling wafers. Revenues generated in Singapore from engineering services are not significant.

The company sells wafers either to end customers (third parties) or to subsidiaries. Siltronic AG bills end customers if the end customer is (i) located in Europe or (ii) in Taiwan or if (iii) the customer explicitly wishes to purchase from Siltronic AG. In all other cases, Siltronic AG sells wafers to subsidiaries, which sell the wafers to end customers as distributors. Ingots are sold exclusively to subsidiaries.

In the distribution business, subsidiaries with manufacturing sell their wafers to Siltronic AG, which acts as a reseller. In these cases, Siltronic AG bills end customers located in (a) Europe or (b) Taiwan or if (c) a customer explicitly wishes to purchase from Siltronic AG.

## Results of operations of Siltronic AG in accordance with the HGB

In EUR million	2022	2021	Change	
			Amount	in %
<b>Sales</b>	<b>1,388.7</b>	<b>1,124.6</b>	<b>264.1</b>	<b>23.5</b>
Changes in inventories and other own work capitalized	13.5	17.8	-4.3	-24.2
<b>Total operating output</b>	<b>1,402.2</b>	<b>1,142.4</b>	<b>259.8</b>	<b>22.7</b>
Cost of materials	-704.5	-561.9	-142.6	25.4
Labor costs	-315.8	-257.9	-57.9	22.5
Depreciation, amortization, and impairment	-93.3	-81.6	-11.7	14.3
Other net operating expenses and income	-145.4	-165.6	20.2	-12.2
Result before dividend income from subsidiaries	143.2	75.4	67.8	89.9
Dividend income from subsidiaries	-	44.9	-44.9	-100.0
<b>EBIT</b>	<b>143.2</b>	<b>120.3</b>	<b>22.9</b>	<b>19.0</b>
<b>EBITDA</b>	<b>230.8</b>	<b>194.6</b>	<b>36.2</b>	<b>18.6</b>
Interest income/expenses	-11.1	-11.5	0.4	-3.5
<b>Result before income taxes</b>	<b>132.1</b>	<b>108.8</b>	<b>23.3</b>	<b>21.4</b>
Income taxes and other taxes	-38.4	-12.7	-25.7	202.4
<b>Retained earnings</b>	<b>93.7</b>	<b>96.1</b>	<b>-2.4</b>	

It is crucial to understanding Siltronic AG's financial performance to separate the earnings situation resulting from own production of wafers and ingots from the earnings situation of the trading business. The trading business relates exclusively to wafers that subsidiaries have manufactured. For further information, please refer to the paragraphs preceding the table.

Although the wafer trading business has a significant impact on sales and cost of materials, neither EBIT nor EBITDA of the company are significantly affected. The main reason for this is that the trading business shows a low margin in line with its low risk profile. The selling price of a wafer subject to resale recorded in the line item 'sales' is only slightly higher than the purchase price recorded under 'cost of materials'. In addition, as there are only minor fixed costs associated with the trading business, the annual

changes in EBIT and EBITDA in the statutory financial statements (prepared in accordance with German commercial law) depend on the result of own production of wafers and ingots and on income from investments. This also applies to the EBITDA margin, which excludes trading activities as performance indicator.

The year-on-year increase in sales of EUR 264.1 million in the statutory accounts of Siltronic AG is attributable both to the company's own production of wafers and ingots and to the trading business with wafers. The drivers for the increase in sales were price increases in invoice currency and the development of the euro against the US dollar. In the Group, too, the same drivers played the significant role in the increase in sales.

Siltronic AG generated 63 percent of its total sales with customers located in Asia (prior year: 65 percent). The second most important region was Europe, where 24 percent (prior year: 23 percent) of customers were based, followed by the Americas with 12 percent (prior year: 12 percent) and 2 percent to other regions (prior year: 1 percent).

The increase in the cost of materials is attributable on the one hand to the increase in the trading business, and on the other to the increased prices for energy and raw materials and supplies. The development in the Group was similar.

The increase in personnel expenses is mainly due to pension costs, staff expansion and higher variable compensation. Almost all employees of the company participate in the variable compensation. The increase in personnel expenses was disproportionately lower than the increase in sales of self-manufactured products. Personnel expenses also increased in the Group, and the rise was disproportionately lower than the increase in sales.

The higher depreciation is mainly due to the increase in investments in machinery in the reporting year and the prior year.

Other expenses and income (net) in the reporting period include a reversal impairment of EUR 5.7 million (prior year: EUR 7.3 million) and EUR 50 million in connection with the failed tender offer by GlobalWafers (prior year: EUR 6.3 million). For further information, please refer to the notes on the Group's revenue and earnings development under other operating income/expenses.

Siltronic AG can participate in the financial performance of all major foreign subsidiaries through its investment company Siltronic Holding International B.V., Netherlands, by way of dividends. The Executive Board of Siltronic AG exercises this option by determining the amount of dividends to be paid by Siltronic Holding International B.V. to Siltronic AG each year on the basis of business considerations. The positive earnings development of Siltronic AG due to the termination fee from GlobalWafers led to the fact that no dividend was collected from Siltronic Holding International B.V. in the reporting period. In the prior year, Siltronic Holding International B.V. paid a dividend of EUR 44.9 million.

Excluding the trading business and income from shareholdings, EBIT and EBITDA developed similarly in the Siltronic AG and in the Group: EBIT margin and EBITDA: Margins increased in statutory accounts and group accounts between 4 and 5 percent (including Termination Fee).

Cash flow from operating activities improved for the individual company from EUR 143.2 million in the prior year to EUR 312.9 million in the reporting period. As in the Group, this cash flow increased very strong. By contrast, Siltronic AG's net cash flow was clearly negative at EUR -116.4 million. The Group's net cash flow was also strongly negative. The development of cash flow from operating activities to net cash flow in the separate and consolidated financial statements was strongly influenced by payments for investments in property, plant and equipment as well as prepayments. At the end of the financial year, the ratio of net cash flow to cash flow from operating activities at the stand-alone company was just under minus 40 percent, similar to the ratio at the Group level (just under minus 50 percent).

The tax rate in 2022 is 29 percent, compared to 12 percent in the prior year. There are two reasons for the low rate in 2021. First, the investment income is largely tax-free because the profits behind the investment income have already been taxed at the foreign producing companies. Without the extensive tax exemption, the profits would be taxed twice. Secondly, loss carryforwards have reduced the taxable profit in 2021.

## Net assets of Siltronic AG in accordance with HGB

In EUR million	Dec. 31, 2022	Dec. 31, 2021	Change	
			Amount	in %
<b>Fixed assets</b>				
Intangible Assets	0.8	1.9	-1.1	-57.9
Property, plant and equipment	751.3	554.3	197.0	35.5
Investments in affiliated companies	129.9	129.9	-	-
Financial assets	128.3	128.7	-0.4	-0.3
	<b>1,010.3</b>	<b>814.8</b>	<b>195.5</b>	<b>24.0</b>
<b>Current assets</b>				
Inventories	502.7	400.7	102.0	25.5
Trade receivables from third parties	121.7	94.5	27.2	28.8
Receivables from affiliated companies	131.5	140.6	-9.1	-6.5
Other assets, excluding time deposits	41.5	36.8	4.7	12.8
Cash and cash equivalents, including time deposits	497.4	58.7	438.7	747.4
	<b>1,294.8</b>	<b>731.3</b>	<b>563.5</b>	<b>77.1</b>
<b>Total assets</b>	<b>2,305.1</b>	<b>1,546.1</b>	<b>759.0</b>	<b>49.1</b>

As investments in property, plant and equipment exceeded depreciation, the book value increased by EUR 197.0 million. In the financial year 2022, additions to property, plant and equipment amounted to EUR 283.9 million. The addition mainly results from the construction of a new crystal pulling hall at the Freiberg site.

Investments in affiliated companies relate almost exclusively to the subsidiary Siltronic Holding International B. V.

Inventories include advance payments of EUR 363.8 million, a significant increase on the prior year (EUR 292.9 million).

Siltronic AG has passed on a significant portion of the advance payments to a manufacturing subsidiary. Siltronic AG sells the wafers produced by the subsidiary in the trading business. No loan was required to finance the advance payments made because Siltronic AG received advance payments in the same amount from customers outside the Group.

The reason for the increase in cash and cash equivalents and cash investments are cash inflow from two loans. The payment of the dividend in the amount of EUR 90.0 million had an opposite effect.

## Financial position of Siltronic AG in accordance with HGB

In EUR million	Dec. 31, 2022	Dec. 31, 2021	Change	
			Amount	in %
<b>Equity</b>	<b>668.9</b>	<b>665.2</b>	<b>3.7</b>	<b>0.6</b>
<b>Provisions</b>				
Pension provisions	169.0	126.8	42.2	33.3
Other provisions	190.7	134.5	56.2	41.8
	<b>359.7</b>	<b>261.3</b>	<b>98.4</b>	<b>37.7</b>
<b>Liabilities</b>				
– Loan liabilities	504.0	–	504.0	100.0
– Trade payables to third parties	66.6	52.0	14.6	28.1
– To affiliated companies	218.4	275.3	–56.9	–20.7
– From prepayments	479.5	286.0	193.5	67.7
Other liabilities	8.0	6.3	1.7	27.0
	<b>1,276.5</b>	<b>619.6</b>	<b>656.9</b>	<b>106.0</b>
<b>Total equity and liabilities</b>	<b>2,305.1</b>	<b>1,546.1</b>	<b>759.0</b>	<b>49.1</b>

As of the balance sheet date, 29 percent of the assets are financed by equity and 71 percent by debt.

Pension provisions increased compared with year-end 2021, mainly due to two effects: First, the interest rate decreased in fiscal year 2022 and secondly there was an inflation compensation for pensions. The increase in other provisions is the result of higher provisions for outstanding invoices in the course of the construction of the crystal pulling hall in Freiberg.

In order to finance the planned high investments in property, plant and equipment in the Group, bank loans were obtained in the financial year.

The main reason for the EUR 56.9 million decrease in liabilities to affiliated companies is the decline in financial liabilities to subsidiaries.

Siltronic AG received the advance payments from customers outside the Group. The repayment is linked to the future delivery of wafers to the customers.

Net financial assets were negative at EUR 31.7 million as of December 31, 2022 (prior year: EUR 24.2 million). Cash flow from

operating activities amounted to EUR 312.9 million in the past year. This was offset by payments for property, plant and equipment and intangible assets in the amount of EUR 226.0 million and a cash outflow surplus from the repayment of financial liabilities to subsidiaries. In addition, a dividend of EUR 90.0 million was paid to the shareholders.

### Chances and risks

The business development of Siltronic AG is essentially subject to the same risks and opportunities as those of the Siltronic Group. In principle, Siltronic AG participates in the rewards of its subsidiaries in accordance with its interest. The assessment of risks is presented in the [risk report](#). Siltronic AG, the parent company of the Siltronic Group, is integrated into the Group-wide risk management system.

### Outlook

The expectation for the further business development of Siltronic AG in 2023 is essentially identical to the [outlook](#) of the Siltronic Group, which is described in detail in the forecast report of the Group.

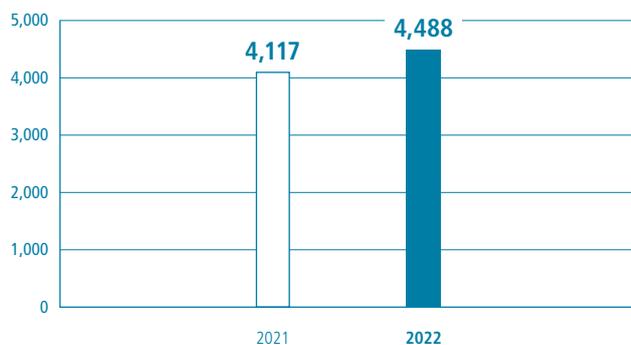
# Other non-financial aspects

## Employees

As of December 31, 2022, Siltronic employed 4,488 people. The number of employees thus increased by 371 or a good 9 percent compared to the prior year (4,117 employees). In addition, 320 temporary workers were employed worldwide as of December 31, 2022 (prior year: 351).

As a manufacturing company, we have a high proportion of direct personnel. This was around 63 percent in 2022.

**Number of employees (excluding temporary employees)**  
as of December 31, 2022



### Global personnel strategy and decentralized organization of personnel management

Our human resources management is organized on a decentralized basis to meet the different needs of employees at the individual locations and in the regions. The guidelines of our global human resources strategy, such as executive development and performance management, the performance-related design of our compensation system, the learning management and the internationally oriented organization form the cross-site framework. Global support for secondments and delegations as well as cooperation in the area of recruiting connected the sites. In general, the strategic corporate guidelines and in particular the compliance guidelines must be observed.

### Diversity is an important topic

One focus of our efforts is to harness the existing diversity of modern society for our benefit. In Germany, or rather at Siltronic AG, our striving for diversity is demonstrated by the following examples, among others:

All employees at our German sites are required to familiarize themselves with the General Equal Treatment Act (AGG) through an e-learning training course. The training is binding for all hierarchical levels, from tariff employees to the Board of Management. Every new employee must also complete this training.

We take the issue of promoting women very seriously and would like to fill more senior positions with female managers as part of our personnel development program.

We support and promote severely disabled people. Supervisors, employees, the HR department, representatives of the severely disabled and the health service work closely together to ensure that employees with health impairments can remain in their jobs or transfer to a suitable position. This enables us to retain skilled workers, and many years of valuable knowledge are retained by Siltronic. In Germany, an average of 183 severely disabled people and people with equal status worked in 2022 (2021: 195), which corresponds to an employment rate of around 6 percent<sup>1</sup>. A corresponding inclusion agreement was concluded in 2020.

We also work together with workshops for the disabled. At its Burghausen site, for example, Siltronic procures packaging from the Ruperti workshops.

An evenly distributed age structure enables teamwork across different generations.

We also address the issue of diversity at our sites abroad.

In Singapore, we have an orientation program for new employees that incorporates the basic principles of the Code of Conduct, with topics such as valuing the diversity of people, treating colleagues honestly, respectfully and openly, and not discriminating on the basis of gender, race, ethnic origin, religion, ideology, disability, sexual orientation and age. We have a diverse mix of ethnic groups and nationalities (Chinese, Indian, Thai, Myanmar, Filipino, Malay, etc.).

Portland has a Diversity Officer who leads the Diversity, Equity and Inclusion (DEI) efforts at our site. We recently changed our company holiday calendar, replacing Presidents' Day with Martin Luther King Jr. Day. In 2021, we established a giving committee comprised of a group of employees who approve company donations while ensuring we focus on donations to organizations that support diverse causes.

<sup>1</sup> unaudited values

### **We support a good work-life balance**

We are committed to providing childcare and helping people return to work after a maternity leave. In Burghausen and Freiberg, kindergarten and crèche places are available in the immediate vicinity of the plant. At the Munich site, an external service provider arranges childcare places in kindergartens and crèches.

We support our workforce with the cost of childcare with a one-off subsidy. In addition, our employees can apply for family leave up to the 8th birthday of their child, which allows up to 5 days of additional leave.

We also offer support in the event of illness or the need for care for a relative, with leave options or part-time models.

At our German sites, sabbatical leave of up to 12 months can be arranged flexibly.

Relief time and age-related leave can be taken by employees over a certain age, thereby reducing their workload.

### **Home office enables flexible working**

Since 2020, we have had a company agreement for the German sites that allows employees to work from home in consultation with their supervisor. However, this arrangement is not new to Siltronic: For many years, it has been possible to work from home for a defined period in cases agreed in individual contracts. In addition, special regulations were in place during the Corona pandemic to protect employees. These included home office as a preferred option whenever and wherever possible, or fixed teams alternating office and home office times.

### **We reward the performance of our workforce**

Our employees develop innovations, successfully implement strategies and give the company its own identity. A shared vision and actively lived corporate values stand for a sense of unity and provide orientation in our daily work and actions.

We aim to reward the contribution of our workforce to the success of the company with variable compensation systems. We review compensation through regular benchmarks. In this way we ensure that we offer our employees a salary in line with the market, based on performance and responsibility.

In addition to their fixed base salary, employees usually receive variable compensation based on the company's performance.

The compensation of our senior executives is also based on the company's performance and additionally on defined non-financial key performance indicators (including ESG criteria) and the assigned salary band. The criteria are defined annually.

Collective bargaining agreements are in place at our German sites, as well as company-specific collective bargaining agreements with the Mining, Chemical and Energy Industrial Union (IG BCE). Our constructive and trusting cooperation with the works councils at the German sites and IG BCE is the basis for a targeted social partnership. This is reflected not least in the fact that there have been no strikes or work stoppages at our German sites in recent years.

In 2019, IG BCE and the employers in the chemical industry agreed on collective wage agreements with a term of 27 and 28 months, respectively, which provided for a pay increase in two stages of 1.5 percent from July 2020 and 1.3 percent from July 2021. A bridge payment of EUR 1,400 per pay-scale employee was also agreed as part of the interim pay settlement in 2022. As part of the collective bargaining negotiations for 2023/24, which run until June 30, 2024, two tax- and social security-free one-time payments (collectively agreed inflation allowance) of EUR 1,500 each were agreed in addition to a percentage increase of 3.25 percent on January 1, 2023 and 2024. The first part of the collectively agreed inflation allowance was already paid out to our employees in December 2022.

### **Future amount and employer-funded long-term care insurance**

In the "Modern Working World" collective agreement, the chemical industry's social partners agreed on more flexibility in working hours and guard rails for mobile working, as well as a future amount from 2020 that can be used for various purposes in working life. Our aim in using the Future Amount was to prioritize the issue of sustainability for our employees, which is why the company pension plan and additional days off in particular are central cornerstones. However, it is also possible to pay out the amount. Employees can choose the combination that suits them best and adapt it to their personal needs over the course of their working lives.

Since July 2021, we have been offering employer-financed supplementary long-term care insurance "Care-Flex Chemie" to all employees covered by the tariff in Germany. This supplements the statutory long-term care insurance.

### **Employee development and retention has a high priority**

To ensure the sustainability of our success, we have had a process in place for many years to promote potential candidates. In an annual performance cycle, all non-tariff employees and senior executives are discussed according to uniform criteria in intra- and

interdepartmental conferences. In the subsequent Siltronic conference, all potentials are presented to the Executive Board to initiate individual development directions. In the annual employee appraisal, the supervisor and the employee then discuss specific development measures on this basis. In this way, we aim to fill challenging positions with internal candidates in the medium and long term. Individual development paths also promote employee loyalty to the company. As part of the digitalization of our processes, the documentation of the appraisal interview is not only carried out electronically for non-pay-scale employees, but since 2020 also for our pay-scale employees.

Our training and seminar program also supports our employees in technical issues and in the further development of leadership and social skills.

#### **Personnel marketing concept for the recruitment of new employees and retaining existing ones**

Since 2021, our newly designed careers page has been available within our website. In addition to comprehensive information on various entry-level opportunities, benefits at the different locations and our corporate values, our Siltronic ambassadors provide information about their careers at Siltronic. In addition to the careers site, our collaboration with social media platforms also enables us to attract a wider audience to our varied jobs. We present Siltronic as an employer brand at various recruiting fairs. Not only do we want to be perceived as an attractive employer by applicants, but we also attach great importance to internal employer branding. As part of the modernization of our intranet presence, we have therefore focused on ensuring that our workforce can find the content that is important to them quickly and in a targeted manner, and that they can obtain comprehensive information about our wide range of services. In 2022, we again received awards from various publishers and institutes for our performance as an employer. Among other things, we received awards as a preferred employer for the advancement of women and families and as one of the best training companies in Germany.

#### **Training as a contribution towards ensuring sustainable skilled manpower in Germany**

Since 2017, we have been training in technical and commercial professions in cooperation with the Berufsbildungswerk Burghausen and the Bildungswerkstatt Chemnitz. We currently employ 40 trainees. In addition, we have been offering dual study places at the Baden-Württemberg Cooperative State University since 2021 to cover part of the medium-term demand for engineers and IT specialists internally.

#### **Health management offers employees various services in Germany**

To remain innovative and competitive, our employees have the opportunity to take advantage of various services through our health management system. We want to prevent back and cardiovascular diseases in our workforce, strengthen mental resilience, enable age-appropriate working and find suitable jobs for employees with health problems. All employees at our German sites have the opportunity to take part in preventive medical checkups at regular intervals.

Since 2014, Siltronic has offered a health maintenance measure in cooperation with the German Pension Insurance Fund, initially specifically for shift workers. Since then, a total of more than 300 employees have undergone the health program with very good results.<sup>1</sup> The target groups have been continuously adapted, and in 2019 this offer was extended to all tariff employees. The prevention program is suitable for employees who have no or minor health complaints, want to maintain their resilience in the long term, and want to get in better shape to do so. In addition, a health week has been offered since 2018, which is also a prevention program aimed at employees over the age of 40 and is financed by the company.

We also offer all employees a health check-up, which is free of charge every three years.

#### **Leasing models for employees**

We offer our employees the opportunity to lease cars and bicycles and to retain the leasing instalment conveniently via their payroll accounting. Our employees can use up to two bicycles or e-bikes via an external provider. Employees not covered by collective agreements also have the option of a car leasing model.

#### **Company pension scheme**

The company offers a range of social benefits. We would like to highlight our pension fund. The statutory pension is often not sufficient to secure the standard of living in old age. Supplementing the statutory pension with a company pension is therefore becoming increasingly important. We support our employees with employer-funded contributions.

<sup>1</sup> unaudited values

## Research & development

### Innovation as the key to success

Key drivers of the semiconductor industry are miniaturization, cost reductions and efficiency increases. This is expressed, for example, in higher computing power and memory density, lower specific power consumption and steadily falling costs per function. At the same time, there is disproportionate growth in special applications

such as power electronics, sensors and communication electronics, each of which requires tailored wafer solutions. To achieve these goals, our customers simultaneously demand the highest technical competence and speed in the further development of silicon wafers, which are still the most important base material for the semiconductor industry.

### Key figures for R&D

	2022	2021	2020	2019
R&D expenditure (EUR million)	89.5	80.4	72.6	68.4
R&D expenditure as a percentage of sales	5.0	5.7	6.0	5.4
R&D grants and subsidies received (EUR million)	0.8	0.7	0.9	0.7

Intensive development activities are thus essential to keep pace with the rapid developments in the semiconductor market and to maintain our leading technology position. We employ more than 400 people worldwide in research and development in the areas of process technology, metrology and innovation, which are located at all our sites. The Burghausen site is Siltronic's central research and development location. Tasks include maintaining product quality, testing and evaluating new processes and equipment modifications, evaluating new auxiliary and operating materials, continuous improvement and line integration, right through to qualifying wafers for our customers' latest technologies.

An intellectual property portfolio of 1,890 pending and active patents and patent applications in almost 350 patent families underpins our high innovative strength and secures our technology position as one of the leaders in the global market.

Our research and development (R&D) expenses amounted to EUR 89.5 million in 2022 (prior year: EUR 80.4 million). Subsidies for R&D were not significant.

### Strategic cooperation with customers and research institutions

A large number of our projects require close and continuous cooperation with our customers. To this end, we work on projects with our technologically leading customers as part of joint development programs, taking care to cover a broad spectrum of semiconductor end applications overall. We also cooperate with research and university institutions. At national and European level, we make use of public funding opportunities where appropriate.

## Production and supply chain management

### Production

Our production plants are strategically located close to our customers and offer good access to a highly skilled workforce. We can make optimum use of the respective strengths at our locations. We benefit from the innovative power of very well-trained scientists and engineers in Germany and from the advantageous labor costs in Asia.

We process silicon crystals produced by the Czochralski process into polished wafers. A portion of the production is further refined by applying a so-called epitaxial layer.

Siltronic also produces wafers from crystals grown by the float-zone process (zone-draw process), which are used particularly in power electronics. These wafers have different surface properties and diameters of up to 200 mm.

We use standardized processes to supply our customers reliably from different locations. By transferring know-how between production sites, we implement process improvements easily and quickly and simplify qualification by our customers. In addition, we operate our German 300 mm wafer lines in Freiberg and Burghausen in a close production network as a so-called “virtual factory” with joint cross-site management.

We are continuously optimizing our production processes and thus both our process capability and our cost position. Changes are tested, evaluated, and efficiently introduced into the production lines by means of consistent change management. A key focus is on ensuring the quality of our products and the cost-effectiveness of our lines. State-of-the-art technologies are an integral part of our factories and enable us to respond flexibly to our customers’ requirements.

#### Projects in 2022

In 2022, we continued to move forward with the construction of a new state-of-the-art 300 mm wafer fab at our existing production site in Singapore. We expect production to start in early 2024.

At the Freiberg site, we are currently expanding our existing production of 300 mm crystals. In addition, we have been working hard to eliminate bottlenecks in our existing production lines.

In addition, we are continuously working on renewal and optimization projects to improve our cost position and capabilities.

#### Supply Chain Management

Our seamless logistics chain provides our customers with the following added value: speed of response and high adherence to delivery dates. Our electronically supported supply chain makes all processes transparent and controllable from the first contact through all our manufacturing processes to delivery.

The requirements of wafer specifications, volumes, and destinations of our exports to both customers and Siltronic sites are subject to ongoing changes, which we regularly analyze and coordinate with our capacities. Global planning from raw materials to intermediate products to finished wafers and their transport to customers is carried out “in real time” via customized systems. This enables us to offer our customers quality and security of supply.

We integrate our external partners into ongoing processes via comprehensive e-business solutions in order to systematically exploit all potential for cooperation.

With many customers we have installed fast B2B links that optimize collaboration from electronic inventory management and demand planning in vendor-managed inventory processes to electronic invoicing. In addition, we are continuing to drive forward the electronic connection of external logistics providers to ensure seamless tracking of the supply chain through to the customer.

#### Supply Chains

The disruptions in the supply chains have also presented challenges for Siltronic in 2022. Our management systems, as well as our many years of experience and established relationships with external service providers and suppliers, have ensured that this has not had a substantial impact on our production or output at the plants.

### Purchasing and supplier management

The objectives in procurement are:

- Continuous improvement of procurement costs and quality of supplies and services,
- Reduction and elimination of procurement and supply chain risks, and
- Develop and qualify alternative suppliers,
- Promoting sustainability and corporate responsibility in the supply chain.

Specialized teams manage the purchasing processes for the procurement of raw materials and supplies, spare parts and equipment, investment projects, energy and media supplies, IT, logistics, and technical and general services to supply our international sites. In 2022 we continued to work continuously on expanding our supplier base globally and competitively, and systematically implemented and improved our supplier management processes. This will ensure competitive procurement in compliance with all relevant rules and standards, continuous improvement of our processes and services, and sufficient supplies at all times internationally on a permanent basis. Particularly in the past three years, in the midst of an ongoing global pandemic and increasing geopolitical risks, this has enabled us to guarantee production and high-capacity utilization at our fabs.

### Variation in material price movements

The prices of the materials, raw materials, and energies most important to us rose sharply on average over the year. This was caused by the continuing problems in global supply chains due to Corona, which were significantly exacerbated by Russia's invasion of Ukraine. Other factors included continued strong demand from the semiconductor industry and sharply rising global inflation in raw material, energy, and personnel costs. Currency effects, above all from acquisitions in US dollars, had an additional negative impact on procurement in 2022 compared with the prior year.

### Security from long-term agreements

Our global polysilicon supply contract with Wacker Chemie AG runs until at least 2026 and guarantees us security of supply within defined volume and price corridors. Alternative procurement sources are also available as part of our multi-supplier strategy. In addition, we have also concluded further long-term contracts in auxiliary materials and supplies in 2022, where necessary, to ensure the start-up and supply of our new, additional production facilities in the coming years.

### Efficient and robust processes and systems

We are increasingly using the option of electronic procurement and collaboration with suppliers. We look at the entire operational purchasing process from the inquiry with the supplier to payment of the invoice. We are increasingly implementing our supplier management processes digitally, thereby continuously improving the efficiency of our processes and the quality of our collaboration with our suppliers. In doing so, we have also been focusing for several years on risks and the implementation of any necessary measures to ensure sustainability in the supply chain. In 2020-2022, with the help of our partner – the company Jaggaer, we have partially replaced SRM ERP system solutions and digitized our supplier management processes.

Our aim is to continue to expand our procurement globally in the future. Smart procurement strategies, global supply concepts and digital cooperation are increasingly helping to cut costs and reduce supply risks and environmental impacts, thus ensuring resilient procurement. We will continue to focus on these areas in the coming years and introduce additional measures to achieve further continuous improvements together with our suppliers.

## Sales and marketing

Siltronic offers the market a wide range of silicon products and strives for close, long-term cooperation with customers in more than 20 countries.<sup>1</sup> These close relationships also include supporting joint development projects with many of our customers. For more information, please refer to the chapter "Research & development" starting on [p. 45](#).

Siltronic has sales and application engineering specialists in the USA, Europe, Japan, China, Taiwan, Korea and Singapore to ensure competent and fast on-site support for our customers. In most cases, we sell our products directly to customers who manufacture their own semiconductor devices. Key-Account-Teams, consisting of employees from the areas of sales, application technology, process technology, quality management and logistics, maintain close relationships with our customers. This enables us to offer full-service support with experts from all key departments and respond more quickly to changing customer requirements.

Supply contracts with customers have terms ranging from around three months to several years. A surge in digitization triggered by the pandemic lifted demand for silicon in the first quarters of 2022 to the level of existing industrial capacity. During the second half of the year, markets for smartphones and PCs began to weaken. This led to inventory replenishment effects in the supply chain in the second half of 2022. Thus, despite weakening markets for PCs and smartphones, demand for wafers remained at a high level, which largely averted the impact on direct demand to Siltronic. Long-term contracts will continue to provide security in the coming years for the future capacity utilization of the new plant under construction in Singapore and the expansion of production in Germany through volumes and advance payments.

To better understand the needs and demand of our customers, we are constantly evaluating trends in the end markets, which will give us a clearer and hopefully more advanced view of potential demand for silicon or even new materials and of emerging products from new application areas.

<sup>1</sup> unaudited values

Our long-term customer partnerships are based on a high level of trust and collaboration, which also impacts our overall performance. The best performances are recognized by customers with supplier performance awards. We are proud to have received this type of recognition on numerous occasions over the years. In 2022, we received several supplier awards from Samsung, Intel and Micron, among others. Siltronic earned this recognition by providing world-class support in the areas of technology, availability, quality, and sustainability.

## Corporate responsibility

We believe one of our core responsibilities is to bring the impact of our business activities towards our employees, environment and society into line with the expectations and needs of our relevant stakeholder groups.

That is why we are guided in our business decision-making by principles of responsible corporate governance and sustainable business practice.

We address the topic of “corporate responsibility” in detail in our [non-financial report](#), which was prepared on the basis of the CSR-RUG and in accordance with the reporting standards of the Global Reporting Initiative (GRI), the Sustainable Development Goals and the principles of the United Nations Global Compact.

The [non-financial report](#) follows the combined management report in the annual report.

# Risk and opportunity report

## Risk strategy and risk policy

We believe an effective opportunity and risk management is an important element of corporate governance for us as a global company. It is also part of our wider process of opportunity and risk management aimed at unlocking existing and future potential for success. Our risk assessment also includes possible negative impacts on non-financial aspects relating to social affairs, governance, the environment and climate. Based on the acceptable overall risk, the Executive Board decides which risks we will take in order to seize opportunities available to the Company. Our aim is to detect risks as early as possible, assess them appropriately, and take suitable steps to mitigate or avoid them. The Executive Board regularly reviews and updates the risk strategy, which covers all areas of the Company.

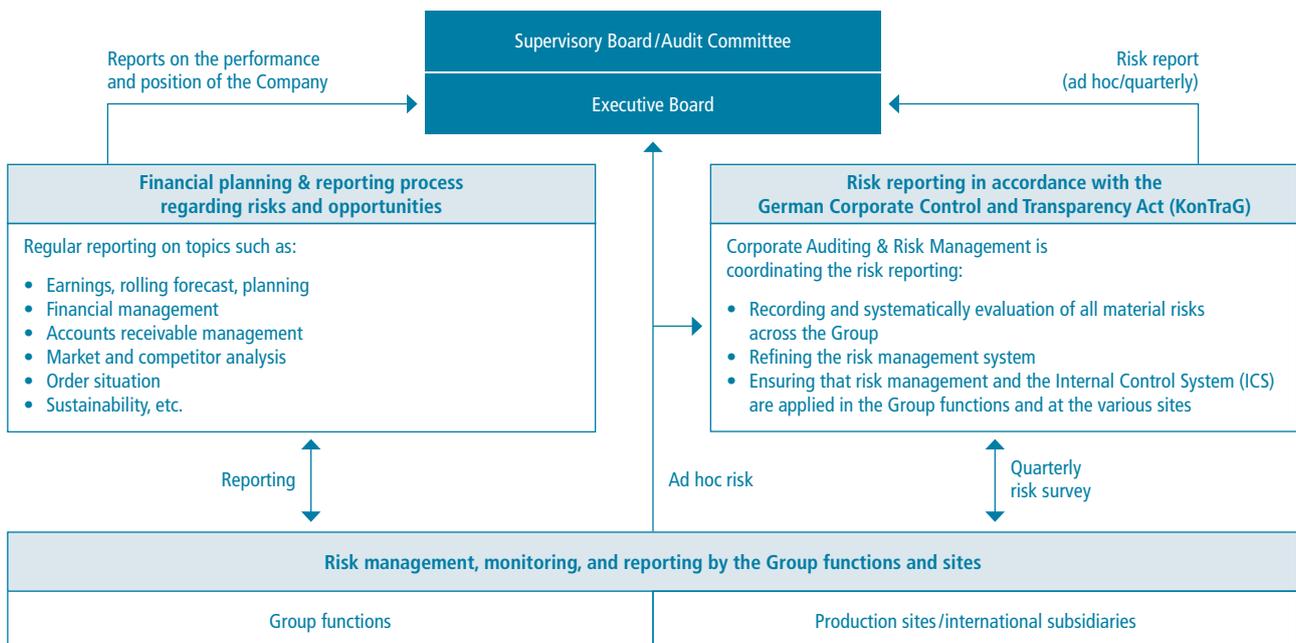
## Risk management system

From an organizational perspective, the risk management system is integrated into the existing decentralized organizational and reporting structure and strategic corporate planning. It is complemented by a multi-stage process, whose mandatory

procedures and criteria for identifying, assessing, managing, and reporting risks and for monitoring the system as a whole are defined in a Group manual. The risk management system encompasses all entities. The legally independent Group companies and the Group functions, such as the Corporate Responsibility Group function, oversee day-to-day risk management in their own areas. Every quarter, the designated risk managers are requested to report to head office with regard to risks at their site or in the Group function for which they are responsible. In addition, material risks must be reported immediately using an ad-hoc reporting process. Process and system responsibility for the Groupwide risk management system lies with the Executive Board. Corporate Auditing & Risk Management centrally coordinates the Groupwide recording of all major risks, analyzes the overall situation at Group level and communicates the risks.

In addition, Corporate Auditing & Risk Management verifies the appropriate and effective implementation of risk management requirements in the various Group functions and at the sites as part of the annual audit plan or through ad hoc assigned investigations. An independent body, e.g. an auditing firm, is regularly assigned to audit the Group risk management system.

## Risk- and opportunity reporting



<sup>1</sup> unaudited version

The design and effectiveness of risk management measures are assessed at least once a year by the responsible functions as part of the year-end risk inventory review. Siltronic controls its processes via the Integrated Management System (IMS). This integrated management system and its ongoing development are evaluated by all functional and site managers together with the Executive Board in a joint meeting during the year. The overall outcome of this review process is recorded in writing in a final evaluation by the Executive Board. Based on this information and the regular internal management- and audit reports, the Executive Board has no indication that Siltronic's risk management, and internal control, and compliance systems are not appropriate or effective.<sup>1</sup>

However, the effectiveness of any risk management- and control system remains limited. No risk management- and control system, even if it is classified as effective, can guarantee complete assurance. There remain uncertainties and risks that no one can predict with certainty.

The Executive Board and the Audit Committee of the Supervisory Board are regularly informed about the current risk situation, the measures taken and the further development of the risk management system. Opportunities are not systematically recorded in the risk management process. The Executive Board and management are informed about current and expected business developments in monthly reports from the Group Controlling function. Based on this data, risks and opportunities are discussed, evaluated and weighed up by management.

The designated risk managers in our Group functions and at the main sites, along with the Group risk manager, regularly review processes, procedures, and developments for any risks that might exist. Risks are identified and assessed using standardized risk matrices in our system-based risk management application. We assess the relevant risks for probability of occurrence and the degree of impact on our business activities, financial position, financial performance, and cash flow. The period under review for the risk inventory goes beyond that of the forecast and covers the planning period adequate for the respective risk.

Based on the risks recorded quarterly or ad hoc, suitable measures are taken to avoid the identified risks or to reduce their probability of occurrence or possible economic damage. The measures derived to limit risks and any relevant early warning indicators, as well as the residual risks derived from them, are regularly updated and documented centrally in a risk management application.

## Internal control system

The internal control system (ICS) comprises control measures designed to manage risks and ensure orderly operations to achieve our business objectives. These checks are integrated into the operating processes and incorporate, for example, adequate separation of duties, verification by a second person, access and approval procedures, and other steps. The internal control system helps us to achieve the objectives of our business policy by ensuring the effectiveness and efficiency of business processes, compliance with laws and regulations as well as sustainability aspects and the protection of business assets.

With the internal control system relating to the accounting process, we pursue the goal of uniformly implementing the accounting and valuation rules of the International Financial Reporting Standards (IFRS) and of complying with supplementary statutory regulations relevant to accounting. This avoids misstatements in Group accounting and in external reporting. The control system is designed to ensure that all business transactions are accounted for in a timely, uniform and accurate manner and that reliable data on the Group's results of operations, financial position and net assets are available on an ongoing basis. The organizational responsibility and the process flow of topics relevant to accounting are regulated in internal procedures. Compliance with reporting obligations is monitored centrally by the Group function Accounting & Tax. For the consolidated financial statements, the reporting packages of the individual companies are transferred to a central consolidation system after approval by local management. This data is automatically validated by the system and checked using reports and analyses, thereby ensuring the integrity of the data and adherence to the reporting logic. Finally, we analyze the Group's statement of profit or loss and statement of financial position in order to identify trends and anomalies. We keep abreast of changes to financial reporting standards and train the employees who work in this area. For particularly complex aspects of accounting, such as pensions, we bring in external specialists. Our financial systems are protected against misuse by suitable authorization concepts, approval concepts, and access restrictions. We minimize the risk of data loss and of the failure of accounting-relevant IT systems by performing regular system back-ups and maintenance.

We ensure the design and effectiveness of the controls over financial reporting by monitoring key performance indicators on an ongoing basis as part of the monthly management reporting. Regular reviews and external audits by the independent auditor

<sup>1</sup> unaudited version

also take place for each reporting quarter and at the end of the financial year. Each quarter, the management teams of the subsidiaries confirm that all information relevant to the quarterly and annual financial statements has been reported. At least annually, the assessment of accounting-related risks and controls is reviewed and revised as necessary. On behalf of the Executive Board, the Corporate Auditing & Risk Management Group function performs process-related audits of the main business areas, focusing on internal control systems. In consultation with the Audit Committee, the Executive Board decides on the topics to be audited, following a risk-oriented approach. If necessary, due to a change in circumstances, these topics can be flexibly amended during the year.

Among other things, the Supervisory Board performs its statutory monitoring duties through the Audit Committee. The main aspects monitored by the Audit Committee are the accounting process, the effectiveness of the control system and risk management system, and the audit of the financial statements. It also reviews the documents pertaining to the separate financial statements of Siltronic AG, the consolidated financial statements, and the combined management report relating to these financial statements before discussing them with the Executive Board and the auditor. The financial auditor assesses the early risk warning system as part of the audit of the annual financial statements.

## Material risks

The following overview reflects our assessment of material risks that could have a negative impact on our business, net assets, financial position, profit, and reputation. The statements refer to the multi-year planning horizon. The risks in the overview are assessed on a net basis, i.e. taking into account the control and risk mitigation measures taken.

### Overall environment

#### Economic downturn

Our business is particularly dependent on the development of the global economy. Global economic growth could be negatively impacted more than expected by, the many current uncertainties such as political tensions around Taiwan, war in Ukraine, interest rate increases by central banks, high indebtedness of some countries, dwindling purchasing power due to inflation, ongoing problems in global supply chains, trade and customs disputes between the USA and China, or the aftermath of the Corona pandemic. An unexpected slowdown in economic development both globally and in regions that are important for the semiconductor industry could lead to a situation in which our sales revenues do not

develop as expected. The demand for silicon wafers could be reduced due to a lack of demand or we could be forced to lower our prices due to stronger competitive pressure. If production capacity utilization is lower, specific manufacturing costs may increase and additionally burden our earnings.

We monitor the economic performance of our main sales markets on an ongoing basis. When economic growth weakens, we make preparations early on in order to flexibly adjust our production capacities, resources, and inventories in line with customer demand.

#### Corona pandemic

Siltronic is a globally operating group with production sites in Germany, the USA and Singapore. A pandemic or other outbreak of infectious diseases pose a potential risk to our business and production processes and to the sale of our products. In particular, the health protection of our employees and the prevention of infection transmission are of great importance. Government requirements to contain the pandemic could lead to supply and production restrictions and delays in investment projects if, for example, employees or service providers are no longer able to reach our sites or production at our suppliers', our own or our customers' sites has to be reduced or interrupted. Our pandemic protection plans include in particular the protection of our workforce through defined hygiene concepts in the workplace, home office arrangements, offers of vaccination, meetings of the crisis management team as well as site-specific response plans and close communication with suppliers.

#### Geopolitical tensions, war and trade restrictions

Geopolitical tensions and trade restrictions in individual countries or regions in which we operate pose a potential risk to our business and production and the sale of our products. At the moment, further tightening of trade restrictions, particularly between China and the USA and the conflict over Taiwan, could lead to restrictions on our business activities.

#### War in Ukraine (new)

We do not expect the military conflicts in Ukraine to have any direct impact on our business. However, depending on the development of the conflict, the energy price trend may burden our production with further costs. The direct share of natural gas supply in our total energy demand is low and is needed in particular at the Freiberg site for air conditioning the clean rooms. In addition, natural gas is required by many other suppliers for the manufacture of a wide range of production media, but also for electricity, which is important to us. Direct or indirect supply disruptions are also possible at these suppliers. Due to the stable supply situation, any interruption to production in Germany

caused by a lack of natural gas supplies is considered to be low. We are also converting our air-conditioning systems at the Freiberg site. As a result, we expect to be able to operate the air conditioning system with heating oil from the 2nd half of 2023.

#### **Trade restrictions (new)**

Increasing trade barriers and sanctions as well as protectionist and politically motivated other obstacles, particularly with regard to the intensification of the economic tensions between China and the USA, pose increasing risks to our sales markets and may have a significant negative impact on our earnings, financial position and net assets. We are continuously monitoring geopolitical developments and have developed plans and measures to minimize the impact on our business processes. Our globally distributed production sites and balanced customer portfolio help limit the impact on our business operations. We make preparations at an early stage to flexibly adapt our production capacities, resources and inventories to the sales markets.

### **Industry and market risks**

#### **Competition, buying power on the customer side and cycles in the wafer market**

The wafer industry is characterized by phases of imbalance between supply and demand, which can regularly have an impact on prices. Due to potential fluctuations, the forecasts of sales volumes and prices can be subject to major uncertainty because of change in demand. Not only existing competitors but also new competitors may be able to expand production capacities earlier or more than expected. We may be forced to reduce our sales volumes and prices without being able to reduce our costs accordingly. We generate more than two-thirds of our sales with our top 10 customers. Should major customers significantly reduce or even terminate their orders with us, this could have a significant negative impact on our results of operations, financial position, and net assets.

We lower the risks by increasing flexibility in production and by managing costs rigorously. We adjust our capacities to market conditions and are continuously improving the efficiency of manufacturing and business processes in order to reduce the cost base. We have entered into long-term purchase agreements with various customers with a term of several years, set minimum purchase quantities and prices or price ranges.

#### **Investments**

Changes in customer demand and/or to the original assumptions about the market might not be reflected in our capital expenditure quickly enough or may lead to poor investments. Delays of our new 300 mm fab in Singapore could result in our inability to fulfill supply contracts and lead to declining sales and earnings or loss of market share.

Unplanned expenditure increases may impact our liquidity and future operating earnings through higher depreciation expense. Possible misinvestments may lead to idle capacity costs or impairment losses on investments with negative effects on earnings. The market assumptions on which the investment decision was based may not be achieved and lead to negative effects on earnings, finances and assets.

With our experience in project planning for new production sites, in assembly and construction supervision, in project controlling and in commissioning, we ensure that projects are completed on time and on budget as far as possible. We have a wide range of measures in place to counter investment and liquidity risks. We release investments only in partial stages. Intensive project controlling serves to minimize or exclude time delays. We reduce our investment risk through long-term purchase and financing commitments with our customers.

#### **Product development**

The semiconductor industry is characterized by ongoing technological change and tightening or even new requirements for our manufacturing processes and products. We may not be able to respond appropriately quickly. We may gauge future market trends incorrectly or customers may not accept our product developments. Our competitors may launch new generations of wafers faster, at lower prices, or with better capabilities.

We minimize the risks arising from our development work by carrying out certain developments in cooperation with customers. At the same time, we keep a close eye on the market and our competitors, meet with customers and suppliers, and regularly attend conferences of significance to our business. We collaborate with universities and research institutions on its R&D projects in order to incorporate the latest trends into the development of its technologies and projects. We use systematic project management methods for our development projects. Specific project milestones and clear approval processes help us to detect project risks at an early stage and respond appropriately.

## Procurement market risk

Raw materials, energy, other secondary materials, equipment and spare parts are only offered by a limited number of suppliers. Due to general cost pressure and complexity, cooperation will become increasingly intensive, and interdependencies will increase. The high demand for semiconductor products is leading to price increases and supply problems at our suppliers. We expect the significantly increased price level for energy, various materials and services with high energy requirements to continue. There is a risk that we will not be able to pass on the full impact of price increases to our customers. Delays and interruptions in the global supply chain as a result of economic and geopolitical developments, the Corona pandemic, extreme weather events, or cyber incidents, in addition to quality issues, supplier failures, and unexpected price increases, may lead to negative impacts on production, sales, and earnings, and necessary qualification of new suppliers may take a longer time.

We select our suppliers carefully and follow a stringent process of risk identification and reduction in order to limit the risk of supplier failures. We define systematic procurement strategies for strategic raw materials and resources, as well as critical equipment and services, each year – and on an ad-hoc basis if required – that include an assessment of procurement risk. In addition, we conduct risk-oriented audits of our suppliers. If procurement risk is considered to be significant, we implement appropriate countermeasures wherever possible, e.g. long-term supply agreements and the establishment of alternative suppliers or safety stocks. We counter electricity price risks with structured procurement. We have hedged electricity prices in part with derivatives. The operation of our heating and air conditioning system will be expanded in fiscal 2023 to include an operation with oil. We will then be able to operate the heating and air conditioning of our Freiberg production fab opportunistically with gas or oil.

We procure supplies and services from Wacker Chemie AG at the Burghausen site, as well as polysilicon, a raw material that is important for us. If we had to build up corresponding capacities ourselves or commission alternative suppliers, this could lead to time delays and additional costs.

We have secured the supplies and services from Wacker Chemie AG based on long-term contracts. Suitable notice periods have been agreed and we also obtain polysilicon from Wacker Chemie AG under a long-term agreement. The price development

of polysilicon depends on the economic development in the semiconductor and solar industries. There is a risk that we will not be able to pass on rising polysilicon prices to our customers. To minimize failures in the supply of polysilicon, several production facilities of Wacker Chemie AG and other suppliers were qualified.

## Production risk and product liability risk

Errors can occur during production, storage, and transportation, leading to product defects, personal injury, damage to property, or environmental damage. Our manufacturing process is highly complex and requires state-of-the-art facilities that are continually upgraded in order to meet customers' high demands in relation to specifications, quality (performance, stability, and continuous improvement), and price. The smallest variances in supplier performance can lead to considerable losses for customers, along with damages claims, a reduction in orders, and even the termination of customer relationships. In addition, they entail expensive product recalls and recertification processes. The possible resulting harm to our reputation may also adversely affect our future business performance.

We have taken out appropriate insurance for those risks that can be insured. Siltronic places particularly high importance on ensuring high quality standards in order to prevent defects in quality. The Company uses the integrated management system (IMS) along with process control and monitoring systems based on the IMS in order to manage its processes. It defines the processes and responsibilities and takes account of productivity, quality, adherence to customer specifications, safety, environmental protection, and health in equal measure. The IMS is founded not only on statutory requirements but also on national and international standards, such as ISO TS 16949 (quality), ISO 14001 (environment), OHSAS 18001 (health) and the Global Compact, which go far beyond the standards required by law. We try to ensure the maximum possible safety at our production facilities by conducting extensive maintenance checks, regular inspections and audits. To guarantee the safety of facilities, we carry out wide-ranging safety and risk assessments, from the design stage through to start-up, and identify any necessary improvements. If a damage/loss event occurs, each Siltronic site has emergency response plans in place that govern the cooperation with internal and external emergency services and the authorities. To avoid quality risks, we apply Lean Six Sigma methods for prevention, problem-solving, and continuous improvement in our production processes. We have taken out appropriate insurance for those risks that can be insured.

## Legal and regulatory risk

### General legal risks

Lengthy legal disputes can have a negative impact on our operations, image, and reputation and involve high costs. In order to counter potential risks that may arise from a wide variety of competition-, patent-, antitrust-, commercial-, labor- and contractual regulations and laws, Siltronic bases decisions on intensive research and legal advice.

As a technology company, Siltronic AG is particularly reliant on the protection of its intellectual property and thus pursues a patent strategy that supports this. If required, we call in external legal specialists. Our Intellectual Property department protects and monitors patents and trademarks. Before starting research and development projects, we investigate whether existing third-party patents and other third-party intellectual property rights could hamper us in marketing newly developed products, technologies and methods.

Increasing trade restrictions and economic sanctions and the complex and conflicting regulations that accompany them also entail the growing risk of penalties, sanctions, reputational damage and claims for damages. We therefore pay consistent attention to compliance with customs- and export control regulations and other trade restrictions.

We limit legal risks with the support of our legal- and subject departments. If necessary, we also rely on specialized external legal experts. We limit the risk of legal violations through compliance programs. The applicable Code of Conduct defines rules of conduct that are binding for all employees. Through training, we increase awareness of these issues and try to avoid reputational risks.

### Tax risks

We operate in various countries and are therefore subject to different tax systems. Tax risks arise in particular from divergent interpretations by tax authorities in the case of cross-border transactions (so called transfer prices). This may result in additional tax expense due to penalties and interest payments.

Tax risks are identified, regularly monitored and assessed by the tax department and necessary measures are taken.

### Environmental risks

Siltronic AG is subject to a number of local environmental protection laws and regulations, which primarily relate to the storage, handling, disposal, emission and registration of hazardous substances. This could expose us to liability for environmental damage. Changing environmental laws may lead to further pressures on our sites.

Siltronic AG meets this risk through extensive maintenance routines and ongoing inspections of its own facilities. In its mission statement, Siltronic AG has formulated the responsibility for environmental protection, safety and health and communicated globally binding principles and strategies. In the event of damage, Siltronic AG has developed contingency plans in addition to the insurance protection, which are regularly reviewed and trained.

Siltronic Corp., USA, has been a party to several administrative proceedings with the local environmental authority DEQ (Department of Environmental Quality) in Oregon and the national environmental authority EPA (US Environmental Protection Agency) for several years. The proceedings concern two environmental issues. The first is an upland investigation and cleanup of the Siltronic Corp. property in Portland and the second is design work done jointly with another party for a remedy of the Willamette River sediments adjacent to the property. Siltronic Corp. had taken out policies with several insurance companies covering environmental risks. Based on the policies, two insurance companies have paid a total of EUR 45 million to Siltronic Corp. in 2019. The company uses this to finance the ongoing costs resulting from the two environmental issues mentioned above. In addition, there are claims against other insurance companies.

### Energy and climate-related regulations

Semiconductor manufacturing is a water- and energy-intensive industry. More restrictive regulation with regard to water and energy supply may therefore affect our production or increase the expense. The regulatory environment has been characterized by repeated legislative adjustments in recent years. We therefore believe it is possible that there may be further burdens in the future.

We are monitoring the regulatory efforts very closely in order to identify possible effects.

## Security of the IT systems and data security

Information security is highly threatened by attacks on IT systems supporting business and production processes as well as systems for communication and collaboration. Disruptions, defects, manipulations or delays in IT functions and communication systems would therefore have a considerable adverse impact on our financial performance, and reputation.

Siltronic checks its IT constantly and puts a high focus on ensuring that the IT-supported manufacturing and business processes run securely. Our IT security and risk management team has the task of controlling threats in a financially viable manner. Our information security management system covers all areas of the company and is based on the ISO/IEC 27001 standard. Using a risk analysis, we define the requirements for our central systems with regard to the availability, confidentiality, and integrity of data. We have specified these requirements in service level agreements (SLAs) with our service providers. We monitor and verify compliance with the SLAs on an ongoing basis. We have taken appropriate precautions in case of emergencies. Our service provider has set up a global security team that takes organizational and technical measures and runs awareness programs in order to counter problems with the confidentiality, integrity, and availability of data and systems.

## HR risk

The lack of committed and qualified specialists and managers can have a negative impact on the company's further growth and technological lead.

We limit personnel risks through various personnel policy measures. These include in particular our performance management process and the development plans derived from it. Added to this are a wide range of training and development opportunities, good social benefits and performance-related compensation. Succession planning is in place throughout the Group for key positions.

## Pension risk

Our employees are sometimes granted pensions and occupational pensions after termination of employment. The longer life expectancy of beneficiaries, additional obligations due to salary and pension increases and declining discount rates may lead to an increase in defined benefit liabilities.

The majority of company pension commitments in Germany are covered by the Wacker Chemie VVaG pension fund. In addition, we have set up a trust fund to secure our share of pension obligations from direct commitments, deferred compensation and pension adjustments from the basic pension plan. In the USA, coverage is provided by pension funds. The investment portfolio is diversified to ensure an adequate return on assets and to limit investment risks. As one of the sponsoring companies of the pension fund, Siltronic makes needs-based financial contributions to the pension fund. In the future, the return on capital employed will probably not be sufficient to meet the pension obligations in the long term. We therefore anticipate further special allocations that will burden our liquidity.

From 2023, employees who join the company for the first time in Germany are to be offered a company pension exclusively in the form of a funded direct commitment. Employees on existing plans will be able to switch voluntarily to the new plan. The pension will be secured by a Contractual Trust Arrangement (CTA). In addition to a lifelong pension, the commitment also provides for a voluntary lump-sum option in the form of a lump-sum or installment payment. Siltronic has already agreed on the key points with the employee representatives in 2022. Negotiations to conclude a corresponding company agreement are currently ongoing. The introduction of the funded direct commitment is intended to reduce pension provisions and thus ease the burden on the balance sheet while still providing employees with an attractive form of company pension.

For further information relating to pension risks, please refer to [Note 11 Provisions for pensions](#) and similar obligations.

## Financial risk

### Credit risk

Due to the use of financial instruments and investments and our large credit balances with banks, we are exposed to the risk of default on the part of financial institutions. We contain our counterparty risk by entering into financial instruments and investments only with investment-grade counterparties and by limiting the individual transaction volumes and terms to maturity.

Consolidation in the semiconductor industry is leading to increasing concentration on customers becoming larger. We use various instruments to reduce the risk of default. Our receivables management team regularly assesses customers' credit standing. Default

risk is contained using defined credit limits and in selected cases bank guarantees. We strive to make our customer base as diversified, balanced, and solid as possible.

#### **Market price/currency- and energy price risk**

The vast majority of our revenues are generated in US dollars. The Japanese yen also plays a role. Costs, on the other hand, are mainly incurred in euros and Singapore dollars. Exchange rate movements thus affect sales, earnings, liquidity, and the measurement of financial assets/liabilities and financial instruments used to hedge currency risk.

We use financial instruments to address and manage the financial requirements and risks that are a necessary part of our operating activities. Hedging is based both on operating activities that have already been posted and on future cash flows. Having production facilities outside the Eurozone also helps us to counter currency risk. Translation risk, i.e. valuation risk resulting from the translation of line items in foreign currency on the statement of financial position, is not hedged.

In 2022, electricity prices for 2023 were also hedged for the first time on a small scale using derivative financial instruments.

An overview of the derivative financial instruments held at the balance sheet date and supplementary descriptions of the management of financial risks are provided in [Note 16](#) to the consolidated financial statements.

#### **Liquidity-, financing- and interest rate risks**

For investments such as the new 300 mm fab, we require substantial financing. In the current dynamic supply, price and demand environment for key construction materials, equipment and construction services, unexpectedly higher capital expenditures may occur. Unplanned increases in expenditure may place a considerable strain on our liquidity.

As a result of the financing we have raised, we are exposed to interest rate risks to a minor extent arising from floating-rate loan liabilities. A summary list of the financial resources existing as of the balance sheet date can be found in [Note 16](#) to the consolidated financial statements.

Siltronic also holds securities via a special fund which may be subject to minor interest rate risks. These risks are largely monitored and mitigated by a so-called overlay management.

We have reduced our financing and liquidity risk through long-term purchase and advance payment commitments with our customers. We have further improved our liquidity with additional debt financing measures. Siltronic prevents potential financing risk by maintaining a stock of cash and cash equivalents. Liquidity risk is managed centrally by means of rolling cash planning and efficient cash management systems.

## **Opportunity report**

We see a variety of opportunities for maintaining its path of successful growth over the coming years. We use various market observation and analysis instruments to identify opportunities at an early stage, for example, tools for the continuous structured evaluation of market data, industry data, and competitor data. Close contact with our customers also helps us to assess future opportunities. KPIs (rolling forecasts and reporting of actual figures) enable us to ascertain whether, and to what extent, identified opportunities are fulfilled.

Strategic opportunities of significant importance – such as adjustments to the strategy or possible acquisitions, alliances, and partnerships – are dealt with at Executive Board level as part of the annual strategy development and planning process or, in the case of current matters, during the regular Executive Board meetings. Various scenarios and risk/reward profiles are prepared for these opportunities to provide a basis for decision-making.

### **Macroeconomic and industry-specific opportunities**

#### **Transformation through climate change**

We do not see our business model negatively affected by climate change. In order to achieve the global CO<sub>2</sub> targets, semiconductors are an important contribution to the efficient use of renewable energy sources and to increasing energy efficiency. For example, semiconductors optimize the generation and distribution of renewable energies, reduce power consumption in technical devices and support the transformation to electric cars. Efficient use is forcing industry to develop ever smaller and more powerful components.

#### **Growth in Asia and other emerging markets**

The increasing prosperity in the Asian region and in emerging markets in other regions is driving demand for higher-value products in which semiconductors are used. The focus region for us remains Asia in order to secure our profitability in the long term and to grow further. With the investment decision for Singapore, our new fab is close to a large number of customers.

### **Digitization**

Digitization is permeating more and more areas of our lives. The focus is particularly on the automotive industry, industrial applications, smartphones and consumer electronics. We want to support this growth with innovative products. In addition to the rising volume of data, the increasingly complex and diverse requirements placed on electronic components and the resulting increase in area requirements per component are a key growth driver. The efficient use of limited global resources is forcing the industry to develop ever smaller, more powerful and more efficient components. To make this possible, the technological specifications for our wafers are increasing.

### **Sales prices and customer prepayments as well as long-term supply contracts**

The main drivers of profitability are the prices achievable on the market and the utilization of existing capacities in the capital-intensive environment of wafer producers. In the short term, these are influenced by fluctuations in customer demand and their inventories, in the medium to long term by the investment decision of wafer producers and the generally increasing consumption of wafer area. Due to the high demand, we are able to increase our sales prices and to agree down payments and longer delivery commitments with our customers. This enables us to finance the decided investment in Singapore and to secure the planned additional production.

### **Favorable exchange rates**

Favorable exchange rates also have a positive effect on our earnings situation. The vast majority of our sales are generated in US dollars. The Japanese yen also plays a role. Costs, on the other hand, are mainly incurred in euros and Singapore dollars.

### **Presence at all wafer consumers**

We serve all the leading consumers of silicon wafers for the semiconductor industry with our product portfolio. The growth in demand for silicon wafers for the semiconductor industry has recently been driven by a broad application base. We expect robust demand development in the traditional application areas of smartphones, PCs and consumer electronics. New markets and application areas, such as in the automotive industry and in the general industry, are likely to develop disproportionately and thus increase the demand for silicon wafers. With our broad product portfolio,

we can serve these global future topics. By diversifying our products into more and more applications and industries, we expect the semiconductor market to show less short-term cyclical demand fluctuations in the future and to evolve into a more stable market.

## **Strategic and business-performance opportunities**

### **Sound financial position and high capital expenditures**

The good financial situation enables us to react flexibly and quickly to strategic options as they arise in the event of market and industry developments. The investment focus is on equipment for the production of wafers with higher requirements, further automation and market-oriented capacity expansion. The new 300 mm fab in Singapore is an important contribution to support the strong growth and expansion projects of our customers.

### **Stay amongst the technology leaders**

We firmly believe that we can successfully participate the further chances and opportunities of our industry, as we continuously develop new technological solutions for our customers. Wafers are being used for increasingly smaller structures, also known as design rules, which are now in the range of a few nanometers. This enables the production of ever more powerful and energy-efficient generations of semiconductor chips. We are involved in joint development projects with a large number of customers in order to be a key partner in the introduction of new applications.

### **Continuous improvement to cost structures**

We are investing heavily in the automation of existing equipment and processes to further improve our cost position. The capacity expansion with the new fabs in Singapore will enable us to further improve our cost position. Together with our two very modern and cost-efficient fabs in Singapore, we can achieve further economies of scale through synergies.

### **New applications and material properties**

Due to the high availability of silicon and its special material properties, we assume that substitute materials will only be used in special applications. Based on the continuous development of technical possibilities and applications at our customers, we are constantly evaluating the market in order to identify and exploit new fields of application and opportunities at an early stage.

## The Executive Board's assessment of overall risk

The Group's risk profile did not change significantly in the year under review. At the time this report was published, the Executive Board of Siltronic had not identified any individual or aggregate

risks that could seriously jeopardize the Company's ability to continue as a going concern.

### Risk Assessment for 2023

Risk	Risk Assessment			Change compared to previous year
	Low	Medium	High	
<b>Overall environment</b>				
Economic downturn			•	↑
Corona pandemic	•			↓
Geopolitical tensions, war and trade restrictions				
War in Ukraine	•			new
Trade restrictions			•	new
<b>Industry and market risk</b>				
Competition, demand controlled by customers, cycles in the wafer market			•	→
Investments			•	→
Product development risk		•		→
<b>Procurement risk</b>		•		→
<b>Product liability and production risks</b>		•		→
<b>Legal and regulatory risk</b>				
General legal risk		•		↑
Tax risk	•			↓
Environmental risk	•			→
Energy and climate-related regulations		•		→
<b>Security of IT systems and data</b>			•	↑
<b>HR risk</b>		•		→
<b>Pension risk</b>		•		→
<b>Financial risk</b>				
Credit risk	•			→
Market price, currency and energy price risk			•	→
Liquidity, financing and interest rate risk			•	→

We assess the relevant risks according to the probability of occurrence and the degree of impact on business activities, net assets, financial position, results of operations and cash flow. For better readability, we have classified risks according to the following matrix:

Risk assessment	Probability of occurrence			
	< 25 percent	25 – 75 percent	> 75 percent	
Effects on the development of the Group's net assets, financial position and result of operations	< EUR 10 mn	Low	Low	Medium
	EUR 10 – 50 mn	Low	Medium	High
	> EUR 50 mn	Medium	High	High

# Outlook

## Expected macroeconomic trends

In its January 30, 2023 report, the International Monetary Fund (IMF) expects global growth to fall from 3.4 percent in 2022 to 2.9 percent in 2023. Central bank rate hikes to combat inflation and the Russian invasion of Ukraine are expected to continue to have a negative impact on economic growth. Inflation is estimated to fall from 8.8 percent in 2022 to 6.6 percent in 2023, but still well above pre-pandemic levels (average inflation 2017 – 2019: 3.5 percent).

In the established economies, the decline in economic growth from 2.7 percent in 2022 to an expected 1.2 percent in 2023 will be even more pronounced, according to the IMF. In the euro zone, a growth of 0.7 percent is expected (2022: 3.5 percent) and in Germany of 0.1 percent (2022: 1.9 percent).

For Japan, the IMF expects growth to increase to 1.8 percent in 2023, up from 1.4 percent in the prior year. According to IMF forecasts, China also expects an upward trend with growth of 5.2 percent in 2023 (2022: 3.0 percent). The IMF expects the end of the Covid restrictions in China to enable a faster recovery.

The market for silicon wafers for the semiconductor industry is forecast to decline by 0.6 percent in 2023.

Sources:  
IMF (World Economic Outlook update, January 30, 2023)  
SEMI SMG (Press release, November 7, 2022)

## Siltronic's future performance

Siltronic does not plan any significant changes in its corporate goals and strategy. We will continue to work on our position as one of the technology leaders and maintain our high-quality performance. We will remain focused on our program of operational excellence and cost reduction, as well as high profitability and stable cash flows.

The most important financial performance indicators are:

- EBITDA margin
- EBIT
- Net cash flow

The megatrends in the semiconductor industry lead Siltronic to assume that demand will continue to rise in the medium and long term. However, we expect market weakness in the coming quarters due to inventory corrections.

The Executive Board expects the financial year to develop as follows:

### Sales

As high inventories have built up in the supply chains downstream to us, and hence some of our customers – especially in the memory chip sector – have announced that they are temporarily cutting back parts of their production significantly. In the meantime, several customers have asked Siltronic to postpone delivery volumes planned for the first half of the year. During Q1 2023, monthly sales volumes have therefore been reduced to a level significantly below Q4 2022.

In addition, we expect the weakening US dollar to have a negative effect on sales development. Excluding currency hedging transactions, a deviation of 1 USD cent in the EUR/USD exchange rate compared to the prior year's level will lead to a change in sales of around +/- EUR 13 million and an EBITDA change of around +/- EUR 9 million in the financial year 2023.

An average exchange rate of the euro against the US dollar of 1.10 instead of 1.05 (average for 2022) would therefore reduce sales by around EUR 65 million in 2023. This negative exchange rate effect is offset by a positive effect from slightly rising prices. Overall, we expect sales in 2023 to be significantly below the previous year.

In Q1 2023, we expect sales in the range of approximately 15 percent below Q4 2022.

### EBITDA margin

The EBITDA margin will also be significantly lower in 2023. In addition to the decline in unit sales due to the customer inventory correction and the exchange rate effect, inflation-related unit costs will rise by around EUR 50 million. In addition, a one-time termination fee was recognized in 2022.

The EBITDA margin in Q1 2023 is expected to be between 30 and 33 percent.

### Depreciation

Depreciation will increase to around EUR 220 million in 2023 due to investments.

### EBIT

Due to higher depreciation and the significantly lower EBITDA margin, we expect EBIT in 2023 to also fall significantly year-on-year.

### Tax rate

The tax rate is expected to be in the mid-single-digit percentage range.

### Capital expenditure

Capital expenditure in the new fab in Singapore (Fab Next) will peak this year with the installation of many facilities. Overall, investments will increase slightly compared to the prior year. A significant decrease is then expected for 2024. Other priorities are the completion of the expansion of the crystal pulling hall and the expansion of epitaxy capacity in Freiberg, as well as measures to improve the capability for new design rules. Investment projects already started will be completed on schedule.

### Net cash flow

Net cash flow will be significantly weaker in 2023 compared to 2022 due to the significantly lower EBITDA margin and the high investments below prior year.

### Earnings per share

Earnings per share should decrease significantly.

The actual development of the Group may deviate, either positively or negatively, from our assumptions.

## Overall statement by the Executive Board on expected performance

At the time of preparing the combined management report 2022, the Executive Board expects Siltronic to continue to operate successfully in the market in 2023, but below the prior year's level.

We expect 2023 to start cautiously. Due to temporary market weakness, especially in the memory area, we see high inventory levels in the supply chains downstream of us, which will lead to inventory corrections at our customers.

We remain convinced of the underlying medium- and long-term growth trend in the wafer area due to the diverse end applications. Megatrends such as 5G, artificial intelligence, electromobility and digitalization continue to be growth drivers for the semiconductor industry. In anticipation of increasing demand in the medium and long term, our customers have also announced extensive expansion plans for the coming years.

Regardless of the underlying growth trend in our industry, geopolitical and global economic developments may weigh on the forecast for 2023.

### Forecast for 2023

Sales	significantly below prior year
EBITDA margin	significantly below prior year
Depreciation	around EUR 220 million
EBIT	significant decrease
Tax rate	mid single-digit percentage range
Capital expenditure	slightly above prior year
Net cash flow	significantly below prior year
Earnings per share	significantly lower

# Disclosures relevant to acquisitions

(pursuant to section 289a and section 315a of the German Commercial Code (HGB))  
and explanatory report

## Composition of subscribed capital (Section 289a para. 1 no. 1, 315a para. 1 no. 1 HGB)

The subscribed capital of Siltronic AG amounts to EUR 120 million and is divided into 30 million no-par-value shares, each with an imputed share of the capital amounting to EUR 4. The shares are registered shares. All the shares are of the same type; each share has the same rights attached to it and allows one vote at the Annual General Meeting.

## Restrictions on voting rights or the transfer of shares (Section 289a para. 1 no. 2, 315a para. 1 no. 2 HGB)

The members of the Executive Board are obligated to purchase shares equivalent to 50 percent of their annual base salary (gross amount) and to hold them for the duration of their appointment to the Executive Board (Share Ownership Commitment). The value of the shares at the time of purchase is decisive. The current Executive Board members Dr. Christoph von Plotho and Rainer Irle fulfill this Share Ownership Commitment through the shares held by each of them at the time of conclusion of the service agreement in March 2020, based on the value of the shares at the time a Share Ownership Commitment was first established on September 14, 2017. The Executive Board members continue to be entitled to voting and dividend rights during the holding period. For new Executive Board members, there is a three-year build-up phase to fulfill the shareholding obligation.

We are not aware of any other contractual restrictions relating to voting rights or the transfer of shares.

The Articles of Association of Siltronic AG do not restrict the transferability of shares. However, there may be restrictions on the shares' voting rights imposed by the German Stock Corporation Act (e.g. Section 136 of the German Stock Corporation Act (AktG)) or as a consequence of the disclosure requirements pursuant to the German Securities Trading Act (WpHG) being violated. In accordance with Section 67 (2) of the German Stock Corporation Act (AktG), the parties deemed to be shareholders of Siltronic AG are those parties entered as such in the share register. Pursuant to Section 67 (4) of the German Stock Corporation Act (AktG), Siltronic AG is entitled to demand information from the persons entered in the register on whether the shares that are entered as held by them in the register actually belong to them and, if this is not the case, to demand information on who the shares are held for, as required in order to maintain the register. Until this demand is met, the voting rights attached to the shares are suspended (Section 67 (2) sentence 3 of the German Stock Corporation Act (AktG)).

## Shareholdings in the Company that represent more than 10 percent of the voting rights (Section 289a para. 1 no. 3, 315a para. 1 no. 3 HGB)

The Company has been notified of the following direct and indirect shareholdings in the Company that represent more than 10 percent of the voting rights:

- Wacker-Chemie AG (Munich, Germany): 30.83 percent
- Dr. Alexander Wacker Familiengesellschaft mit beschränkter Haftung (Munich, Germany): 30.83 percent (allocated via Wacker-Chemie AG)
- Sino-American Silicon Products Inc. (Hsinchu/Taiwan): 13.67 percent

## Shares with special rights that confer authority to exert control over the Company (Section 289a para. 1 no. 4, 315a para. 1 no. 4 HGB)

Shares with special rights conferring control powers were not issued.

## Type of voting right controls in cases where employees hold shares in the Company and do not exercise their control rights directly (Section 289a para. 1 no. 5, 315a para. 1 no. 5 HGB)

In case employees hold shares in Siltronic AG, they exercise their resulting control rights directly in accordance with the statutory provisions and the Articles of Association.

## Appointment and removal of members of the Executive Board and amendments to the Articles of Association (Section 289a para. 1 no. 6, 315a para. 1 no. 6 HGB)

Pursuant to Section 5 of the Articles of Association, the Executive Board of Siltronic AG must consist of a minimum of two persons. In other respects, the Supervisory Board determines the number of Executive Board members. The Supervisory Board appoints one member of the Executive Board as President & Chief Executive Officer. The appointment and removal of members of the Executive Board are governed by Section 84 et seq. of the German Stock Corporation Act (AktG) and Section 31 German Co-Determination Act (MitbestG).

Changes to the Articles of Association are governed by Section 179 et seq. of the German Stock Corporation Act (AktG), which stipulates that all changes to the Articles of Association require a resolution to be adopted by the Annual General Meeting.

However, the Supervisory Board is authorized in Section 9 (2) of the Articles of Association to make changes that relate solely to the wording.

The Supervisory Board is also authorized to amend Section 4 (6) of the Articles of Association accordingly after the Authorized Share Capital 2020 has been utilized or the period for the utilization of the Authorized Share Capital 2020 has elapsed. Furthermore, the Supervisory Board is authorized to amend Section 4 (7) of the Articles of Association in accordance with each utilization of the Conditional Capital 2020 and after all option and conversion periods have elapsed.

Pursuant to Section 179 (2) of the German Stock Corporation Act (AktG), resolutions to amend the Articles of Association adopted by the Annual General Meeting require a majority of at least three quarters of the share capital represented during the voting, unless the Articles of Association specify a different majority. In accordance with Section 18 (2) of the Articles of Association, resolutions at the Annual General Meeting are passed by simple majority of the votes cast and by simple majority of the share capital represented in the voting if a majority of the share capital is required, unless the law or the Articles of Association require otherwise. The law requires a greater majority of three quarters of the share capital represented in the voting in several cases, such as when changing the objects of the company (Section 179 (2) sentence 2 of the German Stock Corporation Act (AktG)), capital measures and the exclusion of subscription rights.

#### Authority of the Executive Board to issue and buy back shares (Section 289a para. 1 no. 7 Section 315a para. 1 no. 7 HGB)

On the basis of a resolution of the Annual General Meeting on June 26, 2020, the Executive Board is authorized, subject to the consent of the Supervisory Board, to increase the Company's share capital on one or more occasions in the period up to June 25, 2025 by up to a total of EUR 36 million by issuing new registered no-par-value shares for cash or non-cash contributions (Authorized Share Capital 2020). In general, the shareholders are to be granted a subscription right. The shares may also be subscribed in whole or in part by one or more credit institution(s) or companies within the meaning of Section 186 (5) sentence 1 of the German Stock Corporation Act (AktG) with the obligation to offer them to the shareholders of the Company for subscription (so called indirect subscription right). The Executive Board is authorized, with the consent of the Supervisory Board, to exclude the shareholders' subscription rights for one or several capital increases from the Authorized Share Capital 2020,

- to exclude fractional amounts from the subscription right;
- in case of capital increases in return for cash contributions, if the issue price of the new shares is not significantly below the stock exchange price for the shares of the same class already listed and the aggregate pro rata amount of the share capital attributable to the new shares issued with the exclusion of the subscription right does not exceed 10 percent of the share capital existing on the date on which this authorization takes

effect and on the date in which the authorization is being exercised. This limit of 10 percent of the share capital shall include shares that were issued or sold during the term of this authorization in direct or analogous application of Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG); it shall also include shares that can be or are to be issued by the Company to service conversion or option rights or to fulfil conversion or option obligations arising from Bonds, provided that the Bonds are issued during the term of the Authorized Share Capital 2020 under exclusion of shareholders' subscription rights in analogous application of Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG) (mutual offset);

- to the extent necessary to be able to grant new shares in the Company to holders or creditors of Bonds that were or will be issued by the Company or by its subordinate Group companies upon exercise of conversion or option rights or upon fulfilment of a conversion obligation, and insofar as necessary to grant a subscription rights to new shares in the Company to holders of conversion or option rights or to creditors of conversion bonds with conversion obligations that were or will be issued by the Company or its subordinated Group companies, to the extent that they would be entitled to such rights as shareholders after exercising their option or conversion rights or after fulfilling conversion obligations;
- in the event of a capital increase against contributions in kind, in particular in the context of corporate mergers or for the (also indirect) acquisition of businesses, operations, parts of businesses, equity interests, investments or other assets or claims to the acquisition of assets, including claims against the Company or its Group companies; and
- in order to implement a scrip dividend where shareholders are entitled to tender their dividend rights (in whole or in part) as a contribution in kind against issuance of new shares under the Authorized Share Capital 2020.

The sum total of shares issued on the basis of the Authorized Share Capital 2020 under exclusion of shareholders' subscription rights, taking into account other shares of the Company that are sold or issued during the term of the Authorized Share Capital 2020 under exclusion of subscription rights or are to be issued on the basis of Bonds issued during the term of the Authorized Share Capital 2020 under exclusion of subscription rights, may not exceed a calculated proportion of the share capital of 10 percent, neither at the time the Authorized Share Capital 2020 takes effect nor at the time it is utilized (mutual offset).

On the basis of a resolution of the Annual General Meeting on June 26, 2020 and subject to the consent of the Supervisory Board, the Executive Board is authorized to issue once or several times on or before June 25, 2025 holder and/or registered convertible bonds and/or option bonds, profit participation rights and/or participating bonds (or a combination thereof)

(together hereinafter also referred to as “Bonds”) for a total nominal amount of up to EUR 500,000,000.00 and to grant the holders or creditors of Bonds conversion and/or option rights or obligations of up to 3,000,000 new no-par value ordinary registered shares of the Company with a proportionate amount of the share capital of up to EUR 12,000,000.00 according to the more detailed terms and conditions of the Bonds (“Bond Terms and Conditions”) (“2020 Authorization”).

The sum total of the shares which are, can be or are to be issued to service conversion and/or option rights or to fulfil conversion or option obligations arising from the Bonds, and the shares issued during the term of this 2020 Authorization using the Authorized Share Capital 2020, shall not exceed an amount of the share capital of EUR 36,000,000.00 (corresponding to 30 percent of the current share capital) (mutual offset). The shareholders are generally entitled to a subscription right to the Bonds. However, the Executive Board is authorized, with the consent of the Supervisory Board, to exclude the shareholders’ statutory subscription right to the Bonds in the following cases:

- for fractional amounts resulting from the subscription ratio;
- if the Bonds with option or conversion rights or obligations are issued against cash payment and are equipped in such a way that their issue price is not significantly lower than their theoretical market value determined in accordance with recognized principles, in particular those of financial mathematics. However, this authorization to exclude subscription rights only applies to Bonds with option or conversion rights or option or conversion obligations for shares with a proportionate amount of the share capital that may not exceed 10 percent of the Company’s share capital. For the purpose of calculating the 10 percent limit, the amount of the share capital at the time this authorization takes effect or - if this value is lower – at the time this authorization is exercised, shall be decisive. This limit of 10 percent of the share capital shall include shares which are issued or sold during the term of this authorization in direct or analogous application of Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG) up to the time of its utilization or which are issued to service subscription rights or to fulfil conversion obligations arising from Bonds, provided that the corresponding Bonds are issued after this authorization takes effect in analogous application of Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG), excluding shareholders’ subscription rights;
- insofar as the Bonds are issued in return for a contribution in kind, in particular in the context of corporate mergers or for the (also indirect) acquisition of businesses or other assets, including receivables from the Company or its Group Companies, provided that the value of the contribution in kind is in reasonable proportion to the market value of the Bonds;
- insofar as this is necessary in order to grant the holders or creditors of previously issued Bonds a subscription right to the extent to which they would be entitled as shareholders after exercising an option or conversion right or after fulfilling an option or conversion obligation.
- The total number of shares that can be issued on the basis of the utilization of the Authorization 2020 to issue Bonds with option or conversion rights or obligations with the exclusion of shareholders’ subscription rights, taking into account other shares of the Company that are sold or issued during the term of the Authorization 2020 with the exclusion of subscription rights, may not exceed a calculated proportion of the share capital of 10 percent, either at the time the Authorization 2020 becomes effective or at the time it is utilized (mutual offset).
- Insofar as profit participation rights or profit participating bonds without option or conversion rights or obligations are issued, the Executive Board is authorized, with the consent of the Supervisory Board, to exclude the subscription right of the shareholders in its entirety if these profit participation rights or profit participating bonds are similar to obligations, i.e. do not establish membership rights in the Company, do not grant any participation in liquidation proceeds and the amount of interest is not calculated on the basis of the amount of the net income for the year, the balance sheet profit or the dividend. Furthermore, in this case, the interest rate and the issue amount of the profit participation rights or profit participating bonds must correspond to the current market conditions for comparable borrowings at the time of issue.

For the purpose of servicing the aforementioned Bonds by the Company, the Annual General Meeting on June 26, 2020 has increased the share capital of the Company by up to EUR 12 million by issuing up to 3,000,000 new no-par value registered shares (“Conditional Capital 2020”). The new shares shall be issued at the conversion or option prices to be determined in the Bond Terms and Conditions in accordance with the authorization of the Annual General Meeting.

In accordance with the resolution of the Annual General Meeting on June 26, 2020, the Executive Board is authorized until June 25, 2024, with the consent of the Supervisory Board and in accordance with the legal provisions of Section 71 (1) no. 8 of the German Stock Corporation Act (AktG), to purchase for any permissible purpose treasury shares in an amount of up to 10 percent of the share capital existing at the time of the resolution or – if this value is lower – of the share capital existing at the time of exercising this authorization. The share capital at the time the resolution was passed amounted to EUR 120 million.

At the discretion of the Executive Board, the acquisition may be carried out through purchase on the stock exchange by means of a public invitation to submit offers of sale, by means of a public offer or by granting tender rights to shareholders. The authorization of the Annual General Meeting contains different requirements for the individual types of acquisition, in particular with regard to the purchase price. The authorization may be exercised once or several times, in full or in partial amounts. The Executive Board is authorized, with the approval of the Supervisory Board, to use the treasury shares acquired on the basis of the authorization for all legally permissible purposes. In particular, they may be sold via the stock exchange or by means of a public offer to all shareholders in proportion to their shareholding (in the event of an offer to all shareholders, subscription rights for fractional amounts are excluded). They may also be sold for cash or for contributions in kind (in particular in the context of corporate mergers or for the acquisition of businesses, parts of businesses). The treasury shares may be used to fulfil or secure purchase rights or purchase obligations for shares in the Company (in connection with bonds, convertible bonds and/or option bonds). They may be used in connection with any share-based payment or employee share programs of the Company, however, the total of the treasury shares used for these purposes may not exceed a calculated proportion of the share capital of 1 percent. Treasury shares may be redeemed. The Supervisory Board is authorized to use the treasury shares to service purchase obligations or purchase

rights to Siltronic shares agreed with members of the Executive Board of Siltronic AG as part of the compensation of the Executive Board. The total of the treasury shares used for this purpose together with treasury shares used for other share-based and employee share programs may not exceed a calculated proportion of the share capital of 1 percent. Except in case of a redemption, the shareholders' subscription rights to the acquired treasury shares are excluded to the extent that they are used in accordance with the above authorizations. The calculated proportion of the share capital, taking into account other shares of the Company which are sold or issued during the term of this authorization with the exclusion of subscription rights or which are to be issued on the basis of bonds issued during the term of this authorization with the exclusion of subscription rights, may not exceed a calculated proportion of the share capital of 10 percent (mutual offset).

#### Material agreements that are conditional upon a change of control resulting from a takeover bid (Section 289 a para. 1 no. 8, 315a para. 1 no. 8 HGB)

In May 2022, Siltronic AG and a consolidated Siltronic subsidiary entered into a guarantee facility agreement for SGD 465 million to secure a loan issued to the consolidated Siltronic subsidiary. The guarantee facility was utilized in the amount of SGD 253 million. In addition, Siltronic AG issued a promissory bill loan in the amount of EUR 300 million in July 2022. In addition, Siltronic AG concluded a further loan agreement for EUR 200 million, which was drawn down in full.

The aforementioned agreements provide for a right of termination by the respective lenders in the event of a change of control.

#### Compensation agreements in the event of a takeover bid (Section 289a para. 1 no. 9, 315a para. 4 no. 9 HGB)

There are no agreements with the Executive Board or employees of the Company that provide for compensation in the event of a takeover bid.

# Declaration on corporate governance

The Executive Board – pursuant to principle 23 of the German Corporate Governance Code also on behalf of the Supervisory Board – reports subsequently on corporate governance as well as in accordance with Sections 289f, 315d of the German Commercial Code (HGB) about the Company management. Retaining the trust and confidence of our customers, business partners, employees and investors is an essential factor in achieving sustained growth in corporate value. The essential basis for this is good corporate governance, accomplished through transparent and responsible company management and supervision.

## Declaration of conformity issued by the Executive Board and the Supervisory Board of Siltronic AG pursuant to Section 161 of the German Stock Corporation Act (AktG)

Throughout the fiscal year 2021, the Executive Board and the Supervisory Board once again closely examined the corporate governance of the Company and the recommendations of the German Corporate Governance Code as amended on April 28, 2022. On July 26, 2022, the Executive Board and Supervisory Board issued the following declaration of conformity, which is available to the public on the company's website at <https://www.siltronic.com/en/investors/corporate-governance.html>:

“The Executive Board and Supervisory Board of Siltronic AG hereby declare the following with regard to the recommendations of the “Government Commission on the German Corporate Governance Code” (“Code”):

Siltronic AG has complied with the recommendations of the Code in the version dated December 16, 2019, with the exception of the deviations set out and explained below since issuing its last declaration of conformity on July 27, 2021, and will comply with the Code in the version dated April 28, 2022, with the deviations specified

### a. Membership in the Executive Board and Chairman of the Supervisory Board (Sec. C.5)

The Code recommends that a member of an Executive Board shall not accept the chairmanship in a Supervisory Board of a listed company outside the Group. This is justified in particular by the workload involved in performing those functions. The Chairman of the Supervisory Board of Siltronic AG, Dr. Ohler, is also a member of the Executive Board of Wacker Chemie AG, thus deviating from this recommendation. In principle, we welcome the Code's goal of preventing the accumulation of activities so that sufficient time can be allocated to the work of the Supervisory Board. However, Dr. Ohler has proven in the past that for him the performance of both tasks can be very well combined in terms of time and organization.

### b. Independence of the Chairman

### of the Supervisory Board (Sec. C.10)

According to the Code, the Chairman of the Supervisory Board shall be independent of the Company. As a member of the Executive Board of Wacker Chemie AG, the Chairman of the Supervisory Board, Dr. Ohler, holds a leading position for a supplier of Siltronic AG with whom material business relations exist. According to the Code, this should be an indication of a lack of independence. In our opinion, the business relationship does not prevent him from effectively performing the role of Chairman of the Supervisory Board. In accordance with the legal requirements, the Company has established an internal procedure to regularly evaluate whether the transactions with Wacker Chemie AG are conducted in the ordinary course of business and at arm's length. In order to avoid even the appearance of a conflict of interest, the Chairman of the Supervisory Board does not participate in resolutions concerning the business relationship between Wacker Chemie AG and Siltronic AG. The handling of conflicts of interest is reported in the Supervisory Board report.

Munich, July 26, 2022

Siltronic AG

Executive Board

Supervisory Board”

### Outlook for 2023

Dr. Hermann Gerlinger has been a member of the Supervisory Board of Siltronic AG since March 4, 2011. In accordance with the independence indicators of the Code, Dr. Gerlinger is not considered independent. However, the Supervisory Board plenum is of the opinion that despite his twelve years on the Supervisory Board, Mr. Gerlinger is independent due to his professional experience and in order to ensure continuity of the management and, in particular, of Supervisory Board activities. In the opinion of the Supervisory Board plenum, Dr. Gerlinger has always participated objectively in the decision-making of the Supervisory Board and has not given any reason to doubt his independence.

## Compensation Report / Remuneration System

The applicable remuneration system for members of the Executive Board pursuant to Section 87a (1) and (2) sentence 1 of the German Stock Corporation Act (AktG), which was approved by the Annual General Meeting on May 5, 2022, and the resolution adopted by the Annual General Meeting on June 26, 2020 pursuant to Section 113 (3) AktG on the compensation of the members of the Supervisory Board are publicly accessible at <https://www.siltronic.com/de/investoren/hauptversammlung.html>. The compensation report and the auditor's report pursuant to Section 162 of the German Stock Corporation Act (AktG) are made publicly available at the same internet address.

## Relevant information on corporate governance practice

The Company complies with the statutory requirements relating to corporate governance. With the exceptions mentioned in the declaration of conformity, Siltronic follows all the recommendations of the German Corporate Governance Code.

### Principles of the compliance management system

Compliance with legal requirements, laws and in-house policies as well as their observance within the Group are part of the management and supervision responsibilities at Siltronic. The Supervisory Board, in particular the Audit Committee, regularly addresses compliance topics and reviews the compliance management system.

The Siltronic compliance management system was developed on the basis of a compliance risk analysis that examines company- and industry-specific risks. This compliance management system is designed to prevent, identify, and sanction violations in the corporate context. It is regularly reviewed and improved by the Siltronic compliance organization.

The Company has appointed compliance officers in Germany, the USA, Korea, China, Japan, Singapore, and Taiwan. They coordinate compliance activities within the Group, provide advice on the subject of compliance and are contact persons for questions and training.

Siltronic has issued an internationally applicable corporate policy that defines responsibilities, value limits and reporting channels. Particular emphasis is placed on preventing corruption, bribery and anti-competitive behavior. A risk-oriented "Know Your Business Partner" process has been defined for the screening of business partners.

Employees who have contact to business partners are required to complete an e-learning course on compliance. Production employees receive a presence training tailored to their needs by managers. All employees in sales and marketing as well as employees in certain other functions must also undergo online training courses on antitrust law.

Employees are required to report any violations they observe to their managers, compliance officers, the works council, or the responsible members of staff in the human resources department. Siltronic investigates every reasonable suspicion, examines the case and defines measures to remedy any vulnerabilities identified. Siltronic also takes any disciplinary measures if necessary. The compliance organization reports to the Executive Board of Siltronic AG on a monthly basis or as the need arises. In addition, the Chief Compliance Officer reports to the Supervisory Board during the Audit Committee meetings.

As a protected reporting channel, Siltronic has appointed an external ombudsman to whom employees and third parties can anonymously report violations of statutory regulations.

In the fiscal year 2022, a digital whistleblower system has been implemented that allows whistleblowers to submit reports on violations of the law and (imminent) human rights abuses anonymously via a secure electronic mailbox.

Retaliation of any kind against persons who report compliance incidents in good faith is prohibited. The contact details of the ombudsman as well as the link to the digital whistleblower system are published on our homepage.

The Executive Board also appointed a Human Rights Officer who defines measures to ensure compliance with human rights and environmental due diligence obligations. The Human Rights Officer identifies the human rights and environmental risks faced by Siltronic and its direct suppliers. Based on the risk analysis, he supports the development of the Company's human rights strategy. The digital whistleblower system implemented in the fiscal year 2022 also enables individuals to report violations of relevant human rights or environmental risks that have arisen as a result of the economic activities of the Company or a direct supplier.

### Code of Conduct

The Code of Conduct of Siltronic that was updated in the fiscal year 2022 provides a binding framework for the legal and responsible conduct of the employees in their daily work. It applies worldwide in all companies of the Siltronic Group. The Code of Conduct is intended to raise awareness among the employees regarding legal risks and support them in ethical issues. The Code of Conduct also sets out rules of behavior that apply throughout the Group for fighting corruption and protecting free competition. Furthermore, our Code of Conduct emphasizes the significance of focusing on quality, customer benefit and safety, as well as health and environmental protection. With its Code of Conduct, Siltronic is also committed to responsible corporate governance and sustainable action. The Code of Conduct is available on the Company's intranet as well as on its website <https://www.siltronic.com/en/our-company/compliance.html>.

As a supplier to the electronics industry, Siltronic is also guided by the code of conduct of the Responsible Business Alliance, with which leading companies in the electronics industry aim to promote social and ecological responsibility and ethical business practices worldwide. Further information on the initiative and its code of conduct can be found on the internet at <http://www.responsiblebusiness.org>.

Siltronic also implements the ten principles of the United Nations' Global Compact initiative to protect human rights, social and environmental standards and the fight against corruption. The ten principles of the UN Global Compact are available on the internet at [www.unglobalcompact.org](http://www.unglobalcompact.org).

Siltronic has also joined the "Charter of Diversity". Siltronic is committed to actively implement and promote equal opportunities and diversity. Information on the Charter can be found on the internet at <https://www.charta-der-vielfalt.de/en/diversity-charter-association/about-the-diversity-charter/>.

Furthermore, Siltronic has joined the Science Based Targets initiative (SBTi). SBTi drives ambitious climate action in the private sector by enabling companies to set science-based targets to reduce emissions. SBTi is a partnership between CDP, the United Nations Global Compact (UNGC), the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). Siltronic has set itself the goal of halving its Scope 1 and Scope 2 CO<sub>2</sub> emissions by 2030. Explanations on SBTi are published on the internet at <https://sciencebasedtargets.org/>.

### Information on the working methods of the Executive Board and Supervisory Board and on the composition and working methods of the Supervisory Board's committees

Siltronic AG has a dual management system, as required by the German Stock Corporation Act (AktG). It consists of the Executive Board, which manages the Company, and the Supervisory Board, which monitors and advises the Executive Board.

#### Executive Board

The Executive Board currently comprises two members. The Executive Board conducts the Company's business in accordance with the law, the Articles of Association and its rules of procedure. The Executive Board manages the Company independently and represents Siltronic AG in all transactions with third parties. Its actions and decisions are determined by the interests of the Company and are geared towards creating sustainable growth in the corporate value. To this end, the Executive Board determines the Group's strategy and manages and monitors it by allocating financial and other resources and capacities as well as by supporting and supervising the operating business. The Executive Board ensures compliance with legal provisions and provides for an appropriate risk management and risk control.

The members of the Executive Board are jointly responsible for the executive management of the Company. The individual member of the Executive Board is responsible for managing the areas of responsibility assigned to him or her. The Executive Board holds regular meetings which are convened and chaired by the CEO. Board meetings must be held whenever the interests of the Company require it. The Executive Board generally adopts its resolutions by simple majority. As long as the Executive Board consists of only two persons, resolutions can only be passed unanimously; the CEO has no casting vote.

### Diversity concept for the Executive Board

At its meeting on September 24, 2020, the Supervisory Board adopted the following diversity concept for the Executive Board:

“When appointing members to the Executive Board, the Supervisory Board looks for appropriate qualifications and experience required for the best possible performance of the Executive Board duties of a technology company in the semiconductor industry, as well as personal integrity, reliability and assertiveness. In addition to the specific knowledge required for their respective areas of responsibility, the members of the Executive Board must have a broad range of management and leadership experience in order to effectively fulfill the overall responsibilities of this board. When appointing new members to the Executive Board, the Supervisory Board also takes into account the following diversity aspects, which are important but not exclusive appointment criteria. The Supervisory Board’s decision on filling a specific Executive Board position is always based on the interests of Siltronic AG, taking into account all circumstances of the individual case.

#### – Professional diversity

The Executive Board as a whole should have many years of experience in the fields of production, sales, technology, finance (in particular controlling, accounting, taxes and risk management), law and compliance. Educational and professional backgrounds should also be taken into account.

#### – International experience

In light of the global activities of the Siltronic Group, particular attention should be paid to international experience (for example, through longer professional experience abroad or supervision of international business activities).

#### – Gender

The Supervisory Board has set a target of 50 percent female representation on the Executive Board by June 30, 2023.

#### – Age

The Supervisory Board has defined a standard age limit for members of the Executive Board in its Rules of Procedure. Other than that, the Supervisory Board does not aim for a specific age structure for the Executive Board.

The purpose of the diversity concept is to ensure that Siltronic AG is managed with a view to its long-term success and that the Executive Board and Supervisory Board work together in a targeted and efficient manner.

The Supervisory Board and the Executive Committee of the Supervisory Board take the diversity concept into account – in addition to the requirements of the German Stock Corporation Act (AktG), the German Corporate Governance Code and the rules of procedure for the Supervisory Board – in the long-term succession planning and appointment of Executive Board members.

### Method of implementing the diversity concept

The diversity concept for the Executive Board is implemented as part of the Executive Board appointment process. The Supervisory Board and the Executive Committee of the Supervisory Board take into account the requirements set out in the diversity concept when selecting candidates and appointing Executive Board members.

At the Supervisory Board meeting on March 4, 2020, Rainer Irlé was reappointed as a member of the Executive Board for the period from January 1, 2021 to December 31, 2025. At the Supervisory Board meeting on December 9, 2020, the term of office of Dr. Christoph von Plotho as a member of the Executive Board and as CEO was extended prematurely until December 31, 2023, by mutually terminating his appointment followed by his re-appointment. Against the background of the conclusion of the Business Combination Agreement and the then announced public tender offer, the Supervisory Board wanted to ensure continuity in the work of the Executive Board in a strategically important phase. By resolution of the Supervisory Board on December 19, 2022, Dr. Michael Heckmeier was appointed as member of the Executive Board and Chairman of the Executive Board of Siltronic AG with effect from July 1, 2023 at the latest. In agreement with the Supervisory Board, Dr. von Plotho will resign from his position as Chairman of the Executive Board and retire no later than the end of June 30, 2023. Michael Heckmeier, who holds a doctorate in physics, has worked for Merck KGaA for almost 25 years. After holding positions in R&D, Innovation, New Ventures in Germany and England, he has led the Display Solutions business as Executive Vice President since 2017. With his broad and international management and leadership experience, he meets the appointment criteria set out in the diversity concept for the Executive Board. As part of the appointment process, which was supported by an external personnel consultant, special attention was paid to suitable female candidates under the leadership of the Executive Committee of the Supervisory Board. Among the candidates, the Supervisory Board selected Mr. Heckmeier as the strongest candidate in terms of experience and competencies. The aim is still to increase the proportion of women on the Executive Board in the medium term.

## Close collaboration between the Executive Board and the Supervisory Board

The Executive Board and Supervisory Board work closely together to ensure the long-term and sustainable success of the Company. Their common goal is the sustainable development of the Company and its value. The Executive Board reports to the Supervisory Board regularly, promptly and comprehensively on all matters of strategy, planning, business performance, risk position, risk management and compliance that are relevant to the Company. The Chairman of the Supervisory Board also maintains close contact with the Executive Board between meetings, in particular with the CEO of the Executive Board, and discusses issues of importance. The Executive Board explains to the Supervisory Board if the business performance deviates from its intended plans and targets.

Certain transactions specified in the rules of procedure for Siltronic AG's Executive Board require the approval of the Supervisory Board. These include the adoption of the annual budget, including financial and investment planning, the acquisition and disposal of equity investments, the commencement of new and the discontinuation of existing production and business activities, and the raising of major long-term loans.

## Supervisory Board

In accordance with the Articles of Association, the Supervisory Board consists of twelve members. In accordance with the German Co-Determination Act (MitbestG), it is composed of equal numbers of shareholder and employee representatives. The term of office of the members is regularly five years. They can be re-elected. An overview of the members of the Supervisory Board in office during the reporting period and their other mandates on supervisory boards or comparable bodies required to be formed by law is available on [p. 14](#). The regular term of office of the current Supervisory Board members will expire at the end of the Annual General Meeting in 2023. The Supervisory Board appoints, monitors and advises the Executive Board and is directly involved in decisions of material importance to the Company. Fundamental decisions on the further development of the Company require the approval of the Supervisory Board. The rules of procedure of the Supervisory Board are published on the Company's website.

Separate preparatory meetings of the shareholder and employee representatives are held regularly to prepare the Supervisory Board meetings. The Supervisory Board meets regularly without the Executive Board, in particular on issues relating to Executive Board compensation and succession planning. Since 2022, the Audit Committee has also met regularly without the Executive Board in accordance with the recommendation in Section D.10 of the German Corporate Governance Code.

## Diversity concept, objectives for the composition, competence profile of the Supervisory Board and qualification matrix

On July 26, 2022, the Supervisory Board adopted the following diversity concept (including objectives for its composition and a competence profile):

“The Supervisory Board shall be composed in such a way that its members in their entirety have the necessary knowledge, skills, and professional experience to perform their duties in a proper manner and that the statutory gender quota is met. Against the background of the recommendations of the German Corporate Governance Code, the Supervisory Board has decided on the following specific objectives for its composition and the following competence profile, which together also form the diversity concept for the Supervisory Board:

### I. Objectives for the composition

#### 1. International expertise

In view of the Company's international strategy, at least one member of the Supervisory Board should have relevant experience.

#### 2. Independence and potential conflicts of interest

At least four shareholder representatives should be independent within the meaning of the German Corporate Governance Code. The rules of procedure set out by the Supervisory Board for dealing with conflicts of interest must be observed. Major conflicts of interest not only of a temporary nature, such as those involving board functions or advisory tasks at major competitors of the Company, must be avoided.

#### 3. Age limit for members of the Supervisory Board and standard length of service

The age limit regulations set out by the Supervisory Board in the rules of procedure must be observed.

#### 4. Diversity

With regard to diversity, the Supervisory Board strives to ensure that its composition takes into account a wide range of professional experience, educational backgrounds and, in particular, the appropriate participation of both genders. Pursuant to Section 96 (2) of the German Stock Corporation Act, the Supervisory Board must be composed of at least 30 percent women and at least 30 percent men. The shareholder and employee representatives on the Supervisory Board objected to the overall fulfillment of the gender quota. For this reason, the Supervisory Board of the Company must be composed of at least two women and two men on both the shareholder and the employee side.

## II. Competence profile

In view of Siltronic's sphere of activity, the Supervisory Board as a whole must be competent in all areas of significance. These include, in particular, in-depth experience and knowledge of:

- Management roles at listed or international companies;
- Science or research;
- Technological fields relevant to the Company;
- Strategy and corporate development;
- Production, sales, and markets in which Siltronic operates;
- Finance, in particular financial reporting, taxation, and controlling;
- Risk management and compliance;
- Human resources and co-determination;
- in sustainability issues or ESG topics that are significant for the Company.

Furthermore, pursuant to Section 100 (5) of the German Stock Corporation Act (AktG), at least one member of the Supervisory Board must have expertise in financial controlling and at least one other member of the Supervisory Board must have expertise in the area of auditing. The Supervisory Board in its entirety must be familiar with the semiconductor industry."

### Composition and competence profile

The Supervisory Board and the Supervisory Board's Nomination Committee consider the diversity concept (including the objectives for the composition and the competence profile) in the selection process and the nomination of candidates for the Supervisory Board as shareholder representatives to the Annual General Meeting. Prior to the Annual General Meeting, the curricula vitae of the candidates, including their pertinent knowledge, skills and experience, are published on Siltronic's website.

In its view, the Supervisory Board in its current composition meets the diversity concept as well as the compositional objectives and covers the competence profile. The Supervisory Board members have all the qualifications deemed necessary. The members of the Supervisory Board in their entirety are familiar with the sector in

which the Company operates, i.e. the semiconductor industry, and possess the skills, experience and knowledge relevant for Siltronic's activities. Several members of the Supervisory Board have relevant experience with regard to the international strategy of the Company. Diversity is appropriately reflected in the Supervisory Board. In the fiscal year 2022, the Supervisory Board had four female members, two of whom were shareholder representatives and two of whom were employee representatives. The statutory minimum quota is therefore fulfilled. In the opinion of the shareholder representatives of the Supervisory Board, at least four shareholder representatives are currently independent within the meaning of the German Corporate Governance Code, namely Prof. Dr. Gabi Dreo Rodosek, Dr. Hermann Gerlinger, Michael Hanel and Bernd Jonas.

According to the German Stock Corporation Act, at least one member of the Supervisory Board must have expertise in accounting and at least one other member of the Supervisory Board must have expertise in auditing. According to the German Corporate Governance Code, the expertise in the field of accounting should consist of special knowledge and experience in the application of accounting principles and internal control and risk management systems, and the expertise in the field of auditing should consist of special knowledge and experience in the auditing of financial statements, whereby accounting and auditing also include sustainability reporting and its auditing. As the long-standing Chief Financial Officer of the listed company Wacker Chemie AG, Dr. Tobias Ohler has corresponding expertise in the field of accounting. The Audit Committee Chairman Bernd Jonas has held various management positions in tax and accounting in the ThyssenKrupp Group during his career and was a member of the Auditors' Oversight Commission (APAK) from 2014 to 2016; he therefore has expertise in the area of auditing. He is also independent.

### Qualification matrix

The status of implementation of the competence profile is disclosed below in the form of a qualification matrix based on a self-assessment by the members of the Supervisory Board and adopted by the Supervisory Board.

	Dr. Tobias Ohler	Prof. Dr. Gabi Dreo Rodosek	Sieglinde Feist	Dr. Hermann Gerlinger	Michael Hankel	Bernd Jonas	Johann Hautz	Mandy Breyer	Klaus-Peter Estermaier	Volker Stapfer	Lina Ohltmann	Markus Hautmann
Independence		•		•	•	•	n/a	n/a	n/a	n/a	n/a	n/a
Relevant international Experience	•	•	•	•	•	•			•		•	
Leading Position in another Enterprise	•		•	•	•				•	•		
Research & Development		•		•	•							
Relevant Technological Areas	•	•		•	•				•			
Strategy and Corporate Development	•	•	•	•	•		•		•	•		
Production and/or Sales; relevant Markets	•		•	•	•		•	•	•	•		
Finance	•		•			•	•					
Risk Management and Compliance	•	•	•				•					
Human Resources and Co-Determination	•			•	•		•	•	•	•	•	•
Sustainability / ESG	•	•		•	•		•			•	•	•

## Committees enhance Supervisory Board efficiency

In order to perform its duties efficiently, the Supervisory Board has established four professionally qualified committees. Reports on the work of the committees are regularly presented to the Supervisory Board plenum.

### Executive Committee

**Chair:**

Dr. Hermann Gerlinger

**Members:**

Michael Hankel  
Johann Hautz  
Dr. Tobias Ohler

**Responsibilities:**

The Executive Committee consists of three shareholder representatives and one employee representative. The Executive Committee prepares personnel decisions for the Supervisory Board, in particular those concerning the appointment and removal of members of the Executive Board. It also deals with the service contracts of the Executive Board and the Executive Board compensation system as well as suggestions for the target setting and target achievement, on the basis of which the Supervisory Board plenum determines the compensation of the Executive Board members. The Executive Committee regularly discusses the long-term succession planning for the Executive Board.

### Nomination Committee

**Chair:**

Dr. Tobias Ohler

**Member:**

Dr. Hermann Gerlinger

**Responsibilities:**

The Nomination Committee consists of two members of the shareholder representatives. The Nomination Committee is responsible for proposing suitable candidates to be elected as shareholder representatives on the Supervisory Board to the Supervisory Board for its election proposals to the Annual General Meeting. In doing so, it considers the diversity concept including objectives regarding the composition and the competence profile.

### Audit Committee

**Chair:**

Bernd Jonas

**Members:**

Dr. Tobias Ohler  
Johann Hautz

**Responsibilities:**

The Audit Committee consists of three members. The Audit Committee must include at least one member of the Supervisory Board with expertise in the fields of accounting and at least one member with expertise in the field of auditing; the members in their entirety must be familiar with the sector in which the Company operates. The Audit Committee prepares the Supervisory Board's decisions on the adoption of the annual financial statements of Siltronic AG and the approval of the consolidated financial statements, as well as the proposal for a resolution by the Executive Board on the appropriation of profits. For this purpose, it is responsible for a preliminary review of the annual financial statements of Siltronic AG, the consolidated financial statements, the management reports or the combined management report, the non-financial report and the proposal for the appropriation of profits. It also deals with the review of the half-yearly interim consolidated financial statements and the discussion of the quarterly reports, as well as with issues concerning risk management and compliance. In particular, it monitors accounting processes, compliance and the effectiveness of internal control, risk management and auditing systems. The Audit Committee also monitors the external audit of the financial statements including its quality. The Audit Committee discusses the assessment of the audit risk, the audit strategy and audit planning, and the audit results with the auditor. The Chairman of the Committee regularly discusses the progress of the audit with the auditor and reports to the Audit Committee. The Audit Committee takes appropriate measures to determine and monitor the independence of the external auditor and to monitor the additional services provided by the auditor. Together with the auditor, the Audit Committee discusses the risks to the auditors' independence and the protective measures taken to mitigate these risks. Contracts may only be awarded to the auditor or companies with which it is associated legally, financially or in terms of personnel, to the extent these contracts do not involve prohibited non-audit services. Such contracts also require the prior approval of the Audit

Committee which duly assesses the risk to independence and the protective measures applied. The Audit Committee prepares a recommendation for the Supervisory Board's proposal to the Annual General Meeting on the selection of the auditor. Before submitting the nomination proposal, the Audit Committee obtains a declaration from the designated auditor that the statutory independence requirements are being met. Following the resolution of the Annual General Meeting, it issues the audit engagement letter to the auditor. The Audit Committee agrees the fees with the auditor – in compliance with the statutory provisions on audit fees – and determines the main points of the audit. The Audit Committee also engages an auditor in order to issue a 'limited assurance' for the non-financial report. The Chairman of the Audit Committee has expertise in the field of auditing and a further member has expertise in the field of accounting.

#### Conciliation Committee

##### Chair:

Dr. Tobias Ohler

##### Members:

Johann Hautz

Sieglinde Feist

Volker Stapfer

##### Responsibilities:

The Conciliation Committee to be formed pursuant to Section 27 (3) of the German Co-Determination Act (MitbestG) comprises the Chairman of the Supervisory Board, his deputy and two further members elected with a majority of the votes cast. One of the two members is elected by the Supervisory Board members representing the employees and the other is elected by those Supervisory Board members representing the shareholders. The Conciliation Committee has the task assigned to it by law, i.e. submitting proposals for the appointment or removal of members of the Executive Board if the required two-thirds majority of the votes of the Supervisory Board members is not obtained in the first ballot.

### Targets for the proportion of women on the Executive Board and at the first two management levels below the Executive Board; information on compliance with minimum quotas in the composition of the Supervisory Board

Siltronic AG is required by law to set targets for the proportion of women on the Executive Board and on the two management levels below the Executive Board. In the fiscal year 2020, targets to be achieved by June 30, 2023 were set as follows:

	Starting base as of June 30, 2020	New target by June 30, 2023
Supervisory Board	Statutory 30 %-quota, therefore no target necessary	
Executive Board	0% (0/2)	50% (1/2)
1st management level	14.3% (2/14)	min. 21.45% (3/14)
2nd management level	8.6% (3/35)	min. 11.4% (4/35)

In accordance with statutory requirements, the Supervisory Board of Siltronic AG must be composed of at least 30 percent women and at least 30 percent men. The Supervisory Board of Siltronic AG has four female members – two on the shareholder and two on the employee side – and eight male members. The shareholder

representatives and the employee representatives objected to the overall fulfilment of the gender quota. With a share of 33.3 percent women and 66.7 percent men, the Supervisory Board in its current composition meets the legal requirements for minimum quotas.

## Further information on corporate governance

### Transparent information for shareholders and the general public

Siltronic strives to provide all of the Company's targeted groups, whether shareholders, shareholder representatives, analysts, the media, employees or the interested public, with equal and timely information. We publish important Company dates in a financial calendar on our homepage. Capital market participants are in close contact with the investor relations team of the Company. Investors and analysts are informed about current and future business developments in telephone conferences on the respective quarterly reports. Siltronic regularly attends roadshows and investor conferences. Once a year an analysts' conference is held.

Where legally required, information in the form of ad hoc announcements are published. For this purpose, an ad hoc committee has been formed, on which both members of the Executive Board, the Head of Investor Relations & Communications and the Head of Legal & Compliance are represented to examine matters for their ad hoc relevance. This way it is ensured that possible insider information is handled in accordance with the law.

Key presentations can be viewed without restriction and downloaded online. All press releases and ad hoc announcements in German and English can also be found there as well as annual reports and all interim reports and quarterly announcements. Further information can be found at <http://www.siltronic.com>.

### Annual General Meeting

The shareholders exercise their rights at the Annual General Meeting. Among other things, the Annual General Meeting resolves on the appropriation of profits, the discharge of the members of the Executive Board and the Supervisory Board and the appointment of the auditor. Amendments to the Articles of Association and measures to change the capital are resolved by the Annual General Meeting and implemented by the Executive Board. The Annual General Meeting also serves to inform all shareholders efficiently and comprehensively about the situation of the Company. Even before the Annual General Meeting, shareholders receive important information about the past fiscal year in the annual report. In the invitation to the Annual General Meeting, the items on the agenda and the conditions of participation are explained. The convening notice and all reports and documents required by law, including the annual report (which includes the consolidated financial statements and the combined management report) as well as the annual financial statements of Siltronic AG,

are also available on the website. When shareholder representatives are elected to the Supervisory Board, a detailed curriculum vitae is published for each candidate. Following the Annual General Meeting, the attendance and voting results are published online. Siltronic facilitates the personal exercising of shareholders' rights and to vote by proxy. Authorized proxies are available to exercise shareholders' voting rights in accordance with instructions.

Due to the developments of the COVID pandemic, with the approval of the Supervisory Board, the Annual General Meeting in the fiscal year 2022 was held as a virtual meeting without the physical presence of the shareholders or their proxies.

### Reporting obligations for managers

Pursuant to article 19 of the EU Market Abuse Regulation (MAR) No. 596/2014, the members of the Executive Board and the Supervisory Board of Siltronic AG and persons closely associated with them are required to report proprietary trading in Siltronic AG shares or debt instruments of Siltronic AG or related derivatives or other related financial instruments to Siltronic AG and the German Federal Financial Supervisory Authority (BaFin). Any transactions reported are published on the Siltronic AG website.

### Responsible approach to opportunities and risks

The responsible handling of risks by the Company is a key component of good corporate governance. Siltronic uses a systematic opportunity and risk management approach to regularly identify and monitor significant risks and opportunities. The aim is to identify risks at an early stage and mitigate them through rigorous risk management. The Executive Board regularly informs the Supervisory Board on existing risks and their development. The Audit Committee regularly addresses the financial reporting process and the effectiveness of the internal control, risk management and audit system. The opportunities and risk management system are continuously developed and adapted to changing conditions. Details are available in the [Risk and opportunity report](#) on [p. 49](#).

### Financial reporting and auditing of financial statements

Siltronic's consolidated financial statements for 2022 were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The 2022 financial statements of Siltronic AG were prepared in accordance with the provisions of the German Commercial Code (HGB). The accounts

for 2022 were audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Munich. In accordance with the provisions of the Corporate Governance Code, the Audit Committee agreed with the auditor that the auditor shall inform the Audit Committee immediately about all findings and circumstances that the auditor becomes aware of during his audit and that are significant for the Audit Committee's work. Should the auditor identify any facts during the audit of the financial statements that indicate an inaccuracy in the declaration of conformity with the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG) issued by the Executive Board and the Supervisory Board, the auditor will inform the Audit Committee accordingly and note the finding in the audit report.

The Audit Committee regularly reviews the quality of the audit.

### D&O insurance and criminal law insurance coverage

A pecuniary damage liability insurance policy is in place that covers the activities of the members of the Executive Board and the Supervisory Board (D&O insurance). The insurance policy provides for the statutory deductible for the members of the Executive Board. There is no deductible for members of the Supervisory Board. Furthermore, the members of the executive bodies are also covered by the criminal law insurance policy that Siltronic has taken out for its employees. The insurance covers any lawyers' and court costs that may be incurred for defense in criminal or misdemeanor proceedings.

### Conflicts of interest

The members of the Executive Board and Supervisory Board are committed solely to the interests of the Company. In making their decisions, they may not pursue personal interests or exploit of business opportunities to which the Company is entitled. The rules of procedure for the Executive Board and the Supervisory Board stipulate that any conflicts of interest must be disclosed immediately. In the event of material and not only temporary conflicts of interest, the relevant Supervisory Board member is required to resign from office.

All transactions between the Company on the one hand and a member of the Executive Board or a relative of that member on the other hand must be conducted on an arm's length basis. Insofar as the participation of the Supervisory Board is not required anyway pursuant to Section 112 of the German Stock Corporation Act (AktG), such transactions require the approval of the Supervisory Board if the value of the individual transaction exceeds EUR 5,000.

### Self-evaluation

At its meeting on July 26, 2022, the Supervisory Board conducted a self-evaluation of the effectiveness of the Supervisory Board and its committees in accordance with the German Corporate Governance Code (formerly: efficiency review). On the basis of a questionnaire and related documentation sent out in advance to the Supervisory Board meeting, the self-evaluation was carried out as part of a general discussion.

### Age limit for board members

According to the rules of procedure for the Supervisory Board, when preparing personnel decisions of the Supervisory Board, the Executive Committee shall take into account that the members of the Executive Board may in general not be older than 67 years.

According to the rules of procedure for the Supervisory Board, Supervisory Board members who have reached the age of 75 shall resign from office at the end of the Annual General Meeting following the 75th birthday of the respective Supervisory Board member. Any deviation from this rule shall be discussed with the members of the Executive Committee and – if a member of the Executive Committee is affected – additionally with the members of the Audit Committee.

### Long-term succession planning

Long-term succession planning is the subject of regular consultations of the Executive Committee. In particular, the Chairman of the Supervisory Board is in regular dialogue with the Executive Board on this subject.

### Related party transactions

With the approval of the Supervisory Board, the Company has established an internal procedure pursuant to Section 111a (2) sentence 2 of the German Stock Corporation Act (AktG) that applies to the evaluation of related party transactions and implemented corresponding processes. Only Supervisory Board members who are not concerned about a conflict of interest due to their relationship with the related party participate in the resolution on the approval of related party transactions in accordance with Section 111b of the German Stock Corporation Act (AktG). Further information on related party transactions is published on [p. 125](#).

# Consolidated financial statements

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# Consolidated statement of profit or loss

from January 1 to December 31, 2022

In EUR million	Note	2022	2020
Sales	01	1,805.3	1,405.4
Cost of sales	01	-1,189.9	-964.2
<b>Gross profit</b>		<b>615.4</b>	<b>441.2</b>
Selling expenses		-34.3	-34.9
Research and development expenses		-89.5	-80.4
General administration expenses		-33.8	-32.5
Other operating income	01	196.1	88.5
Other operating expenses	01	-158.3	-65.1
<b>Operating result</b>		<b>495.6</b>	<b>316.9</b>
Interest income	02	13.8	3.8
Interest expenses	02	-7.5	-2.8
Other financial result	02	-14.8	0.5
<b>Financial result</b>		<b>-8.5</b>	<b>1.5</b>
Result before income tax		487.1	318.3
Income taxes	03	-52.7	-28.7
<b>Result for the period</b>		<b>434.4</b>	<b>289.6</b>
<i>of which</i>			
<i>attributable to Siltronic AG shareholders</i>		<i>390.6</i>	<i>253.3</i>
<i>attributable to non-controlling interests</i>		<i>43.8</i>	<i>36.3</i>
Result per common share in EUR (basic/diluted)	15	13.02	8.44

# Consolidated statement of financial position

as of December 31, 2022

In EUR million	Note	Dec. 31, 2022	Dec. 31, 2021
<b>Intangible assets</b>	04	21.7	23.0
Property, plant and equipment	05	2,235.0	1,275.8
Right-of-use assets	06	107.5	103.5
Securities and fixed-term deposits	09	12.7	22.2
Other financial assets	08	4.2	0.2
Other non-financial assets	08	21.0	21.9
Deferred tax assets	03	15.9	14.2
<b>Non-current assets</b>		<b>2,418.0</b>	<b>1,460.8</b>
Inventories	07	277.6	211.8
Trade receivables	08	222.2	170.0
Contract assets	08	14.6	12.7
Securities and fixed-term deposits	09	549.5	128.5
Other financial assets	08	23.2	6.8
Other non-financial assets	08	55.8	40.5
Income tax receivables	08	1.1	–
Cash and cash equivalents	09	488.7	424.3
<b>Current assets</b>		<b>1,632.7</b>	<b>994.6</b>
<b>Total assets</b>		<b>4,050.7</b>	<b>2,455.4</b>
<b>In EUR million</b>	<b>Note</b>	<b>Dec. 31, 2022</b>	<b>Dec. 31, 2021</b>
Subscribed capital		120.0	120.0
Capital reserves		974.6	974.6
Retained earnings and net Group result		673.7	373.1
Other equity items		116.7	–277.8
<b>Equity attributable to Siltronic AG shareholders</b>		<b>1,885.0</b>	<b>1,189.9</b>
Equity attributable to non-controlling interests		182.1	128.9
<b>Equity</b>	<b>10</b>	<b>2,067.1</b>	<b>1,318.8</b>
Pension provisions	11	119.5	404.8
Other provisions	12	53.2	60.2
Income tax liabilities	13	3.8	8.4
Deferred tax liabilities	03	2.9	2.0
Customer prepayments	13	503.7	254.2
Loan liabilities	13	653.8	–
Lease liabilities	06	106.7	99.5
Other non-financial liabilities	13	14.2	0.1
<b>Non-current liabilities</b>		<b>1,457.8</b>	<b>829.2</b>
Other provisions	12	10.0	6.4
Income tax liabilities	13	35.4	28.8
Trade liabilities	13	336.1	164.3
Customer prepayments	13	58.6	33.1
Loan liabilities	13	3.9	–
Lease liabilities	06	6.1	6.3
Other financial liabilities	13	8.6	14.6
Other non-financial liabilities	13	67.1	53.9
<b>Current liabilities</b>		<b>525.8</b>	<b>307.4</b>
<b>Total liabilities</b>		<b>1,983.6</b>	<b>1,136.6</b>
<b>Total equity and liabilities</b>		<b>4,050.7</b>	<b>2,455.4</b>

# Consolidated statement of cash flows

from January 1 to December 31, 2022

In EUR million	Note	2022	2021
Result for the period		434.4	289.6
Depreciation / amortization of non-current assets, including impairment losses and reversals thereof		176.0	149.5
Other non-cash expenses and income		9.5	0.8
Result from disposal of non-current assets		2.5	2.7
Interest income		-6.3	-1.0
Interest paid		-3.0	-2.2
Interest received		11.5	4.4
Tax expense		52.7	28.7
Taxes paid		-55.7	-13.4
Changes in inventories		-58.0	-42.0
Changes in trade receivables		-40.6	-20.8
Changes in contract assets		-2.0	-0.2
Changes in other assets		-15.5	-10.0
Changes in provisions		-1	4
Changes in trade liabilities		10.9	-5.5
Changes in other liabilities		11.7	9.6
Changes in customer prepayments		277.4	106.9
<b>Cash flow from operating activities</b>		<b>804.5</b>	<b>501.1</b>
Payments for capital expenditures (including intangible assets)		-922.7	-392.7
Proceeds from the disposal of property, plant and equipment and intangible assets		0.2	0.2
Payments for the acquisition of fixed-term deposits and securities		-889.3	-306.3
Proceeds from fixed-term deposits and securities		477.4	376.6
<b>Cash flow from investing activities</b>		<b>-1,334.4</b>	<b>-322.2</b>
Dividends		-90.0	-60.0
Proceeds from loans		671.7	-
Principal portion of lease payments		-4.6	-4.5
<b>Cash flow from financing activities</b>		<b>577.1</b>	<b>-64.5</b>
Changes due to exchange-rate fluctuations		17.2	15.3
<b>Changes in cash and cash equivalents</b>	<b>09</b>	<b>64.4</b>	<b>129.7</b>
at the beginning of the period		424.3	294.6
<b>at the end of the period</b>		<b>488.7</b>	<b>424.3</b>

## Additional financial information

(not part of the group financial statements and not audited)

In EUR million	2022	2021
Cash flow from operating activities	804.5	501.1
Cash-effective changes in prepayments	-277.4	-106.9
Cash flow from investing activities	-922.5	-392.5
<b>Net cash flow</b>	<b>-395.4</b>	<b>1.7</b>

# Consolidated statement of comprehensive income

from January 1 to December 31, 2022

In EUR million	2022	2021
<b>Result for the period</b>	<b>434.4</b>	<b>289.6</b>
<b>Other comprehensive income/loss:</b>		
Items not reclassified to profit or loss:		
Remeasurement of defined benefit plans	298.4	165.2
Items reclassified to profit or loss:		
Difference from foreign currency translation adjustments	83.7	67.9
Changes in market values of derivative financial instruments (cash flow hedge)	21.8	-15.7
<i>thereof recognized in profit or loss</i>	18.2	-7.2
<i>thereof tax effect</i>	-7.4	5.5
	<b>105.5</b>	<b>52.2</b>
<b>Other comprehensive income/loss</b>	<b>403.9</b>	<b>217.4</b>
<b>Total comprehensive income/loss</b>	<b>838.3</b>	<b>507.0</b>
<i>of which</i>		
<i>attributable to Siltronic AG shareholders</i>	785.1	463.8
<i>attributable to non-controlling interests</i>	53.2	43.2

# Consolidated statement of changes in equity

as of December 31, 2022

In EUR million	Subscribed capital	Capital reserves	Variance from foreign currency valuation	Impact of net investments in foreign operations	Changes in market values of derivative financial instruments (cash flow hedge)	Remeasurement of defined benefit plans	Retained earnings / net Group result	Total	Non-controlling interests	Total equity
<b>Balance as of January 1, 2021</b>	<b>120.0</b>	<b>974.6</b>	<b>-35.1</b>	<b>-7.1</b>	<b>9.0</b>	<b>-455.1</b>	<b>179.8</b>	<b>786.1</b>	<b>85.7</b>	<b>871.8</b>
Result for the period	-	-	-	-	-	-	253.3	253.3	36.3	289.6
Other comprehensive income and loss	-	-	61.0	-	-15.7	165.2	-	210.5	6.9	217.4
<b>Total comprehensive income and loss</b>	<b>-</b>	<b>-</b>	<b>61.0</b>	<b>-</b>	<b>-15.7</b>	<b>165.2</b>	<b>253.3</b>	<b>463.8</b>	<b>43.2</b>	<b>507.0</b>
Dividends	-	-	-	-	-	-	-60.0	-60.0	-	-60.0
<b>Balance as of December 31, 2021</b>	<b>120.0</b>	<b>974.6</b>	<b>25.9</b>	<b>-7.1</b>	<b>-6.7</b>	<b>-289.9</b>	<b>373.1</b>	<b>1,189.9</b>	<b>128.9</b>	<b>1,318.8</b>
<b>Balance as of January 1, 2022</b>	<b>120.0</b>	<b>974.6</b>	<b>25.9</b>	<b>-7.1</b>	<b>-6.7</b>	<b>-289.9</b>	<b>373.1</b>	<b>1,189.9</b>	<b>128.9</b>	<b>1,318.8</b>
Result for the period	-	-	-	-	-	-	390.6	390.6	43.8	434.4
Other comprehensive income and loss	-	-	74.3	-	21.8	298.4	-	394.5	9.4	403.9
<b>Total comprehensive income and loss</b>	<b>-</b>	<b>-</b>	<b>74.3</b>	<b>-</b>	<b>21.8</b>	<b>298.4</b>	<b>390.6</b>	<b>785.1</b>	<b>53.2</b>	<b>838.3</b>
Dividends	-	-	-	-	-	-	-90.0	-90.0	-	-90.0
<b>Balance as of December 31, 2022</b>	<b>120.0</b>	<b>974.6</b>	<b>100.2</b>	<b>-7.1</b>	<b>15.1</b>	<b>8.5</b>	<b>673.7</b>	<b>1,885.0</b>	<b>182.1</b>	<b>2,067.1</b>

# Notes to the consolidated financial statements of Siltronic AG and subsidiaries

## General information to the consolidated financial statements

### Nature of operations

Siltronic AG (the 'Company'), together with its subsidiaries (the 'Group') is a manufacturer of semiconductor silicon wafers made from hyperpure silicon whose customers comprise all major semiconductor companies worldwide. Silicon constitutes the base substrate for most semiconductor devices, and silicon wafers are components of everyday electronics including smartphones, tablets, PCs, flat screens, and sensors. The Group operates wafer facilities one each in Burghausen and in Freiberg, Germany, two wafer facilities in Singapore, and one wafer facility in Portland, Oregon, USA.

The Company's shares are listed in the Prime Standard of the Frankfurt Stock Exchange and are included in the MDAX and TecDAX.

Siltronic AG is registered in the commercial register of Munich under number HRB 150884. The head office of the company is located at Einsteinstraße 172, Munich, Germany.

### Basis of presentation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and related interpretations issued by the IFRS Interpretations Committee (IFRIC). The consolidated financial statements comply with IFRS as adopted by the EU. The Group has applied all standards and interpretations that were effective as of December 31, 2022 and endorsed by the EU.

The fiscal year corresponds to the calendar year. Assets and liabilities are reported in the statement of financial position in line with their maturities. The Group classifies assets and liabilities as current if it expects to realize or settle them within 12 months. The statement of profit or loss is prepared using the cost of sales method.

The consolidated financial information is presented in euros, which is the Company's functional currency and the Group's reporting currency. All amounts are shown in millions of euros (EUR million) unless otherwise stated.

The Executive Board of Siltronic AG approved the consolidated financial statements on March 7, 2023.

The declaration in relation to the German Corporate Governance Code, as prescribed in Section 161 of the German Stock Corporation Act has been issued and was made available to the public on <https://www.siltronic.com/en/investors/corporate-governance.html>.

## Financial reporting principles applied for the first time in 2022

The application of the following new standards, interpretations, and changes to existing standards is mandatory for the period starting on January 1, 2022. The Group continuously evaluates

new standards, interpretations, and changes to existing standards to determine their impact on the consolidated financial statements.

### Financial reporting principles applied for the first time

Standard/amendment/interpretation		Effective date	Impact on Siltronic
IFRS 1, IFRS 9, IFRS 16 and IAS 41	Improvements to IFRS (2018 – 2020)	January 1, 2022	none
IFRS 3	Amendments to IFRS 3 (References to the Conceptual Framework)	January 1, 2022	none
IAS 16	Amendments to IAS 16 (Property, Plant and Equipment – Proceeds before Intended Use)	January 1, 2022	none
IAS 37	Amendments to IAS 37 (Onerous Contracts – Cost of Fulfilling a Contract)	January 1, 2022	none

### Financial reporting standards and interpretations not yet applied

The application of the following new standards, interpretations, and changes to existing standards is not yet mandatory for the

period under review. The Group does not apply any of these earlier than required. Currently the Group expects the following impact:

Standard/amendment/interpretation – endorsed by EU		Effective date	Expected impact on Siltronic
IFRS 17	Insurance contracts	January 1, 2023	immaterial
IFRS 17	Amendments to IFRS 17 (Initial Application of IFRS 17 and IFRS 9 – Comparative Information)	January 1, 2023	immaterial
IAS 1, IFRS Practice Statement 2	Amendments to IAS 1 and IFRS Practice Statement 2 (Disclosures of accounting policies)	January 1, 2023	immaterial
IAS 8	Amendments to IAS 8 (Definition of estimates)	January 1, 2023	immaterial
IAS 12	Amendments to IAS 12 (Deferred taxes relating to assets and liabilities from a single transaction)	January 1, 2023	immaterial
Standard/amendment/interpretation – not yet endorsed by EU		Effective date	Expected impact on Siltronic
IAS 1	Amendments to IAS 1 (Classification of Liabilities as Current or Non-current)	January 1, 2024	immaterial
IFRS 16	Amendments to IFRS 16 (Lease Liability in a Sale and Leaseback)	January 1, 2024	immaterial
IFRS 10 and IAS 28	Amendments to IFRS 10 and IAS 28 (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)	still pending	immaterial

## Scope of consolidation

As in the prior year, the consolidated entities as of the reporting date comprised seven subsidiaries as well as one structured entity.

Subsidiaries are defined as companies in which the Company directly or indirectly holds a voting majority or has, in any other way, the power to govern the financial and business policies of an entity in order to benefit from its activities. In assessing control, the Company takes into account potential voting rights that are currently exercisable or convertible. The subsidiaries are included in the consolidated financial statements from the date when the possibility to control commences until the date that such possibility ceases to exist. Structured entities are consolidated in the manner described in IFRS 10 if the economic substance of the relationship indicates the existence of control. Siltronic includes a special fund (fund SILA) as a structured entity in its consolidated financial statements. This fund was set up exclusively for Siltronic and all shares in the fund are held by Siltronic.

The table below shows the subsidiaries and structured entities reflected in the scope of consolidation as of December 31 of the respective year. The percentages noted refer to the interest Siltronic has directly or indirectly in the respective companies and funds:

### Composition of the Group

in %	Dec. 31, 2022	Dec. 31, 2021
<b>Europe</b>		
Siltronic Holding International B.V., Rotterdam/The Netherlands	100.0	100.0
Structured Entity: Special Fund, Frankfurt	100.0	100.0
<b>North America</b>		
Siltronic Corp., Portland, Oregon, USA	100.0	100.0
<b>Asia</b>		
Siltronic Singapore Pte. Ltd., Singapore	100.0	100.0
Siltronic Silicon Wafer Pte. Ltd., Singapore	77.7	77.7
Siltronic Japan Corporation, Tokyo/Japan	100.0	100.0
Siltronic Korea Ltd., Seoul/Korea	100.0	100.0
Siltronic Shanghai Co. Ltd., Shanghai/China	100.0	100.0

## Consolidation methods

The consolidated financial statements are based on the individual financial statements of the Company and its consolidated subsidiaries as well as the structured entity for the calendar year.

Intra-group balances and transactions and any related unrealized income and expenses are eliminated.

## Acquisitions

The Group accounts for its business combinations using the acquisition method when control is transferred to the Group. The consideration transferred is measured at fair value and allocated to the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit and loss immediately. Transaction costs are expensed as incurred. The consideration transferred does not include amounts related to the settlement of preexisting relationships. Such amounts are generally recognized in profit or loss.

## Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognized in profit or loss.

## Foreign currency translation

The financial statements of consolidated companies are prepared using the currency of the primary economic environment in which the entity operates (the functional currency) and translated on the basis of the functional currency principle using the modified closing rate method, in which balances, with the exception of equity, are translated from the functional currency to the reporting currency using the spot rates prevailing at the period end, while amounts in the statement of profit or loss are translated using the period's average exchange rates.

The Company and its subsidiaries conduct their business in the respective functional currency, which is the local currency. Any net

gains or losses arising from the translation of equity are recognized directly in other comprehensive income. Translation differences on monetary assets and liabilities resulting from fluctuating exchange rates are recorded in the statement of profit or loss. If a Group company is removed from consolidation, any translation difference is reclassified from equity to profit or loss.

### Exchange rates

The table below includes the exchange rates between the most significant currencies reported in these consolidated financial statements and the Euro for the reporting periods.

	ISO-Code	Spot rate on December 31		Average for the year	
		2022	2021	2022	2021
US dollar	USD	1.07	1.13	1.05	1.18
Japanese yen	JPY	141	130	138	130
Singapore dollar	SGD	1.43	1.53	1.45	1.59

## Estimates and assumptions used in preparing the consolidated financial statements

The preparation of the consolidated financial statements in compliance with IFRS requires management to make assumptions and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Changes in accounting estimates are recognized as soon as they become apparent and affect the net results for the period in which the estimates have changed and in any future periods affected.

Despite the fact that the assumptions and estimates are made to the best of management's knowledge based on current events and measures, actual results may differ from these estimates.

The following areas include significant estimates and assumptions and are therefore most likely to be affected if actual results differ from estimates:

- **Recognition and recoverability of deferred tax assets:**  
Assumptions regarding planned taxable income and the consideration of positive and negative factors for the assessment of tax benefits (see [Note 03](#))
- **Recoverability of property, plant and equipment and goodwill:**  
Assumptions used in the impairment test to determine the recoverable amount (see [Notes 04 and 05](#))
- **Valuation of right-of-use assets and lease liabilities:**  
Assumptions when using extension options (see [Note 06](#))
- **Recognition and valuation of provisions and contingent liabilities:**  
Assumptions and estimates regarding the probability of occurrence, timing and amount of the benefit outflow (see [Note 12 and 14](#))
- **Valuation of defined benefit obligations:**  
Actuarial assumptions (see [Note 11](#))

## Accounting policies

The Company and its subsidiaries apply uniform methods for the recognition and valuation of assets, liabilities, income and expenses.

Assets and liabilities of the consolidated financial statements are reported based on their historical cost, with the exception of the items reported at fair value. In particular, derivative financial instruments and plan assets used to cover future pension obligations are recorded at fair value. The accounting policies have been applied consistently.

### Intangible assets

Intangible assets acquired are measured at cost and, if their useful lives can be determined, are amortized on a straight-line basis. The useful life is reviewed annually and, if necessary, revised to correspond to new expectations.

Amortization of intangible assets (apart from goodwill) is allocated to the functional areas that use the assets. Intangible assets with indefinite useful lives are subject to an annual impairment test. In the year 2014, a goodwill was recorded as a result of the step acquisition of Siltronic Silicon Wafer Pte. Ltd.

Internally generated intangible assets are capitalized if it is probable that a future economic benefit can be associated with the use of the asset and the costs of the asset can be determined reliably. Such assets are recognized at cost and amortized on a straight-line basis. Their stated useful lives correspond to those of the intangible assets acquired against payment. The capitalization of development costs does not play a role on group level because development costs refer to existing products and processes respectively.

### Property, plant and equipment

Property, plant and equipment is capitalized at cost and depreciated on a straight-line basis over its expected economic life. The useful life is reviewed annually and, if necessary, revised to correspond to new expectations. In addition to the purchase price, acquisition costs include incidental acquisition costs as well as any obligation incurred for the demolition and removing of the asset from its location. Property, plant and equipment is not revalued on the basis of the regulations in IAS 16. Day-to-day maintenance and repair costs are expensed as incurred. Costs for replacing parts or carrying out major overhauls of property, plant and equipment are capitalized if future economic benefits are likely to accrue to the Group and if the costs can be measured reliably.

If property, plant and equipment is permanently shut down, sold or given up, the acquisition or production costs are derecognized, along with the corresponding accumulated depreciation. Any resulting gain or loss from the sale of an asset is recognized under other operating income or expenses.

Financing costs that were incurred in connection with particular qualifying assets and which can be attributed directly or indirectly to them are capitalized as part of acquisition or production costs until the assets are used for the first time. Borrowing costs were capitalized in the presented period. No financing costs were capitalized in the prior year.

### Depreciation and amortization

Depreciation and amortization are recognized using the straight-line method and based on the following useful lives:

#### Useful lives

	Years
Intangible assets	3 to 7
Production buildings	20 to 30
Other buildings	8 to 30
Machinery and equipment	4 to 10
Factory and office equipment	3 to 10

If, having been measured in accordance with the above principles, the carrying amounts of intangible assets or items of property, plant and equipment that were amortized or depreciated are higher than their recoverable amounts as of the reporting date, corresponding impairment losses are recognized as an expense.

The Group reviews regularly the residual value and the useful life of assets.

At the end of every reporting date, the Group checks whether there are triggering events for recognizing (or reversing) impairments. An impairment loss is then recognized in the amount by which the carrying amount exceeds the recoverable amount. The recoverable amount is the higher amount of the fair value less

costs to sell, and the value in use. The value in use is the present value of estimated future cash flows that are discounted using risk-adjusted pre-tax interest rates. For the purpose of determining cash flows, assets are summarized at the lowest level for which cash flows can be separately identified (so-called cash-generating units). If the reasons for impairment no longer exist, reversals of impairment losses are recognized if necessary. The reversal is limited to the carrying amount that would have resulted without impairment. Impairment losses are reported as other operating expenses, reversals thereof as other operating income.

### Government grants

Government grants related to the acquisition of an asset are deferred and recognized as other operating income over the amortization period. Unless otherwise indicated, these grants (investment incentives) are provided by government bodies.

Grants that are compensation for expenses or losses already incurred are recognized as separate assets if the company is of the opinion that all material obligations have been fulfilled and the necessary application form has been or will be submitted. Such grants are recognized as other operating income.

Government grants resulting from low-interest loans are initially recognized as deferred income at fair value. The grants are subsequently recognized in profit or loss either over the useful lives of the assets or, if the grants relate to the compensation of expenses, at the time the expenses are incurred. Investment grants from low-interest loans are recognized as other operating income, while expense grants from low-interest loans are deducted from interest expense.

### Inventories

Inventories are measured at cost using the average cost method. Lower net realizable values or prices are taken into account by means of write-downs to fair value less costs to sell. Cost of sales includes directly attributable costs as well as appropriate portions of indirect material and labor costs, administrative expenses, and depreciation. Due to the short-term production processes, financing costs are not included as part of acquisition or production costs. The overhead cost allocations are determined on the basis of a specific capacity utilization.

Write-downs are recognized for inventory risks resulting from obsolescence or reduced usability or to reflect other reductions in the recoverable amount.

Unfinished and finished goods are combined for disclosure purposes due to the nature of the wafer production process. The position raw materials and supplies also includes spare parts for the ongoing maintenance of production facilities. They are valued on the basis of their storage period and inventory turnover rate.

### Financial instruments

A financial instrument is a contract that gives rise to a financial asset at one party and a financial liability or equity instrument at another party.

Trade receivables are recognized at the time they arise. All other financial assets and liabilities are initially recognized on the trade date when the entity becomes party to the contract under the terms of the instrument.

Except for trade receivables a financial asset or financial liability is initially measured at fair value. For an item that is not measured at fair value through profit or loss, the transaction costs directly attributable to its acquisition or issue are added. Trade receivables without significant financing components are initially measured at the transaction price. The fair value of financial instruments corresponds to the amount that the Group would receive or pay if an exchange or settlement of the financial instruments took place. If available, quoted market values for financial instruments are used. Otherwise, the fair values are calculated on the basis of the market conditions prevailing on the valuation date, normally interest rates and exchange rates. The fair value is determined using financial mathematical methods, e.g. by discounting the future cash flows at the market interest rate or using generally accepted option pricing models.

The Group's financial assets comprise cash and cash equivalents, trade receivables, other financial receivables, fixed-term deposits, securities and primary and derivative financial assets. Financial assets must generally be settled in cash or for another asset. This includes trade liabilities and derivative financial liabilities.

For the subsequent measurement of financial assets, the Group is required to assess the objectives of the business model in which the financial asset is held. This is done at a portfolio level as it best reflects the way the business is managed, and information is given to management. According to the business model, financial assets are measured at amortized cost (AC), at fair value with changes in profit or loss (FVTPL) or at fair value with changes in other comprehensive income (FVOCI).

Financial assets are not reclassified after initial recognition unless the Group changes its business model for managing financial assets. In this case, all affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

A financial asset is valued at amortized cost if it (i) is not designated as FVTPL and is held as part of a business model whose objective is to hold financial assets for the collection of the contractual cash flows, and (ii) the contractual terms of the financial asset lead to cash flows at defined points in time that solely represent the repayment of principal and interest payments on outstanding amounts. Subsequent valuation is made using the effective interest method. Amortized costs are reduced through impairment losses. Interest income, foreign exchange gains and losses and impairment are reported through profit or loss. A gain or loss arising from the derecognition of an item is reported through profit or loss.

A debt instrument is designated as FVOCI if it is not designated as FVTPL and is held as part of a business model whose objective is (i) to hold financial assets for the collection of the contractual cash flows as well as to sell financial assets, and (ii) the contractual terms lead to cash flows at set points in time that solely represent the repayment of principal and interest on the outstanding amount. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized through profit and loss. Other net gains or losses are reported under other comprehensive income. Upon derecognition, accumulated other comprehensive income is reclassified to profit or loss.

When an equity investment not held for trading is recognized for the first time, the Group can irrevocably choose to report subsequent changes in the fair value of the investment in other comprehensive income. This decision is taken for each investment on a case-by-case basis. Dividends are recognized as income in profit or loss. Other net gains or losses are reported in other comprehensive income and never reclassified to profit or loss.

All financial instruments not measured at amortized cost or as FVOCI are recognized as FVTPL. This also comprises all derivative financial assets. Net gains and losses, including any interest or dividend income, are recognized through profit and loss.

Financial assets and financial liabilities are generally not offset. A net amount is presented only if the Group currently has a right to offset the recognized amounts and intends to settle on a net basis.

A financial asset is derecognized when the contractual rights to the cash flows from the financial asset have expired or the rights to collect the cash flows are assigned in a transaction in which all material risks and opportunities associated with ownership of the financial asset are transferred.

A financial liability is derecognized when the contractual obligations are fulfilled, canceled or have expired.

For further information see [Note 16](#) Financial instruments.

### Impairment of financial assets

For financial assets measured at amortized cost or at fair value with changes in other comprehensive income, Siltronic determines allowances for expected credit losses using the expected credit loss (ECL) model in accordance with IFRS 9.

The ECL model is mainly used for cash and cash equivalents, time deposits, securities measured at amortized cost, trade receivables, contract assets and other financial assets. The expected credit losses are adjusted at the respective closing date to reflect changes in credit risk since initial recognition. Further information is given in [Notes 08 and 09](#).

### Derivative financial instruments

Derivative financial instruments are generally measured at fair value, regardless of the purpose or intention for which they were entered into. Positive market values result in the recognition of a receivable, negative market values in the recognition of a liability. Derivative financial instruments are used primarily for hedging purposes in order to reduce the Group's exposure to foreign currency exchange rates. Contracts concluded in order to receive or deliver non-financial goods for the Group's own use are not accounted for as derivatives but are treated as pending transactions.

Where derivative financial instruments are used to hedge risks from future cash flows, the Group applies hedge accounting in accordance with the requirements of IAS 39 where possible. Changes in the market value of derivatives used to hedge the risk of fluctuating cash flows denominated in a foreign currency ("cash flow hedge") were recognized in other comprehensive income, taking deferred taxes into account. The accumulated amount of other comprehensive income of the hedging instrument was not released in the statement of profit or loss until the hedge item was realized. Currency hedges of planned sales are reported in other operating income, while hedges of selected intragroup transactions are reported in other financial income. If a corresponding derivative is sold or if the conditions for a hedging relationship are no longer met, the change in value of the derivative remains in other comprehensive income until the underlying transaction occurs.

### Receivables and other assets, contract assets, fixed-term deposits and cash and cash equivalents

Trade receivables and other assets (including tax receivables) except for financial derivatives, cash and cash equivalents and fixed-term deposits are generally recognized at cost. Contract assets are recognized if Siltronic has fulfilled its contractual obligations with customers and an unconditional right to receive consideration from the customer does not yet exist. Contract assets are recognized at the transaction price.

Risks are accounted for by appropriate write-downs, which are recorded as value adjustments. Please refer to [Notes 08 and 09](#) for further information on the recognition of valuation allowances. Non-current receivables which are non-interest-bearing or low-interest-bearing are discounted.

Generally, cash and cash equivalents comprise cash in hand, demand deposits, and financial assets that can be converted into cash at any time and are only subject to an insignificant risk of changes in value.

### Income taxes

Income taxes include all domestic and foreign taxes based on the taxable result. They include both current income taxes and deferred taxes. The current income taxes are based on the respective national tax results and regulations of the year. Also included are adjustments for any subsequent tax payments or refunds from outstanding tax returns from prior years and from tax audits.

Liabilities for taxes are accounted in the event that amounts recognized in the tax returns may not be realized (uncertain tax positions). The amount is determined from the best estimate of the expected tax payment (expected value or most likely value of the tax uncertainty). Tax receivables from uncertain tax positions are recognized if it is probable that they can be realized.

Deferred tax assets and liabilities are recognized for temporary differences between tax bases and carrying amounts. The deferred tax assets include existing loss carryforwards, the realization of which is assured with sufficient probability. Deferred taxes are determined on the basis of the tax rates which, under current law, are applicable or anticipated in the individual countries when they are realized. Deferred tax assets and liabilities are offset only to the extent possible under the same tax authority. The change of deferred tax assets and liabilities is recognized in the statement of profit or loss. In cases where profits or losses are recognized in other comprehensive income, the deferred tax effect is likewise posted under other comprehensive income.

Deferred tax assets from deductible temporary differences and tax loss carryforwards which exceed deferred tax liabilities from taxable temporary differences are only recognized to the extent that the respective Group company will generate sufficient taxable income to realize the corresponding benefit. The Group reviews deferred tax assets for impairment at each Group reporting date.

### Provision for pensions – defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan 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 defined benefit obligations is performed annually using the projected unit credit method. When the calculation results in an 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 contribution to the plan.

Remeasurement of the net defined benefit liability, which comprises actuarial gains and losses, the return on plan assets (excluding interest income), and the effect of the asset ceiling (if any), are recognized immediately in other comprehensive income. Actuarial gains and losses are arising from the difference between the estimate at the start of the period and actual outcome at the end of the period in relation to mortality rates, pension and salary trends, and discount rates.

The Group determines net interest expenses on the net defined liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability applicable at that date, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expenses and other expenses to defined benefit plans are recognized in profit and loss.

If the present value of a defined benefit obligation changes due to a plan modification or curtailment, the Group recognizes the effect as a past service cost. This is immediately recognized in profit or loss when it occurs. The profits and losses resulting from settlement are also recognized immediately in the statement of profit or loss when settlement takes place. Administrative expenses that are not related to the management of plan assets are likewise recognized in profit or loss when incurred. The expense incurred in funding the pension provisions (service cost) is allocated to the costs of the functional areas concerned. The interest cost is reported under other financial result.

### Provision for pension – defined contribution plans

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.

### Provisions for early retirement and anniversaries

Provisions for early retirement and anniversaries are measured in accordance with actuarial appraisals and belong to other long-term employee benefits. The Group's net liability is the amount of future benefits that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

Provisions for early retirement are linked to the rendering of future service.

The provisions are recognized on a pro rata basis over the service period during the work phase. The part of the salary that employees forgo during the work phase is secured with plan assets against default. The provision for early retirement represents the Group's net liability, i.e. after the plan assets have been offset against the total obligation. The additional compensation granted is not completely earned until the required work has been rendered in full by the employees.

### Other provisions

Provisions are recognized in the statement of financial position for present legal or constructive obligations toward third parties if an outflow of resources to settle these obligations is probable and its amount can be reliably estimated. The amounts recognized are based on what will be required to cover the Group's future payment obligations, identifiable risks and contingencies. As a rule, cost components that are capitalized under inventories are included in the measurement of other provisions. Significant future price increases are taken into account in the measurement.

Non-current provisions are measured at the discounted present value as of the reporting date. The discount rate applied is the current market interest rate for risk-free investments with terms corresponding to the residual term of the obligation to be settled. Expected refunds, provided that they are sufficiently certain or legally enforceable, are not offset against provisions. Instead, they are capitalized as separate assets.

Provisions for restructuring costs are recognized if a detailed formal plan for restructuring has been drawn up and conveyed to the affected parties. Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring.

Provisions for contingent losses arising from onerous contracts are recognized if the expected benefits to be derived from a contract are lower than the unavoidable costs of meeting the contractual obligations.

Provisions for environmental protection are recognized if the future cash outflows for complying with environmental legislation or for cleanup measures are likely, the costs can be estimated with sufficient accuracy and no future acquired benefit can be expected from the measures.

If an amended estimate results in a reversal of a provision within a financial year, the impact is presented in the same line item of the statement of profit or loss as the original estimate. Otherwise the income is shown in other operating income.

### Liabilities and customer prepayments

Trade liabilities, customer prepayments and other liabilities (including tax liabilities) are measured at amortized cost using the effective interest method.

### Right-of-use assets of leases and lease liabilities

In a first step, the Group assesses whether the contract contains a lease. This is the case if the agreement entitles the Group to control the use of an identified asset for a specified period of time against consideration. If an agreement contains both leasing and non-leasing components, the Group allocates the contractually agreed remuneration based on the relative individual sales prices, where possible and practicable.

On the date of allocation, the Group recognizes an asset for the right of use granted and a lease liability. The lease liability is recognized as a liability at the present value of the lease payments not yet paid. Lease payments include fixed payments as well as variable payments, residual value guarantees and purchase, termination and extension options if the Group is sufficiently certain that it will be able to exercise them. The present value of the lease

payments is determined using the interest rate underlying the lease. If this cannot be determined easily, the Group's incremental borrowing rate is used. This considers the nature of the asset and the lease terms.

The lease liability is valued at amortized cost using the effective interest method. A revaluation is carried out if there is a change in future lease payments or new information and estimates regarding residual value guarantees and the exercise of purchase options, termination or extension options exist.

The right-of-use asset is recognized at cost, which corresponds to the initial valuation of the leasing liability. Payments made before the allocation date, lease incentives received, initial direct costs and estimated costs for dismantling or restoring the asset are taken into account.

Subsequently, the right-of-use asset is depreciated on a straight-line basis from the date of allocation until the end of the lease period. If the exercise of a purchase option is deemed sufficiently certain, the asset is depreciated over its entire useful life. In addition, the right of use is adjusted for impairment losses where necessary and adjusted if the lease liability is revalued.

The Group has decided not to recognize right-of-use assets and lease liabilities for low-value leases and for short-term leases. As a result, the payments relating to these leases are expensed on a straight-line basis over the term of the lease. Furthermore, the Group does not apply IFRS 16 to leases of intangible assets.

### Sales recognition

Siltronic generates revenues primarily from the sale of high-purity silicon wafers. The decisive factor for the realization of sales is the date on which control is transferred to the customer. At which point-in-time control has passed to the customer is assessed on the basis of the following criteria:

- Transfer of risks and rewards to the customer
- Right to payment for Siltronic
- Acquisition of ownership by the customer

Revenue from services is recognized as soon as the service has been rendered.

Sales comprise the fair value of the consideration received for the sale of goods and services in the ordinary course of business. They are reported net of value-added tax and other taxes incurred in connection with sales.

### Cost of sales

Cost of sales comprise the manufacturing costs for products, the costs incurred for services rendered to a customer. In addition to directly attributable costs such as raw materials and supplies, direct labor and energy costs, cost of sales includes depreciation/amortization, appropriate overhead costs allocated to manufacturing activities, and inventory write-downs.

### Selling expenses, research and development costs, and general administration expenses

Selling expenses include costs incurred by the sales organization and the cost of market analysis, cost for application technology on customer side and commission expenses.

Research and development expenses cover costs incurred in the development of products and processes. Research costs in the narrow sense are recognized as expenses when they are incurred, they are not capitalized. Development costs are capitalized if all the prescribed recognition criteria have been met (i.e. the research phase can be separated clearly from the development phase, and the costs incurred can be allocated to the individual project phases without any overlaps. Additionally, there must be sufficient certainty that future cash inflows will be realized.

General administration expenses include the pro rata payroll and material costs of corporate control functions, human resources, and accounting and information technology, unless they have been charged as an internal service to other functional areas.

### Timing of recognition of income and expenses

Operating expenses are reported as expenses when the service is utilized and interest income is accrued using the effective interest rate.

## Notes to the statement of profit or loss

### 01 Sales, cost of sales, other operating income and other operating expenses

In EUR million	2022	2021
<b>Sales</b>	<b>1,805.3</b>	<b>1,405.4</b>
<i>thereof sales of contracts with customers</i>	<i>1,805.2</i>	<i>1,405.4</i>
<b>Cost of sales</b>	<b>-1,189.9</b>	<b>-964.2</b>
<i>thereof inventory valuation allowance</i>	<i>-10.5</i>	<i>-7.9</i>
<i>thereof reversal of valuation allowance</i>	<i>5.0</i>	<i>3.7</i>
<b>Other operating income</b>		
Currency transactions	134.5	67.7
Grants for research	0.8	0.7
Provisions and liabilities	1.7	10.1
Write-up of property, plant and equipment	5.7	7.3
Gains from disposal of property, plant and equipment	0.2	0.1
Reversal of valuation allowances for receivables	–	0.4
Other	53.2	2.2
<b>Total</b>	<b>196.1</b>	<b>88.5</b>
<b>Other operating expenses</b>		
Currency transactions	-155.5	-58.2
Impairment of property, plant and equipment	–	-0.1
Losses from disposal of property, plant and equipment	-2.6	-2.8
Other	-0.2	-4.0
<b>Total</b>	<b>-158.3</b>	<b>-65.1</b>

Revenues are generated almost exclusively from the sale of wafers. A breakdown of revenues by region can be found in [Note 17](#).

Other operating income of EUR 53.2 million (prior year: EUR 2.2 million) includes a compensation payment of EUR 50.0 million made by GlobalWafers to Siltronic AG in 2022. The payment was a consequence of GlobalWafers' unsuccessful offer to the shareholders of Siltronic AG to acquire a majority stake in Siltronic.

### Depreciation and amortization, personnel expenses, cost of materials

Depreciation and amortization expenses amount to EUR 181.7 million in 2022 (prior year: EUR 156.8 million). The write-up of property, plant and equipment resulted in income of EUR 5.7 million (prior year: EUR 7.3 million). This is due to the fact, that parts of buildings which were written off in prior years because they were vacant, are used for investment projects.

Personnel expenses amount to EUR 392.6 million (prior year: EUR 349.7 million), of which EUR 316.1 million was attributable to salaries (prior year: EUR 275.7 million), EUR 30.1 million to social security (prior year: EUR 26.1 million), and EUR 46.3 million to pensions (prior year: EUR 47.9 million). The cost of materials came to EUR 566.6 million (prior year: EUR 430.7 million).

### 02 Interest income and expenses, other financial result

In EUR million	2022	2021
<b>Net interest income</b>		
Interest income	13.8	3.8
Interest expenses	-7.5	-2.8
<b>Total</b>	<b>6.3</b>	<b>1.0</b>
<b>Other financial result</b>		
Interest cost on provisions	-8.5	-5.8
Other financial income	8.1	8.3
Other financial expenses	-14.4	-2.0
<b>Total</b>	<b>-14.8</b>	<b>0.5</b>

Interest income was generated by financial investments and interest-bearing securities.

Interest expense mainly relates to two loans drawn in the financial year.

### Other finance result

The interest cost on provisions mainly refers to pensions and includes net interest on the net defined benefit liability.

Other financial income and expenses mainly relate to transactions directly or indirectly connected with a special fund. The special fund is an investment vehicle.

### 03 Income taxes

Income taxes are calculated on the basis of applicable or anticipated tax rates according to the tax laws in the individual countries as of the realization date. These tax rates are generally based on the legal statutes valid or adopted as of the reporting date.

In Germany, prevailing tax rates include a corporate income tax, a solidarity surcharge on corporate income tax, and a trade income tax that varies depending on the municipality in which a company is located.

#### Tax rates in Germany

In %	2022	2021
Weighted average trade income tax rate	13.3	13.3
Corporate income tax rate	15.0	15.0
Solidarity surcharge on corporate income tax	5.5	5.5
Income tax rate for Siltronic AG in Germany	29.1	29.1

Profits generated by foreign subsidiaries are taxed in the respective countries at the relevant local and national tax rates. The income tax rates for the foreign subsidiaries are within a range of 0 percent to 31 percent.

Temporary tax differences arising from undistributed profits of subsidiaries are only recognized if a distribution is planned. As the parent company's management board determines the dividend policy of the subsidiaries, the Group can control the reversal of temporary differences. Subsidiaries have distributable amounts of EUR 904.0 million (prior year: EUR 568.8 million), which are linked to deferred tax liabilities of EUR 45.2 million (prior year: EUR 28.4 million). The deferred tax liability was not recognized because no reversal of the tax difference is expected in the near future.

The tax expenses reported for 2022 were EUR 52.7 million (prior year: EUR 28.7 million). Applying the German tax rate on the result before tax would result in tax expense of EUR 141.7 million (prior year: EUR 92.5 million). The difference between the expected tax expense and the actual tax expense of EUR 88.9 million (prior year: EUR 64.2 million) in the year under review, as in the prior year, is primarily caused by variances in tax rates and changes in valuation allowances on deferred tax assets.

The amount of valuation allowances applicable to deferred tax assets depend on the expected realization of potential tax benefits in the future.

At December 31, 2022, the estimate of future tax benefits was higher than at the prior year's balance sheet date.

Income due to the reversal valuation allowances on deferred tax assets amounted to EUR 10.2 million (prior year: EUR 2.2 million expenses). In 2022, temporary differences resulted in expenses of EUR 1.9 million (prior year: EUR 2.9 million). Deferred tax income due to changes in tax rates amounted to EUR 0.0 million in the reporting year (prior year: EUR 0.1 million).

Income tax comprises current income taxes for prior years with an amount of EUR 6.5 million (prior year: EUR 1.8 million) and current tax expenses for prior years of EUR 0.1 million (prior year: EUR 0.3 million).

#### Tax expense

In EUR million	2022	2021
Current taxes, Germany	-38.1	-12.4
Current taxes, foreign	-22.9	-15.5
<b>Total current taxes</b>	<b>-61.0</b>	<b>-27.9</b>
Deferred taxes, Germany	2.2	-1.4
Deferred taxes, foreign	6.1	0.6
<b>Total deferred taxes</b>	<b>8.3</b>	<b>-0.8</b>
<b>Total income taxes</b>	<b>-52.7</b>	<b>-28.7</b>
<b>Reconciliation of effective tax rate</b>		
Result before taxes	487.1	318.3
Expected income tax rate for Siltronic AG in %	29.1	29.1
<b>Expected tax expense (-)/benefit (+)</b>	<b>-141.7</b>	<b>-92.5</b>
Variance in tax rate	68.7	54.9
Effect of non-deductible expenses	0.9	-0.3
Effect of tax-free income	3.6	1.0
Taxes relating to other periods (current earnings)	6.5	1.5
Effect due to unrecognized deferred tax assets	10.6	6.0
Other variances	-1.3	1.1
<b>Total income taxes</b>	<b>-52.7</b>	<b>-28.3</b>
<b>Effective tax rate in %</b>	<b>10.8</b>	<b>8.9</b>

Due to the utilization of previously unrecognized tax losses from prior periods, the actual income tax expense in the current fiscal year decreased by EUR 0.5 million (prior year: EUR 5.7 million).

The following table shows the allocation of deferred taxes to the assets and liabilities:

#### Allocation of deferred taxes

In EUR million	As of December 31, 2022		As of December 31, 2021	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	–	0.1	–	0.4
Property, plant and equipment	0.4	2.2	0.3	2.1
Right-of-use assets	–	6.2	–	6.2
Current assets	20.5	9.0	12.6	4.6
Provision for pensions	–	–	–	–
Other provisions	0.9	0.2	2.3	0.4
Liabilities	8.3	–	10.2	–
Loss carryforwards	0.6	–	0.5	–
<b>Total</b>	<b>30.7</b>	<b>17.7</b>	<b>25.9</b>	<b>13.7</b>
Netting	–14.8	–14.8	–11.7	–11.7
<b>Deferred taxes reported in the statement of financial position</b>	<b>15.9</b>	<b>2.9</b>	<b>14.2</b>	<b>2.0</b>

Deferred tax assets and deferred tax liabilities are netted only when future benefits and obligations relate to the same taxable entity and to the same tax authority.

Changes in deferred tax assets and liabilities in the amount of EUR 8.3 million were recognized as income (prior year: expenses EUR 0.8 million) were fully taken to profit or loss, while EUR 7.4 million (prior year: EUR 5.5 million expenses) were recognized directly in equity. The changes in equity relate to derivatives (cash flow hedges and interest swap).

Tax loss carryforwards not utilized amount to EUR 49.8 million (prior year: EUR 63.8 million). Thereof, the tax loss carryforwards expire with an amount of EUR 48.9 million in the following years as shown below:

#### Tax loss carryforwards

In EUR million	2022	2021
Within 1 year	8.4	9.5
Within 2 years	3.5	9.1
Within 3 years	3.1	3.7
Within 4 years	33.9	3.4
Within 5 years or later	0.0	36.6
<b>Total</b>	<b>48.9</b>	<b>62.3</b>

The expiring loss carryforwards relate to the subsidiary Siltronic Japan Corporation, Tokyo, Japan. It is highly probable that only a very small portion of the loss carryforwards can be utilized, which is why only deferred tax assets on loss carryforwards of EUR 0.6 million (prior year: EUR 0.5 million) have been recognized. If deferred taxes had been recognized on the valuation allowances for loss carryforwards, the amount would have been EUR 15.1 million (prior year: EUR 19.3 million).

As of December 31, 2022, no deferred tax assets were recognized for deductible temporary differences in the amount of EUR 100.8 million (prior year: EUR 431.2 million).

## Notes to the statement of financial position

### 04 Development of intangible assets

In EUR million	2022		
	Goodwill	Other	Total
<b>Cost</b>			
January 1	20.5	51.1	71.6
Additions	–	0.3	0.3
Disposals	–	–	–
Transfers	–	0.2	0.2
Effect of movements in exchange rates	–	1.3	1.3
<b>December 31</b>	<b>20.5</b>	<b>52.9</b>	<b>73.4</b>
<b>Amortization</b>			
January 1	–	48.6	48.6
Additions	–	1.9	1.9
Disposals	–	–	–
Transfers	–	–	–
Effect of movements in exchange rates	–	1.2	1.2
<b>December 31</b>	<b>–</b>	<b>51.7</b>	<b>51.7</b>
<b>Carrying amount as of December 31</b>	<b>20.5</b>	<b>1.2</b>	<b>21.7</b>
In EUR million	2021		
	Goodwill	Other	Total
<b>Cost</b>			
January 1	20.5	48.6	69.1
Additions	–	1.1	1.1
Disposals	–	–0.2	–0.2
Transfers	–	0.2	0.2
Effect of movements in exchange rates	–	1.4	1.4
<b>December 31</b>	<b>20.5</b>	<b>51.1</b>	<b>71.6</b>
<b>Amortization</b>			
January 1	–	45.6	45.6
Additions	–	1.9	1.9
Disposals	–	–0.2	–0.2
Transfers	–	–	–
Effect of movements in exchange rates	–	1.3	1.3
<b>December 31</b>	<b>–</b>	<b>48.6</b>	<b>48.6</b>
<b>Carrying amount as of December 31</b>	<b>20.5</b>	<b>2.5</b>	<b>23.0</b>

The Goodwill acquired through business combinations result from the consolidation of SSW in the year 2014.

Other intangible assets primarily comprise industrial property rights and similar rights acquired at cost from third parties, e.g. software licenses.

Amortization of intangible assets are included in cost of sales.

For the purpose of impairment testing, goodwill has been allocated to the Group's Cash Generating Unit (CGU) '300 mm'. The recoverable amount of this CGU was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU.

The present value of the CGU exceeds its carrying amounts by more than half a billion euros. In addition to the property, plant and equipment of the CGU, the carrying amounts also include goodwill of EUR 20.5 million. The goodwill is immaterial in relation to the assets of the CGU.

The key assumptions used for the calculation of the present value are a remaining useful life of the leading asset of the CGU, a long-term EBITDA number, necessary investments and a discount rate.

The remaining useful life of the asset dominating the CGU is derived from buildings specifically designed for the production of wafers. The remaining useful life of just under 40 years is based on the useful lives achieved, taking into account initiated investments in buildings and maintenance investments.

Long-term EBITDA is determined on the basis of the production capacities taking into account investments that have already been triggered, actual utilization rates of production capacities achieved over six years, an expected price development and a safety margin. The long-term EBITDA thus estimated following the seven-year medium-term plan is intended to reflect the cyclical fluctuations in our business. Apart from the triggered investments in capacity expansions, no growth rate was applied. External sources of information on EBITDA are only available for some components of EBITDA.

The investments assumed according to the medium-term planning are derived from historical numbers and the discount rate was determined from an after-tax indicator based on the historical industry average of the weighted cost of capital. The present value was calculated using a discount rate of close to 12 percent.

The following analyses describe the sensitivity of the result to EBITDA and the discount rate: It is possible that EBITDA will be higher or lower due to over-/undercapacity in our industry or due to significant changes in exchange rates. If EBITDA were to be continuously 21 percent lower than in the reporting year until the end of the useful life, this would result in an impairment loss. The reason for the consideration and sensitivity calculation outside the seven-year planning period are the long-term contracts already concluded, which entail a high degree of planning certainty. A change in discount rate leads to an impairment if 12 percent was used instead of 16 percent.

## 05 Development of property, plant and equipment

In EUR million	2022				Total
	Land, buildings and similar rights	Machinery and technical equipment	Other equipment, factory and office equipment	Assets under construction and advanced payments	
<b>Cost</b>					
January 1	663.4	3,181.6	149.4	395.4	4,389.8
Additions	0.1	53.8	4.6	1,014.5	1,073.0
Disposals	-0.1	-28.9	-3.3	-0.1	-32.4
Transfers	1.1	87.3	2.1	-90.6	-0.1
Effect of movements in exchange rates	25.3	94.5	1.6	21.4	142.8
<b>December 31</b>	<b>689.8</b>	<b>3,388.3</b>	<b>154.4</b>	<b>1,340.6</b>	<b>5,573.1</b>
<b>Depreciation and impairment losses</b>					
January 1	434.9	2,553.9	125.2	-	3,114.0
Additions	16.8	147.3	8.1	-	172.2
Impairment loss	-	-	-	-	-
Disposals	-0.1	-26.5	-3.3	-	-29.9
Reversal	-5.7	-	-	-	-5.7
Transfers	0.3	0.6	-0.9	-	-
Effect of movements in exchange rates	14.5	71.7	1.3	-	87.5
<b>December 31</b>	<b>460.7</b>	<b>2,747.0</b>	<b>130.4</b>	<b>0.0</b>	<b>3,338.1</b>
<b>Carrying amount as of December 31</b>	<b>229.1</b>	<b>641.3</b>	<b>24.0</b>	<b>1,340.6</b>	<b>2,235.0</b>
In EUR million	2021				Total
	Land, buildings and similar rights	Machinery and technical equipment	Other equipment, factory and office equipment	Assets under construction and advanced payments	
<b>Cost</b>					
January 1	632.9	2,976.3	138.5	119.4	3,867.1
Additions	0.8	51.3	3.1	369.4	424.6
Disposals	-	-19.9	-4.5	-	-24.4
Transfers	3.6	82.5	10.8	-97.1	-0.2
Effect of movements in exchange rates	26.1	91.4	1.5	3.7	122.7
<b>December 31</b>	<b>663.4</b>	<b>3,181.6</b>	<b>149.4</b>	<b>395.4</b>	<b>4,389.8</b>
<b>Depreciation and impairment losses</b>					
January 1	410.4	2,371.5	122.3	1.3	2,905.5
Additions	15.8	127.6	6.1	-	149.5
Impairment loss	-	-	-	-	-
Disposals	-	-16.9	-4.5	-	-21.4
Reversal	-7.3	-	-	-	-7.3
Transfers	-	1.3	-	-1.3	-
Effect of movements in exchange rates	16.0	70.4	1.3	-	87.7
<b>December 31</b>	<b>434.9</b>	<b>2,553.9</b>	<b>125.2</b>	<b>0.0</b>	<b>3,114.0</b>
<b>Carrying amount as of December 31</b>	<b>228.5</b>	<b>627.7</b>	<b>24.2</b>	<b>395.4</b>	<b>1,275.8</b>

In 2022, borrowing costs of EUR 2.2 million (prior year: EUR 0.0 million) were capitalized under assets under construction.

## 06 Right-of-use assets and lease liabilities

Siltronic enters into leasing agreements mainly for land, offices, machinery as well as technical and IT equipment. The leasing contracts vary greatly in terms of their term and some of them have extension and termination options. In addition, many contracts are subject to an annual indexation. Such contractual terms are used to ensure maximum operational flexibility for Siltronic. When determining the term of leasing agreements, Siltronic considers all facts and circumstances that provide an economic incentive to exercise renewal and termination options. Options are considered if they are only available to Siltronic and their exercise is deemed sufficiently certain.

Lease agreements for office space (reported under buildings) and IT equipment usually have fixed terms of less than five years. One exception is the leasing of the head office in Munich, which began in 2019. This contract has term of ten years. Technical equipment and machinery are leased over a term of up to ten years. In addition, there are four long-term lease agreements for the use of land, for which the right-of-use assets are depreciated over a period of more than twenty years. Part of Siltronic's production and administration buildings are located on these land plots. For three of these contracts, the Executive Board has determined that a 30-year extension option is sufficiently certain. The leased properties are located in Germany and Singapore.

The development of the carrying amounts of the right-of-use assets is shown below:

### Development of right-of-use assets

In EUR million	2022					
	Land	Buildings	Machinery and technical equipment	Cars	IT and other equipment	Total
Carrying amount as of January 1	85.0	5.2	11.3	0.6	1.4	103.5
Additions	2.2	1.3	0.3	0.4	1.2	5.4
Depreciation	-2.8	-1.6	-2.4	-0.4	-0.4	-7.6
Effect of movements in exchange rates	5.6	-	0.6	-	-	6.2
<b>Carrying amount as of December 31</b>	<b>90.0</b>	<b>4.9</b>	<b>9.8</b>	<b>0.6</b>	<b>2.2</b>	<b>107.5</b>

In EUR million	2021					
	Land	Buildings	Machinery and technical equipment	Cars	IT and other equipment	Total
Carrying amount as of January 1	32.5	5.3	11.0	0.5	1.9	51.2
Additions	50.5	1.2	1.8	0.4	-	53.9
Depreciation	-1.2	-1.4	-2.1	-0.3	-0.5	-5.5
Effect of movements in exchange rates	3.2	0.1	0.6	-	-	3.9
<b>Carrying amount as of December 31</b>	<b>85.0</b>	<b>5.2</b>	<b>11.3</b>	<b>0.6</b>	<b>1.4</b>	<b>103.5</b>

The following leasing expenses were recognized in the statement of profit and loss:

#### Leasing expenses

In EUR million	2022	2021
Interest expenses for leasing liabilities	1.9	2.2
Expenses for short-term leases	1.0	1.2
Leasing expenses for low value leases that are not short-term leases	0.8	0.9

Leasing agreements with a term of less than twelve months are classified as short-term leases. Assets of low value at Siltronic include for instance computers and bicycles.

Income from the subleasing of right-of-use assets and expenses for variable lease payments, which were not included in the measurement of the lease liability, exist only to a very limited extent.

Total lease payments in 2022 have amounted EUR 6,5 million (prior year: EUR 6.7 million).

The breakdown of lease liabilities by maturity is shown below:

#### Maturity of leasing liabilities

In EUR million	As of December 31, 2022		As of December 31, 2021	
	short-term	long-term	short-term	long-term
Lease liability	6.1	106.5	6.3	99.5
<i>of which &gt; 5 years</i>	–	94.1	–	87.1

## 07 Inventories

In EUR million	2022	2021
Raw materials and supplies	166.6	117.8
Finished and unfinished products	111.0	94.0
<b>Total</b>	<b>277.6</b>	<b>211.8</b>
<i>of which recorded at net realizable value</i>	<i>0.0</i>	<i>0.0</i>

As of December 31, 2022, unfinished products amounted to EUR 62.6 million (prior year: EUR 57.2 million). Expenses related to inventories accounted for a significant portion of the cost of sales.

## 08 Trade receivables, contract assets, other financial and non-financial assets as well as income tax receivables

In EUR million	As of December 31, 2022			As of December 31, 2021		
	Total	of which non-current	of which current	Total	of which non-current	of which current
<b>Trade receivables</b>	<b>222.2</b>	–	<b>222.2</b>	<b>170.0</b>	–	<b>170.0</b>
<b>Contract assets</b>	<b>14.6</b>	–	<b>14.6</b>	<b>12.7</b>	–	<b>12.7</b>
Derivative financial instruments	24.6	4.2	20.4	4.4	0.2	4.2
Other	2.8	–	2.8	2.6	–	2.6
<b>Other financial assets</b>	<b>27.4</b>	<b>4.2</b>	<b>23.2</b>	<b>7.0</b>	<b>0.2</b>	<b>6.8</b>
Prepaid expenses	29.1	21.0	8.1	26.6	21.9	4.7
Other tax receivables	32.2	–	32.2	31.8	–	31.8
Other	15.5	–	15.5	4.0	–	4.0
<b>Other non-financial assets</b>	<b>76.8</b>	<b>21.0</b>	<b>55.8</b>	<b>62.4</b>	<b>21.9</b>	<b>40.5</b>
<b>Other financial and non-financial assets</b>	<b>104.2</b>	<b>25.2</b>	<b>79.0</b>	<b>69.4</b>	<b>22.1</b>	<b>47.3</b>
<i>of which maturity &gt; 5 years</i>	–	–	–	–	–	–
<b>Income tax receivables</b>	<b>1.1</b>	–	<b>1.1</b>	–	–	–
<i>of which maturity &gt; 5 years</i>	–	–	–	–	–	–

### Contract assets

Contract assets relate to the revenue recognition for customers with whom Siltronic maintains a consignment stock. The amount of contract assets as of December 31, 2022 was affected by an impairment of less than EUR 0.0 million (prior year: less than EUR 0.1 million). Due to immateriality, the impairment loss was not presented separately in the profit and loss statement.

Contract assets are reclassified to trade receivables when an invoice is issued to the customer. The terms of payment of the invoices correspond to the customary national and industry-specific payment terms (no financing components, no variable consideration). Customers are not granted any rights of return, reimbursement or similar rights if the delivered product complies with the contractual terms. In addition, the customer is not entitled to any material warranty or guarantee claims apart from the statutory claims.

### Valuation allowances

The Group has established a receivables management system under which each customer is granted payment terms, based on a credit analysis. This analysis takes into account, where available,

published ratings, financial statements, information from credit agencies and internal information. An internal rating (1–6) and a credit limit are defined for each customer, which are regularly reviewed in the same way as outstanding exposures. Overdue payments and overruns of credit limits may result in the customer receiving changed payment terms, being reminded and/or deliveries being stopped.

The Group determines the allowance in accordance with IFRS 9 using the expected credit loss (ECL) model. The ECL model is applied to contract assets as well as to all financial assets measured at amortized cost (see [Note 16](#)). Valuation allowances for trade receivables, other financial assets and contract assets are measured at the expected credit loss over the term of the contract.

In estimating expected credit losses, the Group considers information that is relevant and available without inappropriate expense. This includes quantitative and qualitative information, which is based on past experience of the Group and on estimates for the

future. The Group assumes that the default risk of a financial asset has increased if it is more than 30 days past due and there is no objective reason such as a complaint.

If it is unlikely that a debtor will fully meet its payment obligations, Siltronic considers a financial asset to be impaired. Collateral is included in the analysis.

The 20 largest customers account for roughly 85 percent (prior year: roughly 85 percent) of Siltronic's sales and a very large proportion of these customers are listed on the stock exchange.

The following table shows the breakdown of trade receivables (EUR 222.2 million), other financial assets (EUR 2.8 million) and contract assets (EUR 14.6 million) measured at amortized cost by risk class in fiscal year 2022:

in EUR million		As of December 31, 2022				
Risk assessment	Corresponds to external rating	Internal rating by Siltronic	Loss rate (weighted average) in percent	Gross carrying amount	Valuation allowance	Impaired creditworthiness
Low	AAA to BBB-	1 to 3	0	235.2	0.0	No
Medium	BB- to BB+	4	0	4.2	0.0	No
High	C to D	5 to 6	0	0.2	0.0	Yes
<b>Total</b>			<b>0</b>	<b>239.6</b>	<b>0.0</b>	

in EUR million		As of December 31, 2021				
Risk assessment	Corresponds to external rating	Internal rating by Siltronic	Loss rate (weighted average) in percent	Gross carrying amount	Valuation allowance	Impaired creditworthiness
Low	AAA to BBB-	1 to 3	0	182.1	0.0	No
Medium	BB- to BB+	4	0	3.2	0.0	No
High	C to D	5 to 6	0	0.0	0.0	Yes
<b>Total</b>			<b>0</b>	<b>185.3</b>	<b>0.0</b>	

Loss rates are calculated based on actual credit losses over the last five years. These rates have been multiplied by scaling factors to reflect the differences between the economic conditions at the time the historical data was collected, the current conditions and the Group's view of the economic conditions over the expected life of the receivables. The maximum default risk is the carrying amount. Siltronic does not use credit default insurance coverage.

The valuation adjustments as at December 31, 2022 were below EUR 0.5 million, as they were on December 31, 2021. No nameable default losses incurred neither in the reporting year nor in the prior year.

## 09 Cash and cash equivalents, fixed-term deposits and securities

Cash and cash equivalents comprise cash in hand and bank balances as well as time deposits with a maturity of three months or less.

Siltronic has fixed-term deposits of EUR 338.4 million and cash and cash equivalents of EUR 488.7 million, which are measured at amortized cost. These are deposited with banks and financial institutions that have a rating of A to BBB, based on the S&P Global Ratings rating.

The estimated valuation allowance for cash and cash equivalents and fixed-term deposits was calculated on the basis of expected losses over the entire remaining term. The Group assumes that its cash and cash equivalents have a low default risk based on the external ratings of banks and financial institutions, which are based on industry default probabilities. The valuation allowances were below EUR 0.4 million (prior year: EUR 0.1 million) on the balance sheet date.

Siltronic manages its securities under two different business models. Securities with the amount of EUR 78.3 million (prior year: EUR 89.1 million) are classified in the special fund as at fair value through profit or loss, as the management and measurement of the special fund's performance is based on fair value. In addition, in the current and prior year, securities were acquired whose business model consists of collecting contractual interest and principal payments. These securities with the amount of EUR 145.5 million (prior year: EUR 49.3 million) are measured at amortized cost.

## 10 Equity

The individual items of equity and its development are shown in the consolidated statement of changes in equity.

### Subscribed capital

The subscribed capital of Siltronic AG amounts to EUR 120 million and is divided into 30 million no-par-value shares, each with an imputed share of the capital amounting to EUR 4. The shares are registered shares. All the shares are of the same type; each share has the same rights attached to it and allows one vote at the Annual General Meeting.

### Capital reserve

The capital reserve amounts to EUR 974.6 million and comprises a premium on the issuance of shares, non-cash capital contributions, and transactions with shareholders.

## Retained earnings and net result

This item comprises the Group's cumulative net result of prior periods, net of dividend payouts.

### Other equity items

The change in other equity items compared to the previous year is mainly influenced by exchange rates and interest rates. The positive development resulted on the one hand from the increase in interest rates on the valuation of pension obligations and on the other hand from currency translation in connection with the consolidation of subsidiaries. The weaker euro against the Singapore dollar had a particularly positive effect on equity.

## Management of capital

The capital management of the Siltronic Group pursues the objective of ensuring a going concern on a sustainable basis and of generating an appropriate return for the shareholders. Instruments of capital management include, amongst others, dividend payments. In managing its capital, Siltronic AG complies with the legal stipulations on capital maintenance. The Company's Articles of Association do not stipulate any capital requirements. Special terms for capital are not used.

There is a conditional capital and authorized capital: Company's share capital may be increased by issuing up to 3,000,000 new no-par-value registered shares, whereby the share capital may increase by up to EUR 12 million (conditional capital). Furthermore, the Executive Board is authorized, subject to the approval of the Supervisory Board, to increase subscribed capital until June 25, 2025, by up to a total amount of EUR 36 million through the issue of new no-par-value bearer shares on one or more occasions (Authorized Capital).

## 11 Provision for pensions

There are various post-employment pension plans for Group employees, which depend on the legal, economic and fiscal conditions prevailing in the relevant countries. These pension plans generally take into account employees' service term and salary levels.

The Group operates both defined contribution and defined benefit plans. Defined contribution plans lead to no further obligation for the company beyond paying contributions into special-purpose funds. The Group has both defined contribution and defined benefits plans, which are partly financed through the Pensionskasse der Wacker Chemie VVaG (pension fund) or (fiduciary) funds. Pension obligations result from defined benefit plans in the form of entitlements to pension benefits for eligible

active and former employees of the Siltronic Group and their surviving dependents. In essence, the various pension plans guarantee employees lifelong pensions based on the average salary (career average plan) during employment at Siltronic, or capital payments.

The Group has the following pension plans:

### Plans supplied by pension fund

For employees in Germany, a basic pension is provided through the legally independent pension fund. This is financed by members' and company contributions. The promised benefits include retirement, disability, and survivors' benefits.

The Pension Fund is a small mutual insurance company within the meaning of § 210 of the Insurance Supervision Act (Versicherungsaufsichtsgesetz – VAG) and is regulated by § 233 (1) VAG. It is thus subject to the regulations for German insurers and is supervised by the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin). There are legal minimum financing requirements.

For employees who joined the pension fund up to 2004, the basic pension is subject to a fixed benefit obligation, which must be taken into account when valuing the pension obligations. The pension level is independent of the age of the contribution payment and also irrespective of the asset interest rate achieved. For employees who entered the Company after 2004, new rates apply to the basic pension. The benefits are based on guaranteed interest rates and the level of benefits depends on the age of the contribution payment. Annual surplus participation may increase future benefits. In addition, employees in Germany can make contributions to the pension fund in respect of the voluntary supplementary pension scheme PK+. Above all, the contributions under the pension scheme regulated by collective agreement are paid into the voluntary higher insurance on the basis of collective bargaining agreements on single payments and old-age pensions, and on working life and demography.

### Benefits by direct commitments

In addition to the pension fund commitments, employees in Germany receive direct commitments in the form of an additional pension. The additional pension insures salary elements above and beyond the pension insurance contribution assessment ceiling. For employees who joined the company before the end of 2004, a pension is granted and depends on the average salary earned

during the period of employment with the Group (career average plan). For employees who joined the plan from 2005 onwards, the pension is based on a certain percentage of the salary above the pension insurance contribution assessment ceiling. The resulting capital will bear interest. The benefits may be drawn as a life-long pension or, in the case of commitments from 2005 onwards, as a lump sum. Employees and their surviving dependents are eligible to receive benefits. The employees' entitlements are included in the calculation of the pension obligations. This applies both to employees who joined up to 2004 and to employees who joined from 2005 onwards.

### 'Deferred Compensation' plan

Non-tariff employees in Germany may contribute part of their salary to an employee-financed commitment plan ('Deferred Compensation'). This plan enables employees to waive their portions of their future salary claims into pension benefits. Depending on the date of conclusion of the agreement to participate in the benefit plan (commitment), the pension capital will bear interest at 7 percent (1996–2001), 6 percent (2002–2010) or 5 percent (2011–2013). Plans bearing 7 percent or 6 percent interest may be drawn in the form of either a pension or a lump sum. Plans bearing 5 percent interest are paid out exclusively in lump-sum form. From 2015, senior executives can pay parts of their salary into an employee-financed benefit plan at a variable interest rate. The variable interest rate is dependent on the current yield of domestic five-year bearer bonds and is at least 2.5 percent and at most 5 percent. The payout is solely in capital form. Commitments made up to December 31, 2000 are valued at the m/n-tel net present value (in accordance with the Projected Unit Credit method). Commitments made on or after January 1, 2001, are valued at the present value of the acquired expectancy or the acquired capital.

To partially secure the pension obligations from direct commitments, deferred compensation and the pension adjustments of the basic pension (previously unfunded defined benefit obligations) cash is held in a fiduciary fund. The fund is financed through a Contractual Trust Arrangement (CTA). The cash transferred is administrated by an external trustee and serves exclusively to finance domestic pension obligations.

The pension entitlements in Germany are protected against insolvency by the Mutual Pension Assurance Association (Pensionsversicherungsverein a.G.). The insolvency insurance has an upper limit. There are no legal minimum funding requirements.

## United States

Various pension plans are available for employees of foreign subsidiaries, subject to the statutory provisions applicable in the respective countries. Except for the US pension plans, these pension plans are not significant to the Group.

In the United States, defined benefit plans exist for employees of Siltronic Corporation, Portland who entered the company before end of 2003. Both plans were closed for new entrants after December 31, 2003. The defined benefit obligations are only continued for old commitments. Retirement benefits are paid monthly

starting at age 65 and are based on the last average salary paid. Special provisions apply to early retirement at age 55 depending on the employee's years of service. Post-retirement health care and severance benefits are also provided to eligible employees due to the related character. Hires in the United States after 2003 only receive defined contribution benefits.

The present value of defined benefit obligations reconciles with the provisions recognized on the statement of financial position as follows:

### Net liability of defined benefit obligations

In EUR million	As of December 31, 2022			As of December 31, 2021		
	Germany	Foreign	Total	Germany	Foreign	Total
Present value of the at least partially fund-financed defined benefit obligations	757.2	99.6	856.8	1,069.3	133.1	1,202.4
Fair value of plan assets	661.4	98.9	760.3	684.4	122.6	807.0
<b>Funded status</b>	<b>95.8</b>	<b>0.7</b>	<b>96.5</b>	<b>384.9</b>	<b>10.5</b>	<b>395.4</b>
Present value of unfunded defined benefit obligations	–	8.0	8.0	–	9.4	9.4
Impact of Asset Ceiling	7.5	–	7.5	–	–	–
<b>Net defined benefit obligations</b>	<b>103.3</b>	<b>8.7</b>	<b>112.0</b>	<b>384.9</b>	<b>19.9</b>	<b>404.8</b>
Economic benefit recognized as an asset	7.5	–	7.5	–	–	–
<b>Provisions for pensions and similar obligations</b>	<b>110.8</b>	<b>8.7</b>	<b>119.5</b>	<b>384.9</b>	<b>19.9</b>	<b>404.8</b>



## Assumptions

The pension obligations are calculated by taking into account company-specific and country-specific biometric calculation principles

and parameters. The calculations are based on actuarial valuations that factor in the following parameters:

### Significant actuarial assumptions

in %	2022		2021	
	Germany	USA	Germany	USA
Discount rate	3.72	4.9	1.23	2.51
Salary growth rate	2.50	3.00	2.50	3.00
Pension growth rate				
Basic and additional pension plan <sup>1)</sup>	2.0/1.0	–	1.8/1.0	–
Deferred compensation <sup>1)</sup>	2.5/1.0	–	2.5/1.0	–

<sup>1)</sup> Varies according to the date the employees enter the company or according to the date of conclusion of the various tariff generations.

In the fiscal year, the pension growth rate for the basic and additional pension plan was increased from 1.8 to 2.0 percent due to the ongoing higher inflation expectations. Due to the current high inflation and the adjustment in a 3-year cycle, an additional adjustment of 20 percent was taken into account for each cohort for the years 2023 and 2024 in deviation from the general pension trend. The measures increased the present value of pension obligations by EUR 60.4 million.

In Germany Siltronic uses the '2018G mortality tables' by Prof. Dr. Klaus Heubeck. In the USA, current mortality tables are taken into account, which are regularly adjusted to the latest mortality expectations (most recently: 2020 scale).

The discount rates and increases in salaries taken into account in the calculation of the pension obligation were derived in accordance with the respective economic framework conditions and

according to uniform principles. The discount rate is based on a yield curve which is derived from high-grade fixed-income corporate bonds with matching maturities issued by the respective country concerned. It takes into account the Siltronic-specific, expected future cash flows of the obligations.

### Sensitivity analysis

The following sensitivity analysis involves an adjustment of only one assumption with the other assumptions remaining unchanged so that the sensitivity of each individual assumption can be observed in isolation. It follows that possible correlation effects between the individual assumptions are not taken into account.

The following table shows the estimated changes in the present value of pension obligations resulting from changes in the respective actuarial assumptions:

### Sensitivity analysis

	As of December 31, 2022		As of December 31, 2021	
	Defined benefit obligation in EUR millions	Change in %	Defined benefit obligation in EUR millions	Change in %
<b>Present value of pension obligations as of the reporting date</b>	<b>865</b>		<b>1,212</b>	
Present value of all pension obligations if				
the discount rate increases by 0.5%	807	–6.7	1,101	–9.1
the discount rate decreases by 0.5%	930	7.5	1,339	10.5
salaries increase by 0.5%	868	0.4	1,219	0.6
salaries decrease by 0.5%	862	–0.4	1,205	–0.5
future pension increases are 0.25% higher	884	2.3	1,248	3.0
future pension increases are 0.25% lower	846	–2.2	1,177	–2.9
life expectancy increases by one year	887	2.6	1,254	3.4

## Composition of plan assets

In Germany, the plan assets are comprised of insurance policies issued by the Pension Fund. The Pension Fund invests most of the assets in equities, pension funds, bonded loans as well as real estate. The investment strategy follows the investment guideline provided by the Executive Board of the pension fund.

The funds managed by an external trustee, which are invested in the form of a Contractual Trust Arrangement (CTA), invest exclusively in shares and funds and serve above all to partially fund domestic direct commitments, deferred compensation and

the pension adjustment of the basic pension. The cash is invested on the capital market in accordance with the investment principles laid down in the trust agreement and the investment guidelines. Investment decisions are not made by the trustee but by an investment committee.

The plan assets of pension funds in the United States are generally invested in equities and funds in accordance with the applicable investment guidelines. The composition of plan assets for the Group is:

## Composition of plan assets

In EUR million	As of December 31, 2022			As of December 31, 2021		
	Market price quoted in an active market	No market price quoted in an active market	Total	Market price quoted in an active market	No market price quoted in an active market	Total
Real estate	–	93.5	93.5	–	117.7	117.7
Loans and fixed-income securities	260.6	100.5	361.1	253.8	88.9	342.7
Equities / equity funds / private equity	160.4	130.1	290.5	186.9	122.3	309.2
Cash and cash equivalents	–	15.2	15.2	–	37.4	37.4
<b>Total plan assets</b>	<b>421.0</b>	<b>339.3</b>	<b>760.3</b>	<b>440.7</b>	<b>366.3</b>	<b>807.0</b>
<i>thereof own-used real estate</i>		–	–		–	–

## Risks

In addition to the actuarial risks, the risk connected with the defined benefit obligation relates in particular to financial risks connected with plan assets. In Germany, substantial amounts of the defined benefit obligation are covered by plan assets managed by the pension fund. The current and future relationship between the asset allocation in its portfolio and our pension obligations are analyzed and projected as part of an annual asset-liability study to determine the long-term return on plan assets. The long-term yield requirement of the pension fund is calculated as a result. Based on this, the pension fund defines a strategic target portfolio. The yield requirement, the company contribution of the sponsoring companies, and the strategic asset allocation are thus reviewed annually and harmonized.

All capital investments are exposed to market price fluctuation risks. These risks may comprise changes in interest rates, equity prices, or exchange rates.

The plan assets managed by the pension fund are subject to a so-called overlay management that aims to limit losses to a pre-defined level. Derivatives are partially used for hedging purposes.

Due to the investment of plan assets in equities and funds, the defined benefits plan in the United States and the plan assets of the CTA are not only subject to actuarial risks, but also to market price risks.

Depending on the legal and company statutory provisions, Siltronic is under a duty to reduce any shortfall in the pension plans by providing liquid funds.

Risks arise in particular from the life expectancy of the beneficiaries, the interest rate guarantee risk and also from salary and pension increases. The interest rate guarantee risk is regularly monitored as part of the risk management process. The determination of the long-term interest rate requirement and the ability to meet it is one of the focus areas of the pension fund. Risks from the interest rate guarantee also apply to the 'Deferred Compensation'.

### Financing of the pension plan

In the year 2022, benefits in the amount of EUR 18.3 million (prior year: EUR 16.7 million) were paid into pension plans in Germany, and EUR 11.7 million (prior year: EUR 8.8 million) into pension plans outside of Germany. For the 2023 fiscal year, the employer's contributions are expected to amount to only EUR 2.2 million. The expected term of pension obligations as of December 31, 2022 was 15.4 years (prior year: 20.8 years) in Germany and 12.9 years (prior year: 16.4 years) in the United States.

The following table shows the pensions benefits that the Group expects to pay from 2023 to 2027:

#### Projected payment periods for pension benefits

In EUR million	2023	2024	2025	2026	2027
	29.1	32.2	34.8	37.0	38.6

#### Composition of pension expenses by pension plan

In EUR million	2022	2021
Current service cost due to defined benefit plans	23.2	27.8
Past service cost/ effects of settlements/ transfers	0.0	0.0
Administrative cost paid out of plan assets	0.3	0.3
Net interest expenses due to defined benefit plans	5.2	4.3
Expenses due to defined contribution plans	1.3	1.0
Other pension expenses	0.5	0.1
Contributions to public pension schemes	20.9	18.7
<b>Total retirement benefits</b>	<b>51.4</b>	<b>52.2</b>

## 12 Other provisions

In EUR million	As of December 31, 2022			As of December 31, 2021		
	Total	of which non-current	of which current	Total	of which non-current	of which current
Personnel	25.7	23.8	1.9	30.8	28.8	2.0
Environmental protection	31.5	29.2	2.3	34.5	31.3	3.2
Onerous contracts	–	–	–	–	–	–
Other	6.0	0.2	5.8	1.3	0.1	1.2
<b>Total</b>	<b>63.2</b>	<b>53.2</b>	<b>10.0</b>	<b>66.6</b>	<b>60.2</b>	<b>6.4</b>

### Provisions for personnel

The provisions for personnel primarily represent obligations for anniversary payments and early retirement. The provisions for early retirement plans will be completely paid out in six years. The outflow takes place on a continuous basis. The Group owns bonds and securities that serve as plan assets for early retirement benefits and have been offset against the obligations resulting from early retirement.

### Provision for environmental protection

The provision for environmental protection covers expected burdens due to contamination on the plant site and the neighboring river at Portland, Oregon, United States. In the year 2018, Siltronic agreed with insurance companies on a compensation payment of EUR 44.1 million. In return, the company has entered into economic obligations in connection with the contaminated river. These obligations were valued at EUR 43.5 million. The provision amounted to EUR 31.5 million as of December 31, 2022. The outflow is expected to occur in 2023 through 2026.

There are additional, probably sufficient insurance covers for all further environmental risks in Portland. As in the prior year, the amount of these additional environmental risks cannot be reliably estimated. The reason for this is the lack of indications from the responsible environmental authorities regarding the amount and timing of possible environmental protection measures. Accordingly, no obligation is recognized in this respect.

The following table shows the development of other provisions for the year 2022:

### Development of other provisions

In EUR million	Jan. 1, 2022	Utilization	Reversal	Addition	Transfer to liabilities	Interest and exchange rate	Dec. 31, 2022
Personnel	30.8	-21.8	-0.2	16.7	-	0.1	25.7
Environmental protection	34.5	-2.8	-0.1	-	-	-	31.5
Other	1.3	-0.6	-	5.3	-	-	6.0
<b>Total</b>	<b>66.6</b>	<b>-25.2</b>	<b>-0.3</b>	<b>22.0</b>	<b>-</b>	<b>0.1</b>	<b>63.2</b>

### 13 Trade liabilities, customer prepayments, other financial and non-financial liabilities

In EUR million	As of December 31, 2022			As of December 31, 2021		
	Total	of which non-current	of which current	Total	of which non-current	of which current
<b>Trade liabilities</b>	<b>336.1</b>	–	<b>336.1</b>	<b>164.3</b>	–	<b>164.3</b>
Loan liabilities	657.7	653.8	3.9	–	–	–
<i>of which &gt; 5 years</i>	341.7	341.7	–	–	–	–
Customer prepayments	562.3	503.7	58.6	287.3	254.2	33.1
<i>of which &gt; 5 years</i>	123.9	123.9	–	20.4	20.4	–
<b>Other liabilities</b>						
Derivative financial instruments	6.6	–	6.6	13.0	–	13.0
Other	2.0	–	2.0	1.6	–	1.6
<b>Total</b>	<b>8.6</b>	–	<b>8.6</b>	<b>14.6</b>	–	<b>14.6</b>
<i>of which &gt; 5 years</i>	–	–	–	–	–	–
<b>Other non-financial liabilities</b>						
Other tax liabilities	3.3	–	3.3	3.0	–	3.0
Social security	2.2	–	2.2	2.1	–	2.1
Payroll	2.2	–	2.2	2.0	–	2.0
Profit-sharing and bonuses	45.1	–	45.1	36.6	–	36.6
Other personnel liabilities	11.1	–	11.1	10.2	–	10.2
Government Grants	17.5	14.2	3.3	–	–	–
Other	–	–	–	–	–	–
<b>Total</b>	<b>81.4</b>	<b>14.2</b>	<b>67.2</b>	<b>53.9</b>	–	<b>53.9</b>
<i>of which &gt; 5 years</i>	2.0	2.0	–	–	–	–
<b>Income tax liabilities</b>	<b>39.2</b>	<b>3.8</b>	<b>35.4</b>	<b>37.2</b>	<b>8,4</b>	<b>28,8</b>
<i>of which &gt; 5 years</i>	–	–	–	–	–	–

### Loan liabilities

Loans are classified by maturity as follows:

In EUR million			
Loan period	until	Nominal Value	thereof variable interest
5 years	2027	147.5	52.5
7 years	2029	278.2	37.5
10 years	2032	245.5	15.0
<b>Total</b>		<b>671.2</b>	<b>105.0</b>

The following interest and principal payments are due for payment over the next few years:

In EUR million							
Duration	2023	2024	2025	2026	2027	2028	2029 – 2032
Interest	18.1	18.2	18.2	16.9	14.6	9.9	17.4
Repayments	–	–	46.4	67.8	215.3	67.8	273.9
<b>Total</b>	<b>18.1</b>	<b>18.2</b>	<b>64.6</b>	<b>84.7</b>	<b>229.9</b>	<b>77.7</b>	<b>291.3</b>

The following interest and principal payments are due for payment over the next few years:

In EUR million	
Interest expenses	2023 – 2032
variable interest 1 percent higher	5.7
variable interest 1 percent lower	–5.7

No collateral or similar rights exist for the loans. Some of the loan liabilities are subject to financial covenants.

In addition to the loans drawn, there are unused credit lines of around EUR 143 million that are scheduled to be drawn down in 2023.

### Customer prepayments

The customer prepayments are equivalent to the contract liabilities from contracts with customers in accordance with IFRS 15. The amount of EUR 41 million (prior year: EUR 24 million) reported under contract liabilities at the beginning of the period was recognized as sales in the current year. There were no notable sales from performance obligations fulfilled in previous periods.

The total amount of expected revenues from unfulfilled or partially unfulfilled performance obligations is estimated at over EUR 6.5 billion, of which one-fifth is expected in 2024. The remaining amount is expected to be realized between 2025 and 2030. As permitted by IFRS 15, no information is provided on the remaining performance obligations as of December 31, 2022 that have an expected original term of up to one year.

### Government grants

For the loans received in the year under review, the public sector partly granted subsidies in the form of interest rate reductions. In order to receive the interest subsidies, Siltronic must make agreed expenditures. Siltronic plans to carry out the necessary expenditures. As IFRS requires economic benefits from interest rate subsidies to be deferred, expense grants amounting to EUR 12.9 million and investment grants amounting to EUR 5.6 million were deferred in the reporting year. The former are based on a term of 7 years, the latter on 10 years. The reversal of the deferral reduced interest expense by EUR 0.6 million in the reporting year and EUR 0.4 million was recognized in other operating income.

### Other

Liabilities relating to social security refer in particular to amounts withheld that have not been paid.

The other personnel liabilities include primarily vacation and flex-time credits.

The liability from derivative financial instruments corresponds to the negative fair value of these instruments.

Income tax liabilities include obligations from current income taxes of all domestic and foreign entities.

## 14 Other financial obligations and contingencies

### Other financial obligations

As of December 31, 2022, obligations from purchase commitments amounted to EUR 1,919.7 million (prior year: EUR 1,889.6 million); the commitments primarily related to property, plant and equipment in connection with the investments in Germany and Singapore.

The Group enters into long-term purchase agreements with minimum commitments. This resulted in minimum purchasing obligations for the following year of around EUR 266.4 million as of December 31, 2022 (December 31, 2021: around EUR 140.0 million). For the subsequent four years, there are annual minimum purchase commitments in a similar amount.

### Contingent Liabilities

For environmental risks located in Portland, Oregon, United States, further obligations could arise that exceed the existing insurance coverage. As in the prior year, a reliable estimate of these contingent liabilities cannot be made. For further information see [Note 12](#).

Contingent liabilities may arise in the future as a result of leases that are subject to annual indexation (see [Note 06](#)).

## Other disclosures

### 15 Earnings per share

	2022	2021
Net result attributable to Siltronic AG shareholders (in EUR million)	390.6	253.3
Average number of outstanding common shares	30,000,000	30,000,000
Number of common shares outstanding at the end of the year	30,000,000	30,000,000
Earnings per common share (in EUR) (average)	13.02	8.44
Dividend payment per common share (in EUR) for the prior year	3.00	2.00

For the fiscal year 2022, the Management Board and Supervisory Board propose to distribute a dividend of EUR 3.00 per share in the year 2023. The approval or rejection of this proposal is the responsibility of the Annual General Meeting of Siltronic AG. Subject to this approval a total amount of EUR 90 million will be distributed for the total number of 30,000,000 no-par value shares.

## 16 Financial instruments

The following tables show financial assets and liabilities by measurement categories and classes for the years 2022 and 2021, respectively. Also presented are liabilities from derivatives for which hedge accounting is used, even though they do not belong to any of the measurement categories.

The fair value of financial instruments measured at amortized cost is determined based on discounting, taking into account customary market interest rates that are adequate to the specific risk and correspond to the relevant maturity. The carrying amounts of cur-

rent items recognized in the statement of financial position approximate fair value. The categories in accordance with IFRS 9 differ between assets and liabilities measured at amortized costs and those measured at fair value as shown in the table below. These categories are sufficient to reflect the classes in accordance with IFRS 7 which distinguish at minimum financial instruments measured at amortized cost from financial instruments measured at fair value. Those financial instruments which show specific risks are derivative financial instruments mainly pertaining to foreign currency derivatives, which are presented separately in the table below.

### Financial assets and liabilities by measurement categories according to IFRS 9

In EUR million	Carrying amount as of Dec. 31, 2022	Measurement according to IFRS 9		Fair value through other comprehensive income (hedge Accounting)	Fair Value as of Dec. 31, 2022
		Amortized cost (AC)	Fair value through profit and loss (FVTPL)		
Securities	223.8	145.5	78.3	–	223.8
Trade receivables	222.2	222.2			222.2
Fixed-term deposits	338.4	338.4			338.8
Other financial assets	27.4	2.8	6.0	18.6	27.4
Other		2.8			
Derivatives for which hedge accounting is not used (FVTPL)			6.0		
Derivatives for which hedge accounting is used (hedge accounting according to IAS 39)				18.6	
Cash and cash equivalents	488.7				488.7
<b>Total financial assets</b>	<b>1,300.5</b>				<b>1,300.9</b>
Loan liabilities	657.7	657.7			643.9
Trade liabilities	336.1	336.1			336.1
Other financial liabilities	8.6	2.0	4.0	2.7	8.7
Other		2.0			
Derivatives for which hedge accounting is not used (FVTPL)			4.0		
Derivatives for which hedge accounting is used (Hedge accounting according to IAS 39)				2.7	
<b>Total financial liabilities</b>	<b>1,002.4</b>				<b>988.7</b>

In EUR million	Carrying amount as of Dec. 31, 2021	Measurement according to IFRS 9		Fair value through other comprehensive income (hedge Accounting)	Fair Value as of Dec. 31, 2021
		Amortized cost (AC)	Fair value through profit and loss (FVTPL)		
Securities	138.4	49.3	89.1	–	139.1
Trade receivables	170.0	170.0	–	–	170.0
Fixed-term deposits	12.2	12.2	–	–	12.3
Other financial assets	7.0	2.6	3.5	0.9	7.0
Other		2.6			
Derivatives for which hedge accounting is not used (FVTPL)			3.5		
Derivatives for which hedge accounting is used (Hedge accounting according to IAS 39)				0.9	
Cash and cash equivalents	424.3	–	–	–	424.3
<b>Total financial assets</b>	<b>751.9</b>				<b>752.7</b>
Trade liabilities	164.3	164.3	–	–	164.3
Other financial liabilities	14.7	1.6	2.9	10.2	14.7
Other		1.6	–	–	
Derivatives for which hedge accounting is not used (FVTPL)		–	2.9	–	
Derivatives for which hedge accounting is used (Hedge accounting according to IAS 39)		–	–	10.2	
<b>Total financial liabilities</b>	<b>179.0</b>				<b>179.0</b>

Cash and cash equivalents in foreign currency are measured at the exchange rate on the reporting date.

The fixed-term deposits will mature in November 2023. The fair value for these financial instruments also approximates their carrying amount.

The carrying amounts of trade liabilities and current other liabilities are equal to their fair values.

The following table shows the net gains and losses from financial instruments by measurement categories according to IFRS 9. The impacts on earnings due to derivatives that qualify for cashflow hedge accounting are not shown in the table because they do not belong to any of the IFRS 9 measurement categories.

#### Net result by measurement category

In EUR million	2022	2021
Assets/liabilities classified as at fair value through profit or loss	6.0	14.1
Financial assets recognized at amortized cost	25.6	10.8
Financial liabilities recognized at amortized cost	–17.5	–12.5
<b>Total</b>	<b>14.1</b>	<b>12.4</b>

The net result of financial assets measured at amortized cost was primarily due to net losses and gains from currency translation, interest income from securities and fixed-term deposits and cash in banks.

Gains and losses from changes in the fair value of foreign exchange derivatives not qualifying for hedge accounting under IAS 39 and of securities are included in the category "Fair value through profit or loss" category. Dividend income and interest income/expenses from interest-bearing securities are also reported in the net result of this category. Dividend income is not recognized until there is a legal claim to payment.

The net gains in the category 'Financial liabilities recognized at amortized cost' primarily include effects resulting from valuations with different foreign exchange rates.

The interest income from financial assets which are not recognized at fair value through profit or loss amounts to EUR 13.2 million in 2022 (prior year: EUR 3.1 million). This interest income relates to cash and cash equivalents and fixed-term deposits and from securities.

The application of the effective interest method to financial assets measured at amortized cost resulted in interest expense of EUR 0.4 million (prior year: EUR 0.2 million) and interest income of EUR 3.7 million (prior year: EUR 0.1 million).

The interest expenses from financial liabilities which are not recognized at fair value through profit or loss were EUR 4.6 million in 2022 (prior year: EUR 0.0 million).

The financial assets and liabilities measured at fair value in the statement of financial position were allocated to one of three categories in accordance with the fair value hierarchy described in IFRS 13.

The levels of the hierarchy are as follows:

Level I: Financial instruments measured using quoted prices in active markets (markets showing appropriate liquidity) which are representative to the financial instrument being measured.

Level II: Financial instruments measured using valuation methods based on observable market data, the fair value of which can be determined using similar financial instruments traded in active markets or using valuation methods all of whose parameters are observable. These include hedging and non-hedging derivative financial instruments and loans.

Level III: Financial instruments measured using valuation methods not based on observable parameters, the fair value of which cannot be determined using observable market data and which require application of different valuation methods (typically applied for over-the-counter derivatives and unquoted equity instruments).

The following tables show the categories in the fair value hierarchy to which the financial assets and liabilities measured at fair value in the statement of financial position are allocated:

### Fair value hierarchy

In EUR million	As of December 31, 2022			
	Level I	Level II	Level III	Total
<b>Financial assets, measured at fair value</b>				
Fair value through profit or loss				
Derivatives for which hedge accounting is not used	–	6.0	–	6.0
Securities	78.3	–	–	78.3
Fair value through other comprehensive income				
Derivatives for which hedge accounting is used	–	18.6	–	18.6
<b>Total</b>	<b>78.3</b>	<b>24.6</b>	<b>–</b>	<b>102.9</b>
<b>Financial liabilities, measured at fair value</b>				
Fair value through profit or loss				
Derivatives for which hedge accounting is not used	–	4.0	–	4.0
Fair value through other comprehensive income				
Derivatives for which hedge accounting is used	–	2.7	–	2.7
<b>Total</b>	<b>–</b>	<b>6.7</b>	<b>–</b>	<b>6.7</b>
<hr/>				
In EUR million	As of December 31, 2021			
	Level I	Level II	Level III	Total
<b>Financial assets, measured at fair value</b>				
Fair value through profit or loss				
Derivatives for which hedge accounting is not used	–	3.5	–	3.5
Securities	89.1	–	–	89.1
Fair value through other comprehensive income				
Derivatives for which hedge accounting is used	–	0.9	–	0.9
<b>Total</b>	<b>89.1</b>	<b>4.4</b>	<b>–</b>	<b>93.5</b>
<b>Financial liabilities, measured at fair value</b>				
Fair value through profit or loss				
Derivatives for which hedge accounting is not used	–	2.9	–	2.9
Fair value through other comprehensive income				
Derivatives for which hedge accounting is used	–	10.2	–	10.2
<b>Total</b>	<b>–</b>	<b>13.1</b>	<b>–</b>	<b>13.1</b>

Market values are calculated using information available on the reporting date and based on counterparties' quoted prices or via appropriate valuation methods (currency forward exchange contracts and currency foreign exchange swaps: discounted cash-flow or well-established actuarial methodologies, such as the par method; currency option contracts: Black-Scholes-model).

For all securities of the Company, quoted prices are available on an active market at the end of the fiscal year. For this reason, all securities are assigned to hierarchy level I.

Derivative financial instruments are recognized at fair value and are thus subject to a recurring fair value assessment. They are categorized as Level II fair values. The fair value of a derivative financial instrument is calculated based on market data such as exchange rates or yield curves in accordance with market-specific valuation methods. The calculation of the fair value reflects our and the counterparty's default risk, using maturity-matching and market-observable CDS values.

### Disclosures on derivative financial instruments

In cases where the Group hedges against foreign currency risks, it uses derivative financial instruments which comprise currency forward exchange contracts, currency option contracts, and currency foreign exchange swaps. Derivatives are used only if they are offset by scheduled transactions arising from operations (underlying transactions). The derivatives relate to three areas which are called 'strategic hedging', 'operational hedging' and 'hedging of specific intra-group matters'.

Strategic hedging comprises expected sales transactions in foreign currency which are not yet invoiced. The time horizon for strategic hedging is between two and a maximum of 16 months. The hedged cash flows influence the statement of profit or loss at the time when sales are realized. The cash inflows are usually recorded one to two months afterwards. In strategic hedging, currency forward exchange contracts and currency option contracts (prior year: currency forward exchange contracts and stop/loss orders deposited with the bank) are primarily used.

Operational hedging relates to recognized trade receivables and trade liabilities and generally covers time horizons of between one and two months. Hedges are executed with currency forward exchange contracts. Hedging of specific intra-group matters, especially intra-group loans, are usually covered by currency swap contracts. Foreign exchange hedging is carried out mainly for the US dollar, Japanese yen and Singapore dollar.

The market values refer to the repurchase values (redemption values) of the financial derivatives and are calculated using recognized actuarial methods.

The derivatives are recognized at their market values, irrespective of their stated purpose. They are reported in the statement of financial position under other assets or other liabilities. Where eligible, cash flow hedge accounting is applied for the strategic hedging of currency exchange risks of future foreign exchange cash flows from currency forward exchange contracts. In such cases, changes in the market values of foreign exchange contracts are recognized in other comprehensive income until the underlying transaction takes place, insofar as the hedge is effective. When future transactions are realized, the effects accumulated in other equity items are restated through profit and loss to the operating

result (other operating income/other operating expenses). As part of the strategic hedging using currency options, cash flow hedge accounting has been applied to the intrinsic value of the options, provided they are combination options and the requirements for hedge accounting are met. Accordingly, changes in the intrinsic value are recognized directly in equity and changes in the fair value are recognized in profit or loss.

The reconciliation of the cumulative effects recognized in other comprehensive income (before tax) for the 2022 and 2021 fiscal years are as follows:

In EUR million	2022	2021
<b>Accumulated effects from derivative financial instruments (cash flow hedge) before taxes as of January 1</b>	<b>-9.3</b>	<b>12.3</b>
Changes in market values	5.4	-11.7
Reclassification to the profit and loss statement (other operating income and expenses)	24.1	-9.9
<b>Accumulated effects from derivative financial instruments (cash flow hedge) before taxes as of December 31</b>	<b>20.2</b>	<b>-9.3</b>

For strategic hedging, graded hedging ratios of around 20 per cent to 50 per cent are used in relation to the expected net exposure in US dollars (taking into account currencies that show a high correlation to the US dollar, if applicable) and for the yen exposure. The expected net exposure in US dollars and yen for 2023 is hedged at around 45 to 35 percent.

Siltronic determines the effectiveness of the hedging relationship between the hedged item and the hedging instrument based on maturities, currencies and nominal values, whereby the hedging ratio between the hedging instrument and the hedged item in hedge accounting is generally 100 percent. The Company assesses whether the designated derivatives effectively hedge the cash flows of the hedged item using the hypothetical derivative method. The credit risk of the counterparties as well as changes in the timing of the hedged highly probable future transactions represent possible sources of ineffectiveness. No ineffectiveness was reported in the result for the period, as the hedging relationships were almost completely effective and the changes in value of the hedging instruments were therefore approximately opposite to those of the underlying transactions.

## Nominal values and market values

The following tables compare the fair values of derivative financial instruments with their nominal values:

In EUR million	As of December 31, 2022		As of December 31, 2021	
	Nominal values	Market values	Nominal values	Market values
<b>Other financial assets</b>	<b>710.8</b>	<b>24.6</b>	<b>402.8</b>	<b>4.2</b>
Foreign currency derivatives	622.4	22.1	244.8	1.9
<i>thereof for strategic hedging (with hedge accounting)</i>	<i>451.6</i>	<i>18.6</i>	<i>122.1</i>	<i>0.9</i>
Foreign currency options	–	–	21.7	0.1
<i>thereof for strategic hedging (with hedge accounting)</i>	<i>–</i>	<i>–</i>	<i>15.8</i>	<i>0.1</i>
Foreign currency swaps	63.0	1.2	136.3	2.2
Other derivatives	25.4	1.3	–	–
<b>Other financial liabilities</b>	<b>282.6</b>	<b>6.7</b>	<b>422.7</b>	<b>–13.0</b>
Foreign currency derivatives	202.2	5.5	378.3	–11.9
<i>thereof for strategic hedging (with hedge accounting)</i>	<i>111.2</i>	<i>2.3</i>	<i>276.6</i>	<i>–9.5</i>
Foreign currency options	15.1	0.4	26.9	–1.0
<i>thereof for strategic hedging (with hedge accounting)</i>	<i>15.1</i>	<i>0.4</i>	<i>20.5</i>	<i>–0.7</i>
Foreign currency swaps	55.9	0.2	17.5	–0.1
Other derivatives	9.4	0.6	–	–

The following table shows the breakdown of the nominal values of the currency forward exchange contracts for strategic hedging by maturity as well as the average hedging rate per currency:

In EUR million	As of December 31, 2022		As of December 31, 2021	
	current (less than 1 year)	non-current (more than 1 year)	current (less than 1 year)	non-current (more than 1 year)
Nominal values currency forward exchange contracts	487.7	75.1	363.7	35.0
<b>Average hedging rate</b>				
EUR/JPY	137	140	131	131
EUR/USD	1.05	1.15	1.18	1.15
USD/SGD	1.38	1.37	1.35	1.37
EUR/SGD	1.45	1.57	1.61	1.57
Nominal values currency option contracts	15.1	–	36.3	–
<b>Average hedging rate</b>				
EUR/USD	1.09		1.16	
USD/SGD	–		1.35	

Apart from the currency forward exchange contracts for strategic hedging, all derivative financial instruments in the fiscal year and the prior year have a term of less than one year.

The following table provides information on the netting of financial assets and liabilities in the consolidated statement of financial position. It also shows the financial effects of a possible offsetting of financial instruments from netting agreements, enforceable global netting agreements, or similar agreements.

### Net amount

In EUR million	As of December 31, 2022					
	I	II	I–II	Related amounts not set off in the statement of financial position		Net amount
	Gross amounts of recognized financial assets/ liabilities	Gross amounts of recognized financial assets/ liabilities set off in the statement of financial position	Net amounts of financial assets/ liabilities presented in the statement of financial position	Financial instruments	Cash collateral received	
Derivatives with a positive market value	25.1	0.5	24.6	3.6	–	21.0
Derivatives with a negative market value	7.2	0.5	6.7	3.6	–	3.1

In EUR million	As of December 31, 2021					
	I	II	I–II	Related amounts not set off in the statement of financial position		Net amount
	Gross amounts of recognized financial assets/ liabilities	Gross amounts of recognized financial assets/ liabilities set off in the statement of financial position	Net amounts of financial assets/ liabilities presented in the statement of financial position	Financial instruments	Cash collateral received	
Derivatives with a positive market value	4.5	0.3	4.2	3.7	–	0.5
Derivatives with a negative market value	–13.3	–0.3	–13.0	–3.7	–	–9.3

In addition to the amounts offset under the provisions on netting pursuant to IAS 32, the table also includes those amounts that may not be netted pursuant to IAS 32.

As a part of strategic hedging of foreign currency cash flows the Group closes out forward-exchange contracts prior to maturity by offsetting transactions. The strategic forward exchange contract and the corresponding offsetting forward exchange transaction

are recognized as a net amount in accordance with IAS 32. In addition, general offsetting agreements, which apply only in cases of insolvency, have been concluded with number of banks.

The Group has not received any pledged cash security for positive market values of derivatives nor pledged any cash security for negative market values.

### Management of financial risks

The following disclosures explain the management of the financial risks of the Group. Other parts of these notes include more quantitative information to financial assets and financial liabilities or contingencies.

In the normal course of business, the Group is exposed to credit, liquidity, and market risks from financial instruments. The goal of financial risk management is to limit risks from operating business and the resultant financing requirements by using certain derivative and non-derivative hedging instruments. In addition, the Group is exposed to a minor extent to market and interest rate risks from securities.

In terms of assets, liabilities and planned transactions, the Group faces risks resulting from the fluctuation of foreign exchange rates.

Generally, only those risks which have an impact on the cash flow of the Group are hedged. To mitigate default risks, hedging instruments are only entered with counterparties of good credit rating.

The basic rules of financial management are determined by the Executive Board and monitored by the Supervisory Board of the Group. The Executive Board has the overall responsibility for the implementation and monitoring of the risk management of the Group. Part of this system is the management of financial risks. Among other things, the system for managing financial risks has a guideline defining the usage and the extent of derivative financial instruments and committees supervising the application of the guideline, evaluating the efficiency of the derivative financial instruments entered and defining additional risk limits when necessary.

The Group mitigates financial risks through the risk management system it has in place. This system is monitored by the Supervisory Board. The fundamental purpose of the risk management system is to identify, analyze, coordinate, monitor, and communicate risks in a timely manner. The Executive Board of the Group receives regular analyzes on the extent of those risks. The analyzes focus on market risks, particularly on the potential impact of raw-material price risks, foreign currency exchange risks, and interest rate risks on net interest income.

### Foreign currency risks

Foreign currency risks generally result from investments, financing measures, and operating business. The Group hedges foreign currency risks as far as it can influence the cash flow of the Group. Foreign currencies which do not influence the cash flow of the Group result from the translation of assets and liabilities of foreign subsidiaries into Euro. Such risks are not hedged because they refer to long-term financial investments.

Since it is very common in the semiconductor industry to transact in US dollars and the proceeds for the Group from the sale of products (operating business) significantly exceed the cash outflows in US dollars (operating business and investments), the Group faces a US dollar foreign exchange risk. The Group also faces foreign currency exchange risks related to the Japanese yen and the Singapore dollar. As the Singapore dollar is showing a high correlation to the US dollar the risks for these currencies are viewed together.

The net exposure for foreign currency, i.e. the amount in the same foreign currencies (or currencies put together because of high correlations) remaining after eliminating cash inflows and cash outflows, is hedged according to the Group policy.

To record market risks, IFRS 7 requires sensitivity analyzes which show the results from hypothetical changes of relevant risk variables on profit or loss and on equity. The periodical changes are calculated by applying the hypothetical changes of the risk variables on all existing financial instruments as of the reporting date. The sensitivity analyzes regarding foreign currencies have the following presumptions:

The existing primary monetary financial instruments (cash and cash equivalents, fixed-term deposits receivables, securities, interest bearing, and non-interest bearing liabilities) as of the reporting date represent a normal level. Approximately 80 percent of consolidated sales are invoiced in US dollar. Payouts in foreign currency remain on the current level which is dependent on the production level. Thus, the Group is only opposed to foreign currency exchange risks coming from trade receivables not hedged and the change in fair value of existing derivative financial instruments.

If the US dollar against the euro (taking into account currencies showing a high correlation with the US dollar) would have been up by 10 percent as of December 31, 2022, the fair value of the derivative financial instruments would have decreased by approximately EUR 42.8 million. EUR 8.1 million of the change would have been recognized in the statement of profit and loss and EUR 34.7 million in other comprehensive income. If the US dollar against the euro would have been down by 10 percent, the fair value of the derivative financial instruments would have increased by EUR 34.6 million. Of these changes EUR 27.9 million would have been recognized in other comprehensive income and EUR 6.7 million in the statement profit or loss. The corresponding fair value changes as of December 31, 2021 would have decreased by EUR 29.1 million or increased by EUR 21.1 million. The decrease would have been recognized with an amount of EUR 8.2 million in the statement of profit and loss EUR 20.9 million in other comprehensive income. The increase would have been recognized with an amount of EUR 5.9 million in the statement of profit and loss EUR 15.2 million in other comprehensive income.

If the Japanese Yen had been up or down by 10 percent against the euro as of December 31, 2022 the fair value of the hedging instruments would have decreased by around EUR 7.1 million or increased by 5.8 million. In the case of revaluation, EUR 1.0 million would have been recognized in the statement of profit or loss and EUR 6.1 million in other comprehensive income. The increase in fair value would have effect in other comprehensive of EUR 5.0 million and in the statement of profit or loss of EUR 0.8 million. The corresponding fair values as of December 31, 2021 would have decreased by EUR 10.3 million and increased by EUR 8.4 million. The decrease would have been EUR 2.4 million recognized in profit and loss and EUR 7.9 million in other comprehensive income, while the increase would have been EUR 6.5 million recognized in other comprehensive income and EUR 1.9 million recognized in profit and loss.

Without taking currency hedging transactions into account, a deviation of 1 USD cent in the EUR/USD exchange rate compared to the planned exchange rate results in a change in sales of around +/- EUR 13 million and a change in EBITDA of around +/- EUR 9 million in the fiscal year.

### Interest rate risk

As of the reporting date, the Group is exposed to interest rate risks from its operating activities arising from floating-rate loan liabilities. If the market interest rate increases or decreases by 100 basis points, the interest result changes by +/- EUR 1.1 million. The Group is exposed to a low interest rate risk from fixed-income securities that are valued at amortized cost. Furthermore, the derivatives denominated in foreign currencies are not subject to any significant changes in interest rates, so that no interest rate risk arises.

The Group has securities, mainly in the special fund, which may be subject to minor interest rate risks. These risks are largely monitored and reduced by a so-called overlay management.

### Other price risks

To a small extent, the Group is exposed to other market price risks from fluctuating stock market prices as a result of securities held in the special fund. These risks are monitored and reduced by an overlay management.

### Credit risk (risk of default)

In terms of financial instruments, the Group is exposed to a default risk should a contractual party fail to fulfill its commitments. The maximum risk is therefore the amount of the respective financial instrument's positive fair value. To limit the risk of default, transactions are conducted only within defined limits and with partners of very high credit standing. To make efficient risk management possible, the market risks within the Group are controlled centrally. The conclusion and handling of transactions comply with internal guidelines and are subject to monitoring procedures that take account of the separation of duties. As for operations, outstanding receivables and default risks are continually monitored and partly hedged against by means of trade credit insurance. Receivables from major customers are not so high as to represent an extraordinary concentration of risks. For further information on the default risk of financial assets and contract assets, see [Notes 08 and 09](#). In the last three years, the expenses for default were on average less than 0.1 percent of sales.

### Liquidity risk

A liquidity risk means that a company may not be able to meet its existing or future financial obligations because of insufficient funds. The Group ensures continuous liquidity and financial flexibility by holding enough funds as cash and cash equivalents.

Liquidity risk is addressed by financial planning. During the year, rolling monthly liquidity planning is carried out for the Group and the main individual companies, covering the period up to the end of the year. In addition to the outlook, we compare the actual cash flows with the projected cash flows in order to mitigate weaknesses in the forecast. There is also a multi-year plan which shows at an early stage when and to what extent liquidity risks are to be expected.

### Market risk

Market risk describes the risk that the fair value or future cash flows of an original or derivative financial asset will change due to the volatility of the market. The securities of the special fund are also subject to this risk.

### Fixed-term deposits

Fixed-term deposits are investments held at banks. They have a term until November 2023.

## 17 Segment reporting

The Group has only one reportable segment, which includes the development, production, and marketing of semiconductor wafers with a wide variety of features satisfying numerous product specifications to meet customers' precise technical specifications, which are utilized in the manufacture of semiconductor devices. Based on the fact that in the wafer industry the allocation of resources is derived from a wide variety of specifications, the

Group operates only in one segment. The products can differ between diameters, between polished and epitaxial wafer, between different pulling technologies and other features.

The geographical information during the reporting periods was as follows:

### Segment information by region

In EUR million	2022							Siltronic Group
	Germany	Europe excluding Germany	United States	Taiwan and (mainland) China	Korea	Asia excluding Taiwan, (mainland) China and Korea	Consolidation and others	
External sales from contracts with customers by customer location	132.3	196.8	185.2	639.3	394.0	238.3	19.4	1,805.3
Additions to property, plant and equipment, and intangible assets	283.8	–	10.7	–	–	779.1	–	1,073.6
Non-current assets (December 31)	751.7	–	37.6	0.1	–	1,448.0	19.3	2,256.7

In EUR million	2021							Siltronic Group
	Germany	Europe excluding Germany	United States	Taiwan and (mainland) China	Korea	Asia excluding Taiwan, (mainland) China and Korea	Consolidation and others	
External sales from contracts with customers by customer location	103.6	145.8	137.4	496.6	336.0	175.6	10.4	1,405.4
Additions to property, plant and equipment, and intangible assets	195.9	–	5.7	0.1	–	223.9	–	425.6
Non-current assets (December 31)	555.8	–	31.6	0.1	0.1	692.8	18.4	1,298.8

In all regions, the majority of revenues are billed in US dollars.

The carrying amount of intangible assets and property, plant and equipment in the Asia region excluding Taiwan relates almost exclusively to Singapore.

In the fiscal year 2022, the Group realized revenue from three customers that accounted for a share of more than 10 percent. One customer accounted for around a quarter of all sales, the second largest customer for 14 percent and the third largest for 13 percent. In the previous year, the breakdown was quite similar.

## 18 Transactions with related companies and persons

The disclosure requirements according to IAS 24 refer to transactions (a) with its minority shareholder Wacker Chemie AG and the ultimate controlling shareholder of Wacker Chemie AG, which is Dr. Alexander Wacker Familiengesellschaft mbH (holding more than 50 percent of the voting shares in Wacker Chemie AG), (b) with Pensionskasse der Wacker Chemie VVaG (pension fund), and (c) with members of the Executive Board and Supervisory Board of the Company.

### Related companies

The amounts recorded in the statement of profit or loss resulting mainly from transactions with Wacker Chemie AG:

### Information on transactions with related companies

In EUR million	2022	2021
Sales	0.8	0.9
Purchased material and services (primarily cost of sales)	204.7	174.1
Lease expenses (several functional costs)	0.2	0.2

As in the prior year, the sales for 2021 includes other services of EUR 0.8 million to Wacker Chemie AG.

The cost of sales primarily relates to the purchase of a raw material from Wacker Chemie AG and the purchase of services from Wacker Chemie AG. Wacker provides the services to Siltronic in Burghausen (Germany), where Siltronic and Wacker operate production facilities side by side on a large industrial site.

The following table shows other assets, right-of-use assets and liabilities to related parties recorded in the statement of financial position for the years ending December 31, 2022 and 2021:

### Right-of-use assets, other assets and liabilities to related parties

In EUR million	Dec. 31, 2022	Dec. 31, 2021
Right-of-use assets	1.2	1.4
Other assets	23.9	21.8
Lease liabilities	1.4	1.4
Trade liabilities	20.3	15.5

In addition, long-term purchase agreements exist with Wacker Chemie AG, resulting in other financial obligations of EUR 147.5 million (prior year: EUR 121.0 million).

The following table shows the remuneration of members of the Executive Board and Supervisory Board:

### Remuneration of corporate bodies

In EUR		Fixed remuneration	Variable remuneration	Share-based payments	Pensions	Total
	2022	1,052,676	878,625	1,524,343	397,955	3,853,599
Remuneration for Executive Board members	2021	1,006,063	1,034,000	1,298,261	326,971	3,665,295
	2022				4,048,258	4,048,258
Provisions for pensions for active Executive Board members	2021				5,582,543	5,582,543
	2022				292,310	292,310
Remuneration for former Executive Board members and their surviving dependents	2021				287,436	287,436
	2022				5,884,382	5,884,382
Provisions for pensions for former Executive Board members and their surviving dependents	2021				7,291,057	7,291,057
	2022	707,500				707,500
Supervisory Board remuneration	2021	659,184				659,184

The total remuneration of the members of the Executive Board for the fiscal year 2022, which is to be disclosed in accordance with § 314 para. 1 no. 6 of the German Commercial Code and valued in accordance with DRS 17, amounts to a total of EUR 2.4 million (prior year: EUR 2.7 million). The fair value of the share-based payment granted in the fiscal year 2022 was EUR 0.5 million (prior year: EUR 0.7 million). Provisionally 6,371 virtual shares were allocated (prior year: 6,763).

Remuneration for pensions shows the service costs.

### 19 Share-based compensation agreement

In the fiscal year 2020, a new compensation system for the members of the Executive Board was introduced. As in prior years, this includes cash compensation in the form of phantom stocks as long-term variable compensation. Detailed information on the share-based compensation agreement can be found in the [Compensation report](#). The phantom stocks granted under the old compensation system in fiscal 2019 were settled in cash in fiscal 2022 at the average price in 2021. An other liability of EUR 0.9 million was recognized for this in the prior year.

For the compensation year 2022, the contractual allotment value was initially converted into phantom stocks granted on the basis of the average weighted closing price of the share on the last 30 stock market trading days of 2021. The phantom stocks are held for a period of four years (performance period), starting January 1, 2022. The basis for calculating the final number of phantom stocks is the achievement of the targets set by the Supervisory Board for each performance period. A target value,

a minimum value and a maximum value are determined for these targets. The phantom stocks are settled in cash. To determine the amount of the cash settlement, the final number of phantom stocks is initially calculated by multiplying the preliminary number of phantom stocks by the total target achievement factor. The cash settlement is calculated by multiplying the final number of phantom stocks with the weighted average closing price of the Company's shares on the last 30 trading days of the year 2025 plus the dividends distributed during the financial years 2022 to 2025. The cash settlement is limited to a limit of 200 percent of the contractual allotment value (cap). Due to the term of the remuneration, parallel tranches for the years 2020, 2021 and 2022 are selected as of the reporting date.

After completion of the first, second and third of four years of the performance periods, the preliminary figure for the reporting year based on the target development to date is 20,521 phantom stocks. The average price of the Siltronic share in the fiscal year, which is decisive for the number of phantom stocks, was EUR 76.13 (prior year: EUR 135.97). The closing price for the calculation of the fair value of the phantom stocks was EUR 68.15. The possibility of reaching the contractually agreed cap is taken into account using a Black-Scholes calculation and the fair value is reduced accordingly. In total, there is a provision for phantom stocks for the fiscal years 2020, 2021 and 2022 of EUR 1.5 million (prior year: EUR 2.2 million). Due to the necessity to release the provision for virtual shares in 2020 and 2021, income of EUR 1.0 million and expenses from the addition to the provision for virtual shares in 2022 amounting to EUR 0.3 million (prior year: expenses of EUR 1.4 million) were netted in personnel expenses in the financial year 2022.

## 20 Other information

The following table shows the personnel employed on average during the year.

### Average number of employees

	2022	2021
Germany	2,691	2,459
Singapore and small sales companies in Asia	1,299	1,150
United States	369	351
<b>Total</b>	<b>4,359</b>	<b>3,960</b>

The auditor's fees are divided into audits of financial statements, other certification services and non-audit services.

### Audit fees

In EUR million	2022	2021
Audit of financial statements	0.6	0.4
Other certification services	0.2	0.2
Tax consulting and other services	0.0	0.0
<b>Total</b>	<b>0.8</b>	<b>0.6</b>

### List of shareholdings

	2022		
	Share capital in EUR million	Net income in EUR million	Equity share in %
Siltronic Holding International B.V., Rotterdam, Netherlands <sup>1)</sup>	400.9	–	100.0
Siltronic Singapore Pte. Ltd., Singapore <sup>2)</sup>	452.0	80.6	100.0
Siltronic Silicon Wafer Pte. Ltd., Singapore <sup>2)</sup>	816.6	196.2	77.7
Siltronic Corp., Portland (Oregon), USA <sup>2)</sup>	127.9	25.7	100.0
Siltronic Japan Corp., Tokyo, Japan <sup>2)</sup>	4.1	2.8	100.0
Siltronic Korea Ltd., Seoul, Korea <sup>1)</sup>	2.5	0.6	100.0
Siltronic Shanghai Corp., Ltd., Shanghai, China <sup>1)</sup>	1.2	0.3	100.0
Structured entity: Special Fund, Frankfurt, Germany <sup>1)</sup>	81.4	–6.1	100.0

<sup>1)</sup> Held directly by Siltronic AG

<sup>2)</sup> Held indirectly by Siltronic AG

### Non-controlling Interests

A minority shareholder has a non-controlling interest of 22.3 percent in Siltronic Silicon Wafer Pte. Ltd. Apart from Siltronic Silicon Wafer Pte. Ltd., there are no minority shareholders in the Siltronic Group.

The following summarized financial information is in accordance with IFRS and presented before consolidation. As of December 31, 2022 non-current assets totaled EUR 1,479.7 million and current assets EUR 241.0 million, equity EUR 816.6 million, non-current liabilities EUR 684.9 million and current liabilities EUR 219.3 million.

In the year 2022, Siltronic Silicon Wafer Pte. Ltd. realized sales of EUR 537.6 million resulting in a net profit of EUR 196.2 million and a comprehensive income of EUR 238.3 million. The Cash flow amounted to EUR –208.5 million due to high payments for investments in property, plant and equipment.

Neither the minority shareholder nor Siltronic did receive a dividend.

The list of shareholdings in affiliated companies as of December 31, 2022 is as follows (IFRS amounts):

## 21 Subsequent events

There were no significant events after the end of the fiscal year ending December 31, 2022.

Munich, March 7, 2023  
The Executive Board of Siltronic AG



Dr. Christoph von Plotho  
(CEO)



Rainer Irle  
(CFO)

## Independent Auditor's Report

### To Siltronic AG, Munich

#### Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report

##### Opinions

We have audited the consolidated financial statements of Siltronic AG and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from January 1 to December 31, 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report of Siltronic AG for the financial year from January 1 to December 31, 2022.

In accordance with German legal requirements, we have not audited the content of those components of the combined management report specified in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31, 2022, and of its financial performance for the financial year from January 1 to December 31, 2022, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the content of those components of the combined management report specified in the "Other Information" section of the auditor's report.

Pursuant to Section 322 (3) sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

##### Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and EU Audit Regulation No 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the combined management report.

##### Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

##### The recoverability of property, plant and equipment of the 300 mm

For information on the accounting of property, plant and equipment, reference is made to the sections "Property, plant and equipment" of the accounting policies and to the explanatory notes on the individual statement of financial position items under "Development of property, plant and equipment".

##### The Financial Statement Risk

In the financial year 2021, the Group decided to construct a second 300 mm production facility at the Singapore site and to expand the German Siltronic site in Freiberg. Accordingly, investments in property, plant and equipment were mainly attributable to capacity expansions in the 300 mm wafer type production, which are expected to be completed in 2024 and 2023, respectively. Investments in property, plant and equipment totaled EUR 1,073.6 million in the year under review and are material for the Group's net assets.

If there are indications of impairment of property, plant and equipment, the Company determines the recoverable amount at the reporting date and compares it with the respective carrying amount. If the carrying amount is higher than the recoverable amount, an impairment loss is recognized. The recoverable amount is determined using the discounted cash flow method.

The recoverable amount is regularly determined at the level of cash generating units. Impairment testing for property, plant and equipment is complex and is based on a number of judgmental assumptions. These include in particular the forecast cash flows, the useful life of the leading asset and the discount rates used.

As a result of the high investment volume, the carrying amount of property, plant and equipment in the 300 mm cash-generating unit has increased significantly. The business is cyclical. Against the background of the planned capacity expansion, there is a risk for the consolidated financial statements that the property, plant and equipment in the 300 mm cash-generating units will not be recoverable if the additional capacity cannot be utilized in the future.

#### **Our audit approach**

We obtained an understanding of the Company's process for determining recoverable amounts through explanations from accounting staff and an assessment of the Group's accounting policy.

With the involvement of our valuation specialists, we assessed the computational accuracy and IFRS compliance of the Company's valuation methods and the appropriateness of significant assumptions made therein. In addition, we discussed the expected cash flows with those responsible for planning. We have also reconciled this information with the budget prepared by management and approved by the Supervisory Board as well as other internally available forecasts, e.g. for tax purposes, to ensure consistency. The appropriateness of the assumptions was also evaluated using external market assessments. We also confirmed the accuracy of the Company's previous forecasts by comparing the budgets of previous financial years with actual earnings realized and by analyzing deviations.

We compared the assumptions and data underlying the discount rate, in particular the risk-free interest rate, the market risk premium, the need for specific risk premiums and the beta factor, with our own assumptions and publicly available data.

To account for the existing forecast uncertainty, we also examined the effects of possible changes in the discount rate and the expected cash flows from EBITDA fluctuations on the recoverable amount by calculating alternative scenarios and comparing them with the Company's valuation results (sensitivity analysis).

#### **Our observations**

The approach underlying the impairment test for property, plant and equipment in the 300 mm cash-generating unit, including the valuation method, is consistent with the accounting principles. The assumptions and data used by the Company are appropriate.

#### **Other information**

The Executive Board and/or the Supervisory Board are/is responsible for the other information. The other information comprises:

- the Company's and Group's separate combined non-financial report, which is referred to in the combined management report, and
- the combined corporate governance statement for the Company and Group, which is included in a separate section of the combined management report, and
- information extraneous to management reports and marked as unaudited.

The other information also includes the remaining parts of the annual report. The other information does not include the consolidated financial statements, the combined management report information audited for content and our auditor's report thereon.

Our opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the combined management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of the Executive Board and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report**

The Executive Board is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the Executive Board is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the Executive Board is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the Executive Board is responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the Executive Board is responsible for such arrangements and measures (systems) as it has considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

#### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. 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 users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, 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 opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report 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 these systems.

- Evaluate the appropriateness of accounting policies used by the Executive Board and the reasonableness of estimates made by the Executive Board and related disclosures.
  - Conclude on the appropriateness of the Executive Board's 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 the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able 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 present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
  - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
  - Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
  - Perform audit procedures on the prospective information presented by the Executive Board in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the Executive Board as a basis for the prospective information and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.
- We communicate with those charged with governance 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 those charged with governance with a statement that we have complied with the relevant independence requirements and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.
- From the matters communicated with those charged with governance, 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

### **Assurance Report in accordance with Section 317 (3b) HGB on the Electronic Reproduction of the Consolidated Financial Statements and the Combined Group Management Report Prepared for Publication Purposes**

We have performed assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the combined management report (hereinafter the "ESEF documents") contained in the electronic file "ESEF\_KA+LB\_SiltronicAG\_2022.zip" (SHA256-Hashwert: 113362b44eab82e982c218c8a9970d527e9f5c8bc4d730097aec087000f01897) made available and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained in these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the combined management report contained in the electronic file made available, identified above and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying combined management report for the financial year from January 1 to December 31, 2022, contained in the "Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

We conducted our assurance work on the rendering of the consolidated financial statements and the combined management report contained in the file made available and identified above in accordance with Section 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW AsS 410 (06.2022)). Our responsibility in accordance therewith is further described below. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1).

The Company's Executive Board is responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the combined management report in accordance with Section 328 (1) sentence 4 item 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 item 2 HGB.

In addition, the Company's Executive Board is responsible for the internal controls it considers necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format, whether due to fraud or error.

The Supervisory Board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance, whether due to fraud or error, with the requirements of Section 328 (1) HGB. During the audit, we exercise professional judgment and maintain a critical attitude. We also

- Identify and assess the risks of material non-compliance with the requirements of Section 328 (1) HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance conclusion.
- Obtain an understanding of internal control relevant to the assessment of the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e. whether the electronic file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815 on the technical specification for this electronic file.
- Evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited consolidated financial statements and the audited combined management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, as amended as of the reporting date, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

### Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on May 5, 2022. We were engaged by the Supervisory Board on August 25, 2022. We have been the group auditor of Siltronic AG without interruption since its initial public offering in financial year 2015.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

In addition to the financial statement audit, we have provided to group entities the following services that are not individually disclosed in the consolidated financial statements or in the combined management report:

Review of the condensed interim financial statements, review of the separate combined non-financial report, substantive audit of the remuneration report according to stock corporation law as well as other assurance services pursuant to EMIR (Section 20 of the German Securities Trading Act [WpHG]), Section 2 of the German Concession Fee Regulation [KAV], Section 19 of the German Electricity Network Charges Regulation [StromNEV] and Article 25 (1) of the EU Regulation ("electricity price compensation").

### Other matters – use of the auditor's report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as the examined ESEF documents. The consolidated financial statements and combined management report converted to the ESEF format – including the versions to be entered into the Company register – are merely electronic renderings of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the examined ESEF documents made available in electronic form.

### German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Johannes Hanshen.

Munich, March 7, 2023  
KPMG AG  
Wirtschaftsprüfungsgesellschaft  
[Original German version signed by:]

Koeplin  
Wirtschaftsprüfer  
[German Public Auditor]

Schäfer  
Wirtschaftsprüferin  
[German Public Auditor]

## Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the significant opportunities and risks associated with the expected development of the Group.

Munich, March 7, 2023  
The Executive Board of Siltronic AG



Dr. Christoph von Plotho  
(CEO)



Rainer Irle  
(CFO)

# Non-financial report 2022 issued by Siltronic AG, Munich

(Implementation of the requirements contained in sections 315c  
in conjunction with section 289b to 289e of the German Commercial Code)

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# Interview with the Executive Board

GRI 2-22

*"In 2022, we reduced our CO<sub>2</sub> emissions by more than 10 percent. This brings us a giant step closer to our goal of halving the CO<sub>2</sub> emissions by 2030."*

**Rainer Irle, CFO**

## **What does sustainability mean to Siltronic and how is it embedded in its strategy?**

**Dr. Christoph von Plotho:** For us, sustainability means responsibility towards suppliers, customers, employees, shareholders, society and the environment. Sustainability is, therefore, firmly anchored in our corporate strategy. We aim to align the impact of our business activities with the expectations and needs of these stakeholders, and to this end we regularly assess the opportunities and risks.

Along our value chain, we pay attention to the responsible use of resources, environmental protection, efficient production processes, attractive working conditions, health protection and occupational safety, and compliance with human rights.

## **What external influences affected Siltronic and its sustainability strategy in fiscal 2022?**

**Dr. Christoph von Plotho:** 2022 was a challenging year in many respects, marked above all by macroeconomic and geopolitical upheavals.

The war in Ukraine led to an energy crisis that hit Europe particularly hard. The necessary restructuring of energy supply and the associated decarbonization have therefore become even more important than before. Despite intensive efforts to combat the Corona pandemic, it was unfortunately still not fully contained in fiscal 2022. The pandemic has further accelerated the trend toward digital transformation in business and private life.

At Siltronic, we see these global challenges as a major opportunity. Semiconductors, which are largely made from silicon wafers, are important for decarbonization and digital transformation. We are, therefore, firmly convinced that our product is one of the key elements in creating a sustainable future.

## **What were the key events for you in 2022 in terms of sustainability?**

**Rainer Irle:** Siltronic has been a member of the Science Based Targets Initiative since 2021 and has set itself the goal of halving direct greenhouse gas emissions (Scope 1+2) by 2030 and reducing them to near zero by 2045. In 2022, we significantly exceeded our reduction target. Despite a slight increase in production volumes, greenhouse gas emissions (Scope 1 and 2) fell by more than 10 percent. In the reporting year, we also decided to install a photovoltaic system at our production site in Portland, which will contribute to our self-imposed climate target as early as 2023.

Furthermore, investments are continuously being made in the renewal of equipment at existing production buildings to increase energy efficiency, for example in state-of-the-art heat exchangers that lead to significant CO<sub>2</sub> savings per year.

Another project that progressed with great strides in the reporting year was the construction of our new 300 mm fab in Singapore. To finance this fab, a promissory note loan was issued in June 2022 with an interest rate linked to Siltronic's sustainability development. This shows that we are strengthening our growth strategy based on sustainable and responsible action and taking account of our strategy.

In fiscal 2022, we also installed a digital whistleblowing system that now enables individuals to report violations of relevant human rights or environmental risks that have arisen as a result of the economic activities of the company or of a direct supplier.

**What contribution does Siltronic’s product make to protecting the environment?**

**Dr. Christoph von Plotho:** Without silicon wafers, there would be no digitization, no electromobility, no decarbonization – in other words, no energy revolution. Silicon wafers are part of almost all electronic components that make our lives more digital and thus simpler, safer and more environmentally friendly. Our technologies create the basis for the production of smaller and more energy-efficient components in modern electronics. In this way, we help to conserve valuable resources and reduce global carbon dioxide emissions.

In addition, our employees face the daily challenge of making our processes better, safer, simpler and more environmentally friendly, thus further increasing the sustainability of our product. Together, we want to live up to our responsibility to reconcile the impact of our business activities with the expectations and needs of the society.

**What does social responsibility mean for Siltronic?**

**Rainer Irle:** Our employees are our most valuable asset and the foundation of our success. We cultivate respectful, honest and open cooperation. We see the diversity of people as an enrichment. Our goal is to become even more diverse and, in particular, to bring even more women and employees with different cultural experiences into middle and senior management positions. With this in mind, we have set ourselves the goal of increasing the proportion of female managers in the first management level from 14 percent to over 20 percent between June 30, 2020 and June 30, 2023. We are very pleased that we have already almost reached this target, currently at 20 percent. Furthermore, we support the compatibility of family and career with various measures. Promotion of occupational safety and health is deeply anchored in our business processes.

**What is your stand on initiatives such as the Global Compact and Responsible Business Alliance?**

**Dr. Christoph von Plotho:** Siltronic has been a member of the United Nations Global Compact since 2017, thus implements the ten principles of the Global Compact initiative on the protection of human rights, social and environmental standards and the fight against corruption with great care. For years, these ten principles have formed an essential basis for our commitment as a socially responsible company.

Furthermore, Siltronic has been a member of the Initiative Responsible Business Alliance (RBA) since 2019 and, as a supplier to the electronics industry, is guided by the RBA Code of Conduct, through which leading companies in the electronics industry worldwide demand and promote a sense of social and environmental responsibility and ethical business practices. Siltronic also works in accordance with the 17 Sustainable Development Goals (SDGs) of the United Nations.



Dr. Christoph von Plotho  
CEO



Rainer Irle  
CFO



# 1. The framework for this non-financial report

In this summarized separate non-financial report or sustainability report, we supplement the economic aspects presented in the consolidated financial statements and summarized management report of Siltronic AG primarily with ecological and social aspects and explain how we reconcile these aspects.

In our understanding, sustainability means positively influencing future conditions in the ecological, economic and social spheres through our actions today. The background to this non-financial report is therefore the question of how Siltronic contributes to the improvement or deterioration of ecological, economic and social conditions at local, regional and global level.

We believe that acting in a positively sustainable manner brings benefits to Siltronic itself. By increasing the efficiency of raw material use or the efficiency of energy use, we safeguard our earning power. Earning power is important in order to provide our workforce with above-average social benefits and to offer a wide range of further training measures. An educated and committed workforce is more capable of discovering new ideas in research and development. In the medium and long term, this has a beneficial effect on our earning power. A virtuous circle is created that is not only positive for stakeholders and the environment, but also for Siltronic.

The Group entities included in this report are identical to those in the audited consolidated financial statements (for the names, registered offices and ownership structure of the companies included, please refer to the audited consolidated financial statements). In line with the consolidated financial statements, the reporting period comprises one calendar year. As in the preparation of the consolidated financial statements, similar items are treated uniformly throughout the Group in the non-financial report. **GRI 2-1, 2-2, 2-3**

There were no sales, acquisitions or mergers of Group entities in the reporting year. The business model is unchanged from the previous year and there were no significant changes in the value chain. **GRI 2-2, 2-6**

The non-financial report is available to the public in German and English, by publication on the Internet at <https://www.siltronic.com/en/our-company/sustainability.html>. Questions about the report can be addressed directly to the Investor Relations department of Siltronic AG. **GRI 2-3**

This report is prepared with reference to the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and aligned with the Sustainable Development Goals of the United Nations and the Code of Conduct of the Responsible Business Alliance (RBA). In addition, information on our social responsibility is provided where relevant for reporting on the progress of the United Nations Global Compact ("United Nations Global Compact – Communication on Progress 2022"). **GRI 2-3**

This Non-Financial Report for the year 2022 has been reviewed by the Supervisory Board of Siltronic AG. Furthermore, the Supervisory Board has commissioned an auditing firm to perform a corresponding audit. Accordingly, KPMG AG Wirtschaftsprüfungsgesellschaft has audited the non-financial report using the standard ISAE 3000 to obtain limited assurance on the disclosures pursuant to sections 315c in conjunction with sections 289c to 289e of the German Commercial Code (Handelsgesetzbuch – HGB) as well as Art. 8 of the EU Taxonomy Regulation. KPMG AG Wirtschaftsprüfungsgesellschaft has also been engaged to audit the consolidated financial statements including the management report of Siltronic. **GRI 2-5**

## 2. The Siltronic business model and our ethical principles

Section 289c para. 1 of the German Commercial Code

### The business model of Siltronic

Siltronic is a globally active manufacturer of wafers, slices of high-purity silicon for the semiconductor industry. Since wafers are the basic material for computer chips, almost all of our customers are manufacturers of semiconductors (“chip manufacturers”). The supply of our customers is almost without exception based on a long-term business relationship, hence supply contracts of several years’ duration exist with a number of major customers. The notes to the consolidated financial statements contain a breakdown of sales and capital expenditures by country and region. **GRI 2-6**

Wafers are produced by melting high-purity silicon and extracting a crystal from the melt by means of a drawing process. The crystal is sawn into individual wafers, which are then polished and packaged after a final inspection. The five most important cost types for our production in terms of amount are (in alphabetical order) depreciation, energy, supplies, personnel and raw materials. **GRI 2-6**

The equipment park consists to a large extent of machines for pulling crystals, furnaces, measuring equipment, cleaning systems and machines for mechanical and chemical treatment of the wafer surface. The production of wafers takes place to a large extent in clean rooms. From our four production sites in Germany, Singapore and the USA, we ship our wafers directly to our customers’ semiconductor fabs, which are located (in alphabetical order) in Europe, Mainland China, Israel, Japan, Korea, Malaysia, Singapore, Taiwan and the USA. Production, administration and sales are located at each of the four largest sites. In addition, we operate small sales units in another six countries (Mainland China, Japan, South Korea, Taiwan, France and Italy). **GRI 2-1, 2-6**

Additional information on our business model is available in the [combined management report](#).

### The sustainability of our product

#### Reduction of CO<sub>2</sub> emissions and increase of energy efficiency has highest social importance

In December 2015, at the United Nations Climate Change Conference in Paris, 195 countries and the EU agreed to reduce man-made global warming to no more than 2°C compared to the average for the years 1850 to 1900. Efforts are also to be made to limit the increase to 1.5°C. Agreements at subsequent United Nations climate conferences have underpinned the importance of these climate targets.

In addition to already high CO<sub>2</sub> emissions, the world’s population is growing. The United Nations expects the current human population of just under 8 billion to increase by about 20 percent over the next 25 years. This will drive up energy demand and thus CO<sub>2</sub> emissions.

Against this background, we are aware that reducing CO<sub>2</sub> emissions and increasing energy efficiency are of the utmost importance to society. With this awareness, we asked ourselves what the impact of our product is.

#### Characteristics of our product

Our wafers are very closely linked to computer chips because our customers – the manufacturers of semiconductors – transform wafers into chips through physical and chemical processes. Wafers with special physical and chemical requirements are needed for the production of energy-efficient chips.

The most important end markets for demand for our wafers are smartphones, computers including servers, consumer electronics including household appliances, industry and automobiles. Almost all of our wafers go to these five end markets and all five end markets are essential for us.

#### Impact of our wafers on energy efficiency

Our innovations in wafer production have a strong impact on increasing the energy efficiency of chips. This has a particular impact on smartphones, computers including servers, household appliances and electric vehicles. There are two reasons for this:

- Firstly, power requirements drop decisively when our customers can incorporate smaller transistors and shorter conductor tracks into wafers. The resulting increase in energy efficiency in the chip is usually so high that a new chip operates with significantly more power than its predecessor while requiring significantly less energy. To achieve this, wafers must meet constantly and significantly increasing physical and chemical requirements. To this end, we spend many millions of euros each year on research and development and generally invest a two- to three-digit million euro amount in new machines. Only with state-of-the-art machines is it possible to produce technologically leading wafer types.

53 percent of our sales are accounted for by such wafer types.

- Chips that control electricity flows are manufactured from certain types of wafers. These chips are also called power semiconductors. Without power semiconductors, for example,

modern household appliances would be inconceivable, LED lighting in the form we know it would not exist, and neither would small power adapters or chargers. Almost one third of our sales relate to wafers used for power semiconductors.

- To make power semiconductors more energy-efficient, we have developed special wafer materials with low oxygen content. Chips of this type have a power-saving effect in devices in which high direct and alternating currents are converted. Examples include the current flow between the electric motor and battery in an all-electric car, between a charging station and an electric vehicle, or between the power grid and the generation of electricity from renewable sources (mainly wind turbines, photovoltaics). Without the supply of special wafer materials, the energy efficiency of many electrical products, including electric vehicles, would be significantly lower. Wafer types made from these special wafer materials account for 15 percent of our Group sales.

In addition, we are developing a new wafer material in the form of gallium nitride. The resulting wafer type is expected to make the charging process of electric vehicles and other devices significantly more energy efficient and faster. It would also increase the range of electric vehicles.

### Conception and design of new wafer types or wafer materials and environmental impact

Siltronic's goal is to disproportionately increase the share of the above two categories of wafer types or wafer materials that are transformed into energy-efficient chips over the next few years.

Research and development are crucial for the conception and design of new wafer types or wafer materials. This is the basis for subsequent manufacturing, as the physical and chemical characteristics of wafer types or wafer materials are inextricably linked to the manufacturing process.

Siltronic spent EUR 89.5 million on research and development in 2022, which corresponds to around 5 percent of sales. The vast majority of these costs were attributable to the two wafer types or wafer materials described above. This allocation is based on projects and budgets approved by the Executive Board. We expect that the allocation of resources to research and development will have a positive impact on the environmental impact of future product sales.

## Impact of wafer manufacturing on the environment and our Climate Action Plan

We have departments that are primarily concerned with monitoring and analyzing the effects of our wafer production on the environment. These are the Environment, Health and Safety (EHS) department and the Corporate Responsibility department. The main findings of these departments are presented in the chapter "Environmental aspects". **GRI 2-13**

Siltronic has already significantly reduced its Scope 1 and 2 greenhouse gas emissions compared with 2015. This was mainly due to projects to increase energy efficiency within the company.

In order to make a greater contribution to limiting global warming to 1.5 degrees Celsius, or at least to well below 2 degrees Celsius in accordance with the Paris Climate Agreement, we have decided to reduce absolute Scope 1 and Scope 2 emissions by more than five percent annually and to reduce CO<sub>2</sub> emissions by 50 percent by 2030 compared with 2021. Siltronic publishes its climate targets with the Science Based Targets Initiative and will continue to report on progress annually.

Scope 3 emissions are to be reduced by 25 percent by 2030 compared to 2021.

To achieve the CO<sub>2</sub> reduction targets for Scope 1 and Scope 2 emissions of the above-mentioned 50 percent by 2030, we have set up a Climate Action Program. This covers all production sites and comprises three levers:

- Increasing energy efficiency
- Own generation of electricity from renewable energies
- Promotion of projects and procurement of electricity from renewable energies

Electricity from renewable energies is to contribute a share of around 80 percent to the reduction of CO<sub>2</sub> emissions by 2030. The remaining necessary savings are to be made possible by increasing energy efficiency and reducing energy intensity.

Feasibility studies have been and are being carried out at the Portland, Freiberg and Singapore sites for the in-house generation of electricity from renewable energies. As a result, the installation of a large photovoltaic plant in Portland was approved by the Board of Management, which is scheduled to go into operation in 2023.

Electricity from renewable energies was procured for 2022 via unbundled green electricity certificates (Guarantees of Origin or Renewable Energy Certificates) at the Burghausen, Freiberg and Portland sites. At the end of 2022 the negotiation of a Power Purchase Agreement (PPA) for the supply of electricity from renewable energy including the associated Guarantees of Origin for the Burghausen and Freiberg sites started. Under this agreement, electricity from renewable sources will be supplied from 2024 to 2033. In the long term, further PPAs are to be concluded at other locations in order to achieve the CO<sub>2</sub> reduction targets by 2030, and existing contracts are to be switched to green electricity tariffs.

## Corporate ethics at Siltronic

Companies need the trust of society to be economically successful. To ensure that Siltronic's business is conducted responsibly and in compliance with all legal requirements, we have developed a business ethics program consisting of various guidelines. The guidelines provide rules for ethical and lawful conduct. They also implement procedures and measures to ensure compliance with the regulations and prevent the possibility of compliance violations. Employees and business partners are required to follow these guidelines. Internally, this is ensured through training (for example, regular compliance training) and process regulations.

The most important guidelines are listed below and are also publicly available on the Siltronic AG website:

- **Code of Conduct:** We have drawn up a Code of Conduct for our Group which provides a binding framework for responsible and law-abiding behavior. Compliance with the Code is mandatory for all employees. The Code of Conduct deals in particular with the topics of behavior towards one another, leadership as a role model, dealing with business partners, handling information, separation of private and corporate interests, quality, safety, health and the environment, as well as social responsibility and compliance reporting. [GRI 2-23](#)
- **Voluntary commitments:** Siltronic implements the ten principles of the United Nations Global Compact Initiative on the protection of human rights, social and environmental standards and the fight against corruption, and annually publishes Commu-

nication on Progress. We are a signatory to the Diversity Charter and the Equality Charter and are thus committed to actively implementing and promoting equal opportunities and diversity within the company. Siltronic is a member of the Responsible Business Alliance (RBA) and, as a supplier to the electronics industry, is guided by the RBA Code of Conduct. Through this initiative leading companies in the electronics industry worldwide demand and promote social and ecological responsibility and ethical business practices. Siltronic has also joined the Science Based Targets Initiative. This initiative drives ambitious climate protection measures in the private sector by enabling companies to set science-based targets for reducing emissions.

### GRI 2-23

Internally, these are among the most important guidelines in terms of corporate ethics:

- **Legal & Compliance Policy:** The detailed provisions of this policy provide employees with a framework for ethical behavior in Siltronic's business environment. Among other things, it addresses the fight against corruption, the avoidance and handling of conflicts of interest, and the prevention of money laundering. In addition, the policy encourages employees to report compliance incidents and implements procedures and measures for handling information. These include requirements for archiving and storing data and documents, including the length of time for which they are to be stored. [GRI 2-23](#)
- **Rules of Procedure Compliance Notifications:** This regulation deals with the handling of compliance reports. It orders investigative measures to be taken in the event of a substantiated suspicion of a compliance violation. It also requires the implementation of remedial and preventive measures. It also contains a prohibition on retaliation for compliance violations reported in good faith. [GRI 2-23](#)
- **Conflict Minerals Procedure:** This procedural instruction is intended to ensure responsible procurement. For details, see [p. 162](#). [GRI 2-23](#)
- **Know Your Business Partner-Process:** The process is designed to ensure that Siltronic complies with the regulatory and thus also ethical requirements for relationships with business partners. For details, see [p. 164](#). [GRI 2-23](#)

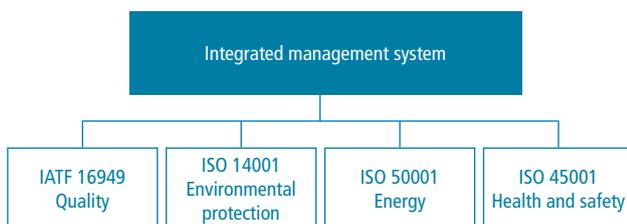
## The impact of ethical principles on the organization and processes of Siltronic

The above-mentioned guidelines have an impact on Siltronic’s organizational structure and processes. The main organizational measures for implementing the ethical principles are (a) an integrated management system, (b) central management of corporate responsibility issues with a new staff unit and a direct reporting channel to the Executive Board, (c) coordination of EHS issues from a separate department dealing with environmental protection, health protection, plant safety and occupational safety, and (d) the structure of recurring reporting to the Executive Board and Supervisory Board. **GRI 2-13**

We control our operating processes via our Integrated Management System (IMS). The IMS describes processes and responsibilities and defines Group-wide standards with regard to quality, energy, environmental protection, plant safety, occupational safety and health protection, among other things. **GRI 2-24**

The standards are based on national and international norms, laws, customer requirements and our own principles. We have the IMS certified by a globally active service provider. The certifications relate to the standards ISO 14001:2015 for environmental protection, ISO 45001:2018 for occupational health and safety, ISO 50001:2018 for energy management at the German sites, and IATF 16949:2016 for quality management systems.

### Group management system



We have installed a compliance system to prevent, identify, process and, if necessary, sanction business-related legal violations. Our compliance management system is regularly reviewed and enhanced for this purpose. Siltronic’s compliance organization is responsible for this. To this end, the company has appointed compliance officers in all active units. These officers coordinate compliance activities within the Group, provide advice on compliance and are the point of contact for questions and training. Employees who have contact with business partners are required to complete an e-learning course on compliance. As a protected way of reporting violations, we have appointed an external ombudsman to whom our employees and third parties can anonymously report violations of legal requirements. We also set up a publicly accessible digital whistleblower system. The Chief Compliance Officer reports monthly and on an ad hoc basis to the Executive Board of Siltronic AG and quarterly to the Audit Committee of the Supervisory Board. **GRI 2-13, 2-26**

As a company with complex chemical and mechanical processes, we have a special responsibility for the operation of our plants and for the protection of people and the environment. For this reason, there are employees at the production sites who are specially trained in the areas of environmental protection, health protection, plant safety and occupational safety. These are combined in the local Quality Management & Sustainability departments. As the parent company in Germany has Group-wide responsibility for quality and sustainability systems, the department in Germany defines the systems and guidelines that apply throughout the Group. This department reports directly to the Chairman of the Executive Board. The allocation of responsibilities among the members of the Executive Board is presented in the management report. **GRI 2-13, 2-24, 3-3**

Changing regulatory and ethical requirements are monitored by the Compliance department and the specialist departments. As part of the Know Your Business Partner process and the Conflict Minerals Policy, but also as part of regular audits by our purchasing department, suppliers are reviewed and assessed for their ethical business conduct and risks in the area of business ethics (e.g. audit based on RBA criteria). **GRI 2-13**

## Corporate Responsibility, Human Rights Officer

The Corporate Responsibility department coordinates the implementation of Siltronic's sustainability strategy. The head of the department reports directly to the Executive Board at regular meetings. [GRI 2-13](#)

The implementation of the sustainability strategy involves in particular the company's officers responsible for climate protection, water safety and human rights, as well as those responsible for the production sites. Corporate Responsibility team meetings are held on a regular basis for this purpose.

In addition, Corporate Responsibility handles inquiries from external stakeholders on sustainability issues. This relates in particular to customers, investors, rating agencies and external initiatives. External initiatives include in particular CDP, the Science Based Targets Initiative (SBTi), the Responsible Business Alliance (RBA) and the UN Global Compact. [GRI 2-24](#)

The Head of Department has been appointed as Siltronic's Human Rights Officer and also reports directly to the Executive Board in this capacity. [GRI 2-24](#)

## Risk management

In order to identify and manage the variety of potential risks associated with business activities, the Executive Board has implemented a risk management system that also covers environmental, social and governance (ESG) risks. Part of the risk strategy is to identify these at an early stage, assess them appropriately and limit or avoid them by taking suitable measures. The measures taken and assumptions made are reviewed annually. The individual performance areas at each site are responsible for this.

For the year 2022, there were no reports to the Corporate Risk Officer of acute risks that had arisen.

Further details are provided in the combined management report in the section "[Risk and opportunities report](#)".

## Non-financial performance indicators within our organization

The management of the Siltronic organization is based on financial performance indicators. Key performance indicators are collected locally and across the Group on a monthly basis and entered into reporting systems, where they are compared with previously defined targets.

Analogous to the financial performance indicators, the non-financial performance indicators are also structured hierarchically according to their relevance. At the top level, the Executive Board has defined six strategic performance indicators, about which it is informed as part of routine reporting. These performance indicators are monitored by means of short-term annual targets and long-term targets up to 2030 (base year 2015).

The six non-financial indicators and goals relating to the field of sustainability for the year 2022 are as follows: [Section 289c para. 3 number 5 of the German Commercial Code](#)

- Goal 1 | Management of raw materials – The specific silicon yield (per wafer quantity; normalized to the base year 2015) is at least 104. With a result of 99, the target was not achieved in 2022.
- Goal 2 | Climate change / energy – Reduction of CO<sub>2</sub> emissions Scope 1 and 2 by 50 percent until 2030 (base year 2021). The interim target for 2022 was not to exceed 225,134 metric tons of CO<sub>2</sub> eq emissions. The target was achieved, with only 214,343 metric tons of CO<sub>2</sub>eq emitted.
- Goal 3 | Management of waste – The waste recycling rate is increased by an average of 1.5 percent (base year 2015) and is at least 70.8 in 2022. With a result of 70.7 the target was not achieved in 2022.
- Goal 4 | Management of water – The specific water withdrawal used for production processes (specific per wafer area; normalized to the base year 2015) was reduced by an average of 1.5 percent to a maximum of 90.0 in 2022. With a result of 86.2 the target was achieved in 2022.
- Goal 5 | Occupational safety – The loss time injury frequency rate is a maximum of 2.0 (Injuries with loss time per 1 million working hours). With a result of 3.8 the target was not achieved.
- Goal 6 | Occupational safety – No injuries with loss time because of chemicals shall occur. With a result of 6 the target was not achieved.

These non-financial performance indicators are monitored and reported continuously. In the case of negative variances, the cause for the development is analyzed in order to introduce improvement measures.

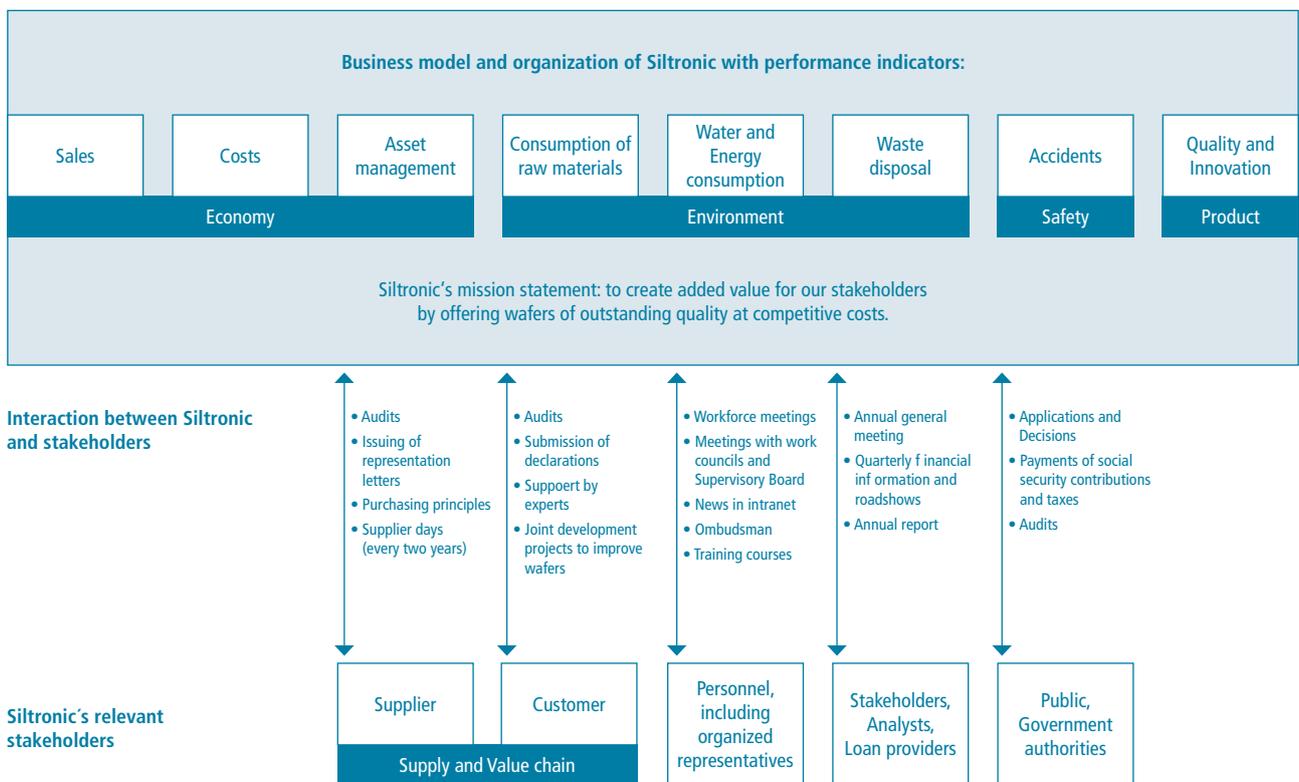
# 3. Determining the content of this report

## Stakeholders relevant to Siltronic

Due to its extensive activities, Siltronic impacts outside individuals, organizations, companies, and public authorities in various ways. Defining stakeholder groups that have been assessed as the most relevant is mainly based on the number and scope of interactions with these stakeholders and the involvement of our managers.

The following chart shows the most relevant interactions and their frequency of interaction. [GRI 2-29](#)

GRI 2-29



## Determining the content of the report

Key topics were identified for determining the content of the report. An internally defined process is based on these steps:

- Collect and summarize topics and information
- Evaluate topics and determine relevant topics
- Communicate results
- Derive measures as required

In order to identify the topics important for this report – material topics relating to environmental topics, personnel aspects, supply chain (including human rights), social responsibility and social aspects (including fight against corruption and bribery) – we identified or updated various sustainability topics as a first step.

The identification of sustainability topics was based on the following information sources:

- The ten principles of the United Nations Global Compact.
- The Sustainable Development Goals of the United Nations.
- The requirements of the Responsible Business Alliance initiative.
- Customer requirements and assessments.
- Requirements and assessments of rating agencies.
- Exchange with network partners in the German Global Compact Network and the Responsible Business Alliance.
- Internal company requirements and specifications.

This entire collection of topics was summarized in the following overview for a structured evaluation.

### ESG 3x9 Matrix

ESG 3x9 Topics		
Environment	Social	Governance
E1 – Sustainable Product	S1 – Human Rights	G1 – Product Safety
E2 – Energy	S2 – Supplier Sustainability	G2 – Transparency
E3 – Climate Change	S3 – Corporate Citizenship	G3 – Stakeholder Engagement
E4 – Waste	S4 – Diversity	G4 – Innovation Management
E5 – Water	S5 – Occupational safety and health protection	G5 – Compliance Management
E6 – Air Emissions	S6 – Communication	G6 – Business Strategy
E7 – Environmental protection and compliance	S7 – Conflict Minerals	G7 – Data Security
E8 – Plant Safety	S8 – Human Resources	G8 – Fair Business Partner
E9 – Natural Resources	S9 – Customer Sustainability	G9 – Risk Management

In a second step, these topics were evaluated and prioritized according to materiality, considering the relevance of the topics for the company (“outside in”) and the significance of our business activities for the respective topic (“inside out”) in the sense of dual materiality.

The following sources of information were used for this internal assessment of the topics according to materiality:

- Results of previous assessments
- Current results of internal risk assessments
- Corporate strategy, long-term goals and relevant topics

- Structured query on the assessment of material topics from internal expert groups
- Evaluation of published information from customers, suppliers and competitors
- Requirements and assessments by rating agencies
- Exchange with network partners in the German Global Compact Network and at Responsible Business Alliance
- Internal company requirements and specifications

As part of the 2022 materiality analysis, the following nine material topics relevant to the company and external stakeholders were identified and approved by the Board of Management: [GRI 3-1, 3-2](#)

Material topics	Stakeholder		ESG		
	Company	External	Environment	Social	Governance
Energy	x	x	x		
Climate change	x	x	x		
Environmental protection and compliance	x	x	x		
Plant safety	x	x	x		
Occupational safety and health protection	x	x		x	
Human Rights	x	x		x	
Compliance Management	x	x			x
Risk management	x	x			x
Data security	x	x			x

We plan to conduct the materiality analysis every two years. Compared to the last materiality analysis, the importance of the topics S1-Human Rights and G7-Data Security was newly classified as high and thus as material. The importance of the topics E1-Product sustainability, E4-Waste, E5-Water, S9-Customer sustainability and G6-Business/corporate strategy was newly classified as medium or low in the 2022 materiality analysis. Despite this, these topics will continue to be covered in the report presented below. [GRI 3-2](#)

## 4. Environmental aspects

Section 289c para. 2 number 1 of the German Commercial Code,  
Sustainable Development Goals 6, 7, 8, 12, 13, Global Compact Principles 7, 8, 9;  
Responsible Business Alliance Code of Conduct Topic C



### Assessment of environmental aspects and scope

We assess our environmental aspects annually using an ABC analysis and set targets and improvement programs at site level for the relevant aspects. For 2022, we have identified the following relevant environmental aspects: Energy: electricity consumption; Water: water withdrawal; Air: NO<sub>x</sub> emission; Soil: Waste volume and soil contamination.

The volume data in this section relate to the production sites in Germany, Singapore and the USA. Data for the administrative and sales sites, which are not relevant in terms of volume, are not included.

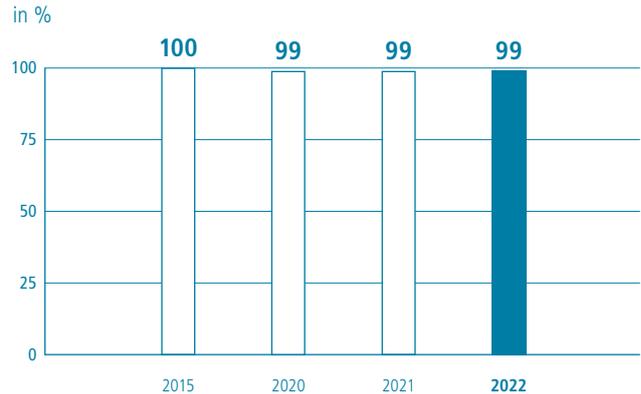
### Management of raw materials and supplies

As wafers consist almost entirely of hyperpure silicon, silicon is by far the most important raw material for Siltronic. After oxygen, silicon is the second-most frequently found element in the Earth's crust and is non-toxic. For this reason, we regard silicon wafers as an unrivaled raw material for manufacturing semiconductors and the raw material of choice for our products in the long term.

We strive to use silicon as efficiently as possible. In this way, we contribute to reducing environmental impact and it helps us to remain competitive. In particular, the performance indicator "efficiency of silicon use" ensures that silicon residues are reintroduced into our production cycle, that production processes are further developed with the aim of increasing yield, and that investments are made in new machinery. We set a target value for this performance indicator on an annual basis. The will to achieve the goals leads to emergence of new ideas that are tested. If it becomes apparent that their use in production is promising, investments are made to implement them.

The following diagram shows the annual development of the key figure "Efficiency of the use of silicon" (base year 2015 normalized):

Development of the efficient use of silicon



The increasing physical and chemical demands on wafer specifications have a positive effect on the energy efficiency of electronic devices, but a negative effect on the efficiency of silicon use: We tend to have to use more silicon to produce wafers that meet the more stringent specifications. While not all wafer types are affected by the more demanding specifications, a great many are. In addition, the product mix resulting from customer orders has an impact on silicon efficiency.

We were unable to achieve the target value for the key performance indicator "efficiency of silicon use" due to a change in the product mix and very high production capacity utilization. Despite the high level of target achievement, we will not relax our efforts to further reduce silicon usage.

Apart from the raw material silicon, auxiliary materials such as chemicals, gases, and polishing agents play a role in our production process. As the individual auxiliary materials are of minor importance to us compared with silicon, no performance indicators were reported to the Executive Board. Nevertheless, we are continuously working on improving our production processes with the aim of achieving lower specific consumption of auxiliary materials. Specific reduction generally results from recycling (e.g. reductions in polishing agents and cleaning baths). Progress is measured primarily in quantitative terms and compared with set targets after one to two years.

## Management of energy

A substantial part of the process of transforming the purchased silicon into wafers is performed at high temperatures and in air-conditioned cleanrooms. The large amount of energy required to drive this process makes wafer production an energy-intensive industry.

In 2022, energy consumption totaled 776 GWh, thus increased by 0.8 percent compared to the previous year. Electricity is by far the most important source of energy. [GRI 302-1](#).

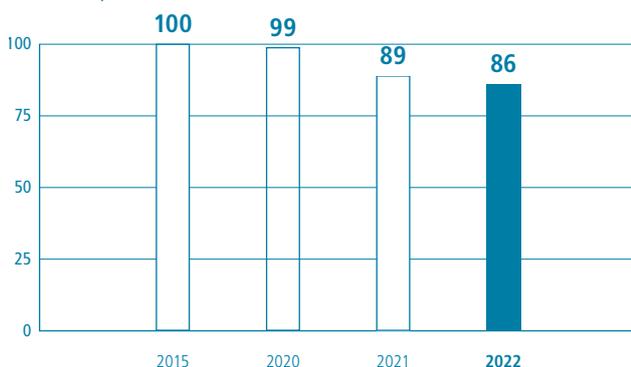
### Energy consumption

in GWh	2015	2020	2021	2022
Electricity	574.0	606.1	650.0	666.2
Steam, heat	72.0	68.2	70.9	65.1
Natural gas	40.0	43.6	48.6	44.3
Fuel oil	10.0	2.5	0.7	0.9
<b>Total</b>	<b>696.0</b>	<b>720.4</b>	<b>770.1</b>	<b>776.4</b>

Siltronic purchases electricity from the public grid. About 52 percent of the electricity is consumed in Germany. According to the Federal Association of the Energy and Water Industry (BDEW), 47 percent of the electricity consumed in Germany from public grids has its origin in renewable sources (previous year: 42 percent), which mainly includes wind, biomass and solar.

### Energy consumption (per wafer area, specific)

normalized, base 2015



In order to reduce energy intensity, projects are being initiated and implemented to lower the specific electricity consumption. Sustainable changes were achieved in recent years especially through improvement projects in the areas of lighting, adjusting of cooling water demand and further process optimizations.

The key performance indicator “efficient use of energy” is reported to the Executive Board on a regular basis and targets are set annually. Siltronic pursues the strategic target of reducing its specific energy consumption by an average of 1.5 percent per year (base year 2015). On this basis and using a planned production volume, we calculate absolute energy savings targets in MWh for the sites and absolute targets for the production areas.

Numerous energy efficiency measures have contributed to the achievement of the 2022 target, which in total correspond to a sustainable reduction in energy consumption of 16.9 GWh per year (previous year: 4.8 GWh) and an equivalent value of around EUR 2.7 million (previous year: EUR 2.5 million) or 4,858 tons of CO<sub>2</sub> eq (previous year: 1,737 tons). The annual target of an average reduction in energy intensity of 1.5 percent was achieved in 2022. [GRI 302-4](#)

The company-wide energy management system at our sites in Burghausen, Freiberg and Munich is certified in accordance with ISO 50001:2018 standard.

## Management of waste

### Reuse of product packaging

In order to reduce packaging waste, we have been using a system of reusable packaging to transport our wafers to our customers since 2006. This system applies mainly to 300 mm wafers. The reusable packaging system consists of an inner packaging with a box to carry the wafers (FOSB Front Opening Shipping Box) and a transport container (Hybox), which can contain up to twelve FOSB. As both elements of this reusable packaging system affect customer production processes, the customer must agree to the use of this reusable system.

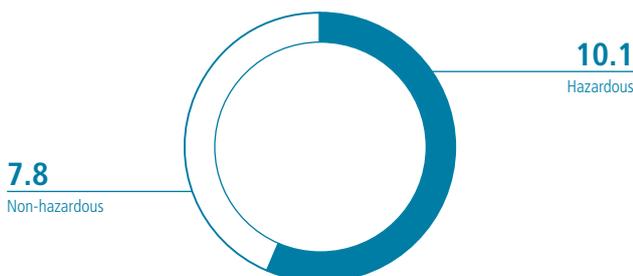
Transport box (Hybox) – In 2022, 91 percent of our 300 mm wafers were dispatched to our customers with reusable transport systems. With this reuse concept we were able to reduce transport volume in 2022 by 23.136 m<sup>3</sup> (previous year: 21,434 m<sup>3</sup>) and avoid 2,183 tons of waste from single packaging in 2021 (previous year: 2,022 tons).

Inner packaging (FOSB) – In addition we aim to increase the rate of reusable wafer boxes (FOSB). In 2022, we significantly exceeded our target of a reuse rate of at least 40 percent with a result of 53 percent. As these boxes are also used in cleanrooms, the technological obstacle to use reusable wafer packaging is very high. It will therefore be a continuous challenge to achieve this goal.

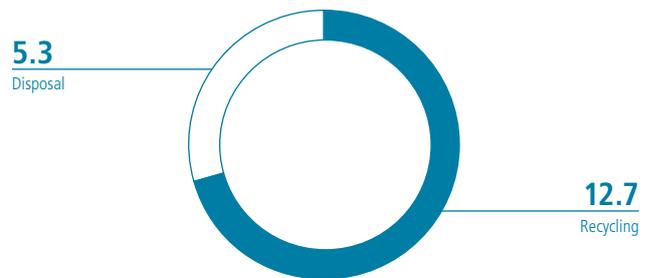
### Waste recycling and waste disposal

We distinguish between waste treatment methods and waste hazardousness. Disposal of hazardous waste is particularly relevant. The composition of waste and disposal methods in the reporting year are shown in the charts below:

#### Composition of the waste GRI 306-2 in 1,000 t (rounded)



#### Waste treatment types GRI 306-2 in 1,000 t (rounded)



Disposal methods as well as the classification of waste into the categories 'hazardous' and 'non-hazardous' are based on local legal or quasi-legal regulations.

In 2022, a total of 17,899 tons of waste was treated or disposed of at the production sites out of which 37 percent was from the sites in Germany and 63 percent from the production sites in Singapore and the USA.

#### Waste recycling ratio

in % of waste volume	2015	2020	2021	2022
Recycling ratio	63.8	70.3	72.4	70.7

in t	Non-hazardous	Hazardous	Total
Recycling	7,217	5,432	12,649
Disposal	547	4,703	5,250
<b>Total</b>	<b>7,764</b>	<b>10,135</b>	<b>17,899</b>

In 2022 the waste recycling ratio was 70.7 percent (previous year: 72.4 percent). The strategic goal of increasing the waste recycling rate by 1.5 percent in 2022 was not achieved. Since the base year 2015, the recycling rate has thus been increased by 11 percent with a slight reduction in waste intensity. [GRI 306-4](#), [306-5](#)

## Management of water

We carry out an annual assessment of our production sites regarding water risks. Physical, legal and reputational risks are identified and assessed for each water catchment area. The physical risks are based on the aspects of water scarcity and water quality. In 2022, an analysis carried out together with CDP produced the following results for our production sites: [GRI 303-1](#)

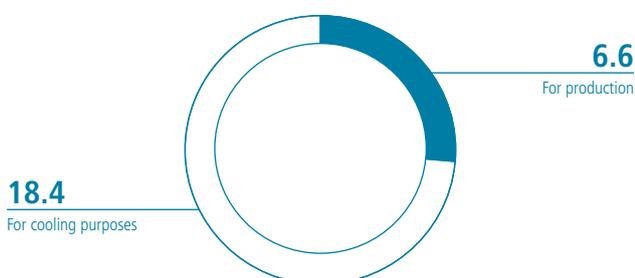
Water risk assessment per site	Burghausen	Freiberg	Portland	Singapore
Physical	high	medium	medium	medium
Legal	very low	very low	very low	very low
Reputation	low	low	low	low
<b>Total risk</b>	<b>medium</b>	<b>medium</b>	<b>medium</b>	<b>medium</b>

## Usage of water

We use cooling water in our production facilities as flow-through coolers or evaporative coolers. For both types, appropriate safety concepts ensure that there is no contamination of the cooling water subsequently discharged. In the reporting year, the demand was 18.4 million m<sup>3</sup>. The demand for the production of wafers and wafer material was 6.6 million m<sup>3</sup> in 2022. Most of this water is used in cleaning steps and relates to ultra-pure water of the highest quality. Water of such purity is necessary to be able to achieve the extremely high requirements for the purity of wafer surfaces. In 2022, we used around 6 million m<sup>3</sup> of ultra-pure water. [GRI 303-3](#)

### Usage of water

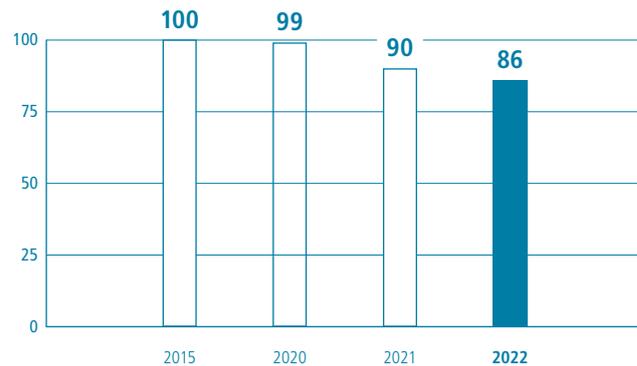
Usage of water  
in million m<sup>3</sup>



Our efforts to use water responsibly are also reflected in the fact that one of the six key non-financial performance indicators relates to water consumption. The indicator relates the amount of water used in production to the wafer area. The indicator is linked to the target of achieving an average improvement of 1.5 percent per year. The starting point is the year 2015, and the Executive Board is regularly informed about the development of the indicator and its background.

In 2022, the specific water usage was noticeably reduced compared with the previous year. The decrease was achieved due to optimization projects and the high capacity utilization of plants. Since the base year 2015, the specific amount of water used in production has been reduced by more than 13,8 percent. The following chart shows the development of the key figure (base year 2015, normalized).

Water usage for production (specific)  
normalized, base 2015



## Discharge of wastewater

In 2022, we discharged a total of 6.5 million m<sup>3</sup> (previous year: 6.3 million m<sup>3</sup>) process wastewater in external wastewater treatment plants. Operational wastewater does not include cooling water. [GRI 303-4](#)

We monitor chemical oxygen demand (COD) as a relevant wastewater parameter. In the reporting year 2022, the COD value totaled 703 metric tons. Compared to the base year 2015, this corresponds to an increase of 9.6 percent. [GRI 303-2](#)

### Wastewater parameters

	2015	2020	2021	2022
Indirect discharge in million. m <sup>3</sup>	7.6	6.6	6.3	6.5
<b>COD total in t.</b>	<b>641.4</b>	<b>755.1</b>	<b>724.6</b>	<b>703.2</b>

## Water management improvement measures

Wherever possible, water used in a production process is reused for other processes. In the reporting year 2022, a volume of 2.6 million m<sup>3</sup> of water was reused or recycled in this way (previous year: 2.5 million m<sup>3</sup>). The water recycling rate for the entire company in 2022 was 27.9 percent (previous year: 26.2 percent).

### Water recycling ratio

in % of water volume used	2015	2020	2021	2022
<b>Recycling ratio</b>	<b>24.4</b>	<b>26.2</b>	<b>26.2</b>	<b>27.9</b>

In 2022, the method of calculating the water recycling rate was changed, as a result of which it would be significantly lower than the water recycling rates for 2015, 2020 and 2021. The figures for the previous year have therefore also been adjusted for better comparability.

Our new fab in Singapore, which was under construction throughout 2022, has been equipped with state-of-the-art water systems. Water conservation projects were carried out at the Burghausen, Freiberg and Singapore sites in 2022. In Burghausen, we minimize the use of well water through internal process optimization.

GRI 303-1

## Air emissions

Emissions of nitrogen oxides were assessed as a relevant environmental aspect. Therefore, projects to reduce these air emissions have been planned and implemented. NO<sub>x</sub> emissions in 2022 amounted to 78 metric tons (previous year: 92 metric tons). Despite a significant increase in production volume, NO<sub>x</sub> emissions were reduced by 16 percent compared to the previous year. To minimize our NO<sub>x</sub> emissions, we use suitable extraction and scrubber systems at all sites. GRI 305-7

NMVOCs and dust were not classified as relevant environmental aspect but will be continuously monitored internally. In 2022, we emitted 55 tons of NMVOCs and 2.3 tons of dust.

Air emissions in t	2015	2020	2021	2022
<b>NO<sub>x</sub></b>	<b>77</b>	<b>92</b>	<b>92</b>	<b>78</b>
<b>NMVOC</b>	<b>38</b>	<b>53</b>	<b>58</b>	<b>55</b>
<b>Dust</b>	<b>1.5</b>	<b>2.3</b>	<b>2.3</b>	<b>2.3</b>

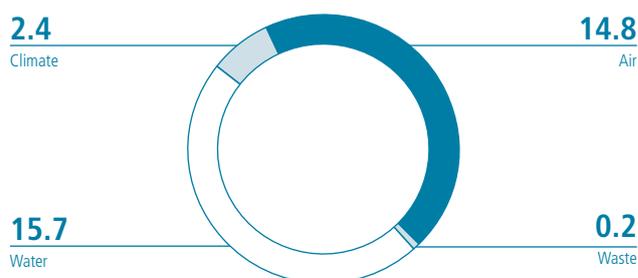
## Environmental protection measures

Investments in environment-related improvement measures amounted to EUR 33.1 million in the reporting year 2022 (previous year: EUR 1.9 million). We allocate these investments according to typical environmental aspects, of which EUR 14.8 million accounted for air (previous year: EUR 0.8 million), EUR 0.2 million for waste (previous year: EUR 0.2 million), EUR 15.7 million for water (previous year: EUR 0.8 million) and EUR 2.4 million for climate protection (previous year: EUR 0.1 million). The significant increase compared to the previous year is attributable in particular to investments at the Singapore site.

In 2022, work began at the Burghausen site to install an energy monitoring system and to improve the wastewater treatment facilities. At the Freiberg site, studies were carried out in 2022 to improve emissions behavior in the crystal pulling process with red phosphor. At the Portland site, an exhaust air purification system was installed in 2021, which was commissioned in 2022 and will significantly reduce climate-relevant emissions of N<sub>2</sub>O and NF<sub>3</sub> from 2023 onwards. At the Singapore site, new facilities were installed for the collection and treatment of operational wastewater, as well as for waste gas purification.

### Distribution of environmental Investments

(in EUR million)



Our site in Portland is located in an area that has been used by industry for around 100 years. Due to detected contamination in the soil and the adjacent river, authorities have imposed requirements for monitoring and eliminating environmental pollution. As the owner of a property that has been contaminated and borders the river, Siltronic has been subject to specific environmental regulations in Portland for many years. In order to fully meet these requirements, an employee is appointed to be solely responsible for implementing the environmental regulations. This measure ensures that the necessary coordination with the authorities takes place, formalities are fulfilled, qualified service providers are assigned, and remediation is coordinated.

## Emission of greenhouse gases

The Group-wide carbon footprint reduction is a key element in our contribution to climate protection. In addition to direct greenhouse gas emissions (Scope 1), we also determine indirect emis-

sions from the purchase of energy (Scope 2), as well as emissions in the value chain (Scope 3). We report the calculated greenhouse gas emissions annually as part of the CDP assessment.

### Greenhouse gas emissions (in t CO<sub>2</sub> equivalents)

Description according GHG protocol, causes and main sources (in t CO <sub>2</sub> equivalents)			2015	2020	2021	2022
Scope 1	Direct emission	Natural gas, fuel, climate-impacting gases	12,501	14,707	13,395	10,441
Scope 2 (location based)	Indirect emissions	Electricity, heat	282,549	248,598	252,570	244,082
Scope 2 (market based)	Indirect emissions	Electricity, heat	–	228,228	225,247	203,902
Scope 3 (upstream)	Indirect emissions		–	1,434,373	1,758,772	1,700,053
Scope 3 (downstream)	Indirect emissions		–	1,853,718	1,732,218	2,026,863

The methodology used for reporting is in line with the GHG Protocol reporting guidelines for Scope 1 and 2, as well as Scope 3. We use current emission factors from the IEA, DEFRA, EPA, UBA and the IPCC AR5 report to calculate greenhouse gas emissions. All Group companies were included in the calculation.

Scope 1: Direct Greenhouse gas emissions at our sites result mainly from combustion of natural gas and diesel, as well as by using climate-relevant gases as cooling materials. In 2022, direct emissions were reduced by 22 percent to 10,441 tons CO<sub>2</sub>eq. Proportionately, CO<sub>2</sub> emissions from combustion processes were reduced by 15 percent and CO<sub>2</sub> emissions from other climate-relevant gases by 44 percent. Nevertheless, we are continuously working on more effective use and substitution with gases, which have a lower global warming potential. [GRI 305-1](#)

Scope 2: Indirect emissions result from the generation and provision of energy (electricity, heat) by our energy suppliers. Previously, Scope 2 emissions were published using the “location-based” approach, i.e. based on emission factors of the respective country. Since 2020, we have also been reporting Scope 2 emissions using the “market-based” approach, i.e. based on the emission factors of our energy suppliers. [GRI 305-2](#)

Our internal activities to reduce these emissions currently focus on increasing the efficiency of energy use (Lever 1) and are supplemented by the purchase of electricity from renewable sources via market instruments such as green electricity certificates (Lever 3). While renewable energy self-generation projects were planned (Lever 2), additional voluntary offset mechanisms were not used in 2022.

Lever 1 – Energy efficiency: in 2022, we were able to implement savings projects with a sustainable reduction in energy consumption of 16.9 GWh (previous year: 4.8 GWh). These measures thus contribute to a sustainable reduction of 4,858 tons of CO<sub>2</sub>eq. (previous year: 1,737 tons of CO<sub>2</sub>eq.).

Lever 3 – Procurement of renewable energy: for the Portland site renewable energy certificates (wind) amounting to 2,053 MWh (previous year: 5,486 MWh) were procured. For the Burghausen and Freiberg sites, Guarantees of Origin from young wind and hydropower plants were purchased for the first time in December 2022 for a total electricity volume of 20,000 MWh. This corresponds to a total share of 3.3 percent of electricity consumption (previous year: 0.8 percent).

As part of Siltronic’s participation in the Science Based Target Initiative (SBTi), we have set ourselves the medium-term goal of reducing Scope 1 and 2 CO<sub>2</sub> emissions by 50 percent by 2030 (base year 2021). We significantly exceeded the corresponding annual target for 2022 (reduction of Scope 1 and 2 emissions by 5.5 percent to a maximum of 225,134 t CO<sub>2</sub>eq) with a result of 214,343 t CO<sub>2</sub>eq. or 10.1 percent.

As a result, we were able to reduce our CO<sub>2</sub> emissions (Scope 1 and 2, market-based) per wafer area produced by 6.3 percent annually compared to the base year 2015. Since 2015, we have been able to reduce the absolute amount of CO<sub>2</sub> emissions by a total of 27.4 percent (3.9 percent annually on average) or a total of 80,707 metric tons of CO<sub>2</sub>eq. [GRI 305-5](#)

Scope 3: These indirect emissions for all 15 categories of the GHG protocol were calculated for the year 2022. For the individual categories we applied hybrid methods, average data methods and spend based as well as supplier- and customer-specific methods. Simplifying assumptions are also used for non-essential categories. We use currently available data for calculation; some of this data refers to the previous year. [GRI 305-3](#), [305-5](#)

As a result, the following relevant categories were determined: 3.1 Purchased goods and services, 3.10 processing of sold products and 3.11 use of sold products.

In addition, we motivate our employees to commute environmentally friendly to our workplaces. The company supports employees with a bike leasing offer and offers commuter buses for workers on our site in Burghausen. At our site in Portland, Oregon, USA, we grant our employees subsidies for public transport tickets, and in Singapore Siltronic offers shuttle buses from the plant to various city districts.

## Influence of climate change

We do not view our business model as being negatively impacted by climate change. On the contrary: without semiconductor components and therefore wafers, electric mobility would not be possible, it is more difficult to increase the energy efficiency of electronic devices, and the integration of electricity from solar and wind farms is unthinkable. [GRI 201-2](#)

## 5. Personnel aspects

Section 289c para. 2 number 2 of the German Commercial Code,  
Sustainable Development Goals 3, 4, 5, 8, 10; UN Global Compact principles 1, 2, 3, 4, 5, 6, 10  
Responsible Business Alliance Code of Conduct Topic A, B



### Headcount and personnel planning strategy

On December 31, 2022, Siltronic Group employed 4,488 people (previous year: 4,117), whose breakdown by region was as follows:

#### Headcount as at December 31, 2022 [GRI 2-7](#)

	Men	Women	Total	Share of total
<b>Europe (Germany and other countries)</b>	<b>2,173</b>	<b>569</b>	<b>2,742</b>	<b>61 %</b>
of which on permanent contracts	1,887	493	2,380	
of which on temporary contracts	286	76	362	
<b>Asia (Singapore and other countries)</b>	<b>1,001</b>	<b>363</b>	<b>1,364</b>	<b>30 %</b>
of which on permanent contracts	999	361	1,360	
of which on temporary contracts	2	2	4	
<b>USA</b>	<b>269</b>	<b>113</b>	<b>382</b>	<b>9 %</b>
of which on permanent contracts	269	113	382	
of which on temporary contracts	–	–	–	
<b>Employees in the Group</b>	<b>3,443</b>	<b>1,045</b>	<b>4,488</b>	<b>100 %</b>

A total of 4,063 employees worked full-time (previous year: 3,687) and 425 employees worked part-time (previous year: 430). Of the part-time workers, 53 percent were women (previous year: 52 percent); 97 percent of the part-time workers were in permanent employment (previous year: 98 percent). The part-time employees were almost exclusively based in Germany. Zero-hours contracts or comparable arrangements do not play a role at Siltronic. [GRI 2-7](#)

#### Breakdown of employees by region (excluding temporary workers)

Number

**382**

USA

**1.364**

Asia



As demand in the semiconductor industry has historically shown considerable ups and downs, and as we are required to cope with these changes, we pursue a flexible strategy in our personnel

planning. This strategy includes covering a certain proportion of production personnel in Germany with temporary employees, which also protects the core workforce. If there are production peaks due to a pronounced upswing, temporary employees are deployed (i.e., temporary employees at Siltronic are predominantly employed in production). Conversely, if personnel cost cuts become necessary due to a market downturn, we initially reduce the number of temporary workers. If that measure proves to be insufficient, we stop extending fixed-term contracts, as a second stage. In a third step, we consider introducing reduced working hours for staff in areas particularly impacted by a downturn. [GRI 2-8](#)

In order to respond promptly to any significant changes in demand, the personnel requirements resulting from incoming orders are continuously compared with current and future staff levels. Any measures planned to substantially increase or reduce the number of employees are discussed by employer and employee representatives in a structured process. The last time Siltronic needed to reduce working hours was in 2012. [GRI 2-7, 2-8](#)

On December 31, 2022, Siltronic employed a total of 320 temporary workers (previous year: 351), of which 216 were men and 104 were women (previous year: 245 men and 110 women). The temporary employees are provided by temporary employment agencies. There was no significant seasonality in the employment of temporary staff during the year. [GRI 2-8](#)

## Relationship with employee representatives and employees' rights

Siltronic Group cooperates with employee representatives in a spirit of goodwill, while regular meetings between employer and employee representatives are convened.

The workforce in Germany has always been strongly unionized. Since employees are not required to disclose union membership and it is not permissible for the employer to ask, we do not know the number of union members. The remuneration of 61 percent of employees is covered by collective agreements. This value refers to the employees working in Germany. [GRI 2-30](#)

If an employer's collective bargaining agreement is in place, Siltronic is obliged by the employment contract to treat employees as if the respective collective bargaining agreement were applicable – regardless of their membership in a trade union. At sites without an established employee representation, employees are appointed to act as contact persons for employee issues.

In addition to remuneration and working hours, the essential employee rights in Germany include the right to parental leave or maternity leave. German Siltronic employees make use of this right: as of December 31, 2022, 20 employees were on parental leave (previous year: 21), of which 17 were women (previous year: 19), and 3 were men (previous year: 2). [GRI 401-3](#)

As of December 31, 2022, at our production site in Singapore, we employed in total 983 foreign employees mainly from Malaysia (492), mainland China (199) and India (126). In accordance with the industry initiative Responsible Business Alliance (RBA) we apply rules on working hours and fees, which go far beyond legal requirements in Singapore. We commit to cover relevant expenses incurred by foreign workers, especially travel expenses, expenses for medical examinations or visa fees.

Siltronic regularly informs the workforce about current developments that could have an impact on the business performance. Employees are comprehensively informed of any significant operational changes in a timely manner. Siltronic hereby complies with the respective national and international information requirements.

## Adherence to maximum working hours

The maximum permissible working hours per employee depend on the laws and existing collective and individual agreements in the country of operation. In accordance with our Code of Conduct, we do not tolerate any overruns.

To achieve a very high level of certainty that working hours are not exceeded, we have implemented automated reports and controls. These are designed to prevent and detect overruns of working hours.

## Diversity and equal opportunity

Siltronic operates in Europe, USA, and Asia and therefore in a culturally diverse environment. In 2022, the largest Group company, Siltronic AG, employed people from 36 different nations at its German sites (previous year: 39).

One focus of our efforts is to leverage the existing diversity of modern society and, with this in mind, Siltronic AG has appointed a Diversity Officer. The diversity of the workforce and its wide range of skills and talents provides an opportunity for innovative and creative solutions. Among other factors, diversity includes gender, nationality, ethnic origins, religion and disability. The combined management report comprises information to employees with disabilities.

We reject unequal treatment or disparagement on the basis of gender, race or ethnic origin, religion or belief, disability, sexual orientation or age. These principles apply throughout the Group and are set out in writing as part of our corporate culture. Employees can report potential discrimination to their managers, to the compliance officers, the works council, the personnel department, or to an external ombudsman. The complaint will be reviewed, and the complainant informed of the outcome. All employees at the German locations are required to familiarize themselves with the General Equal Treatment Act (AGG) through e-learning training. The training course is applicable to all hierarchy levels.

Our long-term goal is to raise the level of diversity in Siltronic's workforce, also by increasing the percentage of women in management positions. At the end of 2022, 3 out of 15 positions in the first management level were held by women (previous year: 1 out of 14) and 5 out of 33 positions in the second management level (previous year: 3 out of 30). The declaration on corporate governance provides more information on the proportion of women.

The following table shows the percentage of men and women at management level at Siltronic AG:

**Gender distribution (as of December 31, 2022)**

	Men	Women	Total
Employees in the Group at management level	40	8	48
<i>In percent</i>	83	17	100
Of which first level below Executive Board	12	3	15
<i>In percent</i>	80	20	100
Of which second level below Executive Board	28	5	33
<i>In percent</i>	85	15	100

We have defined mid-term goals for the percentage of women for the first and second level below the Executive Board. By the end of June 2023, the proportion of women should be at least 21.4 percent in the first level of management and at least 11.4 percent in the second level.

Siltronic supports and promotes severely disabled people, and a corresponding inclusion agreement was concluded in 2020. For years, Siltronic has always employed more severely disabled people than required by law. Consequently, the payment of a compensatory levy was not due.

Following the Diversity Charter (2018), Siltronic AG has also signed the IG BCE Equality Charter (2019). By signing this Charter, Siltronic commits itself to actively implement and promote equal opportunities. A corporate culture is cultivated that is characterized by mutual respect and respect for each and every individual. Measures were derived from the survey of 25 female employees conducted in 2021 and implemented in 2022, as well as special seminars for women. The aim is to make their own performance more visible and to use their personal success factors.

## Advanced training

Competent employees keep the company both innovative and competitive. We encourage our employees to be lifelong learners and retain a flexible attitude towards change, as we believe that we all need to be prepared for longer working lives in order to cope with the demographic change. To enable employees to make the most of their potential, Siltronic offers a wide range of opportunities for further development. The training measures relate to personality, management, and social competence as well as technical expertise. [GRI 404-2](#)

In 2022, at our sites in Burghausen and Freiberg 11 young persons started their apprenticeship as mechatronics engineers, electronics engineers, industrial mechanics and industrial clerks. We also recruited four dual students in the fields of computer science and electrical engineering. For new employees, we offer onboarding trainings to become familiar with the company and its corporate culture.

Employees and their managers discuss development measures at least once a year in a performance review. This applies to all levels of employees and locations.

In the year under review, Siltronic AG's Human Resources Development department provided a target-group-specific range of training courses. All employee levels can register for a suitable training course on the intranet. The content ranges from leadership seminars for the store floor to modular project management courses lasting several days. The use of e-learning has been well received by the workforce since the pandemic.

In total, 5,171 Siltronic employees participated in training measures totaling 87,180 hours, throughout 2022. These are divided between mandatory training (71,574 training hours) and other internal and external training measures (15,606 training hours). Over 1,000 employees from our partner companies took part in the mandatory or optional training courses offered in 2022.

## Demographic trends

At the end of 2022, the average age of the typical employee was 42.9 years. The following table shows the age structure of Siltronic employees worldwide. [GRI 405-1](#)

### Age structure (as of December 31, 2022)

	Male	Female	Total
Up to 30 years of age	15 %	4 %	19 %
31 to 50 years of age	37 %	12 %	49 %
Over 50 years of age	25 %	7 %	32 %
<b>Total</b>	<b>77 %</b>	<b>23 %</b>	<b>100 %</b>

## Remuneration and equal pay

In order to attract new competent employees and retain existing ones, both of which we require in order to ensure a successful future, we need to offer competitive levels of remuneration. In addition to their basic salary, employees in Germany receive variable remuneration if the company achieves certain defined financial targets. This voluntary benefit is available to employees covered by collective agreements and non-pay-scale agreements. There are also variable remuneration components for those employed by foreign subsidiaries.

In addition to the fixed salary and the variable pay, remuneration includes various other benefits that extend beyond the statutory minimum requirements, regardless of whether an employee works full-time or part-time. In Germany, the most important company benefits include in particular the company pension scheme, partial retirement programs, bus subsidies, anniversary bonuses, canteen subsidies, and preventive health care programs. In addition to this, there is a collectively agreed fund for employees at the German sites, which is available for company pensions, leave of absence or payment. At our site in Portland (USA), company pension benefits and health insurance are provided.

The notes to the group financial statements comprise information on personnel costs and retirement benefits.

In line with our position described in the section “Diversity: Diversity and Equal Opportunity,” we are committed to equal pay. Accordingly, we reject any unequal treatment on the grounds of gender or age (or on the grounds of race, ethnic origin, religion, ideology, disability, sexual orientation).

It is important to us to treat temporary employees fairly. We pay at least the wage according to the collective agreement on industry surcharges for temporary workers in the chemical industry. This is supplemented by workplace and shift related as well as other voluntary allowances, which may vary depending on the company and location. In addition, Siltronic meets the requirements for equivalent remuneration under the German Law on Temporary Employment of Employees (Arbeitnehmerüberlassungsgesetz). Like the permanent employees of Siltronic AG at sites in Germany, the temporary workers employed at these sites also received a performance bonus in 2022 for their contribution to the success of the business in 2021. [GRI 401-2](#)

## Development of employment numbers and reputation

In the year under review, 940 employees were recruited (previous year: 861), of whom 334 were based in Germany (previous year: 381) and 606 outside Germany (previous year: 480). The hiring corresponded to 22 percent of the average workforce for the year. In the same period, around 8 percent of employees resigned and Siltronic gave notice to around 1 percent of employees. There was no significant seasonality in the number of terminations. [GRI 401-1](#)

In the reporting year 2022, employees at all sites were honored for their long service to the company of up to 40 years. At the Singapore site, 5 employees were honored for their 20-year service anniversary. A total of 76 employees have been with Siltronic Singapore for more than 20 years. At the Portland site, 3 employees were honored for their 35th anniversary; a total of 30 employees have been with Siltronic for more than 20 years at this site. At Siltronic AG sites, a total of 125 employees were honored for their 25-year service anniversary and 26 employees for 40 years of loyalty to the company in 2022.

In 2022, Siltronic AG received 20 employer awards in the categories of training and development, career opportunities, equality, reputation, trustworthiness, and innovativeness and digitalization as part of market studies in Germany.

## Feedback culture

Siltronic maintains an open feedback culture, which is reflected in various processes.

One such form is formalized individual appraisal interviews, in which the employee receives feedback from his or her supervisor on how the employee's development is viewed and how the employee's skills and potential are assessed. Another area of the appraisal interview concerns feedback from the employee to the supervisor.

Another medium variation is the intranet, which offers the employees the possibility to submit questions to the management in advance of employee meetings. These questions can also be asked anonymously.

## Occupational safety, plant safety and health

### Occupational safety

Responsibility towards the entire workforce in the area of occupational health and safety plays a major role at Siltronic and is reflected in extensive preventive measures. In addition, the Executive Board receives regular reports on the development of accident figures, which are a non-financial indicator, as well as on any relevant occupational accidents and related corrective measures. Special attention is given to injuries involving chemicals. The target figure for injuries involving chemicals is 0. [GRI 2-13, 2-23](#)

With our safety program, we work continuously to improve safety standards within the working environment. Key measures include the appointment of safety officers, safety inspection tours, training courses, talks with operating staff, and emergency drills, all aimed at identifying and avoiding unsafe activities – whether when operating equipment, handling chemicals, in the workplace, in the office, or on the way to work. Despite these measures, accidents still occur. The occupational health and safety standard ISO 45001 has been established as a Group-wide standard and certified at our sites. [GRI 2-24, 403-1](#)

The following table shows the development of accident figures, which the Executive Board has defined as a strategic goal, and on which it receives regular reports.

### Working accidents

	2015	2020	2021	2022
Injury frequency rate (LTIF) <sup>1)</sup>	2.1	2.1	4.5	3.8
Injuries involving chemicals <sup>2)</sup>				
Number of employees affected	1	–	2	6

<sup>1)</sup> Injury frequency: number of injuries (employees and temporary workers) with lost time per 1 million working hours

<sup>2)</sup> Number of injuries (employees and temporary workers) with lost time involving chemicals.

The targets for 2022 was 2.0 for the injury frequency rate (LTIF) and 0 for injuries involving chemicals.

We did not achieve our targets for occupational accidents in the reporting year. There were 31 lost-time accidents, resulting in a calculated accident frequency value of 3.8 for 2022 compared with 4.5 for 2021. Due to subsequently discovered circumstances, one accident in the previous year, which was initially reported without lost time, had to be reclassified resulting in an increase in accident frequency from 4.4 to 4.5. There were no fatal occupational accidents in Siltronic's area of responsibility in recent years. In the reporting year 2022, a truck driver had an accident on a construction site in the area of responsibility of an external partner of Siltronic. This accident is not included in the Siltronic reporting system as a partner company accident, as it occurred outside Siltronic's area of responsibility. In 2022, 6 occupational accidents involving chemicals and lost workdays occurred. Due to the significant increase compared to the previous year, urgent measures are being initiated to reduce the number of accidents involving chemicals and to reach the target of 0 again. [GRI 403-9](#)

The number of accidents with lost workdays decreased compared to the previous year. The communication and idea management campaign for more safety at work, which was launched in 2021 due to the accumulation of accidents at a Siltronic plant, was successfully completed in 2022. Following preparatory workshops with safety officers, inputs from the internal idea management (IDM), as well as information events for all shifts, the campaign was launched in September 2021 with interviews on personal assessments of safety and health protection in the workplace. After nine months, almost 140 employee interviews, 56 campaign ideas for improvements in occupational safety and many votes and discussions, the commitment of the employees was rewarded with a lottery.

The Portland site promoted the use of the SAFER (See it, Assess it, Fix it, Escalate it, and Report it) program to increase the number of eliminations of unsafe acts and conditions. This program involves all employees in identifying and correcting hazards in their work area.

The main causes of accidents continue to be behavioral. We are therefore continuing initiatives that specifically address these causes and are designed to help our workforce prevent accidents. These include the Safety Plus program and the reporting of safety-critical situations and measures during the induction of new employees, as our internal statistics show a higher accident risk for this group in the first few months.

The “Safety Officer Workshop” implemented at the German sites in 2019 and suspended during the pandemic was resumed in the second half of 2022 with 2 workshops. The elements of our established Safety Plus program, such as tours, on-site discussions with employees and TQM (Total Quality Management) rounds in the plants, were also implemented again without restrictions in mid-2022. [GRI 403-5](#)

Several units at the Burghausen site were also recognized in 2022 for working more than 12,000 days without an accident.

The Portland site has implemented a management walk-through process where members of senior management are available to all employees on all shifts at least once per quarter to discuss safety related issues and emphasize the importance of working safely and eliminating hazards.

To prevent accidents wherever possible, we have set up a global system for reporting near-miss incidents. By systematically processing these events, we aim to prevent actual workplace accidents wherever possible. In 2022, 1,807 near-miss incidents (previous year: 1,392) were recorded and analyzed.

### Plant safety

The safe operation of our production facilities is an essential element of our EHS management system. Despite high diligence, plant incidents cannot be excluded. We have set a target of a maximum of two safety-relevant plant incidents (“PSI- Process

Safety Incident” according to CEFIC and ICCA definition). With one incident we achieved this target in 2022. No event was classified as an incident or subject to notification in the sense of the Hazardous Incident Ordinance.

### Safety-relevant plant events

	2015	2020	2021	2022
Number of events	3	2	2	1

Our Management of Change process ensures that safety requirements are met, and the relevant safety experts are involved in all new installations or modifications to existing plants. We use systematic safety analyses to identify risks. Among other things, we analyze the influence that possible individual errors can have on a chain of events leading up to a malfunction or accident, and we define protective measures accordingly.

### Health protection

The company supports programs for health prevention of our employees. At the German sites, the company offers employees health check-ups, participation in the “Fit im Job” preventive program or a health week.

The Portland site continues to offer on-site flu vaccinations for each shift. This is an important benefit that results in higher vaccination coverage rates by removing many logistical barriers for employees. The site has also continued its quarterly health contests that help employees engage in healthy activities and behaviors. [GRI 403-6](#)

### Impact of the pandemic

Due to the Corona pandemic, we still faced major challenges worldwide at the beginning of 2022. Thanks to the consistent implementation of measures and the flexibility of our workforce, production volumes were still not affected by the pandemic. In the second half of the year, the measures were significantly relaxed. In our view, the personal contacts and discussions that became possible again as a result may also have made a contribution to reducing the number of accidents at the German sites.

## 6. Supply chain

Sustainable Development Goals 7, 8, 9

UN Global Compact principles 1 – 10

Responsible Business Alliance Code of Conduct Topic E.12



### Sustainability in the supply chain

In 2022, our purchasing volume was EUR 1,635 million (previous year: EUR 1,011 million). We cooperate with about 3,950 suppliers worldwide, with 6 percent of our suppliers covering around 90 percent of our purchasing volume. Half of the volume derives from Asia and the other half is split between Europe and North America. Our most relevant suppliers and areas of procurement focus on the raw material polysilicon, specific auxiliary and operating materials for our production processes, energy, IT and logistic services. [GRI 2-6](#)

In our Code of Conduct, we document our expectations of suppliers regarding the careful treatment of their employees and the environment and oblige them to comply with the principles of the UN Global Compact and Responsible Business Alliance initiatives through our purchasing conditions. We communicate our goals and measures in the area of sustainability and corporate responsibility to suppliers at regular supplier days. Measures to increase sustainable action in our supply chain are implemented holistically and globally in close coordination with the Head of Corporate Responsibility.

Siltronic's Human Rights Officer is also available to our suppliers' employees as a point of contact for reporting actual or expected violations of human rights. Initial contact can also be made through our local compliance officers. In 2022, no violations were reported by employees of our contractual partners.

In fiscal 2022, we installed a publicly accessible digital whistleblowing system that enables individuals to report violations that have arisen as a result of economic activity by the company or a direct supplier.

Since 2019, Siltronic has been a member of the Responsible Business Alliance, the world's largest industry association, with the aim of driving and embedding social responsibility in global supply chains further, better and more structurally.

We are also committed to promoting equality and diversity in our supply chain. Our goal to further increase procurement from and by diverse companies is communicated on our website. There, diversity-led companies have a direct contact and bidding channel to offer their products or services.

For many years, Siltronic has implemented a comprehensive system for managing its suppliers. The system is designed to ensure that suppliers continuously improve in the areas of quality, service, delivery risks and costs, and act responsibly in the area of sustainability with regard to working conditions, ethical standards, safety standards and the use of local resources. Corrective or improvement measures are developed and followed up with suppliers where necessary.

We continuously evaluate and assess the performance of over 100 suppliers worldwide. These suppliers represent our global procurement volume. We use various rating systems to assess the risk potential and performance of our partners.

In accordance with the rules of our supplier management system, we also regularly carry out a full assessment of the ESG (environmental, social, governance) risks of our supplier base. In doing so, we take into account the geographical location, the type of business activity and the volume of business we conduct with suppliers. The risks considered are divided into categories. Employment practices, health & safety, environmental aspects, business ethics and the maturity of management systems are taken into account. In 2022, this enabled us to assess the ESG risk potential of over 3,800 of our suppliers.

Based on the results of this risk analysis, we select focus suppliers for a more detailed investigation. In addition to suppliers with high procurement volumes or high risk potential, service providers whose employees work in our global production facilities together with our own staff are particularly important to us. We use the extensive self-assessments of the Responsible Business Alliance to precisely evaluate the risks of these focus suppliers. We have received and evaluated online self-assessments from over 80 percent of our focus suppliers by the end of 2022. These cover well over half of our total purchasing volume. On average, our suppliers achieve 81 out of a possible 100 points. We regularly monitor and report on the progress of the evaluation of our supplier portfolio both in the purchasing management circle and at Executive Board level and reflect this against our new targets set in 2022.

In addition to our own risk analyses of our supplier portfolio, we use reports on human rights violations and changes in legislation as an opportunity to specifically examine our supply chain and check compliance. In 2022 we analyzed the raw material polysilicon in detail as our most important supply chain. Our goal was to achieve complete transparency across all stages of polysilicon production and to ensure that no subcontractors involved in publicly known human rights violations are active in any of these stages. We succeeded in this as a result of the extensive analysis.

In 2022, we started to conduct ESG audits with our own qualified auditors at our suppliers. We distinguish there between dedicated ESG audits based on a complete catalog of criteria and an ESG assessment as part of supplier audits, which check compliance with the key requirements of our own Code of Conduct and the Code of the Responsible Business Alliance. We conducted five dedicated ESG audits in 2022, in addition to ESG assessments during 25 other supplier audits. Throughout this process, we were able to develop and implement numerous corrective and improvement measures together with our suppliers.

We also leverage the expertise of independent third parties in audits conducted by the Responsible Business Alliance. Two such audits of suppliers relevant to us were carried out in 2022. In the event of indications of deviations and deficiencies with regard to the Code of Conduct of the Responsible Business Alliance, we follow these up with the suppliers and check the implementation of appropriate corrective measures. We also participate in the Audit Cooperation Program of the Responsible Business Alliance, in which various customers join forces and jointly initiate audits. We were able to include four suppliers in the program.

In addition, we attach great importance to our suppliers obtaining certificates with which they can have the suitability of their management systems externally confirmed, also for social and environmental aspects. These also have a relevant influence on the assessment of our suppliers. We take into account certificates for standards, such as ISO 14001, ISO 45001 and ISO 50001, as well as participation or membership in the Responsible Business Alliance and comparable industry initiatives, and certifications in the area of diversity, such as the Women's Business Enterprise National Council or WEConnect. We conclude contracts with key suppliers in which we agree to obtain and maintain these certificates and can evaluate the coverage of our supplier portfolio with the standards in our supplier portal at any time.

In our contracts, we agree with suppliers to comply with our Code of Conduct and the Code of Conduct of the Responsible Business Alliance. These set out our basic expectations on issues, such as the prohibition of forced labor and child labor, limited maximum weekly working hours, fair wages, responsible treatment of the environment and impeccable business ethics.

Our goal in the coming years is to continue to use these supplier management processes and measures to further promote sustainable action in our supply chain, to reduce related risks together with our suppliers and partners, and continuously to improve.

## Conflict minerals

Siltronic AG and its subsidiaries are committed to aligning the impact of their business activities with the expectations and needs of the company. Therefore, all decisions to be taken must be guided by the principles of responsible corporate governance and sustainability. Establishing fair trade practices is a key component of this commitment.

“3TG+CM” materials (tantalum, tin, tungsten, gold, including in their mineral form, as well as cobalt and mica) mined in the Democratic Republic of Congo or neighboring countries can be a source of funding for armed groups that commit human rights abuses in these regions. The substances are then referred to as conflict minerals. As part of our commitment to fair trade practices, Siltronic strives to ensure responsible sourcing of 3TG+CM through the establishment of an internal process for sourcing conflict-free 3TG+CM (known as the Conflict Minerals Procedure). In addition to our own beliefs, the commitment also stems from our membership in the Responsible Business Alliance and from our aim to better serve customers who are subject to conflict minerals laws.

Compliance with the Conflict Minerals Procedure is mandatory for all Siltronic employees. All employees must report violations or suspicious circumstances to the local Compliance Officer or Legal Department that may indicate a possible violation of the law or the Conflict Minerals Procedure.

Based on the Responsible Business Alliance Guidelines on Conflict Minerals, the OECD, EU regulations, and U.S. Securities and Exchange Commission rules on conflict minerals, the Conflict Minerals Procedure sets out the requirements for supply chain due diligence to identify the origin of 3TG+CM. We request every supplier to register in our supplier system to provide mandatory information on the use or sourcing of conflict minerals. In addition, questions on conflict materials are included in our supplier audit criteria catalog. Part of the due diligence process also includes confirmation or certification from suppliers that 3TG+CM do not originate from the Democratic Republic of Congo or neighboring countries. This due diligence goes back to the review of smelters on an occasion-by occasion basis. Procurement decisions may only be made on the basis of this supply chain due diligence.

## Sustainability with regard to customers

In addition to memory chips and processors, a large proportion of our customers are involved in the topic of electricity control. These customers are either directly involved in the development and commercialization of sustainable products (electric generators, wind turbines) or aim to actively save electricity in industrial production, for example. This is at the level of end-use applications.

At the same time, technical progress or innovation is very important in Siltronic’s interaction with many customers, because this progress is faster in the semiconductor industry than in many other industries. Technical progress at semiconductor manufacturers is primarily reflected in the fact that conductor tracks are being made smaller. Smaller traces make chips more powerful with the same power consumption or offer the same performance with lower power consumption. This development is only possible if wafers meet more demanding physical and chemical requirements. Our customers set the development pace. The pace relates not only to wafer specifications, but also to sustainable framework conditions such as ensuring climate targets and sustainable raw material supplies at our company. The same requirements apply to our suppliers. In order to fully meet customer expectations in this area, we have therefore spent between five and six percent of our sales on research and development in recent years.

Our customers are increasingly focusing on improving the sustainability performance of their suppliers. To this end, we are working with seven of our customers on CDP assessments for climate change and water security. Moreover, we are participating in a multi-year sustainability program with one of our customers.

Based on the requirements of the Responsible Business Alliance, we share with our customers the results of self-assessments and external audits conducted.

In annual supplier assessments by our customers, we have received several awards for excellence in sustainability in 2022.

## Data security, cybersecurity and privacy

Data security, cybersecurity and data privacy concern the reliability and security of our information systems and data. This is a very important concern for us, as increasing digitalization brings risks as well as opportunities.

A significant risk results from potential cyber attacks. The number of cyberattacks on individuals, companies and other organizations is increasing worldwide. In the case of companies, a cyber attack usually affects IT systems and data that support business and production processes, as well as communication systems. There is also the risk of cyber economic espionage. This involves the potential loss of intellectual property or the unintentional leakage of knowledge gained in research and development. A successful attack can jeopardize long-term competitiveness.

To minimize the risks of serious disruptions to IT systems in terms of confidentiality, availability and reliability, we take organizational and technical protective measures. The most important measures include:

- Classification, identification and encryption of information
- Use of up-to-date security software, infrastructure and processes
- Regular sensitization of employees about cyber-security risks (e.g. phishing campaign), data security and data protection
- Central IT security monitoring and incident management through interaction between the Siltronic Cybersecurity Organisation and the external Security Operations Center
- Central system for user rights and access management to key applications
- Vulnerability management and security penetration testing
- Implementation of a central information security management system based on the ISO 27001 standard
- Conducting external and internal audits on IT security, emergency management and data protection issues

Natural persons as customers do not play a role due to our business model. Therefore, our data protection focuses on the processing of personal data of employees and business partners. The most significant data protection measures are:

- The appointment of a data protection officer and the definition of responsibilities for the Group
- The creation of a data protection guideline that applies to the Group
- Ensuring compliance with data protection laws when selecting suppliers and service providers
- Training employees in the handling of personal data
- The inclusion of contractual clauses under which Siltronic, customers and suppliers or service providers undertake to comply with relevant data protection laws

As part of Siltronic's risk management, the data security and data protection officers report relevant risks to the local data protection officers. In addition, the global Compliance Officer can be informed via the external ombudsman or the digital whistleblower system. The global Compliance Officer reports to the Executive Board and the Audit Committee of the Supervisory Board.

## 7. Social responsibility and social aspects

Section 289c para. 2 numbers 3/4/5 of the German Commercial Code  
Sustainable Development Goals 16, 17; UN Global Compact principles 1-5, 10  
Responsible Business Alliance Code of Conduct Topic D



For Siltronic, sustainability also means transparency and openness in the sense of corporate citizenship. This begins with a good relationship with our neighbors. It means talking openly about what happens behind the factory gates and responding to questions from the public worldwide. This is the only way to create the social trust that companies need in order to be commercially successful. Therefore, Siltronic assumes social responsibility, especially in the regions surrounding its sites. Our concepts in this regard go beyond the global Responsible Business Alliance and UN Global Compact initiatives described above:

### Combating legal violations, particularly corruption and bribery

To combat money laundering, corruption and bribery, Siltronic AG has introduced its own process for analyzing each business partner on a risk basis, namely the Know Your Business Partner process (KYBP). Part of the process is the risk assessment of a business partner based on the current Corruption Perception Index of Transparency International as well as the location in a so-called high-risk country. Another part of the process is the examination of indications as to whether the business partner is involved in money laundering, corruption or other criminal activities. This is done on a cross-departmental basis (account checks, invoice audits). An assessment of all Siltronic's business partners has shown that Siltronic is almost exclusively active in countries with a below-average risk of corruption according to the CPI. Siltronic has no activities in a high corruption risk country. If the process identifies an increased risk of illegal activities on the part of a business partner, reporting obligations and more extensive checks involving other specialist departments are provided for, up to and including clearance requirements by higher management. The process also contains rules on documentation and the KYBP audit, as well as corresponding retention periods.

We take a firm stance against any form of infringement of the law. Irrespective of the probability of occurrence in any particular country, our compliance system, as described above, is designed to prevent, identify and sanction compliance violations in the form of money laundering, corruption, bribery, fraud, infringements of competition rules and other forms of white-collar crime in every market in which we operate.

In our understanding, bribery includes any form of acceptance of advantage. It is irrelevant whether money or monetary benefits are given or received. Internally, our Legal & Compliance Policy contains detailed rules on dealing with business partners. It sets out requirements for combating corruption and avoiding conflicts of interest, e.g. specific value limits and approval requirements from superiors for benefits including invitations to business meals or other events. Cash transactions are only permitted to a limited extent, and so-called smurfing and structuring are also specifically prohibited. Exceptional cases in which cash transactions are permitted are defined and documented in separate rules of procedure (e.g. red envelopes). In accordance with our Code of Conduct, our external business partners are required to comply with the rules on gifts, invitations, donations and sponsorship.

In the event of observed violations, employees are required to inform their supervisors, the compliance officers, the works council or those responsible in the HR department. Our employees and third parties can anonymously report violations of legal regulations, human rights or Group-wide compliance rules via a digital whistleblowing system (Integrity Line). We have also appointed an external ombudsman to whom employees and third parties can anonymously report violations of legal requirements. The link to our whistleblowing reporting system and to our ombudsman is available on the intranet and on our homepage. In accordance with our rules of procedure for compliance reporting, Siltronic investigates every suspicion, examines the matter and defines measures to remedy identified weaknesses and, if necessary, disciplinary measures. Retaliation of any kind against persons who report compliance incidents in good faith is prohibited. The rules of procedure for handling compliance reports are published on our website and on the intranet. The Executive Board of Siltronic AG is informed by the Chief Compliance Officer about compliance incidents on a monthly basis and as required in a compliance report. The Chief Compliance Officer also reports to the Supervisory Board at the meetings of the Audit Committee. [GRI 2-16, 2-26](#)

In 2022, we did not receive any compliance reports on the topics of money laundering, corruption and bribery. [GRI 2-27](#)

Employees with contact to business partners are required to complete an e-learning training course on compliance. Production employees receive classroom training tailored to their needs by managers. All employees in sales and marketing must also complete an online training course on antitrust law.

## Human rights

After being passed in 2021, the Act on Corporate Due Diligence Obligations in Supply Chains came into force on January 1, 2023. The law regulates corporate responsibility for human rights compliance in global supply chains. The new legislation increases the requirements for compliance and risk management. Our four production sites are located in highly developed industrialized countries where the risk of human rights violations is low compared to less developed countries. As we want to actively counter human rights violations at our sites and in the upstream and downstream supply chain, we have taken measures to identify possible violations. Explanations on audits carried out in this context can be found in the chapter [“Sustainability in the supply chain”](#).

Through our Code of Conduct, we explicitly refer to the ten principles of the United Nations Global Compact Initiative. The first two principles of the Global Compact deal with the support of human rights and the exclusion of human rights violations. Based on the first principle of the Global Compact “Support for human rights” and the second principle “Exclusion of human rights violations”, Siltronic implements the following measures in particular:

- As part of our general purchasing conditions, we expect our suppliers to comply with the principles of our Code of Conduct, which also includes human rights requirements
- We train our employees at specific seminars to ensure compliance with internationally proclaimed human rights.
- If we become aware of potentially critical aspects with regard to human rights, we analyze them. Should a situation turn out to be critical in the face of analysis, we take action.
- In our Code of Conduct and vis-à-vis our customers, we commit ourselves to supporting human rights and excluding human rights violations.

The Executive Board has appointed a Human Rights Officer who defines measures to ensure compliance with human rights and environmental due diligence obligations. The Human Rights Officer identifies the human rights and environmental due diligence risks of Siltronic and its direct suppliers. The results of the risk analysis are subsequently incorporated into the company’s human rights strategy. In fiscal 2022, a digital whistleblowing system was installed that will in future also enable individuals to point out violations of relevant human rights or environmental risks that have arisen as a result of economic activities by the company or a direct supplier.

## Non-profit purposes and “corporate volunteering”

In the reporting year 2022, Siltronic provided financial support for a total of 45 activities in Germany, the USA and Singapore. Total donations amounted to EUR 169 thousand (previous year: EUR 542 thousand). A particular focus was on aid activities for war victims in Ukraine.

Employees at German sites participate in a cents donation program run by a Wacker Chemie AG aid fund. Under this program, employees agree to round their monthly salary payment down to the next lower euro amount. The remaining cents are donated.

Siltronic employees at the Freiberg site are involved every year in the Nepal Run, which takes place in the fall. Due to the Corona pandemic, this charity run was held as a virtual event so that Siltronic employees worldwide could participate in this campaign. Organized by a school near the Freiberg site, the charity run aims to raise money for the construction of schools in the Gati region of Nepal.

Employees have been supporting people in need in the Portland region together with Doernbecher Children’s Hospital for around 20 years. A total of eight families were supported in 2022 through a donation program run by our employees.

In the reporting year, Siltronic supported a total of 12 initiatives in the areas of poverty and nutrition as well as environmental protection at the Portland site.

## Relationships with associations and with politics

We are committed to responsible behavior towards political parties and non-governmental organizations. We represent our political interests in accordance with the standpoints that we have publicly expressed. Our approach to politics is based on factual considerations, and we are open to dialogue with all democratic parties. Any donations made to political parties require the approval of the Executive Board of Siltronic AG.

We do not hold special positions in any association or organization of which we are a member. Siltronic has not participated in legislative procedures; neither has made any donations to political parties in the year under review. [GRI 415-1](#)

## Dialogue at regional levels

At our sites, we maintain a regular exchange with the authorities in the area of environmental protection.

Our production company in the USA was awarded the “Gold level for Sustainability at work” by the authorities of the city of Portland/Oregon in 2020. This award is valid until 2023. In 2021 we also received the “Gold award for No pretreatment violations” from the authorities of the city of Portland/Oregon.

The Freiberg site is committed to “cosmopolitanism” and has been a member of the “Economy for a cosmopolitan Saxony” association since 2019. The network wants to accompany and concretely promote immigration and thus contribute to improved economic performance in Saxony.

## Partnerships and membership in associations and initiatives

In 2022, we have taken part in the following initiatives:

### CDP Climate change, water security

In 2022, we participated for the fifth time in the rating initiatives of CDP on Climate Change and Water Security and were rated B and B- (on a scale from A, best rating, to D, worst rating).

Program	2021	2022
CDP climate change	B	B
CDP water security	B	B-

### UN Global Compact

Siltronic AG has been participating in the UN Global Compact since 2017 and published an updated Communication on Progress in 2022. In addition, the company has participated in local events organized by the UN Global Compact Network Germany.

### Responsible Business Alliance (RBA)

Siltronic AG has been a member of the Responsible Business Alliance initiative since April 2019 and has participated in network meetings on relevant topics of the initiative.

### Diversity Charter and Equality Charter

Following the Diversity Charter (2018), Siltronic AG has also signed IG BCE’s Equality Charter (2019). By signing the charter, Siltronic commits to actively implementing and promoting equal opportunities.

### Science-Based Targets Initiative (SBTi).

SBTi is a collaboration between CDP, the United Nations Global Compact (UNGC), the World Resources Institute (WRI), and the World Wide Fund for Nature (WWF) to provide a framework for ambitious climate action. Companies can publish their science-based targets here and have them validated.

Siltronic participates in the Science Based Targets Initiative (SBTi) and commits to reduce CO<sub>2</sub>-emissions Scope 1 and 2 by 50 per cent until 2030 (from base year 2021).

Details of SBTi are provided online in the section Ambitious corporate climate action – Science Based Targets.

Siltronic does not play a leading role in any of the partnerships or memberships. [GRI 2-28](#)



## Taxes

### Information on tax strategy, tax compliance and the respective monitoring system [GRI 207-1, 207-2, 207-3](#)

Siltronic AG has a tax strategy that is set out in writing as part of the tax policy. The policy is addressed to the managers and employees of all departments and entities that perform tax-related tasks. The purpose of the tax policy is to define responsibility for tax issues within Siltronic Group and to communicate the corporate culture with regard to taxes. This should ensure that the Group meets its tax obligations. In terms of content, this corresponds to Siltronic's Code of Conduct, which also addresses Siltronic's tax integrity.

Siltronic's tax strategy is based on its corporate strategy. Corporate decisions are made on the basis of economic factors. Siltronic does not engage in any practices that, according to prevailing opinion, are aggressively aimed at eroding or avoiding taxes. Siltronic pursues an open and proactive communication style with tax authorities. When dealing with tax-related issues, Siltronic also draws on the opinion of outside experts.

The tax strategy is publicly available on Siltronic's homepage.

The responsibility for implementation and monitoring of tax compliance lies with the tax department of Siltronic AG, to which those responsible for taxes within the Group report. Siltronic AG's tax department reports to the Chief Financial Officer.

Siltronic AG has set up a tax compliance management system (Tax CMS) that implements the relevant tax regulations. Components of this Tax CMS are an analysis of tax risks, the implementation of processes, control measures and reporting channels. As part of the Tax CMS, Group units report violations of tax obligations to the tax department of Siltronic AG. In addition, as part of the general compliance system, violations of tax obligations can be reported to the compliance officer or the external ombudsman.

### Country specific information [GRI 207-4](#)

The table below summarizes the Group entities by tax jurisdiction: Germany accounts for the part of Siltronic AG located in Germany, Singapore for Siltronic Singapore Pte. Ltd., Siltronic Silicon Wafer Pte. Ltd. and a permanent establishment of Siltronic AG located in Singapore, the USA for Siltronic Corp., Taiwan for a permanent establishment of Siltronic AG located there, Japan for Siltronic Japan Corp., Korea for Siltronic Korea Ltd. and mainland China for Siltronic Shanghai Corporation. In addition, there are two small sales units in the form of a permanent establishment of Siltronic AG in Italy and France, where one employee is employed in each case. For reasons of materiality, these two units are not included in the table.

In Singapore, the income tax expense is lower compared to the amount calculated with the local tax rate. The reason for this is that one unit is still exempt from tax due to the high level of investment in buildings and machinery. The tax exemption is limited in time.

Tax refunds result from overpayments in the previous year. These can be caused by loss carryforwards or by estimates. In many countries, tax payments are based on estimates made before the end of the year for the year.

Numerical discrepancies between individual items and totals in the following table are due to rounding.

Tax jurisdiction Financial year 2022	Employees <sup>1)</sup>	Tangible assets without liquidity <sup>2)</sup> EUR million	Sales with third parties EUR million	Sales with group entities EUR million	Result before income taxes <sup>3)</sup> EUR million	Expense for (-)/ income from (+) income tax <sup>4)</sup> EUR million	Cash out for (+)/ cash in from (-) income taxes EUR million
<b>Production</b>							
Germany	2,725	963	549	723	155	34	41
Singapore	1,325	1,877	659	484	294	17	8
US	382	86	178	127	26	0	6
<b>Subtotal</b>	<b>4,432</b>	<b>2,926</b>	<b>1,386</b>	<b>1,334</b>	<b>475</b>	<b>51</b>	<b>55</b>
<b>Sales</b>							
Taiwan	15	51	259	1	7	1	0
Japan	15	12	108	0	3	1	0
Other <sup>5)</sup>	26	8	52	3	2	1	1
<b>Subtotal</b>	<b>56</b>	<b>71</b>	<b>419</b>	<b>4</b>	<b>12</b>	<b>3</b>	<b>1</b>
<b>Consolidation</b>				<b>-1,338</b>	<b>0</b>	<b>-1</b>	
<b>Group</b>	<b>4,488</b>	<b>2,997</b>	<b>1,805</b>	<b>0</b>	<b>487</b>	<b>53</b>	<b>56</b>

<sup>1)</sup> As of year-end, calculated as in section 5 "Personnel matters".

<sup>2)</sup> Balance sheet total (in accordance with IFRS) of the entities less intangible assets, deferred taxes and 'liquidity'. Liquidity comprises cash, cash equivalents, short-term securities and short-term fixed-term deposits.

<sup>3)</sup> To increase transparency and avoid multiple counting of profits, dividends within Siltronic Group are not included.

<sup>4)</sup> Amount as reported in the income statement (according to IFRS) of the entities. This considers deferrals and deferred taxes. Deferred taxes reflect tax benefits or disadvantages expected in future years on the basis of accounting rules. Benefits are only recorded if they are expected to realize in the next five years.

<sup>5)</sup> Includes small sales offices in Korea, (mainland) China, France and Italy. These entities have tax expense, figure zero shown in the table results only from rounding to full million euros the figure shown in the table is 0 only due to rounding to full EUR million.

## United Nations Global Compact – Communication on Progress 2022

Siltronic has been participating in the UN Global Compact since 2017 and hereby reports on its progress. This overview references

the 10 principles of the UN Global Compact to the progress in the respective chapters of the report in the reporting year 2022. In addition, the progress in 2022 is documented and published in a structured questionnaire of the UN Global Compact. [GRI 2-23](#)

Ten principles of the UN Global Compact	Relevant headings in this report	Selected measures and progress in the reporting year 2022
<p><b>Human rights</b></p> <p><b>Principle 1</b> Support of human rights</p> <p><b>Principle 2</b> Exclusion of human rights abuses</p>	<ul style="list-style-type: none"> <li>Corporate ethics at Siltronic</li> <li>The impact of ethical principles on the organization of Siltronic</li> <li>Human rights</li> <li>Partnerships</li> </ul>	<ul style="list-style-type: none"> <li>Human rights: We have appointed a human rights officer who will in future be responsible for coordinating the issue of human rights and report directly to the Executive Board.</li> <li>Training – we have trained our employees in general and according to their duties so that they can observe global human rights.</li> <li>Supply chain – Siltronic purchases substances, goods and services from suppliers and contractors, which comply with human rights requirements. These are an integral part of our purchasing principles. We do not purchase or use any conflict minerals.</li> <li>Customers – In its dealings with customers Siltronic is committed to respecting human rights and preventing any violations of such rights.</li> <li>Complaint mechanism – Siltronic has put in place processes where employees or affected business partners are able to report to internal or external functions any case of violations against labor standards related to corruption. In addition to the direct supervisor, such cases can be reported to compliance officers at every site, works council, human resources department or an external ombudsman.</li> <li>RBA – Siltronic continues to serve as a member of the industry initiative Responsible Business Alliance (RBA) and has conducted self-assessments on its production sites.</li> </ul>
<p><b>Labor standards</b></p> <p><b>Principle 3</b> Uphold freedom of association</p> <p><b>Principle 4</b> Eliminate all forms of forced and compulsory labor</p> <p><b>Principle 5</b> Abolition of child labor</p> <p><b>Principle 6</b> Elimination of discrimination</p>	<ul style="list-style-type: none"> <li>Relationship with employee representatives and employees' rights</li> <li>Diversity</li> <li>Sustainability with regard to customers</li> <li>Human rights</li> <li>Partnerships</li> </ul>	<ul style="list-style-type: none"> <li>Human rights: We have appointed a human rights officer who will in future be responsible for coordinating the issue of human rights and report directly to the Executive Board.</li> <li>Employee rights: a majority of employees is working on sites with employees representatives.</li> <li>Employee diversity – Siltronic has participated in the "Charta of Diversity" and the "Charta of Equality" and determined targets to increase the share of women by 2023.</li> <li>Customers – In its dealings with customers Siltronic is committed to ensuring freedom of association, abolition of all types of forced labor and child labor and eliminating discrimination.</li> <li>Complaint mechanism – Siltronic has put in place processes where employees or affected business partners are able to report to internal or external functions any case of violations against labor standards related to corruption. In addition to the direct supervisor, such cases can be reported to compliance officers at every site, works council, human resources department or an external ombudsman.</li> <li>RBA – Siltronic continues to serve as a member of the industry initiative Responsible Business Alliance (RBA) and has conducted self-assessments on its production sites.</li> </ul>
<p><b>Environmental protection</b></p> <p><b>Principle 7</b> Precautionary environmental protection</p> <p><b>Principle 8</b> Initiatives for improved environmental responsibility</p> <p><b>Principle 9</b> Development and diffusion of environmentally friendly technologies</p>	<ul style="list-style-type: none"> <li>Climate change</li> <li>Environmental protection measures</li> <li>The impact of ethical principles on the organization of Siltronic</li> <li>Dialogue at regional levels</li> <li>Influence of climate change</li> </ul>	<ul style="list-style-type: none"> <li>Climate strategy: Siltronic has developed a climate strategy and set climate targets: CO<sub>2</sub> emissions will be reduced by 50% by 2030. We have committed to the Science-based-target Initiative to achieve the target.</li> <li>Training: We participated in the Climate Ambition Accelerator training program.</li> <li>Measures – Relevant investments to improve corporate environmental protection were implemented with regard to the aspects of air, water and climate change. Siltronic has also implemented energy-efficient programs, which lead to a permanent reduction in energy consumption.</li> <li>Management system, targets – The Siltronic management system is certified globally according to the standards IATF 16949 for Quality, ISO 14001 for Environment, ISO45001 for Safety; and ISO 50001 für Energy at the German sites. Non-financial targets are implemented to reduce the specific use of raw materials, energy requirements and water consumption, and to increase the recycling rate of waste.</li> <li>Dialogue – The annual sustainability report was prepared and verified by external auditors (non-financial report). Siltronic participated in a peer-learning group of the German Global Compact Network.</li> <li>Climate change – By researching and developing new technologies, Siltronic has created the foundation for manufacturing smaller and more energy-efficient components which contribute towards preserving resources and protecting the environment.</li> </ul>
<p><b>Anticorruption</b></p> <p><b>Principle 10</b> Measures to fight corruption</p>	<ul style="list-style-type: none"> <li>Corporate ethics at Siltronic</li> <li>Combating legal violations, particularly corruption and bribery</li> </ul>	<ul style="list-style-type: none"> <li>Training – We have trained our employees in general and according to their specific duties so that they can observe and comply with anti-corruption policies.</li> <li>Complaint mechanism – Siltronic has put in place processes where employees or affected business partners are able to report to internal or external functions any case of violations against labor standards related to corruption to internal or external functions. In addition to the direct supervisor, such cases can be reported to compliance officers at every site, works council, human resources department or an external ombudsman.</li> </ul>

## 8. Corporate governance

### Dual management system

As a stock corporation domiciled in Germany, Siltronic AG is subject to the German Stock Corporation Act. This prescribes a dual management system consisting of an Executive Board and a Supervisory Board.

The Executive Board manages the parent company and thereby the Group. According to the German Stock Corporation Act, an Executive Board member may not at the same time be a member of the Supervisory Board. [GRI 2-9, 2-11](#)

In accordance with the Stock Corporation Law, the task of the Supervisory Board is to monitor and advise the Executive Board. To ensure this, the Supervisory Board meets regularly without the Executive Board, in particular on issues relating to Executive Board compensation and succession planning. Since 2022, the Audit Committee has also met regularly without the Executive Board, in line with the recommendation in section D.10 of the German Corporate Governance Code. At Supervisory Board meetings held in the presence of the Executive Board, the Supervisory Board obtains information on the course of business, the situation of the company and its strategic development, as well as on the risk situation, the activities of the internal audit department and compliance issues. The Supervisory Board and the relevant committees are involved at an early stage in all decisions of fundamental importance. Outside the regular meetings of the Supervisory Board, the Chairman of the Supervisory Board and the Chairman of the Audit Committee are also in close contact with the Executive Board and are kept informed of current developments and major business transactions. The Supervisory Board is classified as the highest body. [GRI 2-9](#)

### Composition of the Supervisory Board

In accordance with the Articles of Association, the Supervisory Board consists of twelve members. In accordance with the German Codetermination Act, it is composed of equal numbers of shareholder and employee representatives. The employee representatives on the Supervisory Board are elected by the workforce of Siltronic AG from its members. In accordance with the German Codetermination Act, two of the six employee representatives are appointed by trade unions. The aim of the Codetermination Act is for the capital side and the employee side to reach decisions on the Supervisory Board by consensus. [GRI 2-9](#)

Through the composition of the Supervisory Board, the German Codetermination Act also limits the influence of shareholders who have a high proportion of voting rights but do not hold a majority of the voting rights. [GRI 2-9](#)

The professional activities of Supervisory Board members, the composition of committees and which Supervisory Board members were delegated to the Supervisory Board by employees with their first and last names are indicated in the audited [consolidated financial statements](#) (□ p. 76-128). In addition, the competence profile of the Supervisory Board members and the associated qualification matrix are explained in the [corporate governance statement](#) on □ p. 65. [GRI 2-9](#)

### Significant regulations for the Supervisory Board

The section “[Declaration on corporate governance](#)” of the consolidated financial statements in the audited management report describes the following: [GRI 2-9, 2-10](#)

- General rules concerning the composition of the Supervisory Board
- Cooperation and division of duties between Supervisory Board and Executive Board
- Shareholder and employee representatives on the Supervisory Board (German Codetermination Act)
- Declaration of conformity with the German Corporate Governance Code
- Committees including the Nomination Committee, which is responsible for proposing new members to the Supervisory Board
- Independence
- Duration of appointment and age limit
- Diversity concepts for Executive Board and Supervisory Board
- Credentials profile

Information on other mandates of the Supervisory Board members can be found on □ p. 14 under “[Supervisory Board report](#)”. [GRI 2-9](#)

### (Potential) Conflicts of interest

The Supervisory Board must comply with regulations on conflicts of interest and potential conflicts of interest. These are described in the audited management report in the chapter “[Declaration on corporate governance](#)” under the headings “Independence of the Chairman of the Supervisory Board”, “Independence and potential conflicts of interest”, “Conflicts of interest” and “Related party transactions”. [GRI 2-15](#)

As far as potential conflicts of interest are concerned, there is a particularity in the relationship between Siltronic AG and Wacker Chemie AG, Munich.

Siltronic AG has its historical roots in Wacker Chemie AG (Wacker). Wacker founded the legal predecessor of Siltronic AG in 1968, and until Siltronic AG went public in 2015, the Wacker Chemie Group was the sole owner of Siltronic AG. In 2017, the Wacker Group reduced its stake in Siltronic AG to around 31 percent. Due to the remaining relationship under company law, Wacker qualifies as a related party for Siltronic. Siltronic obtains supplies and services from the related party Wacker Chemie AG in certain areas.

To ensure that business relations with Wacker are appropriate, a review process has been implemented at Siltronic. The process is designed to review the terms and conditions of Wacker's supplies and services to ensure that they are in line with market practice. In addition to Purchasing, Siltronic's Controlling and Tax departments and Chief Compliance Officer are also involved in the process. Only members of the Supervisory Board who are not concerned about a conflict of interest take part in the resolution on the approval of transactions with related parties. [GRI 2-15](#)

In addition, Siltronic AG also engages an auditing firm on a case-by-case basis to determine whether, in its view, the terms and conditions for the purchase of supplies and services from Wacker are in line with market practice and in the ordinary course of business for Siltronic AG. [GRI 2-15](#)

The internal and external audits showed that the prices and conditions were in line with the market.

## Involvement of the Supervisory Board in non-financial issues

The Supervisory Board is involved in non-financial issues in two ways:

Firstly, the Executive Board discusses non-financial topics with the Supervisory Board in regular meetings. The most important points of contact for the Executive Board within the Siltronic organization for non-financial issues are the Corporate Responsibility department, which reports directly to the Executive Board. With regard to risks in the non-financial area, the most important reporting channels for the Executive Board are the Chief Compliance Officer and the Chief Risk Officer. [GRI 2-12](#)

In addition, the Chief Compliance Officer and the Chief Risk Officer report to the Audit Committee of the Supervisory Board on significant issues on a quarterly basis. [GRI 2-12, 2-16](#)

The non-financial report was reviewed by the Supervisory Board of Siltronic AG. The non-financial report is sent to each member of the Supervisory Board for review and comment. In addition to its own review, as stated at the beginning of this report, the Supervisory Board commissioned the auditing firm KPMG AG to review the non-financial report in order to obtain limited audit assurance. [GRI 2-14](#)

## Remuneration

The compensation of the members of the Supervisory Board and the Board of Management is published in the compensation report. The compensation report describes the compensation models in detail and shows the absolute compensation in fixed and variable amounts. The [compensation report](#) is published on [p. 181 to 193](#) and has been audited by the auditing firm KPMG AG. [GRI 2-19, 2-20](#)

# GRI-Content index

The information presented in this GRI Content Index is reported for the period from January 1, 2022 to December 31, 2022 with reference to the GRI Standards. The GRI has been informed about the use of the GRI Standards.

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## EU Taxonomy

Taxonomy-eligible economic activities are, in principle, capable of making a significant contribution to defined six environmental objectives in industrial sectors selected by the EU. The environmental objectives are climate protection, adaptation to climate change, sustainable use and protection of water and marine resources, transition to a circular economy, prevention and reduction of environmental pollution, and protection and restoration of biodiversity and ecosystems. Considering this, the EU has summarized the activities in a regulation, in simple terms called “EU Taxonomy Regulation”.

In order to combat global warming, the EU has analyzed the activities of industries for their greenhouse gas emissions in an extensive project. The analysis covered activities that account for about 90 percent of greenhouse gas emissions to the environment. The EU then generated a list of about 90 activities that defined “taxonomy-eligible” economic activities.

Of the approximately 90 activities, 25 activities relate to the energy sector, 17 activities to the transport sector, 12 activities to the supply/disposal sector and seven activities cover the real estate sector, forestry/environmental protection and information/services.

Only 17 activities relate to the production of physical goods. The 17 activities have been narrowly defined by the EU and relate predominantly to the production of highly GHG-intensive products such as aluminum, iron/steel, fertilizers, organic basic materials, selected chemicals or cement. If all the world’s cement producers were combined, the Group would be the world’s third-largest greenhouse gas emitter after China and the USA. In contrast, the greenhouse gas emissions associated with the production of wafers are irrelevant.

Therefore, it is not surprising that the production or sale of wafers does not appear in the EU list of taxonomic activities. The fact that wafers or their further development contribute to increasing energy efficiency at subsequent stages of the value chain is not of significant importance for the EU taxonomy. Against this background, we state the mandatory taxonomy-eligible sales as 0 percent of sales in the reporting year.

In addition to taxonomy-eligible sales, the EU taxonomy requires further disclosures: these are the “CapEx” and “OpEx” metrics defined in the EU taxonomy, as well as taxonomy-aligned sales, CapEx and OpEx. While taxonomy-eligible activities only represent the potential to support an environmental goal, taxonomy-aligned

activities actually make a significant contribution. Another condition for taxonomy alignment is that there must be no significant negative impact on the other environmental goals. This is why, for example, the production of cement is taxonomy-eligible. One of the many conditions for taxonomy alignment is that a metric ton produced cement must not generate more than 0.53 metric tons of CO<sub>2</sub> eq of greenhouse gas emissions. The calculations for conformity are complex and the amount of evidence required is considerable.

The CapEx figure indicates the extent to which expenditures of an investment nature were made in the reporting year that can contribute to the reduction of greenhouse gas emissions according to the definitions of the EU taxonomy (Siltronic’s business activities relate to the EU taxonomy’s environmental goal of climate protection). For Siltronic, we have calculated a share of 25 percent. For the assessment basis and calculation, we refer to the table below “Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities”.

The OpEx figure indicates the extent to which operating expenses were incurred in the reporting year that can contribute to the reduction of greenhouse gas emissions according to the definitions of the EU taxonomy. For Siltronic, we have determined a share of 11 percent. For the assessment basis and calculation, we refer to the table below “Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities”.

The ratios are determined on the basis of Delegated Regulations (EU) 2020/852, 2021/2139 and 2021/2178 in conjunction with the accounting policies applicable to the consolidated financial statements. In the absence of taxonomy-eligible revenues, expenses of a capital nature and operating expenses are not taxonomy-eligible if they are directly related to the production of wafers. Nevertheless, Siltronic does have taxonomy-eligible expenses for CapEx and OpEx. The reason for this is the direct allocation of expenses to the economic activities listed in Regulation 2021/2139. In order to avoid double counting, expenses were only allocated to one economic activity. The main taxonomy-eligible economic activities are related to water supply and sanitation equipment and construction of buildings. The indication of CapEx and OpEx that are parts of a plan to expand taxonomy-aligned economic activities or allow the conversion of taxonomy-eligible economic activities into taxonomy-aligned economic activities is not relevant. There is currently no planning to expand taxonomy-aligned activities.







## Limited Assurance Report of the Independent Auditor regarding the combined separate non-financial report<sup>1</sup>

### To the Supervisory Board of Siltronic AG, Munich

We have performed a limited assurance engagement on the combined separate non-financial report of Siltronic AG, Munich (further "Company" or "Siltronic AG"), and the Group (further "combined separate non-financial report") for the period from January 1 to December 31, 2022.

#### Responsibilities of Management

Management of the parent company is responsible for the preparation of the combined separate non-financial report in accordance with Sections 315c in conjunction with 289c to 289e HGB ("Handelsgesetzbuch": German Commercial Code) and Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18. June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder, as well as for making their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the delegated acts adopted thereunder as set out in section "EU Taxonomy" of the combined separate non-financial report.

This responsibility includes the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures of the group that are reasonable in the circumstances. Furthermore, management is responsible for such internal control as they consider necessary to enable the preparation of a combined separate non-financial report that is free from material misstatement, whether due to fraud or error.

The EU Taxonomy Regulation and the Delegated Acts issued thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, management has disclosed their interpretation of the EU Taxonomy

Regulation and the Delegated Acts adopted thereunder in section "EU Taxonomy" of the combined separate non-financial report. They are responsible for the defensibility of this interpretation. Due to the immanent risk that indeterminate legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

#### Independence and Quality Assurance of the Assurance Practitioner's firm

We have complied with the independence and quality assurance requirements set out in the national legal provisions and professional pronouncements, in particular the Professional Code for German Public Auditors and Chartered Accountants (in Germany) and the quality assurance standard of the German Institute of Public Auditors (Institut der Wirtschaftsprüfer, IDW) regarding quality assurance requirements in audit practice (IDW QS 1).

#### Responsibility of the Assurance Practitioner

Our responsibility is to express a conclusion with limited assurance on the combined separate non-financial report based on our assurance engagement.

We conducted our 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 IAASB. This standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the company's combined separate non-financial report are not prepared, in all material respects, in accordance with Sections 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by management disclosed in section "EU Taxonomy" of the combined separate non-financial report.

In a limited assurance engagement, the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly, a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgment of the assurance practitioner.

<sup>1</sup> Our engagement applied to the German version of the combined separate non-financial report 2022. This text is a translation of the Independent Assurance Report issued in German, whereas the German text is authoritative.

In the course of our assurance engagement we have, among other things, performed the following assurance procedures and other activities:

- Inquiries of Group level personnel who are responsible for the materiality analysis in order to understand the processes for determining material topics and respective reporting boundaries for Siltronic AG.
- A risk analysis, including media research, to identify relevant information on
- Siltronic AG's sustainability performance in the reporting period.
- Reviewing the suitability of internally developed Reporting Criteria.
- Evaluation of the design and the implementation of systems and processes for the collection, processing and monitoring of disclosures, including data consolidation, on environmental, employee and social matters, respect for human rights, and anti-corruption and bribery matters.
- Inquiries of management and relevant employees involved in the preparation of the combined separate non-financial report about the preparation process, about the internal control system related to this process, and about disclosures in the combined separate non-financial report.
- Inspection of selected internal and external documents.
- Analytical procedures for the evaluation of data and of the trends of quantitative disclosures as reported at Group level by all sites.
- Evaluation of local data collection, validation and reporting processes as well as the reliability of reported data based on a sample taken at the site in Singapore.
- Assessment of the overall presentation of the disclosures.
- Inquiries of Group level personnel in order to understand the processes for identifying relevant economic activities according to the EU Taxonomy Regulation.
- Understanding the design and implementation of systems and processes for the identification, processing and monitoring of turnover, capital expenditure and operating expense disclosures for taxonomy-eligible and taxonomy-aligned economic activities.

- Evaluation of the process for the identification of taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the combined separate non-financial report.

In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, management is required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

#### Assurance Opinion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the combined separate non-financial report of Siltronic AG for the period from January 1 to December 31, 2022 has not been prepared, in all material respects, in accordance with Sections 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by management as disclosed in section "EU Taxonomy" of the combined separate non-financial report.

#### Restriction of Use

This assurance report is solely addressed to the Supervisory Board of Siltronic AG, Munich.

Our assignment for the Supervisory Board of Siltronic AG, Munich, and professional liability is governed by the General Engagement Terms for Wirtschaftsprüfer (German Public Auditors) and Wirtschaftsprüfungsgesellschaften (German Public Audit Firms) (Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) in the version dated January 1, 2017 ([https://www.kpmg.de/bescheinigungen/lib/laab\\_english.pdf](https://www.kpmg.de/bescheinigungen/lib/laab_english.pdf)). By reading and using the information contained in this assurance report, each recipient confirms having taken note of provisions of the General Engagement Terms (including the limitation of our liability for negligence to EUR 4 million as stipulated in No. 9) and accepts the validity of the attached General Engagement Terms with respect to us.

Munich, March 7, 2023

KPMG AG Wirtschaftsprüfungsgesellschaft  
[Original German version signed by:]

Koeplin  
Wirtschaftsprüfer  
[German Public Auditor]

Vogl  
Wirtschaftsprüferin  
[German Public Auditor]

# Compensation report

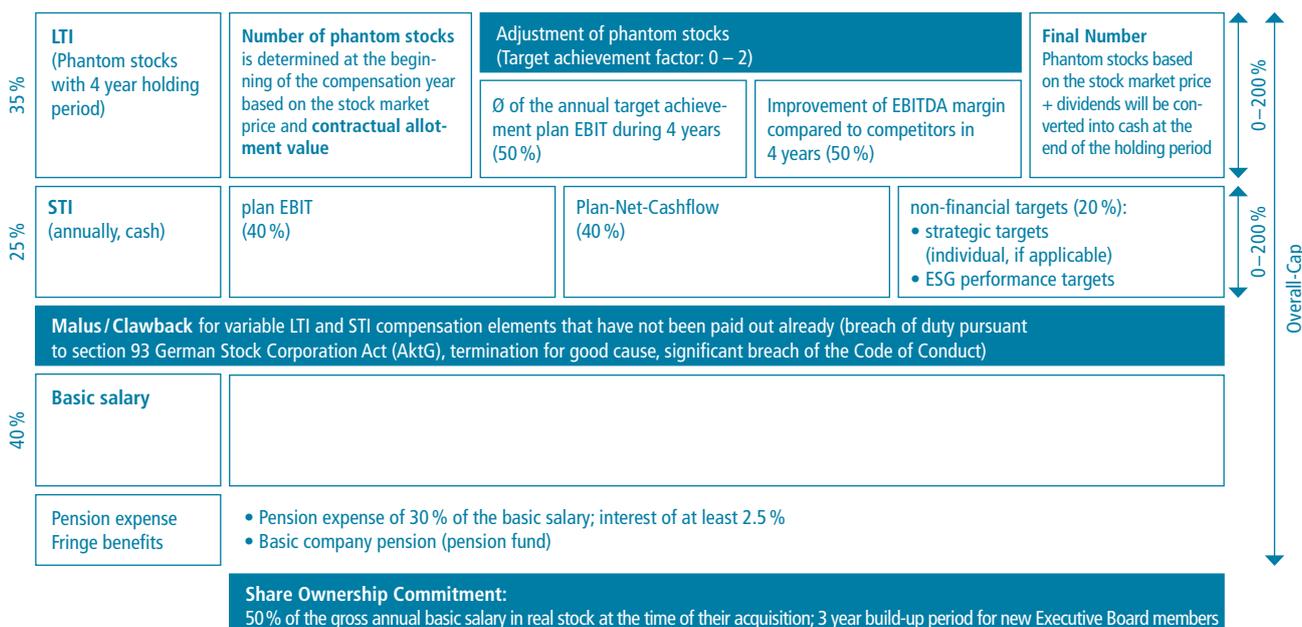
The following compensation report complies with the requirements of Section 162 of the German Stock Corporation Act (AktG) as amended by the Act Implementing the Second Shareholders' Rights Directive (ARUG II). The compensation report was prepared jointly by the Executive Board and Supervisory Board and adopted by both bodies on March 7, 2023. The unqualified report on the audit is printed at the end of the compensation report.

## Overview of Executive Board compensation system

A full description of the compensation applicable for fiscal year 2022 system can be found in the invitation to the 2022 Annual General Meeting, which is available on our corporate website.

The compensation system contributes to furthering Siltronic AG's business strategy of sustainably consolidating its position as one of the leading manufacturers of semiconductor wafers by defending its technology position, expanding its capacity in line with market growth, and thereby generating profit and cash flow across all market cycles by continuously improving its cost position.

### Model compensation system



## Compensation 2022

### Important events in the compensation year 2022

Effective with the fiscal year 2022, the Supervisory Board had increased the basic salary of Dr. Christoph von Plotho from EUR 550,000 to EUR 600,000. In this context, the Annual General Meeting 2022 increased the achievable maximum compensation of Dr. Christoph von Plotho from EUR 2,450,000 to EUR 2,650,000.

Against this background, the compensation system was submitted to the Annual General Meeting on May 5, 2022 for approval and adopted with 91.21% of the votes. The company's climate strategy was reflected in the non-financial targets of the variable compensation.

The following graphic provides an overview of the main components of the compensation system, the targets set and their strategic relevance in the fiscal year 2022.

## Main components of the compensation system

Component	Strategic Reference	Implementation
<b>Remuneration not linked to performance</b>		
Annual basic salary	Attraction/retention of qualified management personnel	<ul style="list-style-type: none"> <li>• CEO Dr. Christoph von Plotho: 600,000 EUR</li> <li>• CFO Rainer Irl: 390,000 EUR</li> <li>• fixed salary in 12 monthly installments</li> </ul>
Fringe benefits	Granting of compensation at market rates and assumption of costs in connection with Executive Board activities	<ul style="list-style-type: none"> <li>• Commitment to assume costs or non-cash benefits, including inter alia for a company car, health care, legal fees and subsidies to build up a private pension plan</li> </ul>
Pension benefit	Adequate benefit as part of competitive remuneration	<ul style="list-style-type: none"> <li>• 30 % of the basic salary is added to a fictitious capital account and bears interest at 2.5 % to a maximum of 5 % + basic company pension (pension fund)</li> <li>• Pension cap: 50 % of the last monthly basic salary received before the insured even</li> </ul>
<b>Remuneration linked to performance</b>		
Annual bonus STI	Focusing on profitability and generating positive cash flow. Supporting the strategic development of the Company, which also includes social and environmental aspects.	<p><b>Financial KPIs:</b></p> <ul style="list-style-type: none"> <li>• plan EBIT (40 %)</li> <li>• Plan-Net-Cashflow (40 %)</li> </ul> <p><b>Non-financial KPIs</b></p> <ul style="list-style-type: none"> <li>• strategic target (10 %): progress Fab Next</li> <li>• ESG (10 %): <ul style="list-style-type: none"> <li>• work safety, silicon yield, Greenhouse Gas Emission, water consumption, recycling</li> </ul> </li> </ul> <p><b>Cap: 200 %</b></p>
Long-term share-based compensation LTI	Strengthening the long-term sustainability and sustainable development of the Company	<ul style="list-style-type: none"> <li>• 4 year performance period for phantom stocks (stock market price + dividends)</li> <li>• KPIs for multiplication of the phantom stocks: <ul style="list-style-type: none"> <li>• Ø of the plan EBIT target achievement (50%)</li> <li>• EBITDA margin of the Company compared to the competitor market (50%)</li> </ul> </li> <li>• Cap: 200 %</li> </ul>
<b>Benefits in case of termination</b>		
Mutual termination	Avoidance of unreasonably high severance payments	<ul style="list-style-type: none"> <li>• Cap: compensation payment limited to remaining term, max. 2 years' compensation (in accordance with GCGC)</li> </ul>
Post-contractual non-competition clause	Knowhow protection, competitiveness	<ul style="list-style-type: none"> <li>• Compensation for waiting: 12 months in the amount of basic annual salary</li> </ul>
<b>Further regulations of the compensation system</b>		
Share Ownership	Alignment of interests of the Executive Board and shareholders	<ul style="list-style-type: none"> <li>• Shareholding obligation in the amount of 50 % of the annual basic salary (gross amount) in shares</li> <li>• Relevant date for current Executive Board members: Sept. 14, 2017</li> </ul>
Malus/Clawback	Sanctions/incentives against compliance violations	<ul style="list-style-type: none"> <li>• Payment amount for STI/LTI may be withheld: <ul style="list-style-type: none"> <li>• good cause pursuant to section 93 of the German Stock Corporation Act (AktG)</li> <li>• significant breach of the Code of Conduct</li> </ul> </li> </ul>
Max. remuneration	Avoidance of unreasonably high payouts	<ul style="list-style-type: none"> <li>• CEO EUR 2,650,000</li> <li>• Executive Board member EUR 1,810,000</li> </ul>

## Determination of the target compensation and maximum compensation for 2022

Based on the compensation system, the Supervisory Board has set the following specific target compensation for the fiscal year 2022 upon recommendation of the Executive Committee of the Supervisory Board.

	Dr. Christoph von Plotho, CEO				Rainer Irle, CFO			
	2022				2022			
	Target	in %	Minimum	Maximum	Target	in %	Minimum	Maximum
<b>Basic salary</b>	<b>600,000</b>	<b>34</b>	<b>600,000</b>	<b>600,000</b>	<b>390,000</b>	<b>32</b>	<b>390,000</b>	<b>390,000</b>
<b>Short term variable compensation</b>								
STI for 2022	375,000	21	0	750,000	243,750	20	0	487,500
<b>Long term variable compensation</b>								
LTI 2022-2025	525,000	30	0	1,050,000	341,250	28	0	682,500
<b>Target compensation</b>	<b>1,500,000</b>	<b>85</b>	<b>2,400,000</b>		<b>975,000</b>	<b>80</b>	<b>1,560,000</b>	
Fringe benefits	35,000	2			35,000	3		
Pension expense (service cost)	221,122	13			203,330	17		
<b>Total target compensation</b>	<b>1,756,122</b>	<b>100</b>	<b>2,650,000</b>		<b>1,213,330</b>	<b>100</b>	<b>1,810,000</b>	

In addition to the caps for the individual variable compensation components (STI: 200 percent, LTI: 200 percent), the Supervisory Board has, in accordance with Section 87a (1) sentence 2 no. 1 of the German Stock Corporation Act (AktG), set a binding maximum compensation in the compensation system that comprises all compensation amounts paid for a given fiscal year (annual basic salary, variable compensation components, pension expenses or service costs, and fringe benefits). The maximum compensation for the fiscal year 2022 for the CEO Dr. Christoph von Plotho is EUR 2,650,000 and for the CFO Rainer Irle is EUR 1,810,000. The final inflow for the fiscal year 2022 can only be determined after the expiry of the four year holding period for the phantom stocks of the LTI at the beginning of the fiscal year 2026. If the total compensation determined thereafter for the fiscal year 2022 exceeds the defined maximum compensation, the cash settlement of the LTI for the fiscal year 2022 will be reduced accordingly.

### Procedures for establishing, implementing and reviewing the appropriateness of the compensation system

Based on a proposal by the Executive Committee of the Supervisory Board, the Supervisory Board determines the system and the amount of the Executive Board compensation, including the maximum compensation. The Supervisory Board submits the resolved compensation system to the Annual General Meeting for approval.

The Supervisory Board regularly reviews the system and the level of the Executive Board compensation for appropriateness. To this end, it conducts an annual vertical comparison of the Executive Board compensation. In doing so, it considers the basic and target compensation in relation to the comparative groups of management and other employees. Secondly, the level and structure of the compensation is compared with a peer group of German listed companies defined by the Supervisory Board, which have similar key figures and whose composition is published (horizontal comparison). For the formation of this peer group, it was not possible to draw on the wafer competitors, as they only publish insufficient compensation information and are not listed in Europe. The Supervisory Board therefore formed a peer group of German listed companies that are listed in the MDAX, TecDAX or SDAX and have similar key figures. This includes Carl Zeiss Meditec AG, Fuchs Petrolub SE, Gerresheimer AG, Jenoptik AG, Norma Group SE and Sartorius AG.

In case of significant changes, but at least every four years, the compensation system is again submitted to the Annual General Meeting for approval.

The system and the level of the Executive Board compensation are determined by the full Supervisory Board on the basis of a proposal by the Executive Committee of the Supervisory Board and regularly reviewed for appropriateness. The compensation system for the Executive Board was last adjusted for the fiscal year 2022. It was approved by the Annual General Meeting on May 5, 2022 with 91.21 percent of the votes cast.

## Fixed compensation components

### Basic annual salary

The basic annual salary is a fixed cash payment for the entire year, based on the respective Executive Board member's area of responsibility. In 2022, Dr. Christoph von Plotho received a basic annual salary of EUR 600,000 and Rainer Irle received a basic annual salary of EUR 390,000, each of which was paid in twelve monthly installments.

### Company pension scheme

Current Executive Board members are initially entitled to a basic Company pension through the Wacker Chemie VVaG pension fund. For this purpose, the Company and the Executive Board make monthly contributions to the pension fund. As of January 1, 2023, new members will no longer be members of the Wacker Chemie VVaG pension fund. Such a module will therefore no longer be granted for future appointments of new Executive Board members.

The Company also provides a pension expense of 30 percent of the basic annual salary each year. The pension expenses saved up to the time of retirement are credited to a notional capital account and earns interest in accordance with a 60-month average of the current yield published by the Bundesbank, but at a minimum of 2.5 percent and a maximum of 5 percent. The pension is calculated by multiplying this pension capital according to the status of the corresponding capital account at the time of the occurrence of the pension case by the pension factor applicable to the respective retirement age of the Executive Board member at the time of the

occurrence of the pension case. Alternatively, in the event of a pension being payable, the member of the Executive Board can choose a lump-sum payment instead of the promised lifelong retirement and disability pension, which corresponds to the pension capital at the time of the pension payment.

The gross amount of the monthly pension to be paid after retirement (based on the employer-financed portion) is limited for the members of the Executive Board to 50 percent of the monthly installment of the basic annual salary last received by the respective Executive Board member from the Company (pension cap).

Members of the Executive Board who have been promised deferred compensation in the past may continue to receive this compensation to the same extent as before.

The current members of the Executive Board receive an additional monthly amount (gross) from the Company in the amount of the employer's contribution to the statutory pension scheme as a building block for building up a private pension scheme. Such a component will no longer be granted in the event of future appointments of new Executive Board members.

The following overview shows the pension expense and the present value of the defined benefit obligations for fiscal year 2022. The decrease in the present value of the defined benefit obligation from 2021 to 2022 is due to the sharp increase in the discount rate used for pension provisions. The pension expense shown here results from the pension expense according to target compensation less own contributions.

EUR	Benefit obligations		Pension expense	
	2022	2021	2022	2021
Dr. Christoph von Plotho	2,463,268	2,985,634	202,317	89,838
Rainer Irle	1,584,990	2,596,909	195,638	237,133

As of December 31, 2022, the pension obligations for former members of the Executive Board and their surviving dependents amounted to EUR 5.884.382 and they received a remuneration in the reporting year of EUR 292,309.

### Fringe Benefits

As a fringe benefit by the Company, the members of the Executive Board have a company car at their disposal, also for private use. The members of the Executive Board also receive a subsidy for health and long-term care insurance as well as costs in connection with a medical check-up. The fringe benefits also include the above-mentioned subsidies for building up a private pension or the non-cash benefit of the aforementioned benefits, if these are granted.

### Insurance

In addition, there is a D&O insurance policy with a deductible in accordance with the requirements of the German Stock Corporation Act (AktG) amounting to 10 percent of the damage up to one and a half times the basic annual salary. In addition, the members of the Executive Board are included in the criminal legal expenses insurance that the Company has taken out for its employees and members of its executive bodies. This insurance covers any lawyers' and court costs incurred in the defense in criminal or misdemeanor proceedings. In addition, the members of the Executive Board are included in an accident insurance policy for accidents on and off the job.

## Variable compensation components

### Performance related bonus

The STI is a performance-related bonus with a one-year assessment period. The basis for the STI is the achievement of the performance targets set by the Supervisory Board for each fiscal year at the beginning of the fiscal year. The performance targets consist of financial targets and non-financial targets relevant to the Company. The financial targets adopted for the fiscal year 2022 relate to the performance categories 'plan EBIT' (40 percent) and 'plan net cash flow' (40 percent).

The performance criteria further the long-term development of the Company as follows:

The performance criterion 'plan EBIT' sets incentives to strengthen the Company's operating earning power. EBIT measures earnings before interest and taxes. With regard to the tax relief from which the Singapore subsidiary benefits for its investments, it makes sense to choose a ratio that excludes local taxation and the financial structure of the Company. Furthermore, the key figure EBIT takes depreciation and amortization into account and – against the background of the capital intensity of the semiconductor sector— only promotes investments that achieve an appropriate return on capital employed.

The performance criterion 'plan net cash flow' is based on one of the key financial control parameters used to manage the Company. The net cash flow shows whether the necessary investments in property, plant and equipment and intangible assets can be financed from the Company's own operating activities. In addition to profitability, the main influencing factors are effective management of net working capital and the level of capital expenditure. Net working capital is the sum of inventories and trade receivables plus contract assets less trade payables. A positive net cash flow is particularly important in a cyclical industry. Influencing factors for this performance category are in particular cost performance, good working capital management and an appropriate investment policy. On the other hand, inflows and outflows of customer and supplier prepayments are not considered, unless they relate to investments in property, plant and equipment and intangible assets.

The non-financial targets relate to strategic targets (10 percent as well as targets related to environment, social and prudent corporate management (governance) – so called ESG targets – (10 percent in total).

### STI 2022

Various milestones for the Fab Next project were agreed as strategic goals, which involves the construction of a second fab at the Group site in Singapore, such as construction progress and meeting budget targets. The Supervisory Board approved the project at its meeting on July 27, 2021. The Supervisory Board waived individualization of the strategic objective for the Executive Board members, which is possible under the compensation system, in order to take account of the collective responsibility of the Executive Board as a body for the important Fab Next project.

The quantitative ESG targets set by the Supervisory Board (10 percent) comprise key figures for the avoidance of occupational accidents (measured on the basis of lost-time accidents per million hours worked), the efficient use of silicon in wafer production (measured on the basis of silicon yields), the reduction of specific water consumption, and the Greenhouse-Gas-emissions for the implementation of the adopted climate strategy the recycling rate, which together make up to an ESG performance index.

In line with the compensation system, the targets set and the levels of target achievement are published ex-post, provided they do not contain any confidential or competition-relevant information, in order to further increase the transparency of Executive Board compensation. The target setting and target achievement in the bonus (STI) applicable for financial year 2022 are shown in the table below.

The targets for the financial performance criteria were significantly exceeded. For the purpose of measuring target achievement, the respective unplanned and earnings-enhancing effects from the addition of a building were not taken into account. In the target measurement for the net cash flow performance category, payments for invoices relating to investments in property, plant and equipment and intangible assets that were not included in the planned value were not taken into account.

	Target value in EUR million	Target corridor in EUR million	Actual value in EUR million	Target achievement in percent	Weighting in percent
<b>Financial targets</b>					
plan EBIT	393	293 to 493	490	1.97	40
Plan-Net-Cashflow	-582	-682 to -482	-558	1.24	40
<b>Non-financial targets</b>					
Strategic target (project Fab Next)	Contains competition-relevant information (confidential)			1.00	10
ESG performance index				0.42	10
<b>Total STI</b>				<b>1.42</b>	<b>100</b>

### Long-term share-based compensation: LTI

The LTI is designed as a share-based performance share plan with a four-year performance period or holding period for the phantom stocks (performance shares) and is based on economic indicators that take into account the long-term sustainability of the Company.

#### LTI share-based compensation

<b>Number of phantom stocks</b> is determined at the beginning of the compensation year based on the stock market price and <b>contractual allotment value</b>	<b>Adjustment of phantom stocks</b> (Target achievement factor: 0 – 2)		<b>Final Number</b> Phantom stocks based on the stock market price + dividends will be converted into cash at the end of the holding period
	Ø of the annual target achievement plan EBIT during 4 years (50%)	Improvement of EBITDA margin compared to competitors in 4 years (50%)	

The allotment value agreed in the service contract is initially converted into granted phantom stocks on the basis of the average weighted closing price of the share of the XETRA trading (or a comparable successor system) on the Frankfurt Stock Exchange on the last 30 trading days prior to the first day of the compensation year. The phantom stocks are held for a period of four years, calculated from the beginning of the compensation year. The basis for the LTI and the final number of phantom stocks is the achievement of the targets set by the Supervisory Board for each performance period. For each performance period, the performance targets are set by the Supervisory Board at the beginning of the performance period.

The performance targets for the LTI 2022 relate to the performance categories EBITDA margin improvement/deterioration compared with competitors over the performance period and average of the Company's annual planned EBIT target achievement over the four-year performance period and promote the Company's long-term development as follows:

For the overall target achievement factor, a 50 percent change in the Company's EBITDA margin in comparison with competitors over the performance period is relevant, i.e. in comparison with important wafer manufacturers (currently ShinEtsu Electronic Materials, SUMCO, GlobalWafers and SK Siltron). The EBITDA margin is defined as earnings before interest, taxes, depreciation and amortization, including impairment losses and, where applicable, reversals of impairment losses. It is one of the Siltronic Group's financial control parameters for measuring profitability in comparison with competitors. With this performance criterion, the Supervisory Board would like to create incentives for a performance that is demanding by industry standards. To determine the EBITDA development, the Supervisory Board first determines the average EBITDA margin of the four reported quarters preceding the four-year performance period for the Company and for each peer company and compares it with the average EBITDA margin of the four reported quarters prior to the end of the performance period. In the second step, the EBITDA development thus determined is used to determine the percentage points by which the EBITDA margin has improved or deteriorated for the Company and for each comparable company; the average is then calculated for the comparable companies. The third step is to determine by what percentage points the Company's EBITDA margin deviates from the average EBITDA margin change of the peer companies. Based on the percentage determined, the achievement of the objectives is calculated in a fourth step.

A further 50 percent of the overall target achievement factor is based on the average Company performance over the four-year performance period, i.e. the average of the annual plan EBIT target achievement of the Company over the four-year performance period. The definition of objectives and the measurement of target achievement follows the STI's plan EBIT target. The setting of the target and the measurement of target achievement follow the STI's plan EBIT target. This indicator takes into account depreciation and amortization and - against the background of the capital intensity of the semiconductor sector - only promotes investments that generate an appropriate return on capital employed.

EUR	Target (100%)	Weighted Share price	number of phantom shares (preliminary)
Dr. Christoph von Plotho	525,000	135,97	3,861
Rainer Irle	341,250	135,97	2,510

The specific targets and target achievement (including the final number of phantom stocks) for the LTI tranche 2022 will be published in the Annual Report 2026 after the end of the four-year performance period.

### Additional disclosures on share-based compensation instruments in the financial year 2022

The following overview shows the development of the portfolio of phantom stocks of the tranches not yet disbursed.

Portfolio	Tranche	Calculated LTI at the beginning of the performance period in EUR	Number of phantom stocks at the time of granting	Number of phantom stocks (preliminary) 31.12.2022	Value on the reporting date 31.12.2022 in EUR
Dr. Christoph von Plotho	2020 – 2023	481,250	5,887	5,803	444,355
	2021 – 2024	481,250	3,957	3,579	262,377
	2022 – 2025	525,000	3,861	2,911	206,506
Rainer Irle	2020 – 2023	315,000	3,853	3,798	290,825
	2021 – 2024	341,250	2,806	2,538	186,061
	2022 – 2025	341,250	2,510	1,892	134,219

### Option to reclaim (clawback/malus)

The Supervisory Board may reduce the amount paid out under the STI and the LTI by up to 100 percent upon termination of the Executive Board member's service contract due to termination by the Company for good cause, in the event of a breach of duty within the meaning of Section 93 of the German Stock Corporation Act (AktG) or a material breach of the Company's Code of Conduct by the Executive Board member during the assessment period – in case of the STI during the relevant one-year assessment period or, in case of the LTI during the relevant four year assessment period in each case. The reduction of the amount paid out is at the dutiful discretion of the Supervisory Board.

In the financial year 2022, the Supervisory Board did not make use of the option to reduce variable compensation.

### Share ownership commitment

In addition to the LTI as a share-based performance share plan with a four-year performance period, the share ownership commitment for the Executive Board is another key component

of the compensation system. The members of the Executive Board are obliged to acquire shares amounting to 50 percent of a basic annual salary (gross amount) and to hold these shares for the duration of their appointment to the Executive Board. New members to the Executive Board have a period of 3 years to fulfill the share ownership commitment. The value of the shares at the time of acquisition is decisive. The current members of the Executive Board, Dr. von Plotho and Mr. Irle, fulfil this share retention obligation by means of the shares held by them at the time of the conclusion of their service contract in March 2020, based on the value of the shares at the time of the first creation of a share retention obligation on September 14, 2017. In addition to the LTI, the share retention obligation provides an additional incentive for the long-term development of the enterprise value beyond the respective four-year performance period.

### Loans and advances

No loans or advances are granted to members of the Executive Board.

## Commitments in connection with the termination of the activity as members of the Executive Board

In the event of premature termination of the service agreement, any payments to be agreed, including fringe benefits, may not exceed the value of two years' compensation and may not exceed the value of the compensation for the remaining term of the service agreement within the meaning of recommendation G.13 of the German Corporate Governance Code (GCGC) (severance payment cap). In the event of premature termination by the Company for good cause, severance pay is excluded.

The members of the Executive Board are each subject to a post-contractual non-competition obligation for a period of twelve months after termination of their service contracts. During this period, they are entitled to a waiting allowance amounting to 100 percent of the last annual basic salary received. Any benefits paid under the Company pension scheme and any income earned from activities not covered by the waiting period obligation are offset against the waiting period compensation if this additional income exceeds the total annual compensation (the amount paid out is decisive) of the last full year of service as a member of the Executive Board. If the Company pays a compensation for waiting periods, the severance payment will be credited against the compensation for waiting periods.

If the service relationship ends for any other reason than as a result of termination by the Company for good cause, the entitlement to the STI and the LTI remains subject to the general contractual provisions on settlement and payment.

## Compensation granted and owed in 2022

The following table shows the compensation granted and owed individually to members of the Executive Board in accordance with Section 162 (1) sentence 2 no. 1 of the German Stock Corporation (AktG). According to the pronouncements of the IDW, it is permissible and appropriate for the disclosure pursuant to Section 162 (1) sentence 2 of the German Stock Corporation (AktG) to disclose the compensation components in the fiscal year in which the activity on which the compensation is based (one or more years) was fully performed, even if the actual payment or inflow does not occur until after the end of the fiscal year. Accordingly, the table contains all amounts that were earned in the reporting period ("vesting principle"). Accordingly, the variable compensation to be reported for the fiscal year includes, in addition to the fixed compensation components paid out in the fiscal year (basic salary and fringe benefits), the variable compensation STI earned for the fiscal year 2022 and the LTI tranche 2022 – 2025. However, in accordance with IDW pronouncements, the addition to provisions for the pension obligation is not recognized as compensation granted and owed but is recognized separately as pension expense in section 'company pension scheme'.

Current Executive Board Members	Fixed Components			Variable Components			Total Compensation	Fixed	Variable
	Fixed Salary	Fringe Benefits	Total	STI 2022	LTI 2022 – 2025	Total			
	in EUR	in EUR	in EUR	in EUR	in EUR	in EUR	in EUR	in %	in %
Dr. Christoph von Plotho, CEO	600,000	31,165	<b>631,165</b>	532,500	206,506	<b>739,006</b>	<b>1,370,171</b>	46	54
Rainer Irle, CFO	390,000	31,511	<b>421,511</b>	346,125	134,219	<b>480,344</b>	<b>901,855</b>	47	53

No compensation within the meaning of Section 162 (1) sentence 1 of the German Stock Corporation (AktG) was granted or owed to former members of the Executive Board in the fiscal year 2022. In accordance with Section 162 (5) of the German Stock Corporation (AktG), personal details are not disclosed for former mem-

bers of the Executive Board who left the Executive Board before December 31, 2012. A total of EUR 292,309 in benefits (pensions/retirement pay) which exclusively contains fixed components was paid to former members of the Executive Board who left before this date or their surviving dependents in the fiscal year 2022.

## Compensation of Supervisory Board members

The compensation of the members of the Supervisory Board of Siltronic AG is governed by the Articles of Association of Siltronic AG.

The Articles of Association provide for a fixed annual compensation of EUR 30,000 for the members of the Supervisory Board.

Due to the additional expense associated with exercising certain functions, the compensation for the Chairman of the Supervisory Board is multiplied by a factor of 3. The factor 2 applies to his Deputy and the chairperson of a committee and the compensation of members of committees is multiplied by a factor of 1.5. However, membership of the Conciliation Committee, which is required to be established by law, is not taken into account, i.e. membership of this committee does not lead to an increase in annual compensation. In addition, twin and multiple functions are not taken into account, so that the Chairman and Deputy Chairman do not receive any other factors for functions in committees and committee functions are only taken into account once for the members of the Supervisory Board.

When joining or leaving the Supervisory Board or a committee during the current year, the principle of pro rata temporis compensation of Supervisory Board members applies.

The members of the Supervisory Board also receive an attendance fee of EUR 2,500 per meeting for each physical meeting of the

full Supervisory Board and its committees in which they participate in person, up to a maximum of EUR 2,500 per calendar day. Members attending physical meetings by telephone, video conference, or voting in writing, will not receive a meeting attendance fee. For meetings held in the form of a telephone or video conference, participating members receive a reduced attendance fee of EUR 1,250.

The Company will also reimburse the members of the Supervisory Board for their necessary expenses upon proof of such expenses.

The Company provides Supervisory Board members with adequate insurance cover. In particular, the Company takes out a D&O insurance policy without deductible for the benefit of Supervisory Board members.

No advances or loans were granted to members of the Supervisory Board during the reporting year.

Pursuant to section 113 (3) of the German Stock Corporation Act (AktG), the Annual General Meeting must pass a resolution on the compensation of the members of the Supervisory Board at least every four years. The compensation system outlined above was approved by resolution of the Annual General Meeting on June 26, 2020 with a majority of 99.91 percent of the votes.

The presentation of Supervisory Board compensation also follows the vesting principle.

### Supervisory Board compensation in the fiscal year 2022

Supervisory Board member	Attendance fee 2022 in EUR	variable in %	Annual remuneration for 2022 in EUR <sup>3)</sup>	fixed in %	Total remuneration in EUR
Mandy Breyer <sup>2)</sup>	7,500	20	30,000	80	37,500
Prof. Dr. Gabi Dreo	12,500	29	30,000	71	42,500
Klaus-Peter Estermaier <sup>1)</sup>	12,500	29	30,000	71	42,500
Sieglinde Feist	12,500	29	30,000	71	42,500
Dr. Hermann Gerlinger	15,000	20	60,000	80	75,000
Michael Hankel	15,000	25	45,000	75	60,000
Markus Hautmann <sup>2)</sup>	12,500	29	30,000	71	42,500
Johann Hautz <sup>2)</sup>	25,000	29	60,000	71	85,000
Bernd Jonas	20,000	25	60,000	75	80,000
Dr. Tobias Ohler	25,000	22	90,000	78	115,000
Lina Ohlmann <sup>2)</sup>	12,500	29	30,000	71	42,500
Volker Stapfer <sup>2)</sup>	12,500	29	30,000	71	42,500

<sup>1)</sup> For the representative of the executive employees on the Supervisory Board, the regulations of the Verband angestellter Akademiker und leitender Angestellter der chemischen Industrie e. V. apply. (VAA).

<sup>2)</sup> These employee representatives on the Supervisory Board as well as the trade union representatives on the Supervisory Board have declared that their compensation will be paid to the Hans Böckler Foundation in accordance with the guidelines of the German Trade Union Federation.

<sup>3)</sup> Taking into account the applicable factors for specific functions.

## Multi-year overview

### Comparative presentation of compensation and earnings development

Pursuant to Section 162 (1) sentence 2 no. 2 of the German Stock Corporation Act (AktG), the following comparative presentation shows the annual change in the compensation granted and owed to current and former members of the Company's executive bodies, the Company's earnings performance and the average compensation of employees on a full-time equivalent basis. It is based on the average wages and salaries of Siltronic AG employees in Germany who were in active employment during the fiscal year (including persons in the active phase of partial retirement) and takes into account all collectively agreed and non-tariff salary levels up to senior management level. Employees who left the

Company during the fiscal year were included on a pro rata basis. In addition to fixed elements (salary, collectively agreed and job-related bonuses, top-up amounts for partial retirement, overtime and standby allowances), the compensation includes fringe benefits (company car allowance and other non-cash benefits) and variable components (bonuses, profit-sharing schemes, special payments, one-time payments, annual payments, inventor's bonus, paid leave, etc.) to improve comparability with the compensation of the Executive Board. The accrual value was used for variable compensation that relates to the compensation year but is not paid out until after the end of the fiscal year. Temporary employees are not included in the population, as they are not employed by Siltronic AG under labor law. Persons who work for us during their training or studies (e.g. interns, doctoral students, trainees, working students, diploma students, etc.) are also excluded accordingly.

## Earnings performance

EUR million	2018	2019	Change in %	2020	Change in %	2021	Change in %	2022	Change in %
Revenue	1,456.7	1,270.4	-13	1,207.0	-5	1,405.4	16	1,805.3	28
EBITDA	589.3	408.7	-31	332.0	-19	466.4	40	671.6	44
Net income pursuant to the German Commercial Code (HGB)	169.5	58.5	-65	75.0	28	96.1	28	94.2	-2

## Average compensation employees

EUR									
Employees in Germany	n.a.	n.a.	n.a.	75,575	n.a.	78,133	3	82,063	5

## Compensation Executive Board

EUR									
Dr. Christoph von Plotho	1,653,206	1,333,241	-19	1,679,382	26	1,710,372	2	1,370,171	-20
Rainer Irle	1,071,786	881,654	-18	1,108,536	26	1,218,085	10	901,855	-26

## Compensation Supervisory Board

EUR									
<b>Current Supervisory Board members</b>									
Mandy Breyer <sup>2)</sup> (since 04/2018)	31,123	40,000	n.a.	38,750	29	39,184	1	37,500	-4
Prof. Dr. Gabi Dreo (since 04/2018)	31,123	40,000	n.a.	38,750	29	37,500	-3	42,500	13
Klaus-Peter Estermaier <sup>1)</sup> (since 04/2018)	31,123	40,000	n.a.	41,250	29	37,500	-9	42,500	13
Sieglinde Feist (since 12/2014)	42,500	40,000	-6	41,250	-6	37,500	-9	42,500	13
Dr. Hermann Gerlinger (since 03/2011)	62,500	56,250	-10	73,750	-10	68,750	-7	75,000	9
Michael Hankel (since 04/2018)	31,123	37,500	20	60,000	20	53,750	-10	60,000	12
Markus Hautmann (since 01/2021)	n.a.	n.a.	n.a.	n.a.	n.a.	37,500	n.a.	42,500	13
Johann Hautz <sup>2)</sup> (since 04/2003)	71,250	73,500	3	75,000	3	68,750	-8	85,000	24
Bernd Jonas (since 05/2015)	82,500	80,000	-3	78,500	-3	75,000	-4	80,000	7
Dr. Tobias Ohler (since 02/2013)	118,750	112,500	-5	111,250	-5	106,250	-4	115,000	8
Lina Ohlmann <sup>2)</sup> (since 01/2021)	n.a.	n.a.	n.a.	n.a.	n.a.	37,500	n.a.	42,500	13
Volker Stapfer <sup>2)</sup> (since 01/2022)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	42,500	n.a.

## Former Executive Board members

EUR									
Compensation (pension) former board members (term ended before 12/2011)	217,617	221,253	2	262,373	19	287,436	10	292,310	2

In accordance with the transitional rule in Section 26j (2) sentence 2 of the Introductory Act to the Stock Corporation Act (EgAktG), the average compensation of employees cannot be calculated retrospectively for previous years, which is why it is only stated

from 2020. For the fiscal years 2017 – 2019, the granting value pursuant to DRS 17 was used to determine the Executive Board compensation.

## Further Information

On May 5, 2022 the Annual General Meeting approved the compensation report on the compensation granted and owed individually to the members of the Executive Board and Supervisory Board in fiscal year 2021 with a majority of 91.24%. Due to the high level of approval of the compensation system and its application in 2021, no changes to the compensation system were deemed necessary in view of this in 2022. The changes to the compensation system (increase in maximum compensation) were based on the extension of Dr. von Plotho's contract.

## Outlook for the fiscal year 2023

The Supervisory Board of Siltronic AG has appointed Dr. Michael Heckmeier as the future Chairman of the Executive Board. Mr. Heckmeier will take up his duties no later than July 1, 2023. Subject to approval by the Annual General Meeting, the compensation system for future new appointments of Executive Board members shall provide for the possibility that the Supervisory Board may grant benefits on the occasion of the commencement of Executive Board activity, in particular to compensate for the forfeiture of benefits with the previous employer.

Munich, March 7, 2023



Dr. Tobias Ohler  
Chairman of the Supervisory Board of Siltronic AG



Dr. Christoph von Plotho  
CEO



Rainer Irle  
CFO

## Independent Auditor's Report

### To Siltronic AG, Munich,

#### REPORT ON THE AUDIT OF THE REMUNERATION REPORT

We have audited the attached remuneration report of Siltronic AG, Munich, for the financial year from January 1 to December 31, 2022, including the related disclosures, prepared to meet the requirements of Section 162 AktG [Aktiengesetz: German Stock Corporation Act].

#### Responsibilities of Management and the Supervisory Board

The management and the Supervisory Board of Siltronic AG are responsible for the preparation of the remuneration report, including the related disclosures, in accordance with the requirements of Section 162 AktG. The management and the Supervisory Board are also responsible for such internal control as they have determined necessary to enable the preparation of the remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

#### Auditor's responsibilities

Our responsibility is to express an opinion on this remuneration report, including the related disclosures, based on our audit. We conducted our audit in accordance with the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report, including the related disclosures, is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts, including the related disclosures, in the remuneration report. The procedures selected depend on the auditor's professional judgement. This includes an assessment of the risks of material misstatement, whether due to fraud or error, in the remuneration report, including the related disclosures. In assessing these risks, the auditor considers the internal control system relevant for the preparation of the remuneration report, including the related disclosures. The objective is to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the

appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the Supervisory Board, as well as evaluating the overall presentation of the remuneration report, including the related disclosures.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Opinion

In our opinion, on the basis of the knowledge obtained in the audit, the remuneration report for the financial year from January 1 to December 31, 2022, including the related disclosures, complies in all material respects with the financial reporting requirements of Section 162 AktG.

#### Other matter – formal examination of the remuneration report

The substantive audit of the compensation report described in this audit opinion comprises the formal audit of the compensation report required by Section 162 (3) of the German Stock Corporation Act (AktG), including the issuance of an opinion on this audit. As we express an unqualified opinion on the content of the compensation report, this opinion includes the conclusion that the disclosures pursuant to Section 162 (1) and (2) of the German Stock Corporation Act (AktG) have been made in all material respects in the compensation report.

#### Limitation of liability

The terms governing this engagement, which we fulfilled by rendering the aforesaid services to Siltronic AG, are set out in the General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms] as amended on January 1, 2017. By taking note of and using the information as contained in this auditor's report, each recipient confirms to have taken note of the terms and conditions laid down therein (including the limitation of liability of EUR 4 million for negligence under Clause 9 of the General Engagement Terms) and acknowledges their validity in relation to us.

Munich, March 7, 2023

KPMG AG  
Wirtschaftsprüfungsgesellschaft

[signature] Koeplin  
Wirtschaftsprüfer  
German Public Auditor]

[signature] Schäfer  
Wirtschaftsprüferin[  
[German Public Auditor]

# Additional information

## Quarterly overview

		Q4 2022 <sup>1</sup>	Q3 2022 <sup>1</sup>	Q2 2022 <sup>1</sup>	Q1 2022 <sup>1</sup>
<b>Statement of profit or loss</b>					
Sales	In EUR million	472.1	474.0	442.2	417.0
EBITDA	In EUR million	168.1	170.5	147.0	185.9
EBITDA margin	In %	35.6	36.0	33.2	44.6
EBIT	In EUR million	124.8	124.3	102.8	143.7
EBIT margin	In %	26.4	26.2	23.2	34.5
Net profit	In EUR million	118.6	109.9	91.1	114.7
Earnings per share	In EUR	3.56	3.32	2.66	3.47
<b>Capital expenditure and net cash flow</b>					
Capital expenditure on property, plant and equipment, and intangible assets	In EUR million	476.9	226.0	165.0	205.7
Net cash flow	In EUR million	-245.4	-63.6	-123.4	37.0
<b>Statement of financial position</b>					
Total assets	In EUR million	4,050.7	3,454.5	3,195.7	2,820.3
Equity	In EUR million	2,067.1	1,962.8	1,811.1	1,575.3
Equity ratio	In %	51.0	56.8	56.7	55.9
Net financial assets	In EUR million	373.6	553.2	597.2	709.1

<sup>1</sup> Quarterly figures are unaudited values

## Glossary

### ASP

Average selling prices

### Capabilities

The capabilities relate to the ability of Siltronic to meet the increasing technological requirements of customers, at consistent quality.

### Cash flow

A financial metric representing the net amount of cash and cash equivalents flowing into and out of a business during a period. Net cash flow is the sum of cash flow from operating activities (excluding the change in advance payments received) and cash flow from current investing activities (excluding securities but including additions from finance leases).

### EBIT

Earnings before interest and taxes. This standardized metric is used by many companies, making it useful for comparing profit.

### EBITDA

Earnings before interest, taxes, depreciation and amortization = EBIT + depreciation and amortization.

### Equity ratio

A company's equity expressed as a percentage of its total assets. This metric provides an indication of a company's economic and financial stability.

### Fab Next

New production facility for 300 mm ingots and wafers at Siltronic site in Singapore.

### HAP

Hazardous air pollutants

### IFRS

International Financial Reporting Standards (until 2001: International Accounting Standards, IAS). These standards are developed and published by the International Accounting Standards Board (IASB), which is based in London, UK. Under the IAS Regulation, adoption of IFRS has been mandatory for listed companies headquartered in the European Union since 2005.

### NM VOC

Non-methane volatile organic compounds

### NO<sub>x</sub>

Nitrogen oxides

### PM

Particulate matter

### Polysilicon

Hyperpure silicon used to manufacture silicon wafers for the electronics and solar industries. Raw silicon is added to liquid trichlorosilane and extensively dis-tilled before being separated again in a hyperpure form at a temperature of 1,000 degrees Celsius.

### POP

Persistent organic pollutant

### ROCE

Return on capital employed. This metric is calculated from a company's profit relative to the amount of capital it has used.

### Semiconductor

A substance whose electrical conductivity is much lower than that of a metal but increases rapidly as the temperature rises. Semiconductors can be changed by deliberately introducing impurities in order to adapt them for a particular purpose.

### Silicon

The second most abundant element on Earth after oxygen. In nature, silicon can only be found in the form of compounds, predominantly silicon dioxide and silicates. Silicon is obtained in an energy-intensive reaction between quartz sand and carbon. It is the most important raw material for the electronics industry.

### Silicon wafer

A round disk with a thickness of approximately 200 to 800 µm. Silicon wafers are used by the semiconductor industry to manufacture semiconductor components, i.e. integrated circuits and individual components (known as discrete components).

### SO<sub>x</sub>

Sulfur oxides

## Financial calendar

May 5, 2023	Annual General Meeting
May 11, 2023	Interim Reporting Q1 2023
July 27, 2023	Interim Report Q2 2023
October 26, 2023	Interim Reporting Q3 2023

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## Imprint

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### **Note on the Annual Report**

This Annual Report is also available in German. If there are differences between the two, the German version takes priority. The Annual Report is available as a pdf document.

### **Note on rounding**

Please note that slight differences may arise as result of the use of rounded amounts and percentages.

### **Disclaimer**

This annual report contains forward-looking statements based on assumptions and estimates made by Siltronic's Executive Board. Although we assume that the expectations in these forward-looking statements are realistic, we cannot guarantee they will prove to be correct. The assumptions may harbor risks and uncertainties that may cause the actual figures to differ considerably from the forward-looking statements. Factors that may cause such discrepancies include, among other things, changes in the economic and business environment, variations in exchange and interest rates, the introduction of competing products, lack of acceptance for new products or services, and changes in corporate strategy. Siltronic does not plan to update the forward-looking statements, nor does it assume the obligation to do so. Due to rounding, it is possible that individual figures in this report and other reports do not exactly add up to the total stated and that percentages shown may not exactly reflect the absolute values to which they refer.

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