Melexis
INNOVATION WITH HEART

Shaping the best imaginable future

Annual Report 2024

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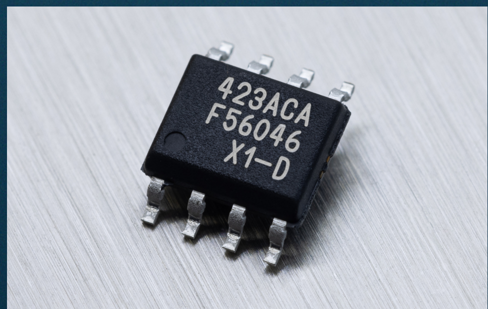


Financial report

Letter to our shareholders

Dear Melexis shareholder,

2024 has been an unusual year for Melexis. I commend the many achievements our team has made, but I want to start by commenting on our primary end market, the automotive industry. Although automotive production and sales remain broadly stable, this industry is undergoing profound changes: new legislation, technology and consumer preferences continue to result in an increasing number of electrified vehicles, with fully electric or hybrid powertrains, and electronic content growth making cars greener, safer and more comfortable. Melexis' global presence and diversified customer base is a real strength in the context of major shifts in automotive manufacturing and supply chain management.

Next to the dynamics in the automotive sector, demand for semiconductors started to exceed supply in 2020, leading to an extended period of chip shortages and triggering investment in additional capacity. We finally exited this period of constrained supply during the first quarter of 2024. As the year progressed it became clear that Melexis and other companies throughout the automotive supply chain needed to adjust to slower growth rates.

Nevertheless, I am convinced that Melexis has a promising future. Since our inception we have built a leading position in sense and drive technologies which is expected to support continued growth in the next decade. To capture these opportunities we translate our deep knowledge of the automotive sector into innovations for our customers, while extending our knowledge into new markets beyond automotive. We made progress with our strategy to become even more relevant in China.

We are pleased to showcase our progress according to the requirements of the Corporate Sustainability Reporting Directive (CSRD) for the first time this year. 2024 was also a year in which we implemented our new organizational structure.

Capturing growth in attractive markets

Notwithstanding the current inventory correction, the automotive sector remains robust with an average of more than 87 million cars produced annually over the past 10 years, and external forecasts indicate a stable level or slight growth in the coming years. Next to the structural increase of demand for electronic content in the automotive sector, we are leveraging existing expertise and gaining new knowledge to launch products for use in robotics, alternative mobility and digital health, which offer strong growth in the mid to long term.

I am proud to share that we had a record number of product launches and a high level of design wins in 2024, which reflect our relentless focus on innovation as the core driver of mid to long-term growth.

The new products in 2024 covered a wide range of automotive and beyond automotive applications. A notable example and industry first included high-precision position sensing in robotic joints, enabling more affordable and efficient robotic systems. Overall, 20% of our product launches were in beyond automotive applications, twice the current proportion of sales and a leading indicator of future revenue. We expect this trend to continue in the coming years based on dedicated research and development to open up and grow in new markets. In automotive applications, we launched our Induxis® switch, again an industry first.

This inductive technology shift enables contactless position sensing, which reduces costs, avoids wear found in traditional mechanical solutions, and enhances reliability and safety. In another industry first, we introduced a miniaturized pressure sensor with Triphibian™ technology to handle the growing complexity of thermal management systems. This advance reduces development time and complexity for our customers, while it also streamlines module design and lower manufacturing costs. Our new products are essential steps to secure future growth.

In terms of design wins, which is turning product launches into customer orders, 2024 was another solid year, notably with an increased proportion achieved in China. I want to highlight our success across all types of powertrain, while design wins were also captured in interior lighting, steering and braking, all areas where Melexis has established leading positions.

We continued implementation of our strategic roadmap in China. Melexis has grown its activities in China for more than 20 years, and in 2024 we concluded an agreement for local semiconductor supply of some of our products which should start to be available in 2026. This should improve lead times which is critical in this fast-growing market, and our customers have given positive feedback on our approach.

Sustainability as the foundation of our success

At Melexis, we see sustainability as good business and integral to our success. By designing products that make our world cleaner, safer and more comfortable, we contribute to improved outcomes and a more sustainable world.

I am appreciative that our sustainability reporting in 2024 is in accordance with the CSRD. This is a major accomplishment, and I want to recognize all the efforts of many colleagues at Melexis to make this happen for the first time.

Melexis' ESG Committee was recently set up to increase support for the Board of Directors. One of the 2024 highlights was to integrate sustainability-related performance metrics into the Executive Management's incentive scheme for the first time. This proposal will be presented at this year's general meeting of shareholders.

One area of focus is our transition plan for climate change. Melexis' core business supports vehicle electrification which helps to lower emissions. In 2024, we decided to set a more ambitious climate target, in which we commit to reduce Scope 1 and 2 GHG emissions per million sold integrated circuits by 55% by 2030 compared with 2024. I encourage you to learn more about this in our Sustainability report.

Turning to people and culture, we implemented a new organizational structure to support more autonomy, faster decision making and an entrepreneurial mindset. Linked to this, many of our team leads completed the first modules of our new leadership training to drive the cultural transformation. We are also maturing in our talent management approach to ensure we have the critical capabilities and skills to support our growth ambitions.

Financial performance

Our 2024 sales were EUR 932.8 million, a decrease of 3% compared to the previous year due to fourth quarter sales which were impacted by the inventory correction at customers. Magnetic position sensors as well as motor drivers outperformed overall sales in 2024. The gross profit margin was 43% and operating margin was 23.6%.

The Board of Directors approved to propose to the annual shareholders' meeting a total dividend of EUR 3.70 gross per share over the result of 2024, stable compared with 2023 and a 7% gross dividend yield based on the share price at the end of 2024.

Looking forward: navigating the short term and preparing the mid to long term

We look to the future with confidence. Melexis has successfully navigated through temporary industry slowdowns before and has driven strong growth in the subsequent years. We are carefully managing our cost base and taking actions to structurally improve our competitiveness, while continuing to fund research and development that will underpin our mid and long term ambitions. Talented teams working in our entrepreneurial culture have always been the key to the achievements of Melexis and this will not change.

I want to thank all of our stakeholders: employees, customers, suppliers, investors and partners, for being part of our success. We look forward to many more years of bringing innovative sense and drive solutions to propel our customers' success.

Yours sincerely,

Marc Biron
On behalf of the entire Melexis team

2 About Melexis

Who we are

Melexis is a limited liability company headquartered in Ieper, Belgium, and incorporated under Belgian law. Melexis designs, develops, and delivers edge sensor and driver solutions with a heart for people and planet.

We sell our products to a worldwide customer base. This introductory chapter provides an organizational profile of Melexis.

Our sites worldwide

United States / San Jose
S&A

United States / Novi
S&A

Belgium / Tessenderlo-Ham
S&A R&D

Belgium / Ieper
S&A M R&D

Germany / Düsseldorf
R&D

Germany / Dresden
S&A R&D

Ukraine / Kyiv
R&D

South Korea / Seoul
S&A

Greater China / Shanghai
S&A

Japan / Yokohama
S&A

France / Corbeil-Essonnes
M

France / Paris
S&A R&D

France / Sophia Antipolis
S&A R&D

Bulgaria / Sofia
M R&D

Germany / Erfurt
S&A M R&D

Switzerland / Bevaix
S&A R&D

Malaysia / Kuching
M R&D

Greater China / Shenzhen
S&A

Greater China / Taipei
S&A

Philippines / Manila
R&D

3 Continents

20 Locations

S&A Sales & Applications
M Manufacturing
R&D Research & Development

Melexis in 2024

Revenue
in 1,000 €
932,808

Gross profit
in 1,000 €
401,351

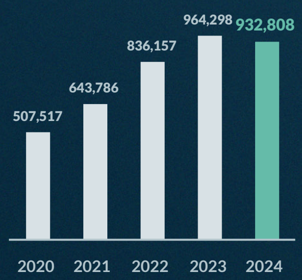
EBITDA
in 1,000 €
267,630

EBIT
in 1,000 €
219,889

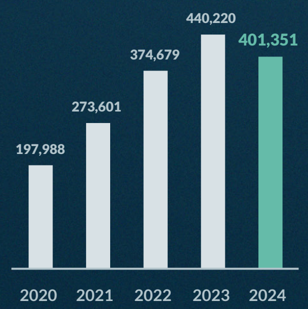
Net income
in 1,000 €
171,446

Dividend
in €
3.70

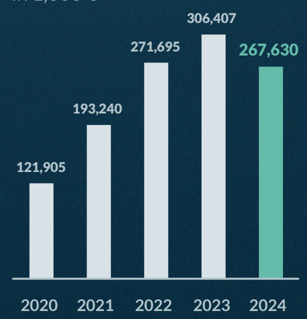
Revenue
in 1,000 €



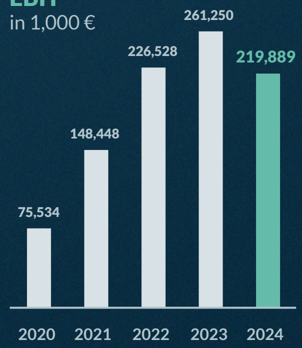
Gross profit
in 1,000 €



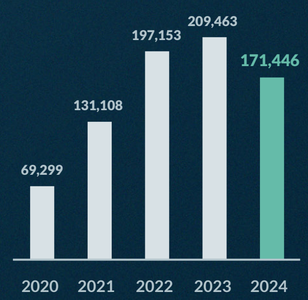
EBITDA
in 1,000 €



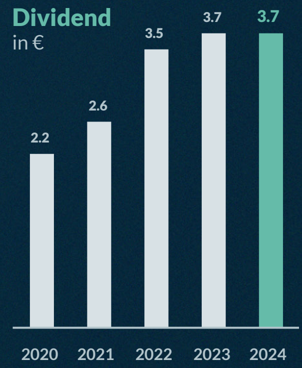
EBIT
in 1,000 €



Net income
in 1,000 €

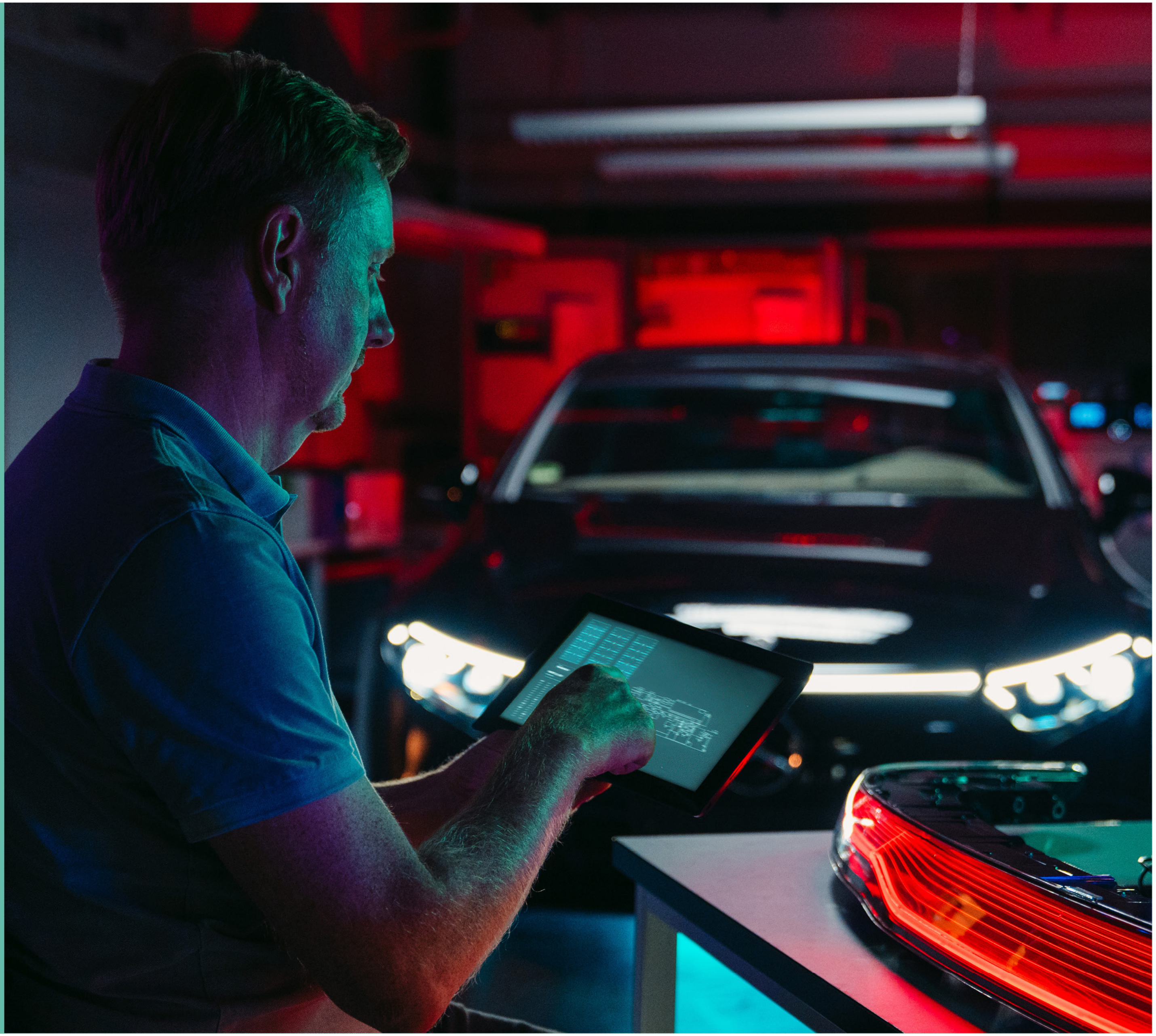


Dividend
in €



We refer to our Glossary for more information on the underlying calculations of these key figures.

3 What we do



What we do

We innovate for our customers

We sense and drive the world around us

As a fabless semiconductor company, we engineer integrated sensor and driver solutions. We specialize in providing cutting-edge technology that enables machines and devices to interact with their environment in a smarter, safer, and more sustainable way.

We cater to diverse markets

While automotive remains our primary market, our commitment to innovation extends to various sectors, including robotics, alternative mobility, industrial automation, home and consumer electronics, smart buildings and digital health. By leveraging our core competencies and expanding our product portfolio, we are well-positioned to capitalize on emerging opportunities in these high-growth markets.

What we do

1 Define

To guarantee that the chip perfectly aligns with our customers' needs, we meticulously clarify every detail regarding its functions and operating parameters.

2 Design

Our system architects craft the plan, block by block, ensuring every aspect is carefully considered. Then our design engineers bring this vision to life by creating a virtual integrated circuit, carefully selecting transistors and all the necessary components.

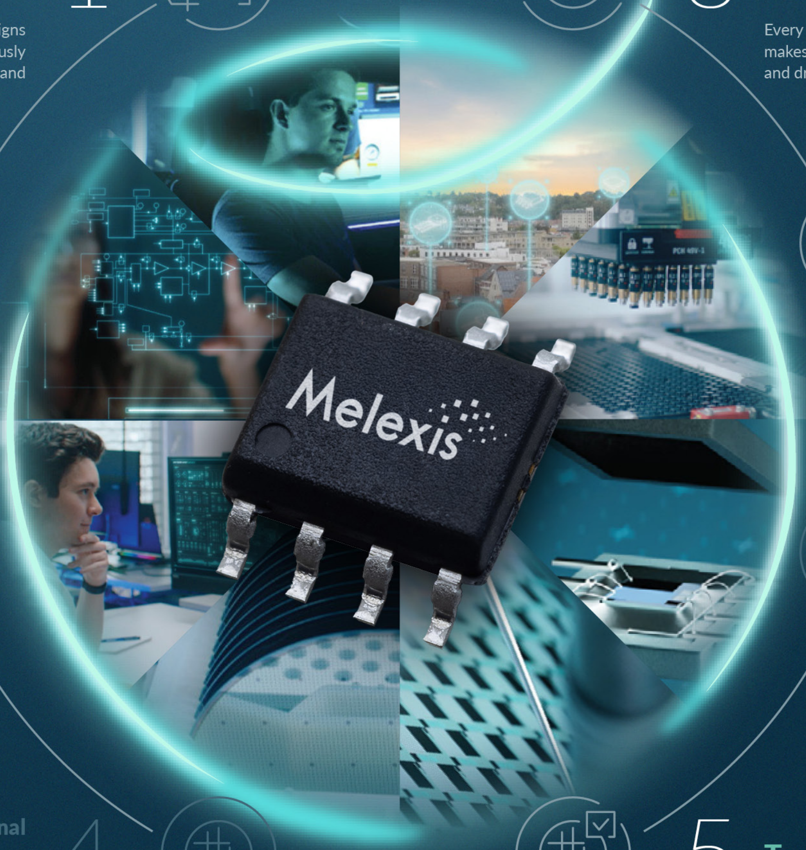
Finally, thorough simulations are conducted to verify that all expected functions perform flawlessly, guaranteeing the integrity of the design.

3 Layout

Our layout engineers arrange the conceptual blocks so the integrated circuit can be physically produced. Like a microscopic Lego construction, each individual block is optimized and combined in order to minimize the total chip area.

4 External Produce: wafers

The completed layout is transferred to a wafer fab facility, where the production of our integrated circuit (IC) begins. Utilizing advanced techniques like photolithography, multiple ICs are formed on the surface of a silicon wafer. It's fascinating to note that these wafers, the foundation of our technology, are derived from pure sand (or silica), highlighting the transformation from humble beginnings to cutting-edge innovation.



5 Test (probing)

Wafer testing, also known as probing, is done to guarantee the proper functionality of every chip we produced. This sophisticated process requires tiny needles that electrically connect each circuit to a tester.

6 External Encapsulate

The produced wafers undergo a precise singulation process to separate them into individual dies, each representing one integrated circuit. These dies are then assembled and bonded into the required package.

Serving as a crucial shield and in some cases adding functionality, the package ensures the silicon die can operate in the real world, while being safeguarded from its surrounding environment, guaranteeing the durability and reliability of our technology.

7 Test (final)

Further testing is conducted to ensure the integrity of the final product. Every chip undergoes rigorous examination again, facing various conditions, including different temperatures, applicative stresses and more.

8 Chips are everywhere

Every chip has its own story to live. Melexis makes unique chips that sense the real world and drive the right e-motions.

Our product launches in 2024

MAGNETIC POSITION SENSOR ICs

Arcminaxis™ encoder for robotic joints

MLX90384

LATCH & SWITCH ICs

3-wire micropower switching for automotive

MLX92235

DYNAMIC RGB-LED APPLICATIONS MADE EASY

Simply calibrate & configure your application without the need for firmware development.

ADK81116

PRESSURE SENSOR ICS

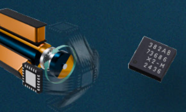
Triphibian™ sensor with LIN output

MLX90833

LIN LOCAL INTERCONNECT NETWORK

MAGNETIC POSITION SENSOR ICs

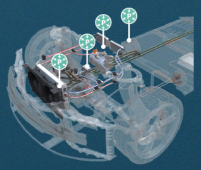
Triaxis® magnetic high-speed encoder



MLX90382

TRIPHIBIAN™ PRESSURE SENSORS

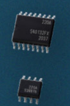
revolutionize EV thermal management



MLX90830

INTEGRATED CURRENT SENSORS

With reinforced isolation

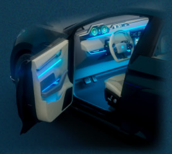


MLX91220 (5V)
MLX91221 (3.3V)

INDUCTIVE SIMULATOR by Melexis

SMART LED DRIVER ICs

For automotive ambient lighting



MLX81124

SMART FAN DRIVER IC

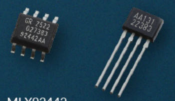
24 V/60 W sensorless single-coil BLDC driver

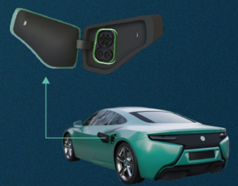
MLX90416

NOHall

INDUXIS® FULLY INTEGRATED SWITCH

Directly detects conductive target





MLX92442

MAGNETIC POSITION SENSOR ICs

Position sensor with low power wake-up function

MLX90424

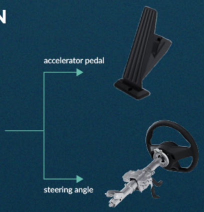
SMART FAN DRIVER IC

Cooling fan for servers

MLX90418

MAGNETIC POSITION SENSOR ICs

Stacked dual-die for functional safety & availability

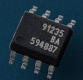


MLX90425/26

ASIL READY BY MELEXIS

CURRENT SENSOR ICs

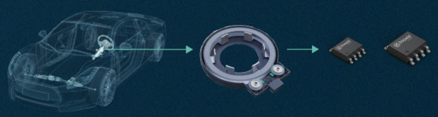
New coreless technology



MLX91235

MAGNETIC POSITION SENSOR IC

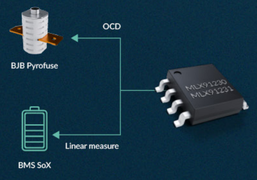
For embedded position sensor applications



MLX90427

CURRENT SENSOR ICs

Smart IVT sensors achieve ASIL C(D)



MLX91230/31

ASIL READY BY MELEXIS

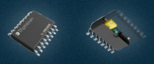
LATCH & SWITCH ICs

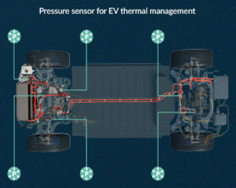
Fast dual latch for DC motors & encoders

MLX92253

PRESSURE SENSOR ICs

Triphibian™ sensor with SENT output

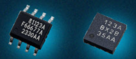




MLX90834

SMART LED DRIVER IC

For automotive ambient lighting



MLX81123

Our solutions

At Melexis, we set ourselves apart by designing integrated solutions that combine sensing, processing, and communication on a single chip. This approach simplifies electronic systems, reduces complexity, and enhances overall performance.

Our mixed-signal expertise is at the heart of our product portfolio. Our advanced integrated circuits (ICs) bridge the gap between the physical and digital worlds, enabling seamless interaction with the environment. From capturing and interpreting analog signals with our smart sensors, to precisely controlling outputs through our drivers: our solutions empower intelligent and responsive systems.

Magnetic position sensor ICs

Our expertise in magnetic sensing, combined with the unique Triaxis® technology, enables us to deliver innovative and customized solutions that meet the demanding requirements of various industries. These sensors are designed to provide accurate and reliable position measurements in diverse applications.

- **Technology**: These sensors utilize the Hall-effect to accurately measure magnetic fields (from a magnet), enabling precise position sensing without physical contact. Our patented Triaxis® technology provides three-axis measurement from a single IC, simplifying design and reducing costs.

- **Key benefits**: High accuracy, contactless operation, compact size, cost-effectiveness, and robustness against mechanical and thermal variations. Additionally, our portfolio is the most complete on the market and includes automotive-grade products with ISO 26262 compliance and superior stray field immunity.

- **Applications**: Automotive (including, but not limited to, pedal position, electric power steering, braking systems, transmission, chassis, powertrain), industrial automation, robotics, gaming and consumer electronics.

Inductive position sensor ICs

Our inductive position sensor ICs offer superior performance in demanding environments. Our expertise in automotive applications and functional safety (ISO 26262 compliance) makes us a trusted partner for high-quality and reliable inductive position sensing solutions. Additionally, we provide comprehensive design support to facilitate seamless integration for our customers.

- **Technology**: Our inductive position sensor ICs utilize contactless and wear-free inductive sensing technology to accurately measure linear and rotary positions. Our innovative digital architecture provides high accuracy, fast response times, and strong immunity to electromagnetic interference.

- **Key benefits**: High accuracy, contactless operation, high-speed measurement, robustness against electromagnetic interference (EMI), and suitability for harsh environments.

- **Applications**: Automotive (electric power steering, electric braking systems, and traction motors for electric vehicles), industrial automation, and robotics, where precise and reliable position sensing is critical.

Latch and switch ICs

Our innovative magnetic and inductive sensing technology, with a focus on application-specific requirements, allows us to deliver latch and switch solutions that are easily integrated, save costs at system level and provide robust performance in diverse environments.

- **Technology**: Our latch and switch ICs utilize Hall-effect technology to detect the presence or position of a magnetic field, enabling reliable and contactless switching functionality. Our lateral sensitive devices offer ease of mechanical assembly and better signal-to-noise ratio, thanks to our IMC technology. We also provide Induxis® which relies on a fully integrated inductive technology.

- **Key benefits**: Contactless operation, high reliability, compact size, cost-effectiveness, customization and stable magnetic characteristics, leading to simplified designs and consistent performance.

- **Applications**: Automotive (such as braking systems, power doors and motors, e-latch, thermal valves, seat belt buckles), power tools, Heating, Ventilation, and Air Conditioning (HVAC), industrial and medical equipment (such as respiratory systems).

Current sensor ICs

Our comprehensive portfolio includes both shunt- and Hall-based current sensing solutions, allowing flexibility and customization for Tier 1 suppliers and OEMs. Our expertise in automotive applications and focus on innovation ensures high-quality and reliable current sensing solutions for the evolving electric vehicle market.

- **Technology**: Our current sensor ICs primarily use Hall-effect technology, including our proprietary IMC-Hall® technology, to accurately and reliably measure electric current. This contactless method ensures isolation and safety while providing precise current measurements. We also offer solutions based on shunt technology for specific applications.

- **Key benefits**: High accuracy, contactless operation (for Hall-effect based), wide measurement range, low power consumption, compact size, and robustness in harsh automotive environments.

- **Applications**: Applications in the automotive industry include a wide range of electric vehicles, including battery monitoring, inverters, on-board chargers (OBCs), DC/DC converters, and battery management systems (BMS). Additional applications include alternative mobility and energy management.

Embedded motor driver ICs

Our expertise in motor control and power electronics, combined with our focus on automotive-grade reliability, enables us to deliver high-quality and efficient motor driver solutions that meet the stringent requirements of the automotive industry.

- **Technology**: Our embedded motor driver ICs utilize advanced semiconductor technology to efficiently control and drive motors used in various automotive applications. These ICs often integrate multiple functions, such as power management, motor control, and communication interfaces, to optimize system cost and size.

- **Key benefits**: High efficiency, compact size, cost-effectiveness, and quiet operation, enabling miniaturized and energy-efficient mechatronic systems.

- **Applications**: Automotive components, including flaps, valves, fans, and pumps, particularly in HVAC systems and thermal management for electric vehicles.

Smart driver ICs

Our patented technology and expertise in motor control enable us to deliver highly integrated, code-free and whisper-quiet solutions with best-in-class quality that meet the strong requirements of automotive, industrial and consumer applications.

- **Technology**: Our smart driver ICs utilize advanced motor control algorithms to efficiently, silently and precisely control the speed of single-phase (one-coil) motors, typically used in fans and pumps.
- **Key benefits**: High efficiency, precise control, compact size and high quality, making them ideal for cost-effective, high reliability applications.
- **Applications**: Fans or pumps in the automotive industry (think cooling of LED headlamps and GPUs, seat fans and other electronic modules), industrial (such as servers, energy storage, charging stations), consumer electronics (including VGA cards, gaming PCs), home appliances and white good applications requiring efficient and silent motor control with cost-effective solutions.

Pressure sensor ICs

Our expertise in pressure sensing technology and commitment to automotive-grade quality ensures high-performance and reliable solutions for demanding applications. Our continuous innovation efforts focus on developing advanced pressure-sensing solutions for future mission critical systems.

- **Technology**: Our pressure sensor ICs utilize advanced microelectromechanical systems (MEMS) and piezoresistive sensing elements, as well as our Triphibian™ technology, to accurately measure pressure changes in various automotive and industrial applications. These sensors offer high sensitivity, linearity, and stability over wide temperature ranges.
- **Key benefits**: High accuracy, reliability, fast response times, and robustness in demanding automotive environments, enabling precise pressure monitoring and control.
- **Applications**: Automotive (such as engine control, transmission, tire pressure monitoring) including electric and hybrid vehicles, industrial automation, and HVAC systems, where reliable pressure measurement is crucial for safety and efficiency.

Tire monitoring sensor ICs

Our highly integrated Tire Pressure Monitoring System (TPMS) solutions simplify design and reduce system complexity. At the same time, our expertise in low-power electronics and automotive-grade reliability ensures optimal performance and longevity in demanding tire environments.

- **Technology**: Our tire monitoring sensor ICs (TPMS, TMS) integrate multiple sensing and communication technologies, including pressure sensors, acceleration sensors, battery voltage and temperature sensors, low-frequency (LF) transceivers, and RF transmitters, along with a low-power microcontroller, into a single compact package.
- **Key benefits**: Ultra-low power consumption, high accuracy, high speed acceleration sensing, and small form factor, enabling efficient and reliable TPMS and Smart Tire systems.
- **Applications**: Tire monitoring systems (TPMS and TMS) for cars, trucks, and other alternative mobility vehicles, providing enhanced safety, fuel efficiency, and tire lifespan.

Embedded lighting ICs

Our expertise in automotive electronics and lighting control, combined with our focus on innovation and functional safety, allows us to deliver advanced and compliant lighting solutions that meet the evolving demands of the automotive industry.

- **Technology**: Our embedded lighting ICs are LIN or MeLiBu® based RGB LED drivers that enable customizable and dynamic ambient lighting solutions for vehicles. These ICs leverage advanced silicon-on-insulator (SOI) technology and system-on-chip (SoC) integration to deliver high performance and electromagnetic compatibility (EMC) robustness.
- **Key benefits**: High EMC robustness, low external component count, cost-effectiveness, and compliance with ISO 26262 functional safety standards, enabling sophisticated and reliable ambient lighting systems.
- **Applications**: Automotive ambient lighting, including interior illumination, dashboard lighting, and exterior lighting elements, enhancing the overall user experience and brand differentiation.

Optical sensor ICs and time-of-flight (ToF)

Our expertise in optical sensing and ToF technology, combined with our automotive-grade quality and focus on innovation, positions us to deliver cutting-edge ToF solutions that enhance safety and user experience in automotive and other emerging applications.

- **Technology**: Our Time-of-Flight (ToF) sensor ICs utilize indirect ToF technology, which measures the time it takes for light to travel to an object and back, to accurately determine distance and 3D information.
- **Key benefits**: Accurate distance measurement, 3D imaging capabilities, fast response times, and robustness to ambient light conditions, enabling reliable and precise object detection and tracking.
- **Applications**: Automotive (in-cabin monitoring, driver and occupant sensing, gesture recognition, exterior short-range sensing), and in industrial and consumer applications requiring accurate 3D vision.

Temperature sensor ICs

Our portfolio of contactless temperature sensor ICs, including single-point thermometers and thermal arrays, caters to diverse applications and industries. Our expertise in thermal management and commitment to innovation enables us to deliver accurate and reliable temperature-sensing solutions for a wide range of customer needs.

- **Technology**: Our temperature sensor ICs utilize infrared (IR) thermopiles technology to accurately measure temperature in various applications. These sensors offer high accuracy, fast response times, and low power consumption. They are also available in a miniature package.
- **Key benefits**: High accuracy, contactless operation, fast response times, low power consumption, and small form factor, enabling efficient and reliable temperature measurement, especially in compact and space-constrained applications.
- **Applications**: Automotive (HVAC systems, powertrain thermal management), smart buildings (occupancy sensing, HVAC control), medical devices (thermometers, diagnostics), consumer electronics (wearables, home appliances), and industrial automation.

4 What we stand for

What we stand for

Our guiding principles

The Melexis Way

The Melexis values support our company's purpose (vision), they shape our culture and they reflect what we value as a company. These values are straightforward: we are on the customer's side, we always have a plan, we care, we understand the value of money and we enjoy the journey towards success. 'The Melexis Way' truly represents the essence of our identity and guides us in everything we do.

We are on the customer's side

We are rooting for our customers' success. We don't stop at engineering innovations for our customers, we feel part of their team and are with them all the way. The time we spend on-site at our customers offers us unbeatable industry insight. Experiencing our customers' challenges and understanding their perspective allows us to peer over the horizon of our industry to build future-proof innovations.

We always have a plan

We became leaders in the industry because we are not daunted by challenges. We love coming up with new ways to create value, whether it is by removing obstacles or by exploring new and exciting opportunities. We are proud to build the future alongside talented colleagues and customers. And even though we work in the most demanding industries and settings, we are low maintenance ourselves: you can count on us to be collaborative, patient and self-driven.

We care

For us, technology is about solving fundamental societal challenges. We think it takes all kinds of people to solve these challenges, so we actively strive to build a diverse team. We take nothing for granted, be it our people, our partners and customers, our planet or our resources. We attract and cultivate talent in an environment that values learning, growth, collaboration and continuous improvement.

We understand the value of money

We take pride in our track record as an industry leader in terms of innovation, operational excellence, growth and results. We remain committed to lean ways of working that have brought us where we are today. This way, we create enduring value for customers, shareholders and other stakeholders. Our close relationship with customers allows us to focus on engineering solutions that offer maximum added value, day after day.

We enjoy the journey towards success

We are privileged to work with people who bring enthusiasm and eagerness to the job, who are always willing to innovate, and who show confidence in their own and their teams' resourcefulness. We celebrate our victories, but we think it is even more important to enjoy the journey itself – we get a real sense of achievement from working towards audacious goals with a team we can rely on.

The Melexis environmental policy and program

At Melexis, environmental stewardship is at the core of our operations and product development. We are committed to minimizing our environmental impact throughout the entire value chain, from responsible sourcing to energy-efficient manufacturing and the development of products that enable a sustainable future. Our dedication to this principle is formalized in our comprehensive Environmental policy, which guides our actions towards a cleaner, more sustainable world.

The Melexis Code of Conduct

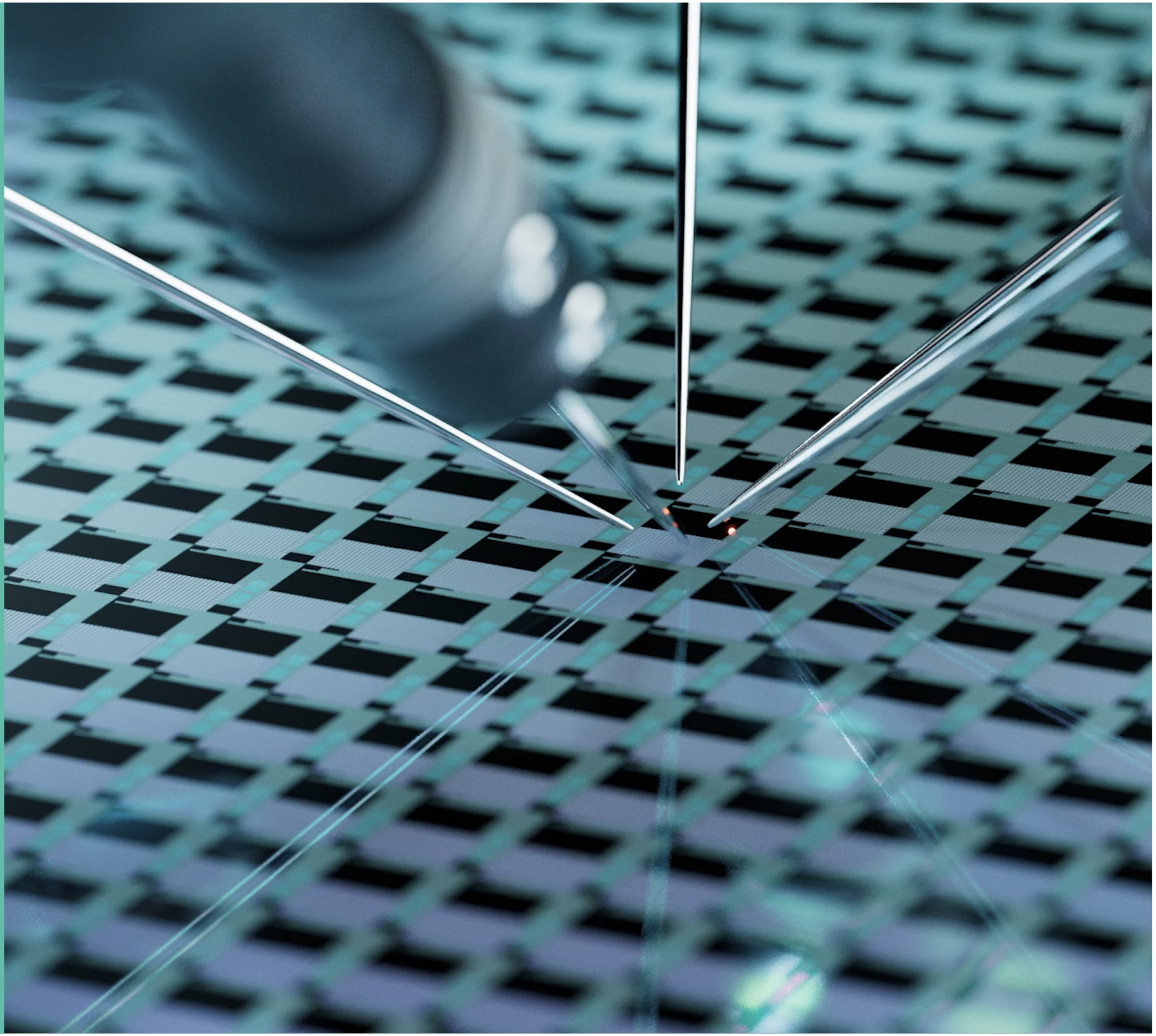
Melexis has outlined an ethical code of conduct to provide a clear and unambiguous reference for expected behavior during business activities. Melexis, our colleagues, the members of our Board and our Executive Management all follow this code of conduct as it sets out the responsibilities Melexis takes on in the workplace and in doing business with its partners. These responsibilities include rules on respect for human rights, anti-corruption and anti-bribery, anti-competitive behavior, health and safety, privacy and on many other crucial topics.

Sustainability at heart

Melexis is dedicated to positively impact and care for our various stakeholders, on an economic, environmental and social level. For more information on our sustainability initiatives, please refer to our Sustainability report.

5

Our strategy



Our strategy

Melexis core is automotive

For years, we have been a driving force in developing and producing high-end, specialized chips for the world's automotive industry. We are committed to our strategy of further strengthening our leadership position through innovation and excellence.

The global automotive industry has been transformed due to electrification. While a car used to be a robust means of transport with a combustion engine; electric vehicles (EVs) are increasingly transforming into mobility solutions where the hardware supports the software, not vice versa. Our cars are becoming smartphones on wheels.

In addition to the electrification trend, there is a wave of vehicle “premiumization” taking place. Here, the electronic features in the high-end segments rapidly cascade down to lower segments, leading to an overall shift up market.

Also, the increase in the level of driving autonomy (advanced driver-assistance systems - ADAS) is boosting the migration towards safer and more reliable e-braking and e-steering systems.

At Melexis we play a prominent role as an innovator in all these fast-moving areas of automotive technology. We therefore expect a Compound Annual Growth Rate (CAGR) in this segment of 10% until 2030.

Beyond automotive

There is more to Melexis than the automotive semiconductor market. We are constantly expanding our scope to include new applications, which we refer to as "Beyond automotive". We expect this part of our business to grow on average by 15% annually until 2030 through new product introductions and greater market penetration. "Beyond automotive" consists of four domains:

- **Sustainable world**. Here we primarily target smart technologies that can make motor applications more energy-efficient in a clean-energy era.
- **Alternative mobility**. We see a lot of opportunities in alternative mobility, such as e-bikes, e-scooters, drones and e-VTOLs (vertical take-off and landing). We approach this market in the broadest sense.
- **Robotics**. Robots have been around for a long time but are becoming increasingly common in industrial applications such as collaborative robots (cobots), service robots, cleaning robots and delivery robots. This market is growing fast, especially due to tighter jobs markets. Humanoid robots are still in their infancy. Our sensors will add incredible value as these markets grow.
- **Digital health**. Healthcare also offers a wide range of opportunities for Melexis as people live longer, the global population grows, and the demand for new, automated solutions increases. We are currently researching the development of sensors that can, among other things, constantly monitor the physical condition of a patient or help make a diagnosis.

This is how we continue to lead

We are a global player and we leverage our technological edge. We graft our technology onto other problems. For example, we apply the existing magnet technology from our sensors into new solutions for robotics. We innovate, while sticking to our core strengths. Rarely do we start from scratch. This is how we maximize our chances of success. Our ambition is to bring disruptive solutions to the market at reasonable prices.

Our collaborations with world-renowned knowledge and research institutions will in future only intensify. Innovation is not without risk, so we need a large ideas pipeline from which successful products can spawn. Together with academic, technology and subject-matter experts, we search for the best solutions to real problems in people's daily lives.

Innovation at Melexis never happens from an ivory tower.
We innovate with an open mindset and a broad view of the world.
We make products that we know our customers need. With this open-innovation mindset, we embrace all future challenges.

Automotive

The automotive industry will remain our core area of expertise for years to come. We currently focus on five specializations, all of which offer Melexis significant market growth potential.

EV powertrain

The shift towards electric vehicles (EVs) relies on a core component: the inverter. This critical unit bridges the gap between the battery's power (DC - direct current) and the electric motor's propulsion (AC - alternate current), directly impacting performance, driving experience and range of EVs.

Seamless operation of these systems hinges on diligent monitoring and precise control, all of which are supported by various Melexis products.

AC phase current monitoring
Ensuring optimal current flow through each phase is crucial for maximizing power delivery and minimizing energy losses. Advanced monitoring systems track phase imbalances and potential over-currents, safeguarding against component damage and ensuring smooth motor operation.

Rotor position sensing
Efficient energy conversion relies on precisely measuring rotor positions. Magnetic or inductive resolvers provide real-time data on rotor movement, enabling the inverter to continuously adjust the provided power in real time through the power module, optimizing efficiency and minimizing torque ripple ensuring a smooth ride.

Power module temperature monitoring
Heat is the enemy of electronics. Proactive monitoring of power module temperatures ensures they operate within safe limits, preventing thermal overload and potential damage. This extends the lifespan of the inverter and contributes to overall system reliability.

Safety cover open/close detection
This may seem a simple task, yet it is a critical safety feature. This sensor detects the open or closed state of the inverter's safety cover, preventing accidental operation and potential hazards. This ensures both personnel and vehicle safety during maintenance or service.

EV battery

The EV revolution depends on another critical part: the high-voltage battery. This component is valuable due to both its high cost and its importance to vehicle operation. It is the powerhouse that stores the electrical energy that propels the vehicle. Optimizing the battery's performance can change the game as this dictates the range and performance of the vehicle.

Unlike a conventional fuel tank, the high-voltage battery requires sophisticated management to ensure its safety, longevity, and optimal power delivery. This is performed by the battery management system (BMS), a complex network of sensors and algorithms working continuously to safeguard this vital component by computing the battery's "state-of-x", of which there are many: state-of-charge, state-of-health, state-of-power, state-of-safety, and more.

Melexis solutions are key to the sensing network of the EV battery ecosystem.

Current monitoring
Precisely measuring current flow ensures efficient energy utilization and prevents over-current situations that could damage the battery, especially during fast charging.

Impedance sensing
Continuously measuring impedance (DC and AC) strongly contributes to the state-of-x algorithm and helps identify potential issues, such as internal cell degradation or aging, before they impact performance or safety.

Temperature monitoring
Maintaining optimal temperature (within a specific range) during driving and charging is crucial for battery health and longevity. The BMS continuously monitors the battery temperature and drives the thermal management system accordingly.

Pressure monitoring
Continuously monitoring internal pressure ensures safe operation and prevents leaks or ruptures that could compromise performance.

Both the temperature and the pressure monitoring are able to detect signs of, and prevent, "thermal runaway". This is an overheating scenario which can potentially cause a spectacular but catastrophic fire of the battery and eventually the vehicle.

EV thermal management

The electrification journey demands innovation well beyond simply replacing the internal combustion engine (ICE) with an electric motor and the fuel tank with a battery.

Unlike their fossil-fuels-powered counterparts, EVs lack the inherent heat generated by the combustion engine.

Achieving an optimal all-electric range (AER), while maintaining driver comfort, presents a unique challenge which hinges on a perfect thermal management system. This system plays a pivotal role in ensuring the ideal battery temperature (driving and charging modes), which lies in the 20°-40°C window, to preserve battery health, ensure peak performance, and extend lifespan. The same system, based on a heat pump, also optimizes energy consumption for cabin heating and cooling. Our Melexis sensors and motor drivers enable the advanced monitoring and control technologies for EV thermal management systems.

Pressure monitoring
Precisely tracking refrigerant pressure across the vehicle system ensures optimal efficiency and prevents potential leaks. Utilizing our patented technology Triphibian™ pressure sensors enables highly accurate and reliable refrigerant pressure measurements, crucial for efficient EV system operation.

Temperature monitoring
Real-time temperature monitoring of both the battery (driving and charging modes) and the cabin allows for targeted adjustments to maximize comfort while minimizing energy burn.

Current consumption monitoring
Continuously monitoring the current draw of the E-compressor enables fine-tuning of the system heat-pump operation which reduces its energy consumption.

Fast charge current monitoring
Accurately measuring current during fast DC charging is crucial to ensure safe and efficient battery charging, during which the thermal management system plays an important role.

Valve and pump positioning and controlling
Dynamically adjusting the position and operation of valves and pumps allows for the precise control of refrigerant flow, optimizing system performance. The Melexis motor drivers product family contributes to the success of these smart mechatronics EV components.

E-steering and e-braking

The path towards vehicles with higher levels of autonomy (such as level L2+ and beyond for ADAS) is paved with countless applications for advanced sensors.

Thanks to high-end sensors, vehicle braking technology is progressing from traditional hydraulic and electro-hydraulic systems to revolutionary full-electric "brake-by-wire" architecture. These systems require the highest levels of sensor integrity for operational availability and functional safety. The same criteria also apply for the electric steering systems of the future which will ultimately run without a mechanical steering column and are known as "steer-by-wire".

Melexis sensor ICs are supporting this acceleration in innovation and are already integrated into some of the most advanced e-steering and e-braking systems.

Steering wheel position and torque sensing
These sensors translate the driver's intent into precise steering commands, ensuring smooth and responsive vehicle control when the driver is expected to be in charge of the vehicle.

Brake pedal position sensing
Although this pedal is less used on EVs due to regenerative braking slowing the vehicle down while recharging the battery, precise pedal position detection remains critical to report the driver's command and to engage the braking system, guaranteeing passenger safety and comfort.

Steering rack position sensing
Real-time feedback on the steering rack's position allows for accurate trajectory control, a crucial element for safe and stable autonomous driving (L2+ and beyond).

Braking caliper position and force sensing
Monitoring caliper position and applied force ensures controlled and efficient e-braking.

Rotor positioning for electric motors
The electric actuation for e-steering and e-braking relies on electric motors. Accurate rotor position sensing allows for optimal motor control, plus safe and efficient steering and braking systems.

Park lock motor positioning and controlling
Precise park lock motor control ensures secure parking engagement and prevents accidental rolling, a vital safety feature for EVs.

Lighting

The pursuit of premium experiences in automobiles extends far beyond horsepower, comfort features and materials. In recent years, lighting has emerged as a powerful tool for differentiation, elevating the driving experience and shaping brand identity like never before.

From the inside out, light is transforming the way occupants perceive and interact with the vehicle; and Melexis keeps leading the interior lighting segment with existing LED (light-emitting diode) drivers and innovation initiatives. We target exterior light applications too, especially when aesthetics are the main driver.

Interior ambient lighting
Ambient lighting creates a mood, enhances comfort, and influences driver focus.

Animated lighting
Animated ambient lighting sequences add a touch of personality and dynamism, making the driving experience even more interactive and engaging, setting premium EVs apart from the ordinary.

Daytime running light (DRL)
More than just safety features, DRLs have become design statements. Unique DRL signatures not only enhance visibility but also become instantly recognizable brand markers at the very first glance.

Rear lighting
In addition to the mandatory lighting equipment (tail lights, brake lights, turn signals) at the back of a vehicle to ensure good visibility and safety on the road; rear lighting is transforming into a communication tool. Not only does it improve safety, but it also

adds a touch of flair and personality to the vehicle's rear profile, contributing to a distinctive appearance.

Logo and grille illumination

The same applies to the iconic logo and grille, which are no longer just identifying markers; they are real differentiators when lit. They illuminate with signature colors and patterns, reinforcing brand identity and creating a sense of exclusivity, premium and sparking instant recognition.

Beyond automotive

Expanding beyond automotive is a core strategic focus which will drive our future growth. By leveraging today's Melexis technologies and fostering innovation we are well-positioned for tomorrow's success.

Sustainable world

We launch innovative initiatives which address the urgent need for sensing and driving solutions that facilitate energy-efficiency as we transition to a more electrified world. Energy efficiency is not just a technological challenge; it is a societal imperative.

In today's Melexis product portfolio it is our current and position sensors and motor drivers which already contribute to making systems as energy-efficient as possible.

We are also exploring new sensing and driving solutions leading to higher energy efficiency for major electrical systems such as industrial motors, heat pumps, inverters for renewable energy production, and more.

Alternative mobility

The transportation landscape is undergoing a paradigm shift, driven by the urgent need for more sustainable solutions. In this new era, in addition to automotive electrification, alternative mobility takes center stage, offering a diverse range of options that redefine how we move from A to B.

Melexis wants to convert those options into opportunities targeting electric bicycles (e-bikes, pedelecs), electric motorcycles (e-scooters, 2-/3-wheelers), drones, and eVTOLs.

We are already involved in alternative mobility through the application of our position, speed and current sensors.

Robotics

Our world faces two converging challenges: an aging population with increasing demand for support, and a scarcity of labor across various industries. These issues call for innovative solutions, and robotics is emerging as a powerful force poised to address these challenges.

Robots are increasingly playing a vital role in assisting the elderly and those with disabilities. From rehabilitation robots (exoskeletons) that aid in physical therapy, to service robots that help with daily tasks. These robotic companions offer much-needed support, promoting independence and improving quality of life.

Across a wide range of industries, from manufacturing to healthcare, labor shortages are creating bottlenecks hindering productivity and growth. Collaborative robots (cobots) are bridging this gap, working safely alongside humans to automate repetitive tasks, improve efficiency, and free up human workers for higher-level activities.

By addressing the challenges of aging populations and labor shortages, robots, cobots and humanoid robots have the potential to improve quality of life, boost economic growth and shape a sustainable future. By automating tasks and reducing reliance on manual labor, robotics can contribute to a more sustainable and resource-efficient future.

Beyond labor, robots bring a solution to crucial concerns in today's globalized world such as localization and de-risking. Manufacturing robots offer unique advantages in this context. They can operate in hazardous environments or perform tasks with high precision, ensuring safety and product quality. Additionally, their flexibility and adaptability allow for rapid production changes and on-demand manufacturing, fostering competitiveness in a dynamic market.

From our relatively limited footprint today, based on position and current sensors, we have the ambition to grow our robotics portfolio and we are investing in multiple innovative product developments.

Digital health

The healthcare landscape is undergoing a major transformation driven by several key trends: an aging population requiring more care, a scarcity of medical personnel, challenges in accessibility, rising healthcare costs, and an increased awareness of health and well-being.

In this dynamic environment, digital health emerges as a transformative force, offering innovative solutions to address these challenges and improve care for everyone.

As life expectancy increases, the need for remote monitoring and preventative care becomes paramount. Wearable devices with temperature sensing capabilities can empower individuals to track vital signs, detect potential health issues early, and proactively manage their own health. This not only improves individual outcomes but also reduces strain on healthcare systems.

The scarcity of medical personnel is a global concern, particularly in rural areas. Digital health solutions such as telemedicine and AI-powered diagnostics can bridge this gap by connecting patients with healthcare professionals remotely, improving access to care and reducing geographic disparities.

Traditional healthcare models often face accessibility challenges, especially in remote areas. Digital health offers solutions like mobile health applications and point-of-care (PoC) diagnostics that can deliver care closer to patients, regardless of their location. This not only improves accessibility but also reduces travel costs and potentially lowers overall healthcare costs.

The COVID-19 pandemic significantly increased awareness of health and well-being. Individuals are increasingly taking charge of their health, seeking personalized solutions. Digital health empowers individuals with tools for self-monitoring, disease management, and preventative care, promoting a proactive approach to health and well-being.

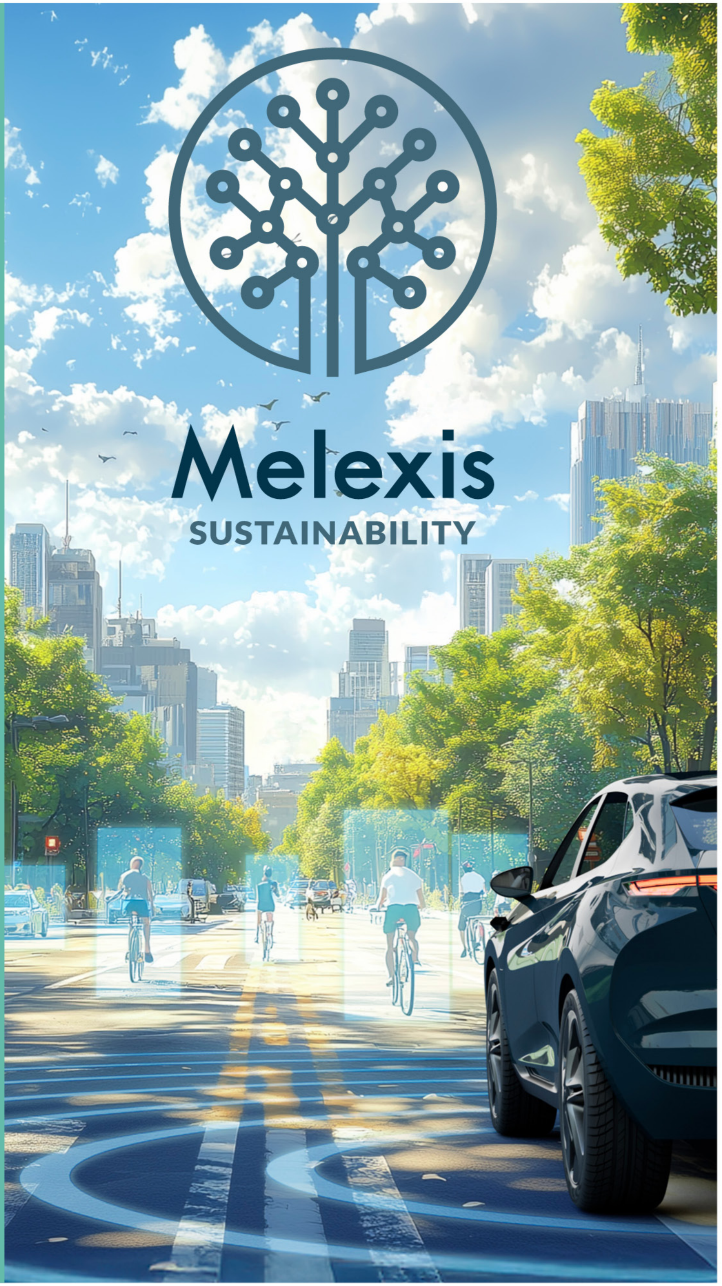
Today, Melexis main contributions to digital health sensing is with far-infrared (FIR) technology for miniaturized contactless temperature sensing in wearables, smartphones and medical diagnostics equipment.

Beyond temperature sensing, we are running open-innovation programs internally and externally with a primary focus on biosensing technologies.

Biosensing solutions integrate into wearables (patches, fitness bands, etc.) and will offer a wider range of health data, enabling personalized insights and interventions. Biosensing solutions in PoC and in-vitro diagnostics (IVD) devices will provide rapid and accurate diagnoses at the point-of-care, further improving accessibility and efficiency.

Digital health has immense potential to transform healthcare delivery, offering solutions for the challenges of today and paving the way for a future where personalized, accessible, and affordable healthcare is a reality for all. As technology continues to evolve, we can expect even more innovative applications of digital health, opening a new era of empowered individuals and proactive healthcare management.

6 Sustainability report



Letter from the ESG Committee

As we navigate an evolving world, Melexis commitment to people and planet remains steadfast. From our inception in 1989, these values are part of our DNA, driving our decisions and shaping our actions. While reporting standards and terminology may evolve, our core principles and our proactive approach have been consistent.

We believe in transparency and accountability. Our approach is science-based and evidence-driven. We leverage independent data sources, such as Our World in Data, to inform our understanding and build our own robust data sets. We are firmly against greenwashing and believe in tangible action and continuous improvement over mere rhetoric.

Our values are not just words; they are the foundation of our operations. The following examples demonstrate our commitment to Environmental, Social, and Governance (ESG). We champion inclusion, promoting equitable treatment and equal opportunity. This commitment is deeply ingrained in our history, exemplified by our 50-50 gender balance in the Board of Directors long before quotas were even considered. We respect the environment, constantly striving to minimize our impact. And we conduct our business ethically, a principle that has guided us since day one.

Our business model itself embodies these values. Our focus on miniaturization and integration enables our customers to create systems with fewer components, less material usage, and a smaller footprint. This translates directly into reduced resource depletion and a more sustainable approach.

Melexis commitment to environmental responsibility extends to our own infrastructure. With each new building, we incorporate lessons learned and strive for greater energy efficiency. Our pioneering heat recovery system in Ieper, implemented 15 years ago, demonstrates our early commitment to sustainability.

We recognize the urgent challenge of climate change. While we are actively working to reduce greenhouse gas emissions, we also focus on climate change adaptation. We believe our products, by making technologies like heat pumps and air conditioning more accessible and efficient, can directly improve people's lives and mitigate the hardships of a changing climate. This has the added benefit of indirectly contributing to GHG emission reduction. We also understand that while CO2 reduction is critical, addressing other emissions is equally important for the health of our planet and its inhabitants. We are committed to a holistic approach to environmental stewardship.

The current EU Taxonomy framework leaves room for interpretation, an issue that has been addressed to the European Commission by semiconductor industry associations. Because of the regulatory complexity, we take a prudent approach by reporting non-alignment for the time being. However, there is no doubt that the semiconductor industry is pivotal in driving the transformation of the automotive sector towards sustainable mobility solutions, encompassing low-carbon emissions, autonomous driving capabilities, and electric vehicle technologies. We are actively contributing to innovative technologies and are committed to further action, details of which will be shared in this Sustainability report. We believe that our technology plays a vital role in enabling a sustainable future, and we are dedicated to being part of the solution.

Melexis ESG Committee

General disclosures ESRS 2

Basis for preparation

BP1

Melexis is dedicated to building a sustainable future. Our 2024 Sustainability report below highlights this commitment and transparently details the principles and methods we used to ensure a comprehensive overview of our sustainability performance. For the reporting year ended 31 December 2024, we report for the first time in accordance with article [3:32/2] of the Companies' and Associations' Code, including compliance with the applicable European Sustainability Reporting Standards (ESRS). This includes:

- compliance of the process carried out to identify that the information reported in the Sustainability report (the "Process") is in accordance with the description set out in note [ESRS 2 IRO-1]
- compliance of the Sustainability report with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation").

The contents of the Sustainability report were subject to a limited assurance report in accordance with ISAE 3000 (Revised). The Independent Auditor 's Report on a Limited Assurance Engagement can be found on page 174.

The consolidated sustainability statements are part of the company's consolidated directors report, which was authorized for issue by the Board of Directors on 31 March 2025.

Based on extensive research, data analysis, and stakeholder engagement, this report showcases our sustainability initiatives and their impact. It reflects our dedication to transparency and accountability throughout our operations and value chain.

No information on intellectual property, knowhow or results of innovation were omitted in the Sustainability report.

Where metrics have been reported previously, comparative information is presented. The comparative information in the sustainability statement and disclosures related thereto are presented on a voluntary basis and have not been subject to reasonable or limited assurance procedures, unless stated otherwise in the relevant sections of the Sustainability report. For newly introduced metrics, the company makes use of the transitional provisions for the first year in accordance with ESRS 1.

As a general note, we are committed to the continuous improvement of all matters addressed in this Sustainability report, a principle that has guided our operations throughout our history.

Basis of sustainability statement

To prepare our sustainability statement for the year 2024, the same Melexis entities were considered as are included in our financial statements under the consolidation scope. The consolidated financial statements present the results of the company and its subsidiaries as if they formed a single entity, and our non-financial reporting takes that same scope.

This approach of using a consolidated basis covering the same areas as our financial reporting gives a clear and consistent picture of our financial and sustainability performances at group level. This increases transparency, and makes it easier to understand our overall impact. It allows us to create a unified strategy that supports our overarching business goals.

Coverage of value chain

For the preparation of our Double Materiality Assessment and potentially related impacts, risks and opportunities, we considered our broader value chain, including suppliers of our suppliers, and different levels of customers. Our indirect suppliers (including Tier-2) were indirectly covered through performing an industry analysis and by consulting materiality support tools.

We work closely with our strategic suppliers to ensure they use sustainable practices for sourcing raw materials and manufacturing. We also encourage sustainable product use and responsible disposal, promoting a circular economy by minimizing waste and maximizing recycling and/or re-use.

This report gives our stakeholders a clear picture of how we approach sustainability reporting. Melexis is dedicated to improving our sustainability practices and reporting transparently as we work towards a successful and sustainable future.

In our Sustainability report, we use the option to omit information required by ESRS 2 SBM-1, ESRS 2 SBM-3, ESRS E1-9, ESRS E5-6, ESRS S1-7, ESRS S1-11, ESRS S1-12, ESRS S1-13, ESRS S1-14, and ESRS S1-15 in accordance with Appendix C of ESRS 1.

Specific circumstances

BP2

In this 2024 Sustainability report, structured in accordance with the European Sustainability Reporting Standards (ESRS) guidelines, Melexis details topic by topic how specific circumstances could have affected our sustainability efforts. By providing this information throughout the document, we offer an insightful picture of our progress and challenges.

As a general rule, all existing policies and targets for each material ESG subtopic are disclosed within the respective topical sections of our Sustainability report.

Time horizons

Melexis aligns its reporting time horizons according to the official ESRS definitions to ensure sustainability strategy balances immediate action with long-term vision. We address sustainability on three horizons:

- **Short-term (<1 year)**: refers to immediate challenges considering the same time horizon as the reporting period in the financial statements (i.e. January 2024 to December 2024).
- **Medium-term (1-5 years)**: focuses on current priorities, responding to market demands and evolving regulations. This ensures we are addressing the most pressing sustainability issues.
- **Long-term (>5 years)**: looks to the future, aligning our sustainability efforts with our broader objectives for environmental and societal impact. This helps us to contribute to a more sustainable world tomorrow.

This approach allows us to be both responsive and proactive in our sustainability journey.

Value chain estimations and metrics

To analyze our environmental impact, Melexis tracks key metrics such as our carbon footprint. We use industry averages and information from our suppliers to measure the impact of our entire value chain (upstream and downstream). Our Scope 3 GHG emissions are assessed and detailed under section E1-6. In 2024, for the second year running, we used the Greenhouse Gas Protocol methodology for our Scope 3 calculation, using a combination of supplier data and spend-based approach.

In future, we plan to continue working with our suppliers to gather more data. This will help us better understand our environmental impact and track our progress toward our sustainability goals.

Sources of estimation, outcome uncertainty and forward-looking information

Our report includes some unavoidable uncertainties, especially concerning future projections, such as production and sales volumes, and associated consumption of utilities and financial results. Another key uncertainty is the impact and change of ESG performance of the value chain outside of our own operations. These are influenced by factors beyond our control, such as economic and geopolitical shifts, new regulations, technological developments and the availability of data that we do not manage or collect ourselves.

Despite these challenges, we always ensure we make reasonable assumptions, such as stable market conditions and consistent consumer demand, along with the best available environmental data. Assumptions, approximations and judgements have been prepared and reviewed among different forums by subject matter experts. When estimations have been used or in case there are outcome uncertainties related to the metrics disclosed in the Sustainability report, this is specified with the respective metrics within each topical chapter. This allows us to present a report that adequately reflects our current performance and future goals.

In reporting forward-looking information in accordance with the ESRS, Melexis management is required to prepare the forward-looking information based on disclosed assumptions about events that may occur in the future and possible future actions by the company. The actual outcome is likely to be different since anticipated events frequently do not occur as expected. Forward-looking information relates to events and actions that have not yet occurred and may never occur.

Melexis is committed to adapting to changes due to evolving market conditions and environmental factors and continuing our progress towards our sustainability goals.

Changes in preparation and material prior period errors

Following the publication of the Corporate Sustainability Reporting Directive (CSRD), Melexis has updated its sustainability reporting and performed a full Double Materiality Assessment (DMA) for the first time. This means the format and structure of this year's report are different and cannot be compared to previous years. Hence reporting on material errors versus past year(s) will start from 2025.

Disclosures stemming from other legislation or reporting standards

When compiling this report, Melexis did not include disclosures from other sustainability reporting standards. As for frameworks, we used the GHG protocol for calculating our Scope 1, 2 and 3. No legislation outside of the EU has been considered. A detailed list of datapoints linked to different EU legislation, as identified in the ESRS disclosures, can be found in IRO-2.

Incorporation by reference

Disclosure Requirement	Section in the Sustainability report	Link to part of report / external document name
ESRS 2-BP-1-5	Basis for preparation	Financial statement
ESRS 2-SBM-1-40	Strategy, business model and value chain	What we do
ESRS 2-SBM-3-48	Material impacts, risks and opportunities and their interaction with strategy and business model	Financial statement
E1-2-24	Our policies related to Climate change	Environmental policy
E1-2-25	Our policies related to Climate change	Supplier Code of Conduct
E1-5-43	Energy consumption and mix	Financial statement
E1-6-53	Gross Scopes 1, 2, 3 and total GHG emissions	Financial statement
E3-2	Water and marine resources topic by our suppliers	Supplier Code of Conduct
E5-1	Policies related to Resource use and circular economy	Environmental policy, Supplier Code of Conduct
E5-2	Resource use and circular economy actions	Environmental policy
E5-3	Targets related to waste management	Environmental policy
S1-1	Policies related to Own workforce	Global Code of Conduct, Speak-up policy
S1-2	Engaging with Own workforce	Global Code of Conduct
S1-5	Workforce targets	Global Code of Conduct
S2-1	Policies to manage material impacts on value chain workers	Supplier Code of Conduct
S2-2	Processes for engaging with value chain workers about impacts	Speak-up policy, Supplier Code of Conduct
S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	Speak-up policy
S2-5	Time-bound and outcome-oriented targets	Supplier Code of Conduct
S4-1	Policies related to consumers and end-users	Global Code of Conduct
G1-1-7	Business conduct policies and Corporate culture	Global Code of Conduct, Speak-up policy
G1-1-9	Actions and resources related to Corporate culture	What we stand for
G1-2	Management of relationships with suppliers	Supplier Code of Conduct

Governance

Role of the Board of Directors and Executive Management

GOV-1

Composition of the Board of Directors and Executive Management

At Melexis, we have structured our Board of Directors and Executive Management to embody a rich diversity and a wealth of experience. The Board of Directors aims to achieve the largest possible diversity and complementarity among its members. This is one of the key policy guidelines the Board takes into account when considering a new director. Our Board of Directors comprises six members of whom three are women and three are men, from diverse industries, nationalities, cultural backgrounds and ages. Our Board of Directors therefore has a gender diversity ratio of 50%.

Currently, five members have a non-executive role, as the Chief Executive Officer is the only member of the Board of Directors with an executive mandate. Furthermore, three of the Board members are independent directors.

The Board of Directors sees to it that the criteria mentioned above are considered when planning and managing succession of the Executive Management.

The membership of the Melexis Executive Management changed in 2024. In its current composition, it consists of a diverse team of three men and one woman, with different professional backgrounds.[1]

The members of the Melexis Board of Directors and Executive Management have a rich background of relevant experience in the semiconductor sector, its products and geographic locations, providing Melexis with the required expertise to navigate the landscape it operates in. Our employees are represented in the Board of Directors by our Chief Executive Officer and the People & Culture Director is invited on a regular basis to the Nomination & Remuneration Committee. Furthermore, interaction with other relevant Directors is guaranteed on a regular basis through meetings with the Executive Management. These sessions ensure that valuable first-hand insights and expertise are exchanged among all levels of our operations.

Roles and responsibilities

Our Board of Directors - including the Audit Committee - and Executive Management ensure effective oversight of sustainability matters. The Board of Directors holds the overarching responsibility for overseeing the impacts, risks, and opportunities associated with our operations. Furthermore, the Board of Directors and Executive Management supervise the setting of targets related to material impacts, risks, and opportunities, monitoring the progress towards these targets on a regular basis, ensuring a systematic and structured approach to achieving our sustainability goals.

In addition to the Audit Committee and Nomination and Remuneration Committee, the ESG Committee supports the Board of Directors. This newly-established Committee, consisting of three Board members, the CFO and the Sustainability Director, gathers a minimum of three times a year. The ESG Committee provides a dedicated forum for discussing Melexis sustainability strategy, related impacts, risks, and opportunities associated with our business operations and target setting and monitoring. In addition, targets are translated into concrete KPIs at Executive Management level. Progress is then followed up on a monthly basis in close collaboration with the Sustainability Director. In the chart below, we have outlined the roles and responsibilities regarding sustainability at Melexis.

[1] The COO role is currently vacant and taken up ad interim by the CEO.

For Melexis, it is of utmost importance that our Board of Directors and Executive Management possess the necessary skills and expertise to oversee sustainability initiatives effectively. Our Board members and Executive Management have direct access to industry experts and peers and follow regular training programs to further develop their skills and sustainability expertise regarding Melexis material impacts, risks and opportunities.

We trust this report provides a clear and comprehensive insight into Melexis commitment to sustainability and responsible governance.

Sustainability matters addressed by the Board of Directors and Executive Management

GOV-2

In 2024, Melexis has continued its journey of embedding sustainability into the core of its business operations. An important aspect of this undertaking has been the flow of information among, and active engagement of, the Board of Directors and Executive Management when addressing sustainability matters. They have ensured sustainability remains a focal point in our business operations by actively participating in discussions and the decision-making processes.

At Melexis, the ESG Team takes the lead in collecting and providing information regarding sustainability matters to both the Board of Directors, via the ESG Committee, and to the Executive Management team. The ESG Committee gathers at least three times a year, but also ensures our Board and Executive Management is kept up to date on relevant sustainability topics through reports or other media.

Many topics are covered during these exchanges of information including, but not limited to, material impacts, risks, opportunities, metrics, actions, the effectiveness of certain policies, and targets. This comprehensive approach ensures that all stakeholders are well informed and actively engaged in Melexis sustainability journey.

Consideration of Impacts, Risks, and Opportunities

The Board of Directors and Executive Management are aware of the relevant impacts, risks, and opportunities. The Executive Management takes these impacts, risks and opportunities into consideration when defining our corporate strategy. Consequently, key elements in the Melexis corporate strategy include a strong emphasis on reducing our carbon footprint, focusing on people and planet in the product strategy, and fostering a responsible, ethical and inclusive leadership.

List of material Impacts, Risks, and Opportunities addressed

During the reporting period various material impacts, risks, and opportunities (IROs) were considered and addressed. In terms of impact, we launched a number of initiatives aimed at (creating awareness regarding) carbon footprint reduction and waste management. In terms of risks, we closely monitored regulatory compliance to ensure that Melexis operates within the stipulated legal frameworks. In terms of opportunities, we can highlight our efforts to support electrification of cars and focus on new markets to foster sustainable growth. A full list of material IROs can be found in the SBM-3 section.

Melexis is committed to nurturing a culture of sustainability and responsible governance. Working in close collaboration, the Board of Directors, the ESG committee and Executive Management will continue to steer Melexis towards a more sustainable future, marked by innovation and responsibility.

Integration of sustainability-related performance in incentive schemes

GOV-3

Melexis has embarked on a journey to introduce sustainability-related performance metrics into the Executive Management's incentive scheme. By introducing sustainability-related performance metrics starting 2025, we demonstrate our ongoing commitment to a greener future by encouraging a proactive contribution towards the realization of our sustainability objectives, and fostering a culture that resonates with responsibility and innovation.

The Board of Directors determines, upon recommendation of the Nomination and Remuneration Committee, the Melexis remuneration policy applicable to the remuneration of the Directors and Executive Management, and submits the policy for approval to the shareholders during the annual shareholders' meeting. Last time this policy was submitted and approved was during the annual shareholders' meeting of 2021. In 2025, an updated policy will be submitted for approval during the annual shareholders' meeting in May 2025.

The Board of Directors determines, upon recommendation by the Nomination and Remuneration Committee, the individual remuneration of the Executive Management in accordance with this remuneration policy. The Nomination and Remuneration Committee evaluates the performance of the CEO and discusses with the CEO the performance of the other members of the Executive Management based on the guidelines of this remuneration policy.

Every year, the Board of Directors, upon the advice of the Nomination and Remuneration Committee, determines the objectives the CEO and other members of the Executive Management must reach in the coming year in view of the performance criteria in this remuneration policy. The Nomination and Remuneration Committee supervises and advises on the development of the remuneration, allocation of variable pay and additional benefits for the Executive Management.

Within the framework of the 2025 remuneration policy, Melexis will consider quantifiable sustainability-related objectives as part of the variable pay for the Executive Management. These sustainability-related objectives will be reviewed, updated and approved annually by the Board of Directors, with support of the ESG Committee. This will ensure alignment with Melexis strategic objectives and our sustainability strategy and will reflect changing priorities and global trends.

Over the reporting year, depending on the role of each Executive Management member, individual objectives were already linked to one or more qualitative sustainability-related objectives, such as leading and/or sponsoring projects on the following topics: CO2 emission reduction, diversity, equity and inclusion, employee engagement and development, and sustainable growth. The proportion of variable remuneration dependent on sustainability-related targets and/or impacts varied by individual, depending on their role, their direct impact on specific ESG topics and the overall composition of their variable remuneration plan. On average, 10% of their individual/team performance measured through achievement of pre-established targets was linked to ESG.

Statement on due diligence

GOV-4

Melexis is committed to sustainable and responsible business practices, supported by a due diligence process that prioritizes ethical behavior and positive environmental and societal impact.

Main aspects and steps of due diligence

Melexis sustainability due diligence process is essential for assessing the material impacts, risks, and opportunities associated with our business operations. It goes beyond our own operations to include our direct suppliers and main customers.

This ongoing process allows us to:

- prioritize actions based on the severity and likelihood of the identified impacts
- adapt to new sustainability challenges and opportunities, influencing our business strategy, operations, and relationships with partners and suppliers

Mapping of information on due diligence process

The core elements of our due diligence process are detailed in the table below. It shows how Melexis applies the core elements of due diligence for people and/or environment in this Sustainability report:

Core elements of due diligence	Paragraphs in the sustainability statement
a) **Embedding due diligence in governance, strategy and business model**	• ESRS 2 GOV-2: Information provided to and sustainability matters addressed by Melexis Board of Directors and Executive Management • ESRS 2 GOV-3: Integration of sustainability-related performance in incentive schemes • ESRS 2 SBM-3: Material impacts, risks, and opportunities and their interaction with strategy and business model
b) **Engaging with affected stakeholders in all key steps of the due diligence**	• ESRS 2 GOV-2: Involvement in governance processes • ESRS 2 SBM-2: Addressing the interests and views of stakeholders • ESRS 2 IRO-1: Specific requirements pertaining to stakeholder engagement • ESRS 2 MDR-P in E1-GOV-3, E1-2, E5-1+2, S1-1+2+4, S2-1+2, S4-1+2+4 and G1-1: Reflecting various stages and purposes of stakeholder engagement throughout the due diligence process
c) **Identifying and assessing adverse impacts**	• ESRS 2 IRO-1: Including application requirements related to specific sustainability matters in the relevant ESRS • ESRS 2 SBM-3: Addressing the identification and assessment of negative impacts
d) **Taking actions to address those adverse impacts**	• E1-1: Description of transition plan and actions • G1-1 and G1-3: Description of actions • ESRS 2 MDR-A in E1-3, S1-3, S2-3 and S4-3: Guidelines on actions to be taken to address negative impacts
e) **Tracking the effectiveness of these efforts and communicating**	• ESRS 2 MDR-M in E1-5, E1-6, S1-6, S1-14, S1-17 and G1-4: Guidelines on monitoring the effectiveness of actions taken • ESRS 2 MDR-T in E1-4, E5-3, S1-5, S2-5, S4-5: Setting and tracking metrics and targets

Risk management and internal controls over sustainability reporting

GOV-5

This section details how Melexis manages risk and internal controls related to sustainability reporting. We are committed to transparency and accountability, and these processes help ensure our reported information is adequate and reliable.

Scope, main features, and components

Our risk management and internal control processes cover all aspects of sustainability reporting, including environmental, social, and governance factors. The main features are risk identification, risk assessment, risk mitigation, and internal controls, which are set up through a collaborative effort involving the ESG Committee, ESG Team and Internal Audit function.

Risk assessment approach

We assess risks using a combination of data analysis, expert input, and stakeholder feedback. This approach gives us a comprehensive understanding of potential risks and their possible impacts. To evaluate each risk, we use both quantitative and qualitative methods to determine how likely it is to occur and how significant the impact would be. This allows us to prioritize risks based on their potential impact and likelihood, using a well-defined risk matrix.

Main risks identified and mitigation strategies

We have identified several key risk categories, including environmental risks such as climate change, social risks encompassing a potentially higher turnover and difficulties to attract talents, and governance risks involving regulatory compliance and data privacy. To address these risks, we have devised a series of mitigation strategies that include carbon footprint reduction, a clear focus on offering attractive and respectful working conditions, and compliance training. These measures are aimed at not only mitigating the identified risks but also fostering a culture of sustainability within our organization.

Integration of findings into internal functions

At Melexis, we are committed to integrate risk assessment findings and internal controls into our internal functions and processes. Among others, this means developing policies that address identified risks, incorporating risk insights into our strategies and plans, or incorporating risk management findings into our strategic discussions. In general, this helps to guide informed decision-making at various organizational levels. Additionally, in our operations, we undertake improvements based on the findings, enhancing efficiency and sustainability across our activities.

Periodic reporting to Board of Directors and Executive Management

To maintain transparency and accountability within our company, we ensure the periodic reporting of our findings to the Board of Directors and Executive Management. This involves regular reports over the year, at least one per quarter, that highlight the progress and effectiveness of our risk management and internal control processes. So far, our internal audit department is aware of our findings via regular interactions with our Sustainability Director, whereas for the future, CSRD reporting will be considered as a separate matter in the internal audit plan.

Strategy

Strategy, business model and value chain

SBM-1

Our 2024 Sustainability report provides a detailed look at how sustainability is integrated into Melexis strategy, business model, and value chain. In this chapter we aim to give our stakeholders a deep understanding of the impacts, risks, and opportunities we face, and where they come from.

Strategy overview

Melexis sustainable product portfolio
Our sustainable product portfolio is committed to maximizing sustainability, starting from the earliest product ideas through to their end-applications; and from the development engineers to the customers and end-users.

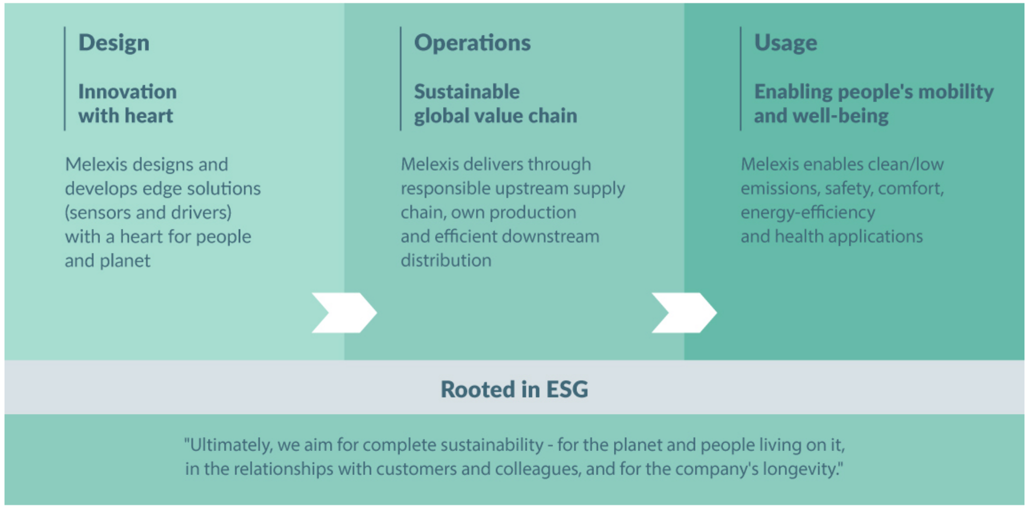
How do we approach this?

- **Design** - By keeping people and planet at the heart of product development, our engineers design and develop edge sensor and driver solutions in different applications. See 'What do we do' for more details on Melexis products portfolio.

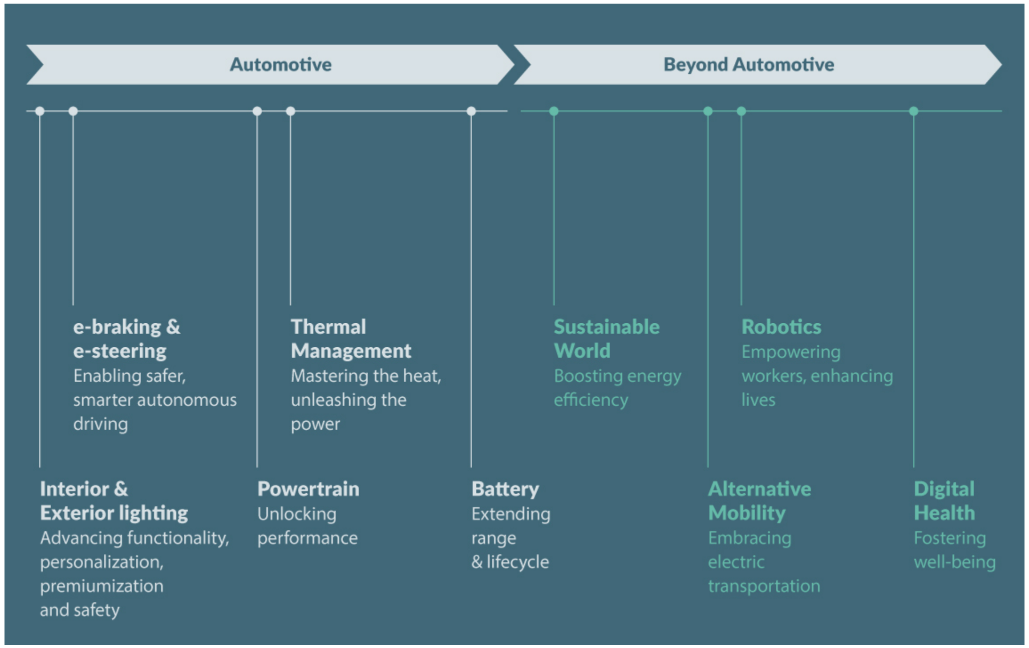
- **Operations** - Melexis strives to reduce the negative impact of activities throughout the value chain. It starts from upstream of the supply chain (see G1-2 for more details about how we manage relationships with our suppliers). By managing our own energy consumption and reducing waste, we continue improving our own manufacturing (testing) and development facilities. We also serve the market by ensuring an efficient and sustainable global distribution.

- **Usage** - Melexis products aim to improve people's mobility and well-being through enabling clean/low emissions, safety, comfort, energy efficiency and health applications. Melexis impacts in various ways both the automotive world (including systems which boost energy efficiency and safety of batteries, powertrains, thermal management, interior & exterior lighting, e-braking and e-steering for example) and markets beyond automotive (for example robotics, alternative mobility, digital health, and more).

Our Sustainable Products



Melexis Applications



Melexis markets and customers

Melexis primarily addresses the automotive industry and contributes to the reduction of the GHG emissions (including CO2) through our part in the electrification of mobility (battery electric vehicles, plug-in hybrid & hybrid vehicles) and the consequent reduction of ICE (internal combustion engine) cars' emissions. It is, however, challenging to quantify our direct contribution to this process.

Melexis also improves comfort and safety while driving.

Beyond the automotive market space, we target specific segments aimed at increasing people's mobility and/or well-being. Our solutions cover robotics, digital health, alternative mobility and the "electrification of everything".

Melexis maintains a global presence with operations for sales and applications, manufacturing, and research and development. We had a total of 2,010 employees worldwide as per December 2024.

We do not produce or sell any products or services that are banned in any markets. This reflects our commitment to following regulations and conducting business ethically.

Sustainability-related goals

Melexis strives to enhance worldwide human mobility and well-being in various settings — at home, at work, while travelling, and within care facilities. Our product innovations ensure a smaller CO2 footprint for the applications we support, and contribute to improved work styles, lifestyles, and overall health. Our process innovations contribute to a reduction of our own CO2 footprint and the enhancement of our employees' quality of life in the workplace and beyond. Our endeavors are enabled through partnerships and fuel profitable business growth for the company.

Assessment of current products and markets

Our product development process includes gates which secure and monitor the adherence of our products with our sustainability goals. In addition, our business development teams continuously scan the target business fields and customers to identify new trends and opportunities in line with our sustainability goals. The sales team embeds the goals in the go-to-market strategy and nurtures the business opportunities accordingly.

Strategy elements relating to sustainability

We execute our sustainable product strategy through targeting decarbonization and electrification, and improving mobility and well-being. Our main sustainability challenges ahead lie on the journey towards achieving our carbon-neutrality target, and realizing our ambition for a skill-based sociocratic organization guided by the principles of diversity, equity and inclusion. The upstream and downstream applicability of these intentions creates additional challenges. We have a dedicated corporate program which addresses these challenges through specific projects.

Business model and value chain description

Business model

Our business model is centered around delivering integrated circuit-based microelectronic solutions that effectively address the "sensor" and "driver" challenges encountered by our customers, with a focus on promoting sustainability and reducing environmental impact. We cater primarily to Original Equipment Manufacturers (OEMs) and Tier 1 suppliers operating within key market segments such as automotive, robotics, healthcare, consumer goods, and industrial sectors. We prioritize customers who share our commitment to sustainable practices.

Our approach emphasizes fostering robust customer relationships through both online and on-site interactions, ensuring seamless communication and collaboration at all levels. We generate revenue primarily through the sales of our innovative, sustainable solutions.

Our key assets encompass a strong company culture, a clearly defined set of values and code of conduct, a talented and dedicated workforce, valuable intellectual property, a reputable brand, and sound financial health. We are committed to sustainable practices by investing in state-of-the-art R&D and testing facilities designed with energy efficiency and resource conservation in mind. Additionally, we recognize the critical importance of responsible energy and water management as vital components of our operations.

Our core activities include a comprehensive exploration of market needs, with a focus on identifying opportunities to create sustainable solutions. We are dedicated to developing cutting-edge, environmentally-responsible IC-based solutions that address these needs. Our commitment to quality and sustainability is evident in our rigorous testing of products manufactured by our partners, ensuring they meet the highest standards of performance. Finally, we employ effective promotion and sales strategies that emphasize the benefits of our solutions, ensuring effective market penetration.

As a fabless semiconductor company, we place a high value on strategic outsourcing partnerships with suppliers who adhere to sustainable and ethical practices. Our upstream partners play a crucial role in supplying wafers and packaged devices manufactured in accordance with our stringent designs and specifications, while minimizing environmental impact. Our downstream partners, including distributors and representatives, are instrumental in expanding our market reach. Moreover, collaborations with equipment manufacturers enable us to maintain efficient in-house testing capabilities.

Our cost structure is predominantly driven by the cost of goods sold (COGS), which encompasses silicon die cost, package cost, test cost, and considerations related to the rate of defective parts. Other significant cost components include employment-related expenses, capital expenditures (CapEx), and operating expenses (OpEx).

Value chain

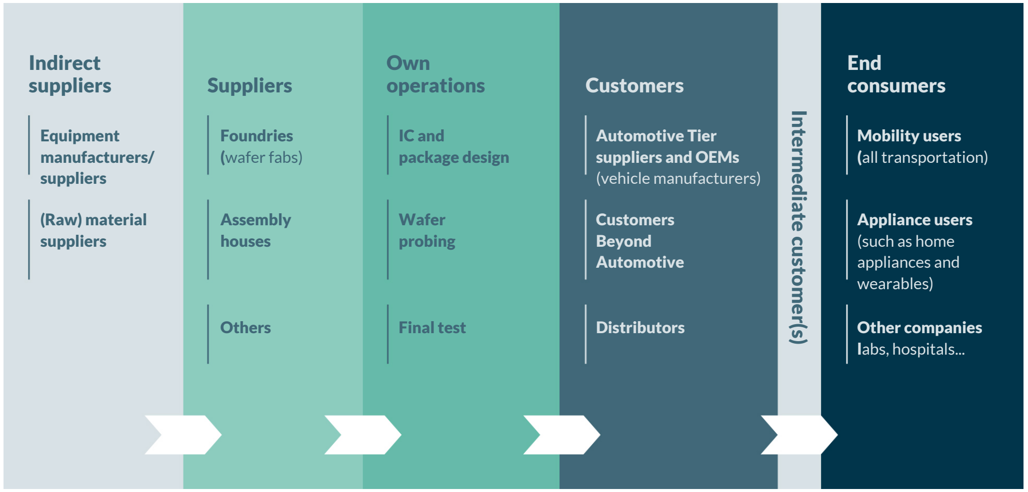
Our value chain centers on primary activities such as market exploration, IC-based solutions development, testing, logistics, marketing, sales, brand building, and communications.

These activities are supported by essential functions such as human resource management, quality assurance, innovation, procurement, legal, intellectual property management, finance, and IT.

Upstream to our position, the main suppliers are the foundries (wafer fabrication) and the assembly houses (die singulation, die bonding, wire-bonding, molding). Some assembly houses also provide test services.

Our customers and channel partners are downstream from our position and, ultimately, our goal is to create value for end-users while minimizing our environmental footprint and contributing to a more sustainable future.

Here is an overview of the Melexis value chain:



The illustration on the next page summarizes our Value Creation Model, including the main inputs and outputs, and their associated benefits for stakeholders and customers:

Business value creation

Inputs

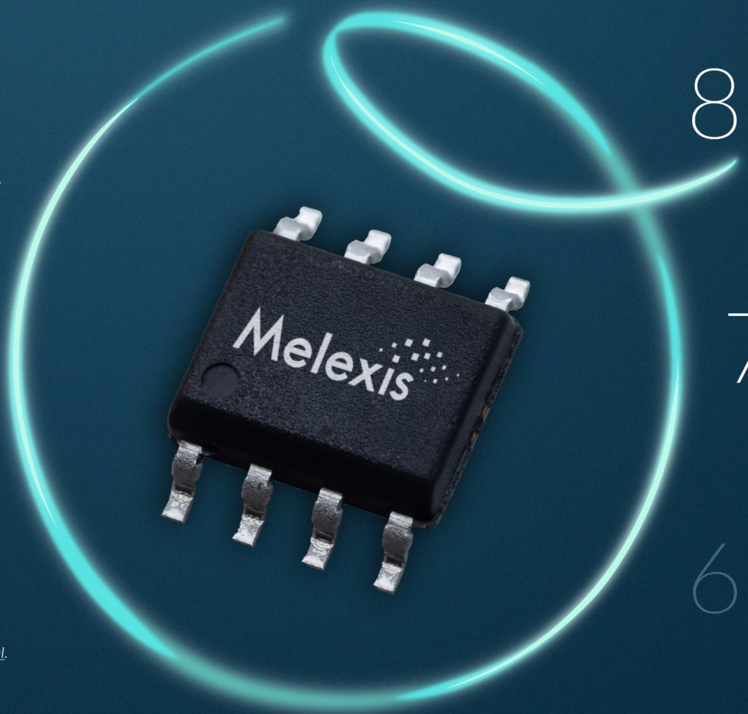
People
2,010 employees
54 different nationalities
33% women, **67%** men

Financial
€894 million in assets
€61 million in capital expenditure

Facilities
14 sales and application sites
5 manufacturing sites
12 research & development sites

Materials / suppliers
Water
Silicon
Copper

Melexis INNOVATION WITH HEART — What we do



1 **Define**
Read more about this in our *What we do visual*.

2 **Design**
Read more about this in our *What we do visual*.

3 **Layout**
Read more about this in our *What we do visual*.

4 Outsourced **Produce: wafers**
Read more about this in our *What we do visual*.

5 **Test the wafers**
Read more about this in our *What we do visual*.

6 Outsourced **Encapsulate**
Read more about this in our *What we do visual*.

7 **Test**
Read more about this in our *What we do visual*.

8 **Chips are everywhere**
Read more about this in our *What we do visual*.

Outputs

Automotive industry
Melexis primarily addresses the automotive industry and contributes to the reduction of GHG emissions and the improvement of comfort and safety.

Powertrain
Unlocking performance

Battery
Extending range & lifecycle

Thermal management
Mastering the heat
Unleashing the power

e-steering and e-braking
Enabling safer, smarter autonomous driving

Interior & exterior lighting
Advancing functionality, personalization, premiumization and safety

Beyond automotive
Beyond the automotive market space, Melexis targets specific segments aiming at increased mobility and/or well-being. Our solutions cover robotics, digital health, alternative mobility and energy-efficient electrification (sustainable world).

Robotics
Empowering workers
Enhancing lives

Digital health
Fostering well-being

Alternative mobility
Embracing electric transportation

Sustainable world
Boosting energy efficiency

Interests and views of stakeholders

SBM-2

Melexis is dedicated to building a sustainable and inclusive business in a rapidly changing world. We believe that listening to our stakeholders is crucial for making the right decisions. This section explains how we involve our stakeholders in shaping our business strategy and operations.

Stakeholder engagement strategy

Melexis takes nothing for granted, be it our people, our partners, our customers, the planet or its resources. An open dialogue with various yet equally important stakeholders is essential in order to continuously improve overall sustainability.

Stakeholder engagement

Melexis stakeholders are all the people who we influence and who influence us. Our key stakeholders, include our customers, suppliers, employees, investors and communities.

The following table lists our stakeholders, their respective concerns and interests, and the different communication channels we use to engage with them. Working closely with our stakeholders is crucial for achieving success and making a positive impact.

Our stakeholders deserve the utmost integrity, honesty and fairness in all their interactions with our company and we ensure we adequately engage their expectations and interests.

By communicating with our stakeholders through a wide range of channels, Melexis works hard to stay in touch. This helps maintain their longstanding trust in our company and ensure our continuous day-to-day operational management. Some concrete examples of Melexis stakeholder interaction: we engage with our stakeholders during regular meetings with customers where they can voice concerns and suggestions (including at CEO level); we have continual dialogues during our on-going collaboration with suppliers; and we liaise with our investors during our Capital Markets Day event.

In addition, our employee engagement is facilitated through feedback platforms and regular town-hall meetings, fostering a culture of open communication and transparency. The information we gain helps us to identify opportunities to improve performance, innovation and the retention of our employees. Everyone’s voice matters and we love to listen.

Key Stakeholders	Engagement and communication channels	Expectations and purpose	Main outcomes
Our colleagues	• Monthly internal company newsletters • Quarterly internal town hall meetings • Business communication tours at all sites • Regular team meetings • Employee listening campaign • Regular leadership communications • People surveys • Global employee performance excellence system • Global intranet • Social media and website • Google Space posts	• Promote a workplace culture that fosters respect for people and planet. • Provide opportunities for employee development and career growth to enhance retention. • Foster a diverse and inclusive workplace, valuing all employees. • Prioritize employee safety, health, and well-being in all aspects of the business. • Encourage employee involvement in STEM and community initiatives.	• Create a workplace where employees feel valued, supported, and motivated. • Improve employee satisfaction and reduce turnover by addressing their needs and concerns. • Build a strong employer brand that attracts and retains top talents.
Our customers	• Annual customer audits and business reviews • Annual strategic technology roadmaps • Regular sales meetings with key customers • 24/7 technical support hotline • Technical interface engineers • Weekly social media posts • Monthly press releases • Monthly events • Brochures and product sheets • Letters, e-mails, phone calls and social media	• Ensure products meet customer expectations for quality, safety, and lifecycle management. • Incorporate customer feedback on sustainability into product development and business practices. • Address customer needs through innovation. • Maintain a responsible supply chain that considers ethical sourcing and avoids conflict minerals. • Uphold strong business ethics and protect customer privacy.	• Deliver high-quality, safe, and sustainable products that meet customer needs. • Develop innovative solutions that align with customer priorities. • Build trust and loyalty by addressing customer concerns about responsible sourcing and ethical practices.
Our suppliers	• Supplier audits and business reviews • Regular supplier meetings • Weekly social media posts • Supplier assessment	• Collaborate with suppliers to ensure product quality, safety, and lifecycle management. • Encourage innovation and protect intellectual property throughout the supply chain. • Promote responsible sourcing and the avoidance of conflict minerals. • Uphold ethical business practices and protect privacy across the supply chain.	• Build a reliable and sustainable supply chain that meets quality and ethical standards. • Foster innovation and collaboration with suppliers to improve products and processes. • Mitigate risks associated with supply chain disruptions and ethical concerns.
Our shareholders/ investors	• Annual shareholders' meetings • Quarterly reports • Annual report • Regular capital markets days • Investor relations press releases • Yearly financial statements • Social media posts	• Ensure profitable growth that delivers sustainable value. • Highlight investments in continuous innovation and the protection of intellectual property. • Assure investors of a responsible supply chain that avoids conflict minerals. • Maintain high standards of business ethics and protect customer privacy. • Demonstrate a clear commitment to sustainable business practices.	• Increase investor confidence in the company's long-term growth prospects. • Attract investors who are aligned with the company's values and sustainability goals. • Secure funding for future innovation and expansion.
Our communities	• Industry associations • Corporate social responsibility activities • Trade fairs • Weekly social media posts • Regular press releases	• Support STEM education initiatives. • Engage in community involvement activities that address local needs. • Prioritize health and safety in company operations and minimize their impact on the community. • Use materials and energy responsibly to protect the local environment.	• Build a positive relationship with the local community and enhance the company's reputation. • Contribute to the economic and social well-being of the community. • Minimize negative impacts of company operations on the local environment and residents.
Authorities, policymakers, and regulators	• Annual report • Industry associations • Regular press releases • Direct dialogue with authorities (e.g. FSMA)	• Demonstrate compliance with relevant laws and regulations. • Contribute to the development of policies that promote industry best practices and sustainability. • Engage in transparent and constructive dialogue on policy issues.	• Maintain a positive and collaborative relationship with the authorities as a stakeholder. • Ensure the company's operations align with public policy objectives. • Contribute to a stable and predictable regulatory environment that supports business growth.

Our environmental stakeholder engagement

Melexis is dedicated to considering the needs and expectations of all parties interested in our overarching environmental strategy and performance. We involve and enter into dialogue with all our stakeholders. These include:

- Our customers: close communication loops with our customers help us identify new development opportunities for environmentally-friendly products. Melexis is accountable for supporting customers and supplying them with products of the highest quality only, in order to meet customer requirements in a manner that is consistent with environmental standards.
- Our colleagues: they are involved in environmental sustainability projects and continuous improvement activities. Their input is taken into account in management reviews as well as continuous improvement plans.
- Our investors: Melexis strives to ensure minimizing risks while maximizing returns to guarantee a good relationship with our investors.
- Our suppliers and subcontractors: they are a crucial element of our environmental program. We require them to act environmentally responsibly and have their own environmental policy, system and continuous improvement planning in place. Melexis requests environmental information records on all materials supplied to us, all within a defined time frame. An ISO 14001 certification is requested in case of supplier selection.
- Society: we recognize that we have a responsibility towards the local communities and surrounding environment where we operate and hence take their needs and requirements into account in terms of strategies and objectives.
- Legal authorities: legal requirements enforced through laws and regulations by the relevant local legal authorities are recorded by each national organization.These are communicated to the relevant local sites on a regular basis by our environmental coordinator. Compliance with local, national and supranational legislation that is relevant for our customers is also taken into account and given as much attention as our customer-specific requests.
- Our management: our management has a clear view on sustainability based on genuine concern for the environment.

We engage with our stakeholders for many reasons:

- To learn from them: we gather valuable insights and feedback.
- To work together: we build strong partnerships and collaborations.
- To improve: we identify areas where we can innovate and do better.

But we do not just listen – we take action. Stakeholder feedback is taken into account and directly influences our business decisions, including:

- how we develop and improve our products and services.
- how we work with communities.
- how we create policies and strategies.

Understanding stakeholder interests and views

During our materiality assessment process, Melexis teams invested time and effort in understanding our key stakeholders' perspectives. We analyzed how their needs and expectations connect with our current and future business strategy and operations. This deep knowledge shapes our sustainability initiatives, ensuring they align with what our stakeholders and society at large expect from us.

Amendments to strategy and/or business model

We regularly integrate the insights gathered from our stakeholders to update our strategy and business model. This includes developing new products based on customer feedback and strengthening supplier sustainability standards.

These steps go beyond simply addressing our stakeholders' needs. We believe they fundamentally strengthen our relationships and build greater trust and collaboration.

Informing the Board of Directors and Executive Management

Melexis has a robust system for keeping our leadership informed about how our actions affect our stakeholders. We regularly share reports and updates with our management and supervisory teams. This helps them make sound decisions and strategies that align with our sustainability goals. In particular, our Board of Directors and Executive Management were fully engaged during our Double Materiality Assessment.

Material impacts, risks and opportunities and their interaction with strategy and business model

SBM-3

Melexis has conducted thorough analysis to identify key impacts, risks and opportunities (IROs). This section explains how these factors connect to our business activities and outlines the strategies we have developed to address them effectively.

Material IROs assessment

We have identified several material impacts which significantly influence Melexis operations. These risks and opportunities are predominantly mid- and long-term and concentrated in our own processes and in joint efforts with our upstream value chain.

Our main IROs are summarized in the table below, which also provides detailed related information on the reasonably expected time horizons, and on Melexis involvement either through our own operations or due to business relationships (upstream and/or downstream). All material risks and opportunities resulting from this assessment are taken into account by Melexis management while reviewing the company's strategy and priorities.

Response and adaptation strategy

After performing the materiality assessment, Melexis compiled a comprehensive list of material impacts, risks, and opportunities that affect the company's business model, value chain, strategy, and decision-making processes.

These insights are integrated into our corporate strategy, as evidenced by our focus on carbon reduction, sustainable product development, and responsible leadership. To address environmental impact, we initiated programs to reduce carbon footprint and improve waste management. To manage regulatory risks, we maintained strict compliance with relevant laws and regulations. To capitalize on emerging opportunities, we continued to invest in electrification technologies and explored new market segments to drive sustainable growth.

Material impacts analysis

Identified material impacts can affect people and/or the environment.

Melexis direct impact on the environment coming from our own operations is quite limited and the largest proportion of our emissions relates to Scope 3. Melexis has a role to play in the monitoring of aspects related to suppliers selection and purchasing and also in developing more processes and products that can contribute to ours and others's reduced carbon footprint.

As for impacts related to people, our Double Materiality Assessment shows that, for Melexis, one of our most important material influences is upon our own workforce. In order to be an attractive employer, we embrace the equal treatment of all employees, relying on a strong corporate culture and on sustainable business conduct.

These impacts are intricately connected to our business strategy and model, which are aligned to resonate with sustainability goals, environmental and societal standards.

Financial effects and strategy

We refer to the financial disclosures in E1-3 for the financial impact of CapEx and OpEx related costs linked to sustainable technologies.

The Melexis financial landscape is characterized by both risks and opportunities. Fluctuating market demands pose a risk to stability, while the potential for expansion into new markets offers promising prospects for growth. We refer to section AK. Risk Factors of this annual report for more details on the risk factors affecting Melexis. If any of these risks were to occur, the company's business, results of operations and financial condition could be materially adversely affected.

Our financial strategy is robust, featuring well-structured investment plans that blend capital expenditure in sustainable technologies with initiatives focused on business transformation and innovation.

Resilience analysis
Melexis strategy and business model demonstrate resilience in addressing material impacts, risks, and opportunities through the following:

- Adaptability: we actively monitor and respond to emerging trends and challenges, adjusting our strategic direction as needed. This includes incorporating sustainability considerations into our decision-making processes.
- Diversification: our operations and revenue streams are diversified across several markets and product lines, reducing reliance on any single factor and mitigating potential risks.
- Innovation: we foster a culture of innovation, continuously seeking new solutions and technologies to improve efficiency, reduce environmental impact, and meet evolving customer needs.
- Stakeholder engagement: we actively engage with our stakeholders, including employees, customers and suppliers to understand their concerns and expectations, ensuring our strategy aligns with broader societal goals.

The time horizons applied in the qualitative analysis of our resilience are consistent with those defined in ESRS 2-BP2 and used for our IRO assessment: short-term being less than one year, medium-term between 1 and 5 years and long-term more than 5 years.

Our company is committed to maintaining a resilient strategy and an agile business model that can adapt to changing circumstances and contribute to a sustainable future.

Changes from previous reporting period
Compared with financial year 2023, Melexis has increased its focus on ESG topics. We have expanded our sustainability initiatives and stakeholder engagement and completed our most-extensive-ever exercise to analyze our impacts, risks, and opportunities and completed a Double Materiality Assessment.

Specification of disclosures
Melexis listed and prioritized the main Impact Risk and Opportunities (IROs) related to the various topics identified in the ESRS guidance. All identified IROs are linked to ESRS Disclosures Requirements as, after discussion, no material entity-specific topics were retained in our sustainability reporting.

Melexis main impacts, risks and opportunities

The table below encompasses a list of material IROs identified for Melexis. They are split by ESRS topic that are in scope according to our Double Materiality Assessment.

Main impacts, risks and opportunities (1/2)

	ESRS sub-topic			Value chain			Time horizon		
				Upstream	Own operations	Downstream	Short-term (<1y)	Mid-term (1y-5y)	Long-term (>5y)
E1	**Climate change mitigation**	Positive actual impact	Low carbon technologies	●	●	●	●		
		Negative actual impact	Carbon footprint	●	●	●	●		
		Risk	Transition risk		●		●		
		Opportunity	Products that support climate change mitigation	●	●	●		●	
	Climate change adaptation	Positive potential impact	Technologies useful for climate change adaptation	●	●	●		●	
		Opportunity	Business strategy affected by climate changes	●	●	●			●
	Energy consumption	Positive actual impact	Technologies useful for reduction in energy demand	●	●	●	●		
		Risk	Disruption of energy supply	●	●	●		●	
E2	**Air pollution**	Negative actual impact	Chemical contamination of air	●			●		
		Risk	Complying with pollution regulations	●			●		
	Substances of (very high) concern	Negative actual impact	Hazardous substances	●			●		
		Risk	Complying with hazardous waste regulations	●			●		
E3	**Water consumption**	Negative actual impact	Intensive water use	●			●		
		Risk	Water availability	●					●
E5	**Resource inflows**	Negative actual impact	Use of precious raw materials	●			●		
		Risk	Dependency on finite resources	●				●	
		Opportunity	Sustainable supply chain	●					●
	Resource outflows	Positive potential impact	Promote use of circular economy through own products			●			●
		Risk	R&D investments	●	●	●		●	
		Opportunity	Financial and business opportunities	●	●	●			●
	Waste	Negative actual impact	Hazardous waste	●			●		
		Opportunity	Cost of circular economy principles		●			●	

Main impacts, risks and opportunities (2/2)

	ESRS sub-topic			Value chain			Time horizon		
				Upstream	Own Operations	Downstream	Short-term (<1y)	Mid-term (1y-5y)	Long-term (>5y)
S1	**Working conditions**	Positive/negative actual impact	Attractive working conditions		●		●		
		Opportunity or risk	Retention of existing employees and attraction of new talent		●			●	
	Equal treatment and opportunities	Positive/negative actual impact	Embracing equal treatment		●		●		
		Opportunity	Diversity and inclusion practices affect quality and innovation potential		●			●	
		Risk	Equal treatment of employees affect employee turnover		●			●	
S2	**Workers in the value chain - working conditions**	Positive/negative potential impact	Working conditions of value chain workers	●			●		
		Risk	Dependency on workers in the value chain	●			●		
	Workers in the value chain - equal treatment	Positive/negative potential impact	Equal treatment of value chain workers	●			●		
	Workers in the value chain - other rights	Negative potential impact	Human rights violations in the value chain	●				●	
		Risk	Consequences of human rights violations in the value chain	●				●	
S4	**Consumers and end-users**	Positive actual impact	Product quality		●		●		
		Opportunity	Product quality affects market share		●			●	
G1	**Corporate culture**	Positive/negative actual impact	Corporate culture		●		●		
		Opportunity	Sustainable business strategy		●			●	
	Protection of whistleblowers	Positive/negative actual impact	Impact on whistleblowers protection		●		●		
		Risk	Issues from lack of whistleblower protection		●		●		
	Relationships with suppliers	Positive actual impact	Sustainable supplier relationship management	●				●	
		Opportunity	Benefits from sustainable supplier relationships	●	●	●		●	
	Corruption and bribery	Negative potential impact	Corruption impacts competitive conditions		●			●	
		Risk	Risks due to corruption cases		●		●		

Impacts, risks and opportunities management

To make sure our efforts are focused on the right areas, we conducted our first comprehensive materiality assessment end of 2023, early 2024. The outcome of the Double Materiality Assessment will be regularly reviewed and validated to ensure we continue to meet the changing needs of our stakeholders and adapt to the evolving business environment.

This assessment helped us to prioritize our sustainability initiatives and ensure they align with the needs and expectations of our stakeholders.

The materiality assessment process

Melexis uses publicly available information and internal experts to assess potential impacts, risks, and opportunities across its operations. For instance, risk factors such as environmental impact are evaluated using industry-specific metrics, while assumptions on future regulatory changes are modelled based on recent legislative trends. We considered both our own operations and the broader value chain inside and outside EU, also taking into account sectors and regions with higher environmental vulnerability and lower labor standards.

Our materiality framework

Our informal due diligence process was used to identify, assess, prioritize and monitor potential and actual impacts on people and the environment. With the support of external experts, we created a customized framework based on CSRD double materiality guidelines, identifying areas in which our company's operations or business relationships may cause, contribute to, or be linked directly to material impacts, risks or opportunities. We discussed both the direct and indirect impacts on people and the environment, arising from our own operations and those resulting from our business relationships.

These were the main steps of our process to identify our key sustainability priorities:

1) **Understand the context**: identify the main global activities and business relationships of Melexis both for our own operations as for our upstream/downstream value chain. To complete this holistic exercise, we also gathered information on peers and competitors and main actors in our value chain.

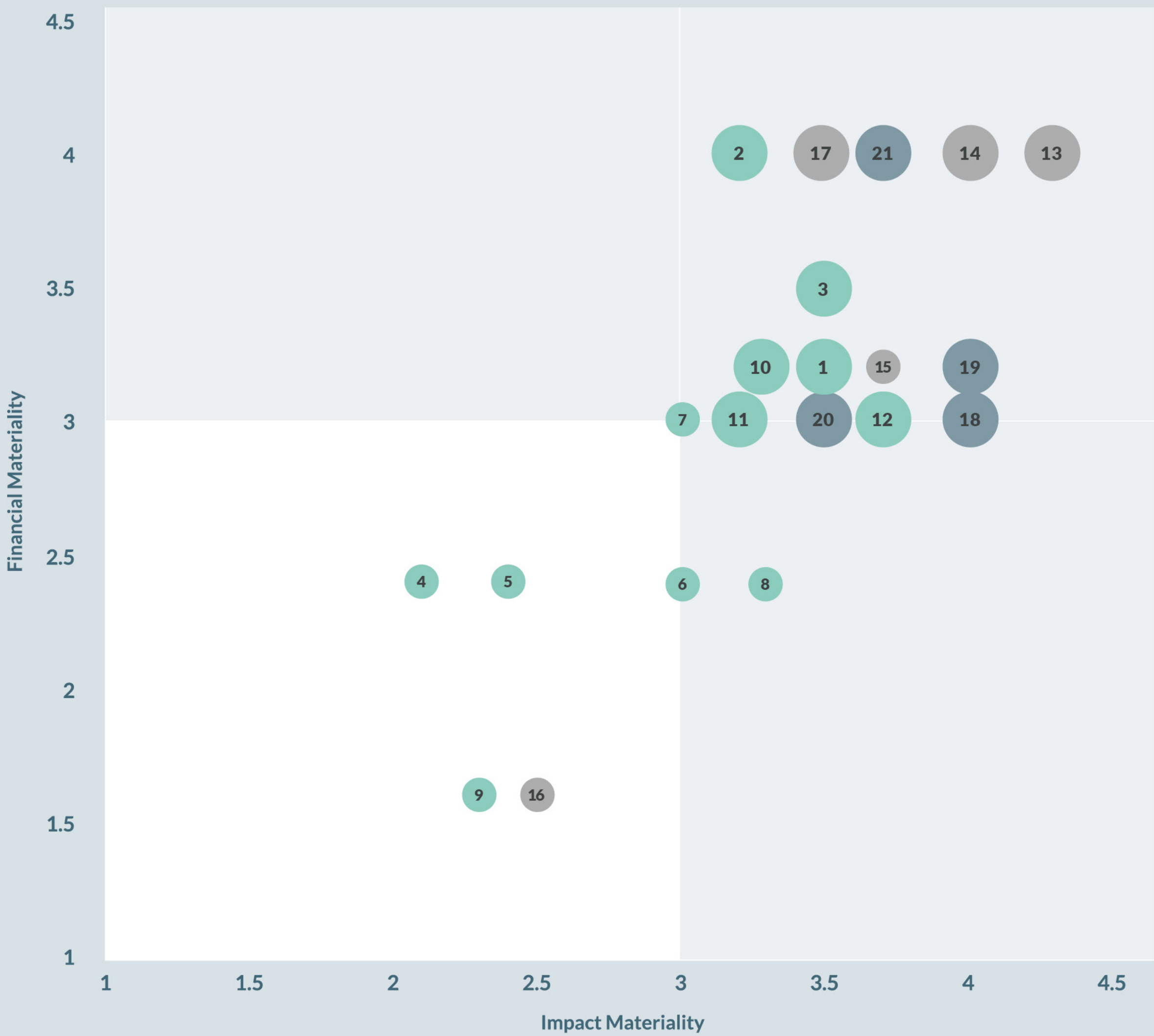
2) **Identify potential topics**: we started by listing relevant sustainability issues using topics of ESRS 1 AR 16 and taking into account industry benchmarks, standards, and global trends. We then identified impacts, risks and opportunities (IROs) for each topic, based on potential or actual material sustainability matters. We looked at our double materiality meaning both impact materiality, i.e. the impact of our organization on planet and society (outward perspective); and financial materiality, i.e. external risks and opportunities that affect our organization (inward perspective). For each topic, we also assessed whether an impact was identified, and evaluated the associated risks or opportunities that could result from dependencies.

3) **Identify affected stakeholders and engage with them:** to ensure a thorough understanding of our IROs, we surveyed internal and external stakeholders and conducted interviews with internal subject matter experts. More details on the purpose and outcome of our stakeholder engagement can be found in the table below.

4) **Prioritize topics:** based on the data gathered, we scored each IRO, and hence each topic, based on its importance to stakeholders and potential impacts on our business. Each material impact was assessed as positive/negative and actual/potential. We also selected the relevant time horizon and value chain mapping and scored the related scale, scope, irremediability, severity and likelihood. We also mapped the value chain and time horizon for each risk and opportunity, together with the associated magnitude and likelihood.

5) **Categorize for action**: we organized the topics into a matrix and selected a threshold determining material and non-material topics. The information disclosed for the material topics follows the ESRS requirements. This process ensures alignment with both regulatory requirements and stakeholder expectations, highlighting the most relevant sustainability information in the company's reporting.

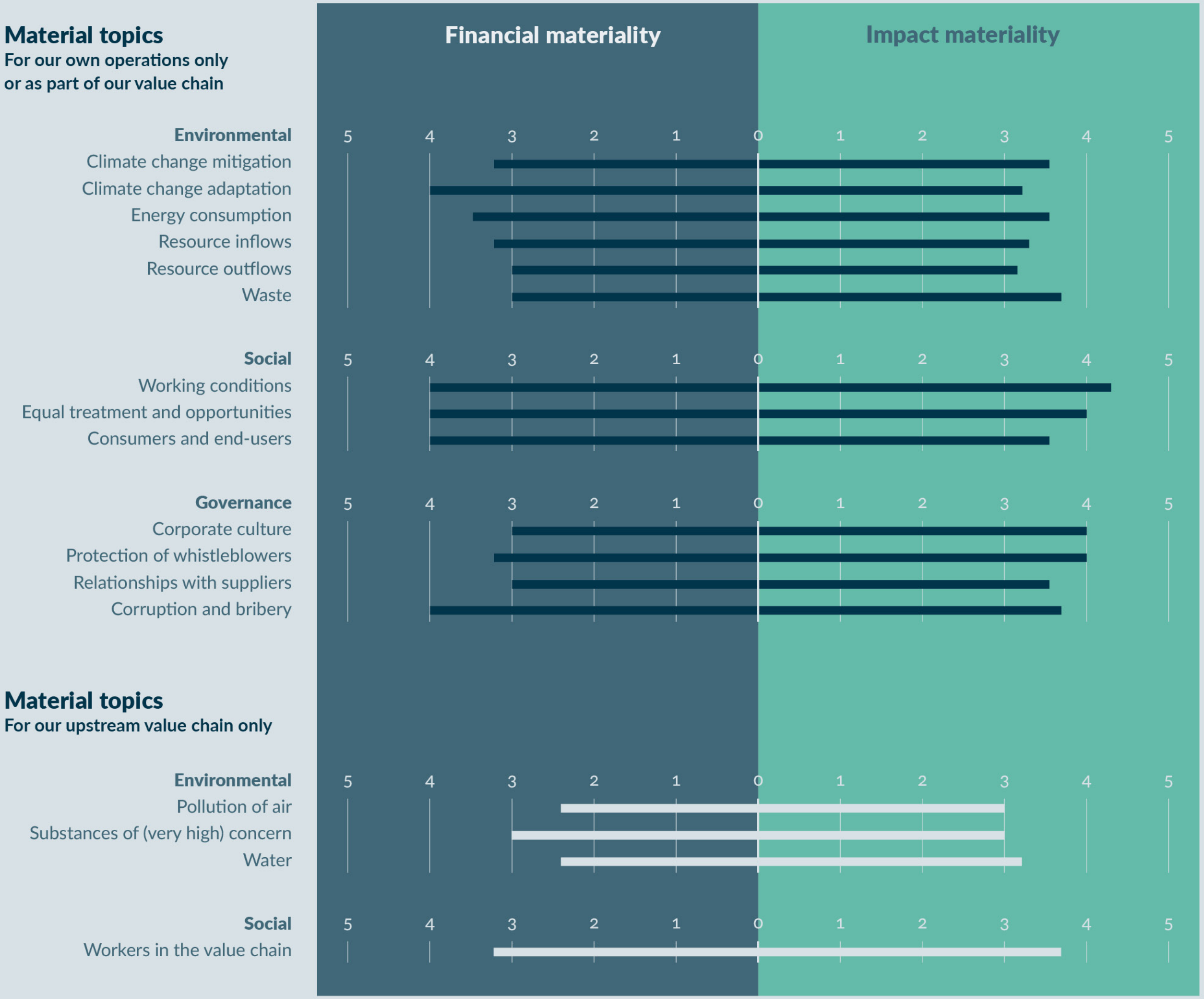
Double Materiality Assessment Outcome



#	ESRS	Subject
Environmental		
1	E1	Climate change mitigation
2	E1	Climate change adaptation
3	E1	Energy consumption
4	E2	Soil pollution
5	E2	Water pollution
6	E2	Air pollution
7	E2	Substances of (very high) concern
8	E3	Water
9	E4	Biodiversity and eco-systems
10	E5	Resource inflows
11	E5	Resource outflows
12	E5	Waste
Social		
13	S1	Working conditions
14	S1	Equal treatment and opportunities
15	S2	Workers in the value chain
16	S3	Affected Communities
17	S4	Consumers and end-users
Governance		
18	G1	Corporate culture
19	G1	Protection of whistleblowers
20	G1	Relationships with suppliers
21	G1	Corruption and bribery

Note: larger circles are used for topics where we possess greater leverage for actions and potential impact

Our key findings



Special analysis on Biodiversity and ecosystems

At Melexis, we understand the inherent value of biodiversity and have therefore worked on evaluating our potential impacts, starting with an assessment of our dependencies or material interdependence with local ecosystems. We also discussed potential physical and transition risks and opportunities concerning biodiversity and could not identify broader systemic risks.

According to Key Biodiversity Areas analysis, no Melexis production sites are located in or near biodiversity-sensitive areas. We have assessed that adopting biodiversity mitigation measures was not a primary focus considering our industry sector and locations. In conclusion, no material impacts, risks and opportunities were identified.

Non-material topics

Based on the matrix summarizing the results of our Double Materiality Assessment, the topics of Water Pollution (E2), Soil Pollution (E2), Biodiversity (E4) and Affected Communities (S3) were found to fall below the threshold for both impact materiality and financial materiality. No significant impacts, risks, or opportunities related to these topics were identified.

As a result, these ESRS topics will not be covered in our Sustainability report.

Processes to identify and assess material IROs

IRO-1

Decision-making process and internal controls on sustainability reporting

The ESG core team, together with subject matter experts and external consultants, carried out the Double Materiality Assessment. The data gathering and decision-making process was a team effort, with input from many departments within our organization. The results of the assessment were presented to the Executive Management for review and approved by the Board of Directors.

Internal controls specific to the reporting stage included a detailed review of both qualitative and quantitative information by the Senior Financial Analyst, once the relevant information had been provided by the responsible subject matter experts. A general review of the report was then carried out by our Sustainability Director and other senior managers.

These procedures promote accountability and transparency across the organization.

Risk assessment and integration into overall management process

Sustainability-related risks, such as compliance risks, are integrated into Melexis risk assessment review. There is no formal prioritization process in place as risks are not categorized under sustainability or other categories, each risk is reviewed based on its potential impact and likelihood. Our risk assessment process does not involve any risk management tools. Our Executive Management discusses risks and strategies during weekly touchpoints and during monthly in-depth meetings. This enables the company to manage and address high-impact sustainability risks without compromising other areas. The impacts, risks and opportunities identification process is carried out by the ESG Team, which then informs Executive Management of the material risks. The Executive Management then integrates them in their assessment and evaluates the overall risk profile and risk management processes. Similarly, the opportunities identified by the ESG Team are discussed with the subject matter experts and the department leads, which is the starting point for integration into the company management. This drives us to identify and act on opportunities that align with our sustainability goals and are consistent with our culture of innovation.

ESRS Disclosure Requirements in scope

IRO-2

Melexis took a significant step forward this year by aligning with the ESRS disclosure requirements. Our Sustainability report reflects our dedication to transparency and details how we are meeting these important standards.

Material disclosures requirements:

Melexis Sustainability report includes specific datapoints derived from other EU legislation.

The content index below serves as a navigational tool, guiding stakeholders to the respective sections where disclosures are detailed.

Disclosure Requirement and related datapoint	Other EU legislation	Datapoint materiality assessment	Section reference
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	SFDR reference, Benchmark regulation reference	Yes	GOV-1
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)	Benchmark regulation reference	Yes	GOV-1
ESRS 2 GOV-4 Statement on due diligence paragraph 30	SFDR reference	Yes	GOV-4
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	SFDR reference, Pillar 3 reference, Benchmark regulation reference	No	N/A
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	SFDR reference, Benchmark regulation reference	No	N/A
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	SFDR reference, Benchmark regulation reference	No	N/A
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv	Benchmark regulation reference	No	N/A
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14	EU Climate Law reference	Yes	E1-1
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)	Pillar 3 reference, Benchmark regulation reference	Yes	E1-1
ESRS E1-4 GHG emission reduction targets paragraph 34	SFDR reference, Pillar 3 reference, Benchmark regulation reference	Yes	E1-4

Disclosure Requirement and related datapoint	Other EU legislation	Datapoint materiality assessment	Section reference
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	SFDR reference	Yes	E1-5
ESRS E1-5 Energy consumption and mix paragraph 37	SFDR reference	Yes	E1-5
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	SFDR reference	Yes	E1-5
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	SFDR reference, Pillar 3 reference, Benchmark regulation reference	Yes	E1-6
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	SFDR reference, Pillar 3 reference, Benchmark regulation reference	Yes	E1-6
ESRS E1-7 GHG removals and carbon credits paragraph 56	EU Climate Law reference	No	N/A
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66	Benchmark regulation reference	No	N/A
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c).	Pillar 3 reference	No	N/A
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).	Pillar 3 reference	No	N/A
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69	Benchmark regulation reference	No	N/A
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	SFDR reference	No	N/A
ESRS E3-1 Water and marine resources paragraph 9	SFDR reference	No	N/A
ESRS E3-1 Dedicated policy paragraph 13	SFDR reference	No	N/A
ESRS E3-1 Sustainable oceans and seas paragraph 14	SFDR reference	No	N/A
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	SFDR reference	No	N/A
ESRS E3-4 Total water consumption in m^3 per net revenue on own operations paragraph 29	SFDR reference	No	N/A
ESRS 2- SBM 3 - E4 paragraph 16 (a) i	SFDR reference	No	N/A
ESRS 2- SBM 3 - E4 paragraph 16 (b)	SFDR reference	No	N/A
ESRS 2- SBM 3 - E4 paragraph 16 (c)	SFDR reference	No	N/A

Disclosure Requirement and related datapoint	Other EU legislation	Datapoint materiality assessment	Section reference
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	SFDR reference	No	N/A
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	SFDR reference	No	N/A
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	SFDR reference	No	N/A
ESRS E5-5 Non-recycled waste paragraph 37 (d)	SFDR reference	Yes	E5-5
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	SFDR reference	Yes	E5-5
ESRS 2- SBM3 - S1 Risk of incidents of forced labor paragraph 14 (f)	SFDR reference	Yes	S1-ESRS 2 SBM-3
ESRS 2- SBM3 - S1 Risk of incidents of child labor paragraph 14 (g)	SFDR reference	Yes	S1-ESRS 2 SBM-3
ESRS S1-1 Human rights policy commitments paragraph 20	SFDR reference	Yes	S1-1
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organization Conventions 1 to 8, paragraph 21	Benchmark regulation reference	Yes	S1-1
ESRS S1-1 Processes and measures for preventing trafficking in human beings paragraph 22	SFDR reference	Yes	S1-1
ESRS S1-1 Workplace accident prevention policy or management system paragraph 23	SFDR reference	Yes	S1-1
ESRS S1-3 Grievance/complaints handling mechanisms paragraph 32 (c)	SFDR reference	Yes	S1-3
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	SFDR reference, Benchmark regulation reference	Yes	S1-14
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	SFDR reference	Yes	S1-14
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	SFDR reference	Yes	S1-16
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	SFDR reference, Benchmark regulation reference	Yes	S1-16
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	SFDR reference	Yes	S1-17
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD Guidelines paragraph 104 (a)	SFDR reference, Benchmark regulation reference	Yes	S1-17
ESRS 2- SBM3 – S2 Significant risk of child labor or forced labor in the value chain paragraph 11 (b)	SFDR reference	Yes	S2-ESRS 2 SBM-3

Disclosure Requirement and related datapoint	Other EU legislation	Datapoint materiality assessment	Section reference
ESRS S2-1 Human rights policy commitments paragraph 17	SFDR reference	Yes	S2-1
ESRS S2-1 Policies related to value chain workers paragraph 18	SFDR reference	Yes	S2-1
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	SFDR reference, Benchmark regulation reference	Yes	S2-1
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organization Conventions 1 to 8, paragraph 19	Benchmark regulation reference	Yes	S2-1
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	SFDR reference	No	N/A
ESRS S3-1 Human rights policy commitments paragraph 16	SFDR reference	No	N/A
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines paragraph 17	SFDR reference, Benchmark regulation reference	No	N/A
ESRS S3-4 Human rights issues and incidents paragraph 36	SFDR reference	No	N/A
ESRS S4-1 Policies related to consumers and end-users paragraph 16	SFDR reference	No	N/A
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	SFDR reference, Benchmark regulation reference	No	N/A
ESRS S4-4 Human rights issues and incidents paragraph 35	SFDR reference	Yes	S4-4
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	SFDR reference	No	N/A
ESRS G1-1 Protection of whistleblowers paragraph 10 (d)	SFDR reference	No	N/A
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	SFDR reference , Benchmark regulation reference	Yes	G1-4
ESRS G1-4 Standards of anti-corruption and anti-bribery paragraph 24 (b)	SFDR reference	No	N/A

The following table below shows the list of disclosure requirements and where they are mentioned in the report.

DR - Section	Disclosure Requirement (DR) Name and link	Comment
BP-1	General basis for preparation of the sustainability statement	
BP-2	Disclosures in relation to specific circumstances	
GOV-1	The role of the administrative, management and supervisory (AMS) bodies	
GOV-2	Information provided to and sustainability matters addressed by the AMS bodies	
GOV-3	Integration of sustainability-related performance in incentive schemes	
GOV-4	Statement on due diligence	
GOV-5	Risk management and internal controls over sustainability reporting	
SBM-1	Strategy, business model and value chain	
SBM-2	Interests and views of stakeholders	
SBM-3	Material IROs and their interaction with strategy and business model	
IRO-1	Description of the process to identify and assess material IROs	
IRO-2	Disclosure Requirements in ESRS covered by the sustainability statement	
MDR-P	Policies adopted to manage material sustainability matters	Included in each topic where MDRs are required
MDR-A	Actions and resources in relation to material sustainability matters	
MDR-M	Metrics in relation to material sustainability matters	
MDR-T	Tracking effectiveness of policies and actions through targets	
E1.GOV-3	Integration of sustainability-related performance in incentive schemes	
E1-1	Transition plan for climate change mitigation	
E1.SBM-3	Material IROs and their interaction with strategy and business model	
E1.IRO-1	Description of the process to identify and assess climate-related IROs	
E1-2	Policies related to climate change mitigation and adaptation	
E1-3	Actions and resources in relation to climate change policies	
E1-4	Targets related to climate change mitigation and adaptation	
E1-5	Energy consumption and mix	
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	
E1-7	GHG removals and GHG mitigation projects financed through carbon credits	Out of scope because Melexis does not engage in GHG removals through carbon credits
E1-8	Internal carbon pricing	Out of scope because Melexis does not operate with internal carbon pricing
E1-9	Anticipated financial effects from climate-related IROs	Phasing-in extension applied
E2.IRO-1	Description of the process to identify and assess pollution-related IROs	
E2-1	Policies related to pollution	N/A, only material for upstream

DR - Section	Disclosure Requirement (DR) Name and link	Comment
E2-2	Actions and resources related to pollution	
E2-3	Targets related to pollution	N/A, only material for upstream
E2-4	Pollution of air	
E2-5	Substances of Concern and Substances of Very High Concern	
E2-6	Anticipated financial effects from pollution-related IROs	Phasing-in extension applied
E3.IRO-1	Description of the process to identify and assess water and marine resources-related IROs	
E3-1	Policies related to water and marine resources	N/A, only material for upstream
E3-2	Actions and resources related to water and marine resources	
E3-3	Targets related to water and marine resources	N/A, only material for upstream
E3-4	Water consumption	N/A, only material for upstream
E3-5	Anticipated financial effects from IROs related to water and marine resources	N/A, only material for upstream
E4	Biodiversity and ecosystems	Not a material topic
E5.IRO-1	Description of the process to identify and assess IROs related to circular economy	
E5-1	Policies related to resource use and circular economy	
E5-2	Actions and resources related to material use and circular economy	
E5-3	Targets related to resource use and circular economy	
E5-4	Resource inflows	
E5-5	Resource outflows	
E5-6	Anticipated financial effects from IROs related to resource use and circular economy	Phasing-in extension applied
S1.SBM-2	Interests and views of stakeholders	
S1.SBM-3	Material IROs and their interaction with strategy and business model	
S1-1	Policies related to own workforce	
S1-2	Processes for engaging with own workforce and representatives about impacts	
S1-3	Processes to remediate negative impacts and channels to raise concerns	
S1-4	Actions and approaches to managing material IROs	
S1-5	Targets related to managing material IROs	
S1-6	Characteristics of the employees	
S1-7	Characteristics of non-employees in the own workforce	Phasing-in extension applied
S1-8	Collective bargaining coverage and social dialogue	
S1-9	Diversity metrics	
S1-10	Adequate wages	
S1-11	Social protection	Phasing-in extension applied
S1-12	Persons with disabilities	Phasing-in extension applied
S1-13	Training and skills development metrics	Phasing-in extension applied

DR - Section	Disclosure Requirement (DR) Name and link	Comment
S1-14	Health and safety metrics	
S1-15	Work-life balance metrics	Phasing-in extension applied
S1-16	Remuneration metrics	
S1-17	Incidents, complaints and severe human rights impacts	
S2.SBM-2	Interest and views of stakeholders	Disclosed under ESRS 2 SBM-2
S2.SBM-3	Material IROs and their interaction with strategy and business model	
S2-1	Policies related to value chain workers	
S2-2	Processes for engaging with value chain workers about impacts	
S2-3	Processes to remediate negative impacts and channels to raise concerns	
S2-4	Actions and approaches to address material IROs related to value chain workers	
S2-5	Targets related to material IROs	
S3	Affected communities	Not a material topic
S4.SBM-2	Interest and views of stakeholders	Disclosed under ESRS 2 SBM-2
S4.SBM-3	Material IROs and their interaction with strategy and business model	
S4-1	Policies related to consumers and end-users	
S4-2	Processes for engaging with consumers and end-users about impacts	
S4-3	Processes to remediate negative impacts and channels to raise concerns	
S4-4	Actions and approaches to address material IROs related to consumers and end-users	
S4-5	Targets related to material IROs	
G1.GOV-1	The role of the administrative, management and supervisory bodies	
G1.IRO-1	Description of the processes to identify and assess material IROs	
G1-1	Business conduct policies and corporate culture	
G1-2	Management of relationships with suppliers	
G1-3	Prevention and detection of corruption and bribery	
G1-4	Incidents of corruption or bribery	
G1-5	Political influence and lobbying activities	Out of scope as Melexis is not involved in such activities
G1-6	Payment practices	

Climate change materiality assessment

Climate change is a core focus of Melexis sustainability efforts. Our assessment has revealed that it is a critical issue with significant implications for both our operations and the broader community. This is part of the focus topics of the section dedicated to environment.

Environmental report

E1 Climate change

Integration of sustainability-related performance in incentive schemes

As disclosed in GOV-3, the framework of the remuneration policy will be reviewed in 2025 to consider quantifiable sustainability-related objectives as part of the variable pay for Executive Management. During 2024, the Melexis remuneration policy did not quantitatively determine how remuneration could become dependent on measuring performance against sustainability-related metrics, such as reduction targets, as outlined under Disclosure requirement E1-4.

Transition plan for Climate change mitigation

E1-1

Transition plan for Climate change mitigation

During 2024, we further refined the Melexis corporate ESG strategy, including prioritizing the ongoing definition of our comprehensive transition plan for climate change mitigation. Our goal is to adopt the transition plan by 31 December 2025. The development of the plan will be driven by the dedicated ESG Team in consultation with the ESG Committee and external climate experts, and will be informed by insights from peer companies. We will build the plan on the principles, priorities and insights from our own climate action in scope of the ongoing Environmental policy described below.

GHG emission reduction targets
In 2024, we updated our climate target. Melexis commits to reduce Scope 1 and 2 GHG emissions per million sold integrated circuits (ICs) by 55% by 2030 compared with 2024. You can read more about the target in section E1-4.

Decarbonization levers and key actions
Given that a significant part of Scope 1 and 2 GHG emissions at Melexis come from energy consumption, our GHG emission reduction strategy revolves around energy efficiency, energy consumption reduction, and transitioning to low- and zero-carbon energy sources. Energy is equally important for climate change action in the value chain, given that it is also the primary source of Melexis Scope 3 GHG emissions. To address this, we are engaging with our upstream value chain. We are also investing in the further expansion of our dedicated sustainable product portfolio, such as Sustainable World and Alternative Mobility products. For more details, please refer to SBM-1.

Investments and funding
Melexis continues to invest in climate change mitigation projects. In 2024, Melexis spent EUR 36 million in CapEx and EUR 64 million in OpEx for climate change mitigation in scope of the Disclosures Delegated Act, reported in our EU Taxonomy chapter. This includes allocating sufficient resources to support the transition plan's implementation.

Locked-in GHG emissions assessment
Locked-in GHG emissions are estimates of future GHG emissions that are likely to be caused by a company's key assets or products sold within their operating lifetime. At Melexis, we recognize that our primary sources of locked-in emissions stem from the energy consumption of the integrated circuits (ICs) we design and the resources used throughout their production lifecycle. We are committed to minimizing these emissions by investing in energy-efficient designs that reduce power consumption throughout the entire lifespan of our chips and ICs. Furthermore, we prioritize energy efficiency in our own probing and testing processes by purchasing energy-efficient equipment and tracking a comprehensive set of internal KPIs.

Alignment with global standards
Melexis is not excluded from the EU Paris-aligned Benchmarks. The Melexis emissions target is in line with limiting global warming to 1.5°C according to Paris Agreement. Current priority setting of Melexis CapEx and OpEx plans include sustainability and compliance with the EU taxonomy regulation.

In order to contribute substantially to climate change action, our economic activity must center on the manufacture of technologies that are aimed at, and demonstrate, substantial lifecycle GHG emission savings compared to the best-performing alternative technology/product/solution available on the market. GHG reduction across the lifecycle could be evaluated based on product lifecycle emissions and applications.

The semiconductor industry relies on the use of chemicals. The current wording of the Climate Delegated Act for the EU Taxonomy regarding the aspect of pollution prevention and control has given rise to a number of ongoing issues. A company's economic activity may not lead to the manufacture, placing on the market, or use of certain chemicals in order to be Taxonomy-aligned. The Climate Delegated Act refers to other existing EU legislation that regulates the use of certain chemicals (REACH and RoHS). Melexis complies with these legislative requirements. The semiconductor industry has been granted multiple exemptions and/or derogations from restrictions on certain substances. However, since these are not acknowledged under the EU Taxonomy framework, there are cases where semiconductor manufacturing companies report very low alignment levels due to their significant reliance on some of these substances.

Due to these legal uncertainties regarding the Do No Significant Harm (DNSH) criteria of Pollution prevention and control, and the fact that Melexis is still in an early stage of product lifecycle assessments, we classify our activities as non-aligned with the EU Taxonomy.

The alignment of Melexis economic activities with the provisions of the EU Taxonomy is expected to evolve over time to support the transition towards a more sustainable economy.

Business strategy and financial planning alignment
The development of the Melexis transition plan for climate change mitigation is ongoing in scope of the ESG strategy definition. Our ESG strategy is based on Melexis long-term business strategy. We aim to finalize our ESG strategy in 2025, and ensure it stays aligned with our business strategy and financial planning. Different teams (ESG, Finance, Strategy...) and senior management are collaborating to build realistic projections and define adapted measures, taking into account the financial impact on a local and global level.

Approval by Board of Directors and Executive Management
Our future transition plan for climate change mitigation will first be reviewed and approved by Executive Management and then, by the ESG Committee. This two-step process guarantees that the plan aligns with both the organization's strategic objectives and its commitments to environmental, social, and governance principles.

Material IROs and their interaction with strategy and business model

E1-ESRS 2 SBM-3

Impacts, risks and opportunities

We have identified the following material Climate change-related impacts, risks and opportunities.

E1 (Climate change) Main impacts, risks and opportunities

ESRS sub-topic			Value chain			Time horizon		
			Upstream	Own operations	Downstream	Short-term (<1y)	Mid-term (1y-5y)	Long-term (>5y)
Climate change mitigation	Positive actual impact	**Low carbon technologies** Melexis is a manufacturer of low carbon technologies which contribute to widespread reduction of GHG emissions (e.g. sensors and drivers for electric vehicles).	●	●	●	●		
	Negative actual impact	**Carbon footprint** Melexis contributes to global warming through GHG emissions both through our own activities and our value chain (e.g. production processes, transportation, distribution, etc.)	●	●	●	●		
	Risk	**Transition risk** Due to our operations, Melexis faces climate-related transition risks, these can be linked to GHG emissions, new reporting obligations, etc.		●		●		
	Opportunity	**Products that support climate change mitigation** New market opportunities for products that support others in adapting to climate change (e.g. sensors for net-zero energy systems).	●	●	●		●	
Climate change adaptation	Positive potential impact	**Technologies useful for climate change adaptation** Melexis products could be used for technologies that could help others adapt to climate change (e.g. solar panel enabled air conditioning systems, heat pumps).	●	●	●		●	
	Opportunity	**Business strategy affected by climate changes** Melexis can implement a long-term business vision that could help it increase resilience throughout different climate scenarios.	●	●	●			●
Energy consumption	Positive actual impact	**Technologies useful for reduction in energy demand** Melexis products could be used for technologies that could reduce overall demand for energy (e.g. thermal management systems, battery management systems, cooling fans for server application).	●	●	●	●		
	Risk	**Disruption of energy supply** Disruption of energy supply could mean financial losses to Melexis.	●	●	●		●	

The processes to identify and assess material climate-related IROs

The process of identifying impacts, risks, and opportunities related to Climate change aligns with our general methodology outlined under IRO-1 of ESRS 2. Our materiality assessment identified greenhouse gas (GHG) emissions as one of our material impacts. These emissions are generated across our value chain, including sourcing, production, transportation, and distribution.

As a global company, we face climate-related physical and transition risks. These risks were identified through discussions with internal subject matter experts and an analysis of common risks impacting companies of similar size in our sector, activities and global presence. Our experts conducted research using a variety of sources, including information from industry associations.
Different time horizons were considered, using the same short-, medium- and long-term definitions as explained in our IROs identification process. The same scoring criteria were also used to assess the extent to which assets and business activities are exposed to transition events.

The main physical risks include disruptions to our value chain caused by acute events such as wildfires, floods, droughts, and storms. A potential consequence of such physical risks could be disruptions in the energy supply. While there is no immediate risk of energy supply disruption, we recognize the potential mid-term implications. To proactively address this, Melexis integrates this risk into internal discussions in order to ensure continuity and resilience in case of energy disruption. The measures discussed are mainly energy source diversification, energy storage and contingency plans.

Transition risks, considered at gross level, encompass compliance costs associated with new legislation, as well as legal, technological, market, and reputational challenges. Evolving reporting requirements are an example of transition risks in the mid term. In the long term, we are expecting a transformational shift in industry standards and practices aligned with climate-related public policy goals. We will screen our assets and business activities closely to verify how we will be exposed to these events, together with the likelihood, magnitude, and duration of these events.

For the current reporting period, we did not work with specific scenarios as commonly used in a formal climate resilience analysis. Instead, in addition to a general resilience analysis, described in ESRS 2-SMB-3, we used a combination of in-house research and external consultancy. We specifically conducted an analysis of common risks through benchmarking and we are considering performing a structured climate resilience analysis, including at least one high emission climate scenario for our Double Materiality Assessment in the next few years.

In 2024, we prioritized starting to evaluate how our assets and business activities could be exposed to climate-related hazards and to quantify potential impact on key activities. We plan to pursue this analysis and link our conclusions to the expected lifetime of our assets, strategic planning horizons and capital allocation plans. According to our current discussions, no assets and business activities have been identified as incompatible with, or requiring significant efforts to be compatible with, a transition to a climate-neutral economy. This still needs to be confirmed by scientific analysis.

In addition to identifying impacts and risks, we have also identified opportunities tied to climate change, particularly in developing sustainable products that can support future-proof solutions. Opportunities are emerging from the transition to a low-carbon economy for the growth of new products and the development of carbon-neutral technologies, as well as partnerships fostering sustainability. This aligns with the related growing customer demand and contributes to building a sustainable brand image for our company.

Melexis will need to leverage the opportunities while mitigating the risks, thus aligning our business model to a sustainable and resilient future.

Our policies related to Climate change

E1-2

Our Melexis Environmental policy addresses both climate change adaptation and mitigation through maximization of energy efficiency and transition to low- and zero-carbon energy, as well as designing products for sustainable applications. It is supported by the Procurement ESG policy that outlines our efforts to address IROs in the upstream value chain.

Environmental policy

Our Environmental policy applies to our largest sites: in Sofia, Bulgaria; Ieper and Tessenderlo-Ham, Belgium; Erfurt, Germany; Corbeil, France and Kuching, Malaysia encompassing all our testing and probing sites and our IC design headquarters in Tessenderlo-Ham. The policy also recognizes our broader environmental impact by addressing the potential climate implications of our upstream and downstream value chain.

The Quality Director is responsible for implementing this policy, which is accessible to all stakeholders on our website. Aligned with ISO 14001 standards, the policy outlines Melexis environmental context, purpose, mission, vision, and strategic principles. It also establishes targets, a governance model, and priority actions.

Our purpose to contribute to sustainability both in product application and production, mitigating adverse environmental impacts across the entire value chain lies at the core of our environmental commitment. This purpose is realized through five key strategic principles, and linked actions and targets, all outlined in the policy:

- **Sustainable solutions.** We develop technologies that help others adapt to climate change (such as solar-panel-enabled air conditioning systems, heat pumps) as well as technologies which contribute to widespread reduction of GHG emissions (such as sensors and drivers for electric vehicles). For more details, please refer to SBM-1.

- **Prevention is better than cure.** We monitor our environmental performance and continuously search for ways to enhance it, for example through monthly data collection, GHG emissions calculation, balanced scorecards, internal and ISO 14001 audits and management reviews. This principle addresses energy-, resource- and water-related impacts on climate change in own operations.

- **Standards matter.** We ensure the validation of our environmental performance by complying with local and global environmental legislation and voluntary certification, such as but not limited to ISO 14001, Restriction of Hazardous Substances (RoHS), Conflict minerals requirements based on the Dodd-Frank Wall Street Reform and Consumer Protection Act, End-of-life Vehicles (ELV) and Waste Electrical and Electronic Equipment (WEEE).

- **Total environmental impact counts.** We take actions to minimize the environmental impact throughout the whole value chain, including applying the “first time right” principle within our operations. The Melexis Environmental Management System considers environmental aspects both within and outside our operational control, according to the lifecycle approach. This principle addresses energy-, resource- and water-related impacts on climate change in both upstream and downstream value chains. Our detailed environmental requirements for our suppliers are outlined in the Procurement ESG policy and Supplier Code of Conduct.

- **Open dialog with all stakeholders.** We have a clear environmental governance model that considers all interested parties, including customers, colleagues, Melexis management, investors, suppliers, subcontractors, legal authorities, and society as a whole.

Procurement ESG policy

The Melexis Procurement ESG policy integrates environmental, social, and governance (ESG) principles throughout the entire procurement process. This policy applies globally to all Melexis entities and employees making purchases for the company. It covers all Bill of Materials (BOM) expenses and specific indirect spending categories (logistics, packaging, utilities) but excludes intercompany purchases, personal expenses, and taxes.

The Procurement Director owns, and is responsible for, implementing, communicating, and training on the policy to ensure overall compliance. While there are no specific third-party standards, the policy prioritizes transparency, risk management, and a proactive approach to ESG value creation for internal departments, suppliers, and the broader value chain. Stakeholders can request a copy of the policy via esg-sustainability@melexis.com. This policy outlines a comprehensive strategy (vision, mission, goals, actions, KPIs, and targets) for sustainable procurement and is subject to review and update in 2025.

Supplier Code of Conduct

The Melexis Supplier Code of Conduct outlines sustainability requirements, workplace commitments, business conduct expectations, and information disclosure standards aligned with our guiding principles. This code is a mandatory part of all business contracts and serves as a prerequisite for becoming a Melexis supplier.

All suppliers, contractors, and subcontractors must comply with all applicable laws and regulations, notifying Melexis of any conflicts with the code. Melexis requirements may exceed legal mandates, and violations can lead to a review of the business relationship. Suppliers are required to maintain documentation demonstrating compliance, and authorize audits by Melexis or its representatives.

The code reflects Melexis commitment to stakeholders – employees, customers, investors, and the community – by emphasizing fair business practices, respect for human rights, and environmental responsibility for a positive societal and environmental impact. Topics addressed by the Supplier Code of Conduct, are GHG emissions, waste, air pollution and hazardous substances, resource use and circular economy, water, and energy, including low- and zero-carbon energy deployment.

The Procurement Director is accountable for the code's implementation, updates, communication, training, and overall compliance. The Supplier Code of Conduct adheres to the UN Global Compact principles.

Actions and resources in relation to Climate change policies

E1-3

Our climate action is set out in the environmental program described in our Environmental policy in E1-2. Here we set out key actions taken in 2024 and our intentions for the upcoming years. The scope for our key actions covers the six biggest Melexis sites that together account for more than 95% of our total consumed energy.

Decarbonization levers & key actions

Energy efficiency and consumption reduction

We prioritize reducing energy consumption and maximizing energy efficiency across our operations. Analysis of our energy use has highlighted key areas for improvement.

First, we continuously strive to maximize yield by minimizing wafer and integrated circuit (IC) failures during testing. This requires close collaboration with our wafer and IC assembly suppliers. Higher yields mean less waste, improving the efficient use of resources such as raw materials and electricity.

Second, we constantly optimize our probing and testing processes for maximum accuracy with minimal resources. Using artificial intelligence (AI), we analyze test data to identify opportunities to reduce the number or duration of tests without compromising accuracy, directly lowering electricity consumption.

Third, we continue investing in energy-efficient facilities, incorporating lessons learned from each building purchase or renovation. In July 2024, we opened our largest global wafer testing site in Kuching, Malaysia. This EUR 40 million investment features environmentally conscious design and advanced energy-saving technologies, such as maximizing natural light, motion-sensor lighting, and double-insulated exteriors. In 2024, we renovated our new office location in Sophia Antipolis, France, with a focus on climate-risk-resilience and reduced energy consumption through improved thermal performance and innovative solutions such as a thermal ceiling.

We also seek ways to improve the energy efficiency of our existing facilities. In 2024, we invested approximately EUR 1 million in our facilities in Erfurt, Germany for improved insulation, increasing the building's energy performance. Furthermore, our largest testing and probing site, Melexis Sofia in Bulgaria, was upgraded with heat recovery systems on its compressors. These retrofits are projected to reduce annual gas consumption by 400 MWh, and thus Scope 1 greenhouse gas emissions by 80 tons.

Honorable Premier of Sarawak at the Grand Opening of the new Melexis site in Kuching, Sarawak, Malaysia


Installation of the new facade at Melexis Erfurt to improve energy efficiency

Transition to low- and zero-carbon energy sources
Since 2024, the Melexis facility in Kuching has a major solar installation, which represents a significant addition to our existing solar capacities at our Sofia, Ieper, Erfurt and Bevaix facilities. We are looking into opportunities to generate more renewable energy at our sites. For example, in 2024, we investigated the plan to install solar panels in our IC design headquarters in Tessenderlo-Ham during 2025.

Supplier engagement
In 2023, we kicked off a supplier ESG program. We engaged with our key suppliers to ensure mutual agreements around the Melexis Supplier Code of Conduct, as well as data collection through a supplier ESG questionnaire developed by us. We are also working on streamlining our supply chain data collection efforts with the use of dedicated software. For more information, please refer to a detailed description of our Supplier Code of Conduct in the policies section of E1-2.

Financial disclosures

All eligible operational and capital expenditures, not directly linked to our listed key actions but eligible for climate change under Commission Delegated Regulation (EU) 2021/2178, are outlined in our separate EU Taxonomy chapter. This includes, for example, non-R&D maintenance costs inherently linked to key climate actions. Where clearly identifiable, operational and capital expenditures related to our climate actions are detailed within the respective action paragraphs previously stated.

Targets related to Climate change mitigation and adaptation

E1-4

In 2024, Melexis updated its climate target, increasing our ambition and aligning our target with the goals of the Paris Agreement. Our new target does not yet address climate change adaptation, although Melexis products do contribute to a transition to a more sustainable world, as outlined in SBM-1 section of this report. The current target covers Scope 1 and 2, and we are considering introducing a Scope 3 target in future. We are already calculating total Scope 3 GHG emissions and are engaging with strategic suppliers to stimulate actions on emission reduction.

Scope 1 and 2 GHG emissions reduction

In this reporting cycle, we announced an updated target to reduce Scope 1 and 2 emissions per million sold ICs by 55% by 2030, with 2024 as the base year. Given that Melexis Scope 1 emissions account for less than 10% of our total Scope 1 and 2 footprint, we have set a combined Scope 1 and 2 target, assuming a 10% increase in production volume year-over-year. The baseline value is 8.8 ton CO2eq per million sold ICs. This combined target equals an expected absolute Scope 1 and 2 GHG reduction of 21%. Although not externally validated, our target is set in line with the Paris Agreement's 1.5°C scenario and with GHG Protocol, and thus is based on scientific evidence.

All Melexis operations, and 100% of market-based Scope 2 emissions are covered by our target. We prioritize actions that will also reduce location-based emissions, such as reduction in energy consumption and own generation of solar energy. The target was established collaboratively between the Board of Directors, the Executive Management and the ESG Team.

To track progress, Melexis annually calculates its Scope 1, 2, and 3 GHG emissions using the GHG Protocol methodology with the support of an external partner.

As explained in E1-3, the key levers in our journey towards GHG emission reduction are improved energy efficiency in testing and probing processes, including improved yield, and transitioning away from fossil fuels in the electricity mix.

Energy consumption

Although there is no formal energy-related target yet, Melexis is working towards setting such a target in the upcoming reporting cycles. For many years, we have been taking actions to optimize the energy efficiency, as described under E1-3, and we have been tracking their effectiveness through monitoring KPIs. These KPIs cover all six Melexis sites in scope of the Environmental policy. Each metric reported under E1-5, is tracked quarterly based on the primary data, with data integrity check and variance analysis. At each site, there is an employee formally responsible for KPI tracking and analysis. Key KPIs are reviewed quarterly with Site Management Teams.

Consistency, comparability and representativeness

We maintain consistency, comparability and representativeness in baseline value, base year, inventory boundary, operational boundary, and calculation methodology, only adjusting them when significant changes occur. In which case, we commit to transparently report how this affects the target, its achievement, and progress representation.

In 2024, Melexis has been working towards implementing several changes aimed at increased consistency, comparability and representativeness of our carbon accounting and target for future years. In particular, we streamlined the primary data collection process and reached out to suppliers and customers to increase the share of primary data used for the carbon footprint calculation.

Energy consumption and mix

E1-5

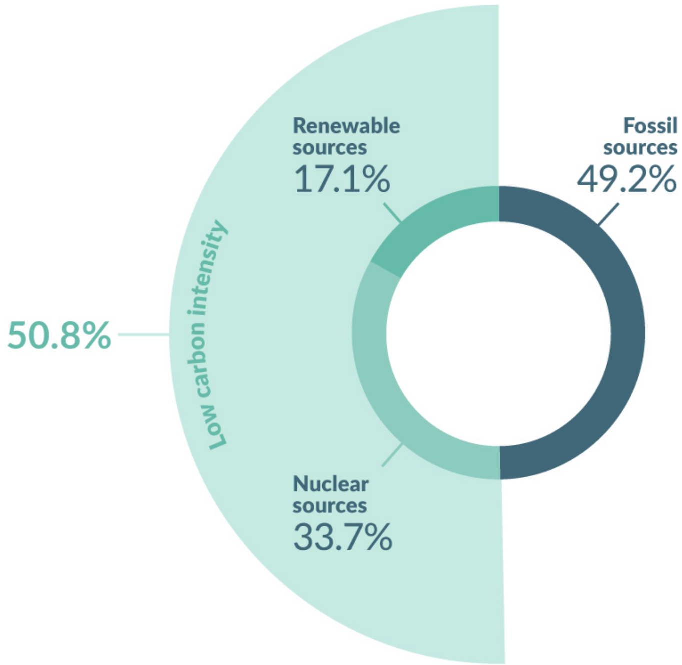
This section provides a comprehensive view of our energy usage patterns and our strategic approach to enhancing energy efficiency across all our operations.

Energy consumption and mix	2024 (MWh)
Coal and coal products	–
Crude oil and petroleum products	2,457
Natural gas	2,188
Other fossil sources	–
Purchased or acquired electricity, heat, steam, and cooling from fossil sources	17,952
Total fossil energy consumption	**22,596**
Total energy consumption from nuclear sources	**15,315**
Renewable sources, including biomass	–
Purchased or acquired electricity, heat, steam, and cooling from renewable sources	7,183
Self-generated non-fuel renewable energy	790
Total renewable energy consumption	**7,973**
Total energy consumption	**45,884**

Methodology and assumptions

For sites without testing or probing facilities, the total energy consumption by source was estimated based on the historical primary data, electricity mix of the local grid, and the size of the facilities. Most activity data for the period of 1 November 2024 to 31 December 2024 was estimated based on historical data to ensure compliance with reporting and auditing deadlines.

Share of energy sources of total energy consumption



Energy intensity based on net revenue

In 2024, our total energy consumption from activities in high climate impact sectors per net revenue was 49.19 MWh/million EUR.

Identification of high climate impact sectors

According to the statistical classification of economic activities in the European Community (NACE), Melexis operates within division 26.11 Manufacture of electronic components, which is considered to have a high climate impact.

Financial reconciliation

As all Melexis activities are considered to have a high climate impact, the net revenue from activities in high climate impact sectors is the same as our revenue reported in our financial statement.

Gross Scopes 1, 2, 3 and total GHG emissions

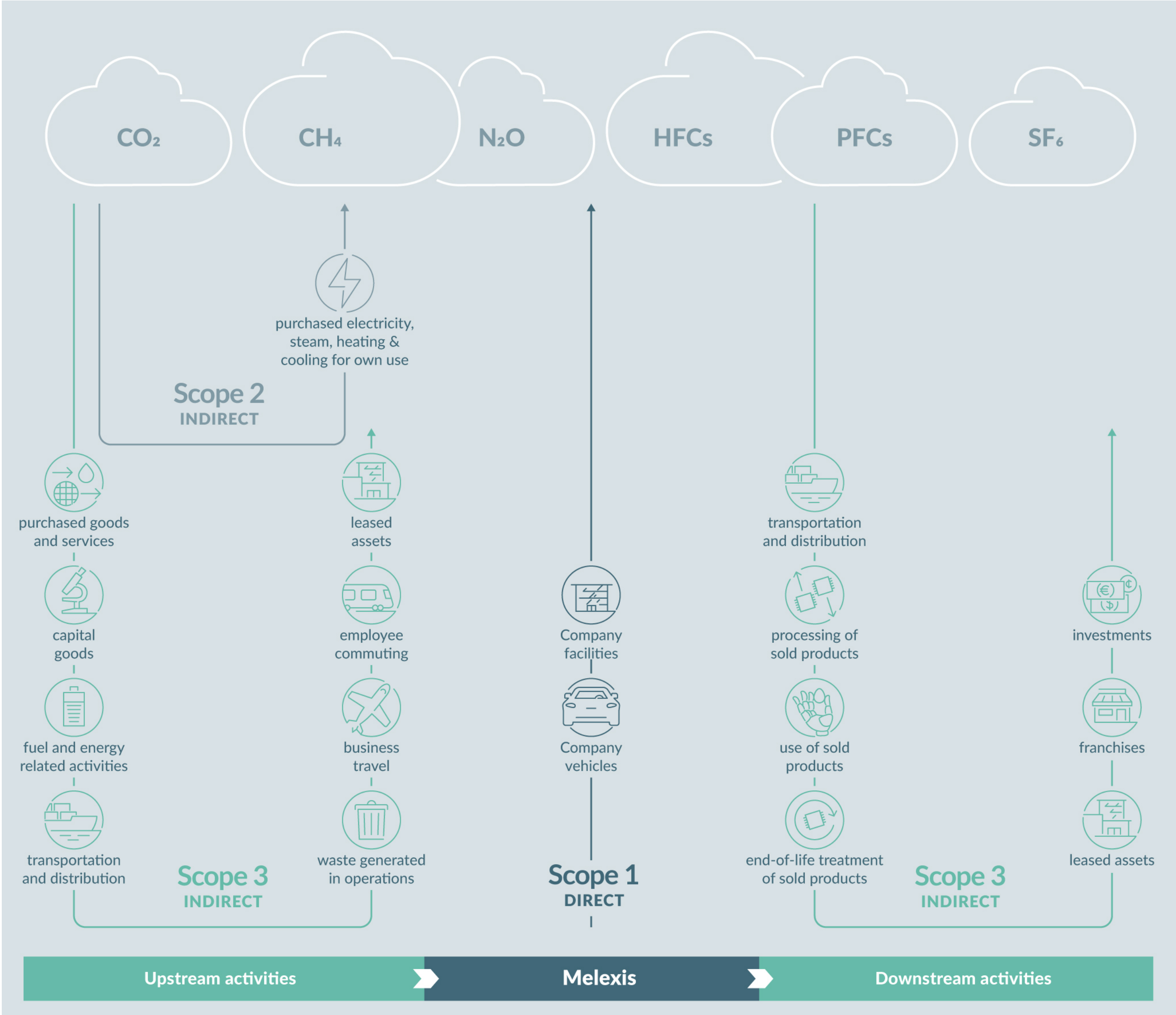
E1-6

We are reporting our Scope 1, 2 and 3 GHG emissions in accordance with the Greenhouse Gas (GHG) Protocol, the leading internationally recognized standard. We work with an external calculation partner specialized in carbon accounting to ensure reliability and robustness of the calculation. The emissions are reported in tons of CO2-equivalent, or CO2eq, and include not only carbon dioxide, but also CH_4, N_2O, HFCs, PFCs, SF_6.[1]

- Scope 1 represents direct GHG emissions that occur from sources that are owned or controlled by the company, for example, emissions from combustion in owned or controlled boilers for heating or fleet.
- Scope 2 accounts for indirect GHG emissions from the generation of purchased electricity.
- Scope 3 is an optional reporting category, according to the GHG Protocol. It covers other indirect emissions from sources not owned or controlled by the company. Some examples of Scope 3 activities for Melexis are wafer production, and assembly of integrated circuits (ICs).

Melexis does not operate in sectors covered by compliant Emissions Trading Schemes (ETS), and is also not involved in voluntary emission trading. We therefore do not have Scope 1 GHG emissions from regulated emissions trading schemes. Melexis also does not utilize contractual instruments for the sale and purchase of energy that would be included under Scope 2.

We are proactively expanding our environmental impact assessment. In 2024, this included introducing preliminary calculations for Scope 3 Category 10 (Processing of sold products) and Category 11 (Use of sold products). While we do not yet disclose these categories due to ongoing efforts to improve data availability and reliability, this investment in enhanced measurement will enable us to provide a more complete and robust picture of our impact in the future.



[1] Source: A Corporate Accounting and Reporting Standard, Revised Edition, GHG Protocol.

Gross Scope 1, 2 & 3 GHG emissions	2024
Gross Scope 1 GHG emissions	
Gross Scope 1 GHG emissions (tCO2eq)	**1,097**
Gross Scope 2 GHG emissions	
Gross location-based Scope 2 GHG emissions (tCO2eq)	**10,799**
Gross market-based Scope 2 GHG emissions (tCO2eq)	**13,979**
Gross Scope 3 GHG emissions	
Total Gross indirect (Scope 3) GHG emissions (tCO2eq)	**330,191**
1: Purchased goods and services	308,777
2: Capital goods	10,430
3: Fuel and energy-related activities (not included in Scope1 or Scope 2)	3,261
4: Upstream transportation and distribution	3,799
5: Waste generated in operations	54
6: Business traveling	1,674
7: Employee commuting	1,279
8: Upstream leased assets	32
9: Downstream transportation	94
12: End-of-life treatment of sold products	790
13: Downstream leased assets	0
14: Franchises	0
15: Investments	0
Total GHG emissions	
Total GHG emissions location-based (tCO2eq)	**342,087**
Total GHG emissions market-based (tCO2eq)	**345,267**

Please refer to E1-4 to learn about Melexis targets related to climate change.

GHG intensity per net revenue

GHG intensity per net revenue	2024
Total GHG emissions* (location-based) per net revenue (tCO2eq per thousand euro)	0.37
Total GHG emissions* (market-based) per net revenue (tCO2eq per thousand euro)	0.37

*Total GHG emissions excluding Category 10 and Category 11 of Scope 3

The total revenue generated by Melexis in 2024 of EUR 932,808,067, as presented in our Consolidated Income Statement, was used as the basis for our GHG intensity calculation.

Methodology

We adhered to the GHG Protocol Corporate Standard as our reporting methodology. We adopted a conservative approach in the calculations, prioritizing transparency and completeness. The reporting boundary was aligned with that used for financial reporting including all entities in the Melexis Group. All Scope 1, 2 and 3 categories were considered in the GHG emissions inventory. The following categories are identified as not relevant for Melexis:

- Scope 1, Processing emissions — the nature of Melexis industrial processes does not allow for processing emissions generation.
- Cat. 13: Downstream leased assets — in an exceptional case of equipment being rented out, the emissions are accounted for in other categories.
- Cat. 14: Franchises — Melexis does not have any franchises.
- Cat. 15: Investments — Melexis does not have any minority shares.

For relevant categories, the following assumptions and estimations were made:

- Scope 1 and 2: for sites with testing or probing facilities, all calculations are based on the primary data. For other sites, energy consumption is estimated, as described in E1-5.
- Most activity data for 1 November 2024 to 31 December 2024 was estimated based on historical data.
- Scope 3, cat. 1: Purchased goods and services — average emission factor is applied to estimated m^2 of wafers purchased, other categories of purchased goods are estimated based on spend.
- Scope 3, cat. 2: Capital goods — spend-based data was used.
- Scope 3, cat. 4: Upstream transportation and distribution — direct emissions from the biggest transportation providers were extrapolated to cover total spend on transportation.
- Scope 3, cat. 9: Downstream transportation — estimated based on weight of sold goods and packaging, and assumptions from the Product Environmental Footprint (PEF) Guide.
- Scope 3, cat. 12: End-of-life treatment of sold products — calculated based on packaging weight.

Emissions factors were sourced from a combination of public and licensed databases, as well as data modelled by our carbon accounting partner. Some key sources of emissions factors are BEIS, IPCC, ADEME, IEA, and Ecoinvent.

There were no significant events and changes in circumstances identified between the reporting dates of our value chain and Melexis financial statements.

In 2024, approximately 99.5% of our Scope 3 GHG emissions were calculated using primary data, ensuring a high degree of accuracy and reliability in our emissions reporting.

E2 Pollution

Material IROs related to Pollution

We have identified the following material Pollution-related impacts and risks in our upstream value chain:

E2 (Pollution) Main impacts, risks and opportunities

ESRS sub-topic			Value chain			Time horizon		
			Upstream	Own operations	Downstream	Short-term (<1y)	Mid-term (1y-5y)	Long-term (>5y)
Air pollution	Negative actual impact	**Chemical contamination of air** Melexis is active in the semiconductor industry, which often requires high temperatures and use of chemicals that can release volatile organic compounds (VOCs) and other pollutants in the air.	●			●		
	Risk	**Complying with pollution regulations** Complying with regulations related to pollution (e.g. REACH, RoHS, etc.) often requires initial investments and regular follow-up. This also covers substances of concern.	●			●		
Substances of (very high) concern	Negative actual impact	**Hazardous substances** There are some substances of (very high) concern that are used within Melexis supply chain (e.g. photoresists, acids and bases, chlorinated gases, heavy metals, etc.)	●			●		
	Risk	**Complying with hazardous waste regulations** The use of substances of concern in Melexis products is highly regulated and could lead to financial consequences if not complied with.	●			●		

The process of identifying impacts, risks, and opportunities related to Pollution aligns with our general methodology outlined under IRO-1 of ESRS 2. Melexis is a fabless semiconductor company, which means that our main processes are IC design, wafer probing and final product testing. This means that Melexis neither produces nor uses chemicals that are classified as Substances of (very high) concern or other chemicals that may lead to Air pollution under normal use. Thus, there are no Melexis site locations where Pollution is a material issue.

Air pollution in the upstream value chain

E2-4

Since Melexis neither produces nor uses chemicals that may lead to pollution under normal conditions, no material IROs related to Air pollution could be linked to our own operations. However, the topic is identified as material for our upstream value chain, namely wafer foundries and Outsourced Semiconductor Assembly and Test (OSAT) providers.

We require all Tier 1 suppliers to comply with our Supplier Code of Conduct, which states suppliers' commitment to prevent air pollution. Thus, the target related to Supplier Code of Conduct also covers the topic of Air pollution. Please refer to section E1-2 to learn more about our policy (Supplier Code of Conduct) and to section S2-5 to learn more about our expectations and objectives related to this Code.

Substances of concern in the upstream value chain

E2-5

Various chemicals used throughout the value chain of the semiconductor industry are considered hazardous. Some hazardous chemicals are classified as Substances of (very high) concern (SVHC) according to the REACH regulation, such as lead or volatile organic compounds (VOCs). Although Melexis does not use or produce such substances, they are used in the upstream value chain, which leads to their presence in a limited number of Melexis products. No potentially harmful substances can be released under normal use.

We require all Tier 1 suppliers to comply with our Supplier Code of Conduct, which states suppliers' commitment to treat hazardous substances, including SVHCs, following applicable laws and regulations. Thus, the target related to Supplier Code of Conduct also covers the topic of Substances of (very high) concern. Please refer to section E1-2 to learn more about our policy (Supplier Code of Conduct) and to section S2-5 to learn more about our expectations and objectives related to this Code.

Actions related to Substances of (very high) concern and Air pollution in the upstream value chain

E2-2

Melexis key action related to Pollution is engagement with strategic suppliers — wafer foundries and Outsourced Semiconductor Assembly and Test (OSAT) providers. Unfortunately, it must be noted that full avoidance of hazardous substances in the semiconductor value chain is not yet possible but we keep engaging with our suppliers through regular supplier meetings, and annual reporting cycle, to drive positive change and monitor the progress.

In addition to compliance with Melexis Supplier Code of Conduct, we require them to report on both topics of Air pollution and Substances of (very high) concern annually through our supplier ESG questionnaire and through specialized reporting platforms. In 2024, we streamlined our supplier ESG questionnaire and aligned it with CSRD requirements to track suppliers' policies, actions and targets, including those related to Pollution.

Air pollution. In common with Melexis, many of our strategic Tier 1 suppliers do not generate pollutants during their operations. Suppliers that do identify pollution as a material topic for their operations, implement pollution prevention and neutralization systems. Many of our Tier 1 suppliers are ISO 14001 certified, which serves as an external validation of their action related to the management and prevention of potential pollutants.

Substances of (very high) concern. Our strategic suppliers implement controls to minimize the use of hazardous substances and ensure compliance with international regulations such as RoHS and REACH. These controls include monitoring the use of declarable substances, such as lead, and implementing procedures to limit their presence in products. Finally, efforts are made to reduce hazardous waste through material selection, waste separation, and recycling, with the goal of minimizing environmental impact and promoting resource recovery.

Through engagement with our suppliers, Melexis ensures that our products are compliant with REACH, Persistent Organic Pollutants (POP), and RoHS regulations, as well as Toxic Substances Control Act (TSCA) and other legislation related to the use of chemicals.

E3 Water and marine resources

Material IROs related to Water and Marine Resources

We have identified the following material Water-related impact and risk in our upstream value chain:

E3 (Water and marine resources) Main impacts, risks and opportunities

ESRS sub-topic			Value chain			Time horizon		
			Upstream	Own Operations	Downstream	Short-term (<1y)	Mid-term (1y-5y)	Long-term (>5y)
Water consumption	Negative actual impact	**Intensive water use** Semiconductor manufacturing is water-intensive, requiring large quantities of ultra-pure water (UPW) for cleaning and processing wafers.	●			●		
	Risk	**Water availability** Water is an important topic in Melexis industry. Reduced water availability within the value chain could have financial consequences.	●					●

The process of identifying impacts, risks, and opportunities related to Water aligns with our general methodology outlined under IRO-1 of ESRS 2.

Impact and risk management

During our industrial processes, the use of water is very limited and water does not come in direct contact with chemicals or other potential pollutants. According to the Aqueduct Water Risk Atlas, none of the Melexis production sites are located in areas with high overall water risk (score 4). Our analysis with subject matter experts concluded there were no material IROs nor a need to set-up reduction actions and targets relating to our own operations.

Although our strategic suppliers are also not located in areas with high water risk according to the Aqueduct Water Risk Atlas, we recognize the importance of water for wafer production in the semiconductor industry. As Melexis is a fabless company, the wafer manufacturing process is fully handled by our suppliers.

In conclusion, since Melexis is not using water in business activities, the Water topic has been assessed only material from an impact perspective through our upstream value chain.

Water and marine resources topic by our suppliers

E3-2

To address the Water topic in the upstream value chain, our Supplier Code of Conduct requires all Melexis suppliers to maximize the efficient use of water. Thus, the target related to Supplier Code of Conduct also covers water management. Please refer to section S2-5 to learn more about our expectations and objectives related to this Code.

Key action to address the risk of water availability and the impact of the intensive water use is engagement with our strategic suppliers, primarily meaning wafer foundries. In addition to compliance with our Supplier Code of Conduct, as of 2023 we require them to report water-related information annually. In 2024, we streamlined our Supplier ESG Questionnaire and aligned it with CSRD requirements to track suppliers' policies, actions and targets, including those related to Water. Based on our upstream value chain engagement in 2024, we can report that each strategic supplier takes action related to water management. In particular, they focus on reducing water usage intensity through process optimization, recycling and reuse. Most suppliers have a water-related target set with a target year of 2030.

E5 Resource use and circular economy

Material impacts, risks and opportunities

We have identified the following material Resource use and circular economy-related impacts, risks and opportunities:

E5 (Resource use and circular economy) Main impacts, risks and opportunities

ESRS sub-topic			Value chain			Time horizon		
			Upstream	Own operations	Downstream	Short-term (<1y)	Mid-term (1y-5y)	Long-term (>5y)
Resource inflows	Negative actual impact	**Use of precious raw materials** Melexis products require raw materials, including precious materials such as gold.	●			●		
	Risk	**Dependency on finite resources** High dependency on certain (finite) resources could lead to disruptions and negative financial consequences.	●				●	
	Opportunity	**Sustainable supply chain** Collaborating with suppliers to enable more resilient value chains.	●					●
Resource outflows	Positive potential impact	**Promote use of circular economy through own products** Developing technologies and products that enable circular economy practices, such as sensors for smart waste management systems or wear-and-tear monitoring systems.			●			●
	Risk	**R&D investments** Development of use of recycled/recyclable components or new processes to enable circularity requires investments in R&D and infrastructure.	●	●	●		●	
	Opportunity	**Financial and business opportunities** Development of use of recycled/recyclable components or new processes to enable circularity could lead to financial opportunities (e.g. innovation, increased efficiency, reduced product costs, access to new markets, etc.).	●	●	●			●
Waste	Negative actual impact	**Hazardous waste** Hazardous waste is generated throughout the manufacturing process.	●			●		
	Opportunity	**Cost of circular economy principles** Adopting circular economy principles (in line with EU Green Deal regulations) could lead to reduced waste processing costs and material efficiency.		●			●	

Material IROs related to Resource use and circular economy

Process to identify material impacts, risks and opportunities

The process of identifying impacts, risks, and opportunities related to Resource use and circular economy aligns with our general methodology outlined under IRO-1 of ESRS 2. Specifically for Resource use and circular economy, we have identified dependencies on key resources such as copper and silicon as well as precious metals such as silver, gold, palladium, and platinum through a thorough analysis of the composition of our products. Additionally, internal discussions with subject matter experts have provided valuable insights into waste generation and packaging impacts.

Policies related to Resource use and circular economy

E5-1

Please refer to our Environmental policy and Supplier Code of Conduct for information about the general key contents, scope, accountability, third-party standards, stakeholder consideration, and availability. The paragraphs below highlight how these policies apply specifically to Resource use and circular economy.

Environmental policy

The first principle in the Environmental policy states that Melexis develops sustainable solutions. In particular, some of our products enable circular economy, such as sensors for smart waste management systems or wear-and-tear monitoring systems.

Another key principle of our Environmental policy is First Time Right (FTR) in product development, which emphasizes the importance of getting things right from the outset. This approach aims to reduce errors and rework across the entire product lifecycle, from initial design to final production, helping conserve valuable materials within our integrated circuits (ICs), as well as the energy and water resources used in their manufacturing.

To ensure this principle is effectively implemented, we require our suppliers to adopt safeguards that reduce the risk of defects leading to product rejection. Additionally, we focus on establishing poka-yoke (error-proofing) processes to eliminate human errors.

Our Environmental policy also prioritizes the transition to low- and zero-carbon energy sources. For more details on this initiative, please refer to the Climate change and Energy sections. Another topic, transitioning away from virgin resource extraction, is covered by raw material use reduction, outlined in our policy as one of the directions for action. An example of the policy implementation is our ongoing work towards miniaturization and integration — please refer to the Actions section for further information.

Supplier Code of Conduct

Supplier Code of Conduct is a policy addressing the opportunity to further develop our sustainable supply chain through collaboration with suppliers. Resource use is a critical element in the Code, as it governs over 80% of our total spend. This Code requires suppliers to minimize waste and optimize resource efficiency, as well as to source energy from low- and zero-carbon resources whenever feasible. Through the requirement to minimize resource use, the policy addresses the impact related to dependency on finite resources.

Resource use and circular economy actions

E5-2

Waste management (Resource outflows)

We have been proactively investing in our waste management for many years, going beyond compliance and showcasing Melexis environmental responsibility. We closely monitor the waste generated at our six biggest sites, which account for 93% of total waste. This monitoring is detailed, tracking waste by stream, hazard presence, and treatment type (destination). This scope aligns with our Environmental policy. In 2024, we standardized and streamlined our waste data collection process by unifying waste categories applicable to all Melexis sites. We used the European Waste Catalogue (EWC), or EURAL system, for this improvement. EURAL provides a standardized classification for waste materials, ensuring consistency, enabling stakeholders to understand an organization's environmental performance. It also supports effective waste tracking and analysis, allowing for data-driven improvements and increased resource recovery.

For example, our biggest site in Sofia, Bulgaria sorts waste into more than 40 categories, which goes way beyond not only legislative requirements, but also common practices in the market. We educate our colleagues about recycling through awareness campaigns to ensure our contribution to a circular economy.

Reusable and recycled packaging (Resource outflows)

Since 2023, we have been mapping packaging inflows and outflows across our three largest sites to identify opportunities for reduction, reuse, and recycling. The focus on these sites is justified as they account for the majority of packaging movement. As a result of this mapping, we have maximized packaging reuse, such as sending ICs to customers in cardboard boxes sourced from assembly houses.

Quantitative data supporting the outcomes of these efforts can be found in the Resource outflows section below.

Miniaturization and integration

Our continuous innovation leads to further miniaturization and integration of Melexis products. This leads to increased sustainability of our products:

- Improved efficiency of resources used in products: smaller dies on the wafer maximize silicon real estate, increasing efficiency and reducing waste during production. Reducing the die size in the package also minimizes silicon waste at end-of-life disposal. This leads to decrease in overall dependency on finite resources.

- Reduced packaging: smaller products require less packaging material. This means we can pack more products in the same packaging, optimizing shipping and reducing our carbon footprint during transportation.

- Simplified design: our miniaturization efforts often lead to simplified designs. For example, in 2024, Melexis launched the MLX90416 — the world's first 60W single-coil sensorless BLDC driver. By shrinking the size and eliminating the need for a Hall sensor, we significantly reduce raw material consumption and energy use during manufacturing. This "No-Hall" technology decreases the overall component count, further minimizing resource depletion and promoting efficient material use.

Transition away from precious metals

Melexis continuously takes steps towards transitioning away from gold as one of the precious metals used in our products. Actual and potential actions are discussed internally and externally mainly by our purchasing and development teams. These actions address the risk and opportunity related to dependency on finite resources, and help increase sustainability of our supply chain. For example, in the next generations of our MLX90411 product, the gold wire will be replaced by copper wire, reducing the use of precious metals.
For more information about our supplier risk assessment and the potential risk of forced and child labor associated to precious metals sourcing, please refer to the related section in S2-ESRS 2-SBM 3.

E5-3

Targets related to waste management

Melexis is committed to minimizing overall waste generation, as outlined in our Environmental policy, which prioritizes waste prevention. No target is set related to the impact of Hazardous waste, and there is no plan to set such target, because the amount of hazardous waste at Melexis is already minimized, as reported in E5-5 Waste volume below. We do take waste prevention and management actions as described under E5-2 and track their effectiveness by monitoring KPIs. These KPIs cover all six sites in scope of the Environmental policy. Each metric reported under E5-5 Waste volume and Waste composition, is tracked quarterly based on primary data, with an employee at each site in scope formally responsible for integrity checks and variance analysis. Key KPIs, such as weight of key waste streams, are reviewed quarterly with Site Management Teams.

Resource inflows

E5-4

Melexis material resource inflows include:
- Wafers.
- Packaging and other consumables.
- Bill of Materials (BOM): materials used in our products, purchased by third-party assembly houses, including components like capacitors.
- Utilities: electricity, gas, and water.
- Nitrogen gas.
- Capital: buildings, vehicles and production equipment, including mask sets and mold chases.
- Components for the manufactured test equipment.

Upon assessing our operations, we have determined that resource inflows are a material sustainability matter for Melexis. The following information is disclosed for the reporting period:

- The overall total weight of materials in our products and packaging used was 436,539 kg.
- 18% of our packaging and products is derived from biological sources, which is mostly attributed to cardboard packaging.
- We used 63,968 kg of secondary reused or recycled materials in our packaging, constituting 15% of our total material usage (i.e. products and packaging included).

Methodologies and calculations

The data presented in this report is a combination of direct measurements and estimations.

The total weight of packaging is calculated by measuring the average weight of each packaging type and multiplying it either by purchased quantities over the reporting year, or by estimated shipped quantities. Packaging from all shipments organized and managed by Melexis is in scope. Cardboard and paper packaging is considered to be derived from biological sources, thus the percentage of biological materials equals the share of cardboard and paper packaging in total packaging weight. Weight of reused packaging is estimated by experts on each site based on field observations. The rates of recycled content are provided by packaging suppliers. To avoid double counting of recycled and reused materials, we deducted the reused weight from the total weight to calculate the weight of recycled materials.

The total weight of products is estimated based on average weight per IC type multiplied by the type's sales quantities for the reporting period. This approach is defined by subject matter experts, and allows for the most robust estimation, as different products with the same package type have comparable weight and composition.

Resource outflows

E5-5

Melexis has identified the following key products and materials as output of the production:

- Packaged Integrated Circuits (ICs) — tiny electronic devices built on a semiconductor material. Melexis is a fabless semiconductor company, which means that our main industrial processes are package and chip design, probing and testing of integrated circuits (ICs). Other production-related processes are outsourced to our partners.
- Bare dies, or Unpackaged Integrated Circuits. Essentially, "raw" silicon chips with circuitry etched onto them, but without any protective packaging.
- Packaging used to ship our products to partners and customers, such as cardboard boxes.
- Waste throughout our own operations.
- Testers, spare parts and related services: through Xpeqt, an entity acquired in 2023.

Durability of products

Melexis products are engineered to meet strict automotive industry demands, as outlined in industry standards such as AEC-Q100 and JESD. Our products have a minimum service life of 15 years, which aligns with industry averages, and a minimum operating life of around 8,000 hours. This translates into an estimated durability of at least 100% of the market average.

Beyond industry standards, we prioritize customer requirements, which vary based on the product and its application and may exceed 15 years and 8,000 hours. For instance, an IC's operating life will differ between a smartwatch and an electric car.

Our commitment to durability is reflected in our thorough failure mode and effects analysis (FMEA) for enhanced robustness validation. Every new product undergoes a comprehensive qualification process before market launch, ensuring that Melexis ICs can achieve their intended operating life without defects. Qualification includes various stress tests designed to simulate all types of exposures, with lifetime being a critical parameter. Our additional failure analysis process facilitates continuous improvement and helps prevent potential damage to our ICs over time.

Repairability of products

The automotive industry prioritizes reliability, requiring ICs to function for their entire intended lifespan. Reliability is a primary focus of Melexis, with probing and testing processes being key in our operations. Repairing ICs is generally avoided due to concerns about long-term performance and safety. Melexis, focusing heavily on the automotive sector, adheres to these stringent standards.

Recyclable content

- Packaging: the rate of recyclable contents in packaging is 98% on average. We estimated the average based on weight, purchased quantities and recyclability rates of each packaging type. The recyclability rates are provided by packaging suppliers.

- Products: the rate of recyclable content in products is 42% and is calculated following a conservative approach. It is equal to the average share of materials in Melexis products that are actually recovered during scrap recycling that a third-party performs for Melexis.

Waste volume

Melexis	Amount (tons)
Total amount of waste	540
Diverted from disposal	467
Preparation for reuse	0
Non-hazardous waste	0
Hazardous waste	0
Recycling	444
Non-hazardous waste	442
Hazardous waste	2
Other recovery operations	23
Non-hazardous waste	22
Hazardous waste	1
Directed to disposal	73
Incineration	56
Non-hazardous waste	56
Hazardous waste	–
Landfill	10
Non-hazardous waste	10
Hazardous waste	0
Other disposal operations	7
Non-hazardous waste	7
Hazardous waste	1
Non-recycled waste	73
Percentage of non-recycled waste	14%

Waste composition

Melexis main waste streams include cardboard and plastic waste from our suppliers packaging material and metal, electronic and electrical waste from maintaining our equipment and facilities. Chemical waste comes from our labs and maintenance, and the 'other' waste consists mainly of wood, glass and food waste. Our mixed waste mainly consists of plastic packing material and scrapped Melexis products.

Waste Type	Amount (tons)
Chemicals (hazardous)	2
Discarded equipment	19
Discarded equipment (hazardous)	2
Metals	23
Mixed waste	135
Other	105
Paper/cardboard	139
Plastics	115

Hazardous and radioactive waste

In 2024, Melexis generated 4 tons of hazardous waste. We did not generate any radioactive waste as defined in Article 3(7) of Council Directive 2011/70/Euratom.

Methodologies and assumptions

Waste: the waste streams reported on above are a combination of Melexis local waste streams, aggregated according to the EURAL waste categories. The data presented in this report is sourced through a combination of primary data and estimations. Primary data is collected for Melexis six biggest sites and covers the period from January to October of the reporting year. The sources for this primary data are invoices and online tools provided by waste collectors. For some smaller local waste streams, volume of the waste is noted by a local responsible employee. Estimations are provided for November and December for the six biggest sites and for the other (non-production) sites for the whole reporting year. These estimations are based on historical data.

EU Taxonomy

The EU Taxonomy is a classification system based on performance criteria that assesses the contribution a company's economic activity makes to six environmental objectives:

1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use and protection of water and marine resources
4. The transition to a circular economy
5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystems

Regulation (EU) 2020/852 (the 'Taxonomy Regulation') was published in the Official Journal of the European Union on 22 June 2020 and entered into force on 12 July 2020. Technical screening criteria for each environmental objective are defined through delegated acts.

The Climate Delegated Act (Commission Delegated Regulation (EU) 2021/2139), as amended by Commission Delegated Regulation (EU) 2023/2485, sets out the technical screening criteria that define whether a company's economic activity substantially contributes to the objective of climate change mitigation or climate change adaptation. The Environmental Delegated Act (Commission Delegated Regulation (EU) 2023/2486) establishes the technical screening criteria for determining the conditions under which a company's economic activity qualifies as contributing substantially to the sustainable use and protection of water and marine resources, to the transition to a circular economy, to pollution prevention and control, or to the protection and restoration of biodiversity and ecosystems. These delegated acts include so-called Do No Significant Harm (DNSH) criteria, to avoid that contributing activities significantly harm any of the other environmental objectives. They also include minimum safeguards relating to human rights, corruption, taxation and fair competition.

As of 1 January 2024, companies need to report on the eligibility and alignment of their activities regarding all six of the environmental objectives.

Based on Melexis NACE code 26.110, our business activity can best be classified as an economic activity under 3.6 'Manufacture of other low-carbon technologies'. A company's economic activity in this category is deemed eligible for climate change mitigation if it manufactures technologies aimed at substantial GHG emission reductions in other sectors of the economy.

Semiconductor manufacturing is a Taxonomy-eligible activity where it is intended to enable another economic activity to make substantial greenhouse gas emission savings. We consider Melexis applications, which, among other things, reduce emissions in vehicles or have applications in electromobility, to be eligible.

With regard to the five other environmental objectives, Melexis has no Taxonomy-eligible economic activities.

In the context of the EU Taxonomy, 'alignment' means that an activity meets all the criteria to be classified as environmentally sustainable. This is the case where the activity in question:

1. Contributes substantially to one or more of the environmental objectives of the EU Taxonomy. To contribute substantially to Climate change mitigation, the company's economic activity must manufacture technologies that are aimed at and demonstrate substantial lifecycle GHG emission savings compared to the best performing alternative technology/product/solution available on the market. The GHG reduction across the lifecycle could be evaluated based on product lifecycle emissions and their applications.

2. Does not significantly harm any of the other environmental objectives of the EU Taxonomy:

- Climate change adaptation: In 2024, we prioritized starting to assess how our assets and business activities could be exposed to climate-related hazards. We plan to pursue this analysis and link our conclusions to the expected lifetime of our assets, strategic planning horizons and capital allocation plans. According to our current discussions, no assets and business activities have been identified as incompatible with, or requiring significant efforts to be compatible with, a transition to a climate-neutral economy. This still needs to be confirmed by scientific analysis.

- Sustainable use and protection of water and marine resources: During Melexis industrial processes, the use of water is very limited and water does not come into direct contact with chemicals or other potential pollutants. Although Melexis own operations are not water-intensive, we recognize the importance of water in the semiconductor industry, for wafer production. As Melexis is a fabless company, the wafer manufacturing process is fully handled by our suppliers. In this context, we also refer to our Double Materiality Assessment.

- Transition to a circular economy: We work closely with our strategic suppliers to encourage the use of sustainable practices in alignment with the Melexis Supplier Code of Conduct.

- Pollution prevention and control: The semiconductor industry relies on the use of chemicals. The current wording regarding the aspect of pollution prevention and control has given rise to a number of ongoing issues. A company's economic activity may not lead to the manufacture, placing on the market, or use of certain chemicals in order to be Taxonomy-aligned. The Climate Delegated Act refers to other existing EU legislation that regulates the use of certain chemicals (such as REACH and RoHS). Melexis complies with these legislative requirements. The semiconductor industry has been granted multiple exemptions and/or derogations from restrictions on certain substances. However, since these are not acknowledged under the Taxonomy framework, there are cases where semiconductor manufacturing companies report very low alignment levels due to their significant reliance on some of these substances.

- Protection and restoration of biodiversity and ecosystems: At Melexis, we understand the inherent value of biodiversity and have therefore worked on evaluating our potential impacts, starting by an assessment of our dependencies or material interdependence with local ecosystems. We also discussed potential physical and transition risks and opportunities concerning biodiversity and could not identify broader systemic risks. According to Key Biodiversity Areas analysis, no Melexis production sites are located in or near biodiversity-sensitive areas.

3. Is carried out in compliance with the minimum safeguards: Article 18 of the Taxonomy regulation requires companies to implement procedures to ensure the alignment of their activities with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labor Organization on Fundamental Principles and Rights at Work and the International Bill of Human Rights. Melexis rejects corruption and bribery as stated in the relevant UN Convention against Corruption from 2003, and promotes transparency, trading with integrity, responsible leadership, and company accountability. Melexis stands up for human rights as stated in the Charter of the United Nations. We respect human and labor rights in all our activities, as defined in ILO International Labor Standards, UN Universal Declaration of Human Rights and OECD Guidelines for Multinational Enterprises. Specifically, we do not tolerate, engage in or support the use of forced labor, child labor, and human trafficking. We ensure labor rights of all people working for Melexis, including the right to collective bargaining, the right to rest and reasonable working hours. More information about responsible supply chain and business ethics can be found under sections E1, E2, E3, E5, S2, S4 and G1.

Turnover

To calculate the eligible turnover, we started from the financial data reported in accordance with the International Financial Reporting Standards (see chapter 8). The turnover in the denominator of the calculation covers the 'total revenue' mentioned in 'Consolidated income statement'. Based on our financial system, we could allocate revenue directly to sustainable applications.

Due to the legal uncertainties regarding the DNSH criteria of Pollution prevention and control and the fact that Melexis is still in an early stage of product lifecycle assessments, we classify our activities as non-aligned.

CapEx

The Disclosures Delegated Act (Commission Delegated Regulation (EU) 2021/2178) defines capital expenses as additions to tangible and intangible assets during the financial year considered before depreciation, amortization and any re-measurements, including those resulting from revaluations and impairments, for the relevant financial year and excluding fair value changes. The capital expenses in the denominator of the calculation cover the 'Purchase of property, plant and equipment' and the 'Purchase of intangible assets' as mentioned in 'Consolidated statement of cash flows'. Capital expenses have been allocated to products for green applications where there is a direct link, and pro rata compared to the sales proportion for sustainable applications for the remainder of the manufacturing investments.

The CapEx numerator equals to the part of the capital expenditure included in the denominator that is any of the following:

a. related to assets or processes that are associated with Taxonomy-aligned economic activities (type a CapEx);
b. part of a plan to expand Taxonomy-aligned economic activities or to allow Taxonomy-eligible economic activities to become Taxonomy-aligned ('CapEx plan') (type b CapEx);
c. related to the purchase of output from Taxonomy-aligned economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions (type c CapEx).

Due to the legal uncertainties regarding the DNSH criteria of Pollution prevention and control and the fact that Melexis is still in an early stage of product lifecycle assessments, we classify our type a CapEx as non-aligned.

Type c CapEx includes the 'installation, maintenance and repair of charging stations for electric vehicles in buildings and parking spaces attached to buildings' (i.e. charging stations in our Belgian facilities); 'installation, maintenance and repair of façade and roofing elements with a solar shading or solar control function, including those that support the growing of vegetation' (i.e. the new façade of our building in Erfurt); and 'installation, maintenance and repair of solar photovoltaic systems and the ancillary technical equipment' (i.e. solar panels at our sites in Ieper and Sofia). Given the low percentage of CapEx under consideration, we did not perform a physical climate risk and vulnerability assessment to evaluate if the criteria for DNSH to climate change adaptation are fulfilled. Hence, we classify our type c CapEx as non-aligned.

OpEx

According to the Disclosures Delegated Act, operating expenses cover direct non-capitalized costs that relate to research and development (R&D), building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets. For the calculation of the eligible operating expenses, all R&D expenses and all non-R&D maintenance costs were taken into account. To define the operating expenses, we were able to link most of our R&D expenses directly to products with sustainable applications via the financial system and distributed pro rata compared to the sales proportion of our products for sustainable applications, for the remainder of the eligible operating expenses.

Due to the legal uncertainties regarding the DNSH criteria of Pollution prevention and control and the fact that Melexis is still in an early stage of product lifecycle assessments, we classify our activities as non-aligned.

Turnover

Financial year 2024				Substantial contribution criteria						DNSH criteria ('Does not significantly harm')									
Economic Activities (1)	Code (2)	Turnover (3)	Proportion of Turnover, 2024 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) turnover, 2023	Category enabling activity (19)	Category transitional activity (20)
		in 1,000 €	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%	0%	0%	0%	0%								0%		
Of which enabling																			
Of which transitional																			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of other low carbon technologies	CCM 3.6	554,804	59.5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								58%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		554,804	59.5%	59.5%	0%	0%	0%	0%	0%								58%		
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		554,804	59.5%	59.5%	0%	0%	0%	0%	0%										
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		378,004	40.5%																
TOTAL		932,808	100%																

Y) Yes, Taxonomy-eligible and Taxonomy-aligned activity, **N)** No, Taxonomy-eligible but not Taxonomy-aligned activity
EL) Eligible, Taxonomy-eligible activity, **N/EL**) Not eligible, Taxonomy-non-eligible activity

CapEx

Financial year 2024				Substantial contribution criteria						DNSH criteria ('Does not significantly harm')									
Economic Activities (1)	Code (2)	CapEx (3)	Proportion of CapEx, 2024 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) CapEx, 2023	Category enabling activity (19)	Category transitional activity (20)
		in 1,000 €	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%	0%	0%	0%	0%								0%		
Of which enabling																			
Of which transitional																			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of other low carbon technologies	CCM 3.6	34,741	57.41%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								56%		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) (type c CapEx)	CCM 7.4	140	0.23%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings (type c CapEx)	CCM 7.5	965	1.59%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Installation, maintenance and repair of renewable energy technologies (type c CapEx)	CCM 7.6	104	0.17%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
CapEx of taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		35,950	59.40%	59.40%	0%	0%	0%	0%	0%								56%		
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		35,950	59.40%	59.40 %	0%	0%	0%	0%	0%										
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		24,563	40.59%																
TOTAL		**60,513**	**100%**																

Y) Yes, Taxonomy-eligible and Taxonomy-aligned activity, **N)** No, Taxonomy-eligible but not Taxonomy-aligned activity
EL) Eligible, Taxonomy-eligible activity, **N/EL**) Not eligible, Taxonomy-non-eligible activity

OpEx

Financial year 2024				Substantial contribution criteria						DNSH criteria ('Does not significantly harm')									
Economic Activities (1)	Code (2)	OpEx (3)	Proportion of OpEx, 2024 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) OpEx, 2023	Category enabling activity (19)	Category transitional activity (20)
		in 1,000 €	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%	0%	0%	0%	0%								0%		
Of which enabling																			
Of which transitional																			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of other low carbon technologies	CCM 3.6	63,967	51%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								52%		
OpEx of taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		63,967	51%	51%	0%	0%	0%	0%	0%								52%		
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		63,967	51%	51%	0%	0%	0%	0%	0%										
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		62,008	49%																
TOTAL		**125,975**	**100%**																

Y) Yes, Taxonomy-eligible and Taxonomy-aligned activity, **N)** No, Taxonomy-eligible but not Taxonomy-aligned activity
EL) Eligible, Taxonomy-eligible activity, **N/EL**) Not eligible, Taxonomy-non-eligible activity

Nuclear and fossil gas related activities

	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Social report

S1 Own workforce

Material IROs and their interaction with strategy and business model

ESRS S1-ESRS 2 SBM-3

In 2024, all people registered on the payroll of any entity within the Melexis Group are considered in Melexis sustainability efforts and are included in the scope of our disclosure. They are considered as subject to material impacts by our operations.

At Melexis, employees are individuals who work under a formal agreement, contributing to the company's goals while receiving wages, benefits, and direct supervision as part of the Melexis team. They are related to the assignment type Employees. Non-employees, collaborate with Melexis under specific contracts, maintaining autonomy in their work while not being integrated into the company's structure or receiving the same benefits, they include assignment types Interim and Management Contracts.

Material impacts, outlined in the table below, may be both positive and negative. They are applicable to all employees, and thus not specific to particular geographic areas, employee types, or employees with particular characteristics. Thus, we strive to address these impacts and related risks and opportunities for all of our colleagues, while accounting for the context of their work. This conclusion is a result of our employee listening initiatives, which analyze how people with particular characteristics or in specific contexts may be at greater risk of harm. Please refer to Engaging with vulnerable workforce groups to learn more.

These impacts, risks and opportunities do not relate to specific incidents, and thus their occurrence cannot be quantified. The risks are not considered widespread or systemic.

Melexis does not expect any material impacts on its own workforce that may arise from transition plans aimed at reducing negative environmental impacts and achieving climate-neutral operations. Firstly, the goals of our core business are aligned with the goals of climate transition. These goals are reflected in our corporate strategy, driven by ESG. Secondly, we are committed to investing in our employees through reskilling and upskilling initiatives, ensuring they remain valuable contributors as we adapt to the changing landscape.

Melexis proactively analyses whether any operations are at significant risk of incidents of forced labor, compulsory labor, or child labor. We use Global Slavery Index and UNICEF data for our analysis. According to the data for 2024, Melexis has no operations with significant number of employees in any of the top-20 countries with the highest risk of forced, compulsory, or child labor. Therefore, no operations are considered to be under significant risk.

Material impacts, risks and opportunities

We have identified the following Own workforce-related impacts, risks and opportunities:

S1 (Own workforce) Main impacts, risks and opportunities

ESRS sub-topic			Value chain			Time horizon		
			Upstream	Own Operations	Downstream	Short-term (<1y)	Mid-term (1y-5y)	Long-term (>5y)
Working conditions	Positive/negative actual impact	**Attractive working conditions** Melexis has a large impact on the working conditions of our employees (e.g. working time, adequate wage, health and safety, life balance, secure employment, etc.)		●		●		
	Opportunity	**Retention of existing employees and attraction of new talent** Offering attractive working conditions could lead to higher retention of employees, higher engagement/ productivity and advantages over competitors when attracting new talent.		●			●	
	Risk	**Retention of existing employees and attraction of new talent** Offering working conditions that are below market standards could lead to higher turnover of employees, higher disengagement/lower productivity and disadvantages over competitors when attracting new talent.		●			●	
Equal treatment and opportunities	Positive/negative actual impact	**Embracing equal treatment** Melexis has been committed to promoting equitable treatment and equal opportunities for our people since our inception, embedding respect in our DNA. Inclusion is at the heart of our organization's culture hence we actively address violence and harassment.		●		●		
	Opportunity	**Diversity and inclusion practices affect quality and innovation potential** Embracing DEI could lead to increased creativity which can lead to increased value creation.		●			●	
	Risk	**Equal treatment of employees affect employee turnover** Not treating all employees equally and providing similar opportunities to all could lead to brand reputation damage, employee turnover and disengagement.		●			●	

Policies related to Own workforce

S1-1

The key policies covering our own workforce are the Code of Conduct, the Speak-up policy, health and safety policies in accordance with local legislation, as well as local working conditions. Our global policies cover all employees, regardless of their employment status (full-time, part-time, contract-based).

Code of Conduct

The Melexis Code of Conduct applies to all entities within the Melexis Group and is overseen by the General Counsel. It is readily accessible on both our external website and internal Melexis Hub. When developing this Code, we referenced international standards such as ILO International Labor Standards, the UN Universal Declaration of Human Rights, and OECD Guidelines for Multinational Enterprises. The Code of Conduct is reviewed on a yearly basis and updated if and where necessary. As part of this review, compliance with international standards may be taken into account.

The Code is anchored in three key commitments: workplace commitments, business commitments, and integrity commitments. It covers a wide range of topics, including workplace safety and health, diversity and inclusion, equal treatment, the use of computing and information resources, legal compliance, environmental sustainability, human rights, product safety, consumer rights, financial and non-financial accounting and reporting, confidential information, intellectual property, privacy and data protection, conflicts of interest, gifts, bribery and corruption, insider trading, competition and antitrust, and overall compliance with the Code itself.

Specifically, the Code addresses diversity and inclusion by prohibiting discrimination and promoting a harassment-free workplace. It also ensures respect for human and labor rights, including the prohibition of forced labor, child labor, and human trafficking, as well as the protection of labor rights for all Melexis employees. We do not explicitly address particular vulnerable groups, as we target to ensure integrity, honesty, and fairness for each and every employee.

Speak-up policy

The Melexis Speak-up policy applies to all entities within the Melexis Group and is overseen by the General Counsel. It is accessible on both our external website and internal Melexis Hub. Aligned with European and national laws, this policy provides a reporting mechanism open to all Melexis colleagues and external stakeholders. Confidential treatment of all reports is ensured and anonymous reporting is available where permitted by law. Importantly, all individuals who report good-faith concerns are protected from retaliation. Further information on our Speak-up policy can be found below in G1-1.

Health and safety policies

Melexis local health and safety policies are mandated for all entities subject to local health and safety regulations. Each site's health and safety representative oversees implementation, and the policy is introduced during employee onboarding training. These policies are tailored to comply with specific country regulations.

The primary goal of these policies is to safeguard employees, visitors, and anyone potentially impacted by Melexis operations, adhering to relevant health and safety standards. To achieve this, the policies address various aspects of workplace accident prevention:

- **Risk assessment and management**: regular risk assessments are conducted to identify and mitigate potential hazards, pro-actively preventing accidents.
- **Safety training and instruction**: comprehensive safety training equips employees with the knowledge and skills to work safely.
- **Equipment and machinery safety**: strict procedures ensure the safe operation and maintenance of equipment and machinery, reducing the risk of equipment-related accidents.
- **Emergency preparedness**: clear emergency procedures and fire safety protocols are in place to respond effectively to incidents, minimizing potential harm.
- **Chemical safety**: guidelines for safe chemical handling and storage reduce the risk of exposure and chemical-related incidents.
- **Continuous improvement:** a system for monitoring, analyzing, and addressing safety concerns fosters a culture of continuous improvement.

By combining proactive measures like risk assessment and training with reactive measures like emergency procedures and incident analysis, these policies create a safer working environment for all involved.

Working conditions

Melexis working conditions are tailored to each entity within the Melexis Group, aligning with local legislation and market practices. People & Workplace managers on each site are responsible for implementing these conditions, which employees sign during the hiring process. While there are no specific third-party standards, these policies encompass a broad range of topics, including working hours, leave policies, compensation and benefits, health and safety, and grievance procedures. They also highlight the company's commitment to equitable pay and equal opportunities for training and development.

Melexis prioritizes providing optimal working conditions to attract and retain top talent. We aim to exceed legal and market standards by offering flexible work arrangements, parental leave policies, and ample opportunities for development and internal mobility.

Engaging with Own workforce

S1-2

At Melexis, we believe in fostering a vibrant and collaborative work environment where every employee's voice is heard and valued. Through our comprehensive employee engagement program, we embark on a journey of continuous improvement, ensuring that our strategies and policies are shaped by the insights and feedback of our people. Together, we create a dynamic and inclusive workplace where every employee feels empowered to contribute their unique perspectives and make a lasting impact on our collective success.

Engagement with workforce and workers' representatives

Mode of engagement: we engage both directly with our workforce and with employee representatives. Direct engagement is managed through an employee engagement program that includes structured communication with employees at all levels, ensuring a diverse range of perspectives. Engagement with elected employee representatives through workers' councils supplements this at some sites.

Engagement process: the engagement program includes a variety of channels: in-person Business Communication Tour, digital Employee Listening Survey, Melexis Connect newsletter, hybrid Town Hall and Leaders Connect meetings, and a digital forum "CEO space". All these initiatives are organized regularly throughout the year, some taking place annually, others on a weekly basis. To cover all stages of employment lifecycle, we have automated onboarding surveys in place, as well as a standard process for exit interviews.

Leadership and responsibility: the accountability for the employee engagement program lies with our Global People & Culture Director. As a senior executive, the Global People & Culture Director ensures the insights and feedback from our workforce are not only heard but actively integrated into our strategies and policies. This role is pivotal in bridging the gap between workforce perspectives and executive decision-making.

Global framework agreement and human rights: there is no global framework agreement at Melexis, but we do highlight our commitment to human rights through a dedicated Social Sustainability chapter in our Code of Conduct.

Assessing engagement effectiveness: we set targets and KPIs to assess the effectiveness of our engagement activities. In particular, we have set a target of employees recommending Melexis as a good place to work. We track this KPI via engagement surveys. To ensure the effectiveness of the survey itself as a channel for employee engagement, we track survey participation rate. In 2024, the rate was 77%.

Engaging with vulnerable workforce groups

Melexis is dedicated to building a just and equitable workplace where all colleagues can thrive. We are particularly mindful of the need to support groups who may be at higher risk, such as women who are often underrepresented in the Science, Technology, Engineering, and Mathematics (STEM) industries like microelectronics. To ensure their voices are heard, we incorporate factors like gender and nationality into our analysis of engagement surveys. This allows us to proactively identify and address potential concerns, fostering an environment where every employee feels supported and respected.

Processes to remediate negative impacts and channels for Own workforce to raise concerns

S1-3

To avoid as much negative impact on our own workforce as possible, Melexis has implemented several policies and procedures to ensure that any negative impacts are appropriately investigated and remedied, and to allow our personnel to raise any concerns they might have.

Remediation and concern-raising channels

Channels for raising concerns: Melexis has several options for its personnel to raise any concerns they may have. These include the possibility to report any concerns (anonymously) through our Speak-up procedure, which includes an online whistleblowing tool, as well as persons of trust who are available to our colleagues, and an internal audit procedure to investigate any incidents.

Grievance/complaints handling mechanism: the Speak-up procedure can be used by all personnel to communicate concerns about any issues they might have, whether related to the violation of any laws or the violation of the Melexis Code of Conduct or any other Melexis policies.

Approach to remediation: to remedy any negative impacts Melexis might have on its own workforce, we carefully investigate each incident that is reported via the Speak-up procedure or through other channels. Based on the findings of such investigation, we determine the best course of action to remedy the issue. The effectiveness of our remediation actions is assessed through a follow-up with any involved persons and their team leads.

Supporting channel availability: Melexis is invested in creating awareness on the available grievance mechanisms. Internal communications, such as the ESG Newsletter and the Melexis intranet, as well as regular trainings, ensure that our workforce is well aware of the grievance channels available to them.

Tracking and monitoring effectiveness: any reports filed through the above mentioned channels are thoroughly investigated and followed up on when necessary by designated Melexis employees. To ensure all reports received are tracked, Melexis has a register of all concerns reported through the Speak-up procedure, as well as the actions taken to follow up on these concerns. To ensure effectiveness of the channels, they are carefully re-evaluated on a regular basis, taking into account any feedback received from (intended) users.

Assessment of workforce awareness and trust in processes

Melexis Speak-up policy allows our workforce, as well as external stakeholders, to report any concerns they have. Under this policy, anyone reporting good faith concerns is protected against retaliation, and has an opportunity to report their concerns anonymously (when permitted by local law).

Our colleagues are made aware of the Speak-up policy through the ESG newsletter and mandatory Code of Conduct training that takes place on an annual basis. The Code of Conduct training is complemented by a test, part of which deals with questions to assess our workforce's awareness of, and trust in, the Speak-up procedure.

Actions on material impacts on Own workforce, and approaches to managing material risks and pursuing material opportunities related to Own workforce

S1-4

Enhancement of the employee engagement program

In 2024, Melexis enhanced its employee engagement program to streamline processes, increase touchpoints, and prioritize data-driven action planning. This improvement aims to translate survey insights into concrete initiatives that bolster employee engagement and support the ongoing cultural transformation. The refined process, outlined in the Engaging with own workforce section, involves regular feedback collection through annual engagement surveys and pulse surveys. This enables us to proactively identify and address concerns, as well as leverage positive impacts and opportunities.

The People & Culture department, in collaboration with other departments and senior management, analyses, prioritizes, and implements action plans based on survey results. Executive Management receives these results, ensuring employee feedback is prioritized to address potential impacts, risks, and opportunities globally. The program enhancement was initiated in 2024, with the first action plans expected to launch in early 2025. This updated Engagement program is applicable to all Melexis employees.

Cultural Transformation program

The Melexis people-centric company culture is built on science-based models. Its foundation is the self-determination theory, developed by renowned psychologists Edward L. Deci and Richard M. Ryan. The theory sees three universal and innate needs — autonomy, relatedness and competence — as essential to the psychological health, well-being and growth of any individual. To put self-determination theory in practice, we apply a sociocracy model, which integrates core practices found in frameworks such as agile methodologies, lean management, Kanban, and Design Thinking.

In 2024, we launched our Cultural Transformation program to foster innovation, agility, and employee empowerment in response to a dynamic industry landscape. This transformation focuses on three key behaviors: autonomy, entrepreneurship, and fast and effective decision-making, all built on a foundation of trust and inclusion. The goal is to create a dynamic, adaptable environment where everyone feels valued, empowered, and equipped to contribute to our ongoing success. A complementary leadership development program launched in 2024 is designed to equip leaders with the tools to champion these behaviors. This ongoing cultural transformation applies to all Melexis employees. It was launched in early 2024 and is planned to continue over the next three years.

Diversity, Equity and Inclusion program

Since its inception, Melexis has valued our diverse and multicultural workforce, recognizing the richness it brings to discussions, perspectives, and overall organizational health. Diversity and inclusion practices have a direct impact on Melexis ability to innovate and deliver high-quality products and services. To further foster inclusion, we are launching a global Diversity, Equity, and Inclusion (DEI) program in 2025. This program will address identified impacts, risks, and opportunities, aiming to make Melexis attractive to diverse talent and ensure all colleagues feel heard and empowered to contribute fully. With a particular focus on women in STEM, this program will be implemented across all Melexis entities.

Remedial actions for material impacts: We encourage employees to report any concerns, in particular those related to material impacts and risks, by following the global Speak-up policy outlined above. The way these cases are treated is described in S1-3 under 'Remediation and concern-raising channels'.

Resources for managing material impacts

Melexis allocates significant resources, both financial and non-financial, for managing the material impacts on our workforce. This includes offering attractive working conditions, investments in safety equipment, various training programs (including the Cultural Transformation program), health and safety initiatives, and technology upgrades. Melexis also substantially invests in employee engagement and continuous improvement processes and policies while embracing DEI initiatives and regulations.

Our resource allocation is a dynamic process, adapting to evolving business needs and workforce expectations to ensure effective management of material impacts.

Workforce targets

S1-5

Employees recommending Melexis as a good place to work

We aim to achieve a 90% employee recommendation rate, measured by the percentage of employees who positively respond to the Employee Listening Survey. This target aligns with our commitment to provide attractive working conditions (such as working time, adequate wage, life balance, secure employment), which leads to retaining existing employees and attracting new talent. The target is based on evidence from our partners specialized in employee listening programs. Because the target is fixed, baseline value or baseline year are not applicable. This target applies globally to all Melexis employees. In 2024, the employee recommendation rate was 79%. To track progress, shorter pulse surveys will be introduced in 2025. Data is collected through the Employee Listening Survey, assuming a sufficient participation rate to represent the workforce. Consistent methodology and tooling ensure comparability. The People & Culture department has set the target in consultation with Executive Management, and leads this initiative, with other stakeholders involved. The results are communicated to team leads and senior leaders.

Ensure that the highest standards of safety on site are implemented

This target aligns directly with the Melexis commitment to employee health and safety, as outlined in our Code of Conduct and local health and safety policies. We aim to achieve zero work-related accidents, measured by the absolute number of reported incidents. This target applies to all Melexis employees subject to local health and safety systems. The target remains constant as we strive to prevent all accidents. The target period covers the entire calendar year, with quarterly reviews conducted by People & Workplace managers through the Balanced Scorecard approach. The assumption is that all accidents are accurately reported and recorded. People & Workplace managers in each region are accountable, with support from local health and safety advisors. In 2024, the number of work-related accidents was 35. Regular safety trainings and awareness programs are conducted to empower employees to mitigate risks and prevent accidents.

Melexis recognizes the vital importance of equal treatment, diversity, and inclusion (DEI), and the impact it may have on innovation and employee turnover. While we have not yet established formal targets in these areas, we have been actively monitoring key quantitative and qualitative data for years. Details on our workforce diversity are available in sections S1-6 and S1-9, with our qualitative data collection process outlined in S1-2 and S1-4. This in-depth analysis is informing the development of meaningful DEI targets, which we plan to implement in 2025. This proactive approach underscores our unwavering commitment to these core values, which are integral to our long-term success.

Characteristics of our colleagues

S1-6

At Melexis, our people are the driving force behind our innovative spirit. We cultivate a culture of autonomy, entrepreneurship, and fast and effective decision-making, enabling our talented and diverse team to thrive. We are committed to fostering an environment where each individual is encouraged to take ownership, contribute their unique perspectives, and continuously develop their skills. This culture, combined with our shared passion for advancing microelectronics technology, enables us to achieve ambitious goals and deliver exceptional results.

In the interest of transparency, we provide a comprehensive overview of our employee characteristics in the tables below. The data is reported in headcount as at 31 December 2024 for our employees only (see description under SBM-2), while the information in our financial statement is reported as average FTE, with a total number of 1,941. Our headcount data is consolidated on a global level and managed centrally. No assumptions were taken into account when compiling the data.

Employee headcount by gender

	Female	Male	Other	Not Reported	Total
Number of employees	672	1,338	0	0	2,010
Number of permanent employees	666	1,329	0	0	1,995
Number of temporary employees	6	9	0	0	15

Melexis does not have non-guaranteed hours in 2024.

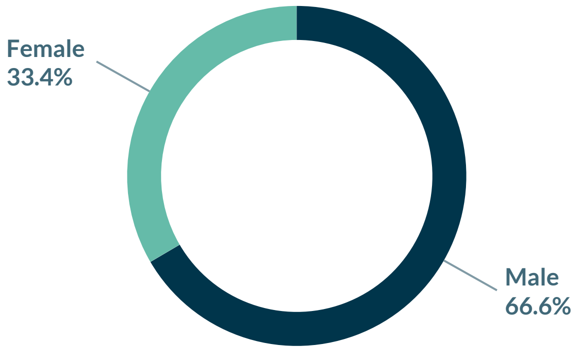
Melexis is energized by a global team of 2,010 talented individuals. Out of those 2,010 people, 672 are women (33%) and 1,338 (67%) are men. We are proud of the achieved metric regarding gender balance, which is consistent with the previous year, and is higher than the industry average of 29%[1]. We will continue our efforts to promote gender diversity creating an even more inclusive workplace.

Furthermore, with over 99% of our team on permanent contracts, we are proud to offer a workplace built on stability and long-term growth.

[1] Source: SEMI, 2024

Employee headcount by gender

(in %)



Employee headcount per country

Country	2024
Bulgaria	763
Belgium	625
Germany	289
Switzerland	86
France	79
Malaysia	56
Other*	112
Total Employees	2,010

* Other countries include China, Japan, Philippines, South Korea, Taiwan, Ukraine, United States.

The Melexis team collaborates across 14 countries, with major locations in Bulgaria, Belgium, and Germany, but also with a presence in diverse regions around the world. This global footprint, combined with the diverse perspectives of our 54 nationalities, fuels our innovative spirit and allows us to better understand and serve our customers. Reflecting our 'We care' value, Melexis never discriminates humans according to gender, age, vulnerability, nationality, religion or educational level.

Employee turnover

	Unit	2024
Employee turnover	Headcount	219
Employee turnover ratio	%	11 %

Our 2024 turnover rate among permanent employees was 11%, encompassing terminations, resignations, and retirements. This figure reflects our commitment to cultivating a positive and rewarding work environment where our employees feel valued and motivated to build long-term careers at Melexis.

The employee turnover ratio is calculated by dividing the number of employees that left the organization during the past year by the average headcount of the same period. The average headcount is the sum of the monthly headcount divided by 12.

Collective bargaining coverage and social dialogue

S1-8

As at 31 December, 2024 some 44% percent of our employees were covered by collective bargaining agreements, which are formulated in various ways according to local legislation.

	Collective bargaining coverage		Social dialog
Coverage rate	Employees – EEA	Employees – Non- EEA	Workplace representation (EEA only)
0-19%	Bulgaria, Switzerland	APAC, NALA	Switzerland
20-39%	0		0
40-59%	Germany		France
60-79%	0		0
80-100%	Belgium, France		Belgium, Bulgaria, Germany

This table represents countries with more than 50 employees by headcount representing at least 10% of its total number of employees. The coverage percentage for collective bargaining agreements is calculated by dividing the number of employees covered by such agreements by the total number of employees in the country.

There is no European Works Council (EWC) established at Melexis.

Diversity

S1-9

At Melexis, we believe that diversity is more than just a buzzword; it's the lifeblood of innovation and the key to unlocking our full potential. From our earliest days, we have championed diversity, equity, and inclusion (DEI) as a strategic imperative, recognizing that a workforce composed of individuals with different genders, ages, nationalities, and backgrounds leads to richer ideas, more creative solutions, and ultimately, greater success.

The data below demonstrates our commitment to diversity across Melexis.

Top Management by gender

Gender	Number	Percentage (%)
Female	1	25 %
Male	3	75 %

Our Top Management definition currently consists of the Executive Management team. This definition will be re-evaluated in 2025 to ensure it remains aligned with the company's organizational structure and governance. The data is presented as headcount per 31 December 2024. During the year, the Executive Management underwent a change to a new leadership structure, reducing the team from seven to five members. Additionally, in the last quarter, one female member of the Executive Management Team left the company, reducing the team to four members and bringing the percentage of female members from 40% to 25%.

Our belief in the power of diversity is not just evident in our Executive Management team, but also in the composition of our Board of Directors. We are proud to have achieved a 50/50 gender balance on our Board, with three women and three men bringing their unique experiences and insights to the table.

Employees headcount by age group

Age group	Number	Percentage
Under 30 years old	348	17 %
30-50 years old	1290	64 %
Over 50 years old	372	19 %

Melexis is fostering a multi-generational workforce, where diverse perspectives and experiences enrich our collaboration. With a vibrant mix of 348 employees aged under 30, 1,290 aged between 30 and 50 and, 372 over 50, we embrace the unique strengths that each generation brings to our team.

Adequate wages

S1-10

The Melexis remuneration policy aims to be fair, transparent and consistent. To achieve this, we analyze local labor markets to offer competitive salaries, benefits, and variable bonuses while adhering to local regulations. We believe in rewarding individual performance through merit-based salary increases and performance-based bonuses, recognizing exceptional contributions that drive the company's success. This approach motivates our employees and ensures a sustainable future for Melexis.

Following S1-10 disclosure guidelines we confirm that we offer salaries in full compliance with minimum wage regulations in all countries where we operate.

Health and safety metrics

S1-14

At Melexis, all employees and non-employees working on Melexis sites are covered by the company's health and safety management system. This system is designed to comply with relevant health and safety legislation and emphasizes personal responsibility, risk assessment, and continuous improvement.

Safety performance metrics

Employee metrics	Quantity
% of people who are covered by the undertaking's health and safety management system	100 %
Number of fatalities as a result of work-related injuries and work-related ill health of other workers	0
Number of fatalities as a result of work-related injuries and work-related ill health in own workforce	0
Number of recordable work-related accidents for own workforce	35
Rate of recordable work-related accidents for own workforce	8 %
Number of cases of recordable work related ill health	5
Number of days lost to work-related injuries and fatalities	184

Remuneration

S1-16

In accordance with the ESRS and our commitment to transparency and equal opportunities, we have conducted a thorough analysis of our gender pay gap. The unadjusted global pay gap — or the difference in average hourly earnings between all men and women in our organization without consideration of location, country, job type, or past performance of incumbents — is 29.2%.

However, it is crucial to understand the factors contributing to this gap. After adjusting for variables such as country and job level, the "like-for-like" pay gap is 2.5%.

The remuneration ratio of our highest paid individual to the median annual total remuneration for all employees (excluding the highest-paid individual) is 11 to 1.

Incidents, complaints and severe human rights impacts

S1-17

Melexis does not tolerate, engage in, or support the use of forced labor, child labor, and human trafficking. We ensure labor rights for all people working at Melexis, including the right to collective bargaining, the right to rest and reasonable working hours.

Work-related incidents and complaints

Melexis attach great importance to remediating any human rights incidents or incidents of discrimination and harassment that might occur.

In 2024, 2 incidents of discrimination and harassment were reported within Melexis. Given the sensitive nature of such matters, we do not disclose further details about these incidents. Both incidents were thoroughly investigated and appropriate action was taken where needed. By the end of 2024, both incidents were closed and no material fines, penalties or compensation for damages occurred as a result of these incidents.

Severe human rights incidents

In 2024, no severe human rights incidents connected to our workforce were reported. Consequently, Melexis did not incur any fines or penalties, nor did it pay any compensation for damages in this regard.

S2 Workers in the value chain

S2-ESRS 2-SBM 3

At Melexis we take our social responsibility seriously, both within our own operations and throughout the entire supply chain. In our daily operations, caring about our supply chain workers means ensuring ethical and sustainable sourcing and transparency in our business relationships.

Material impacts, risks and opportunities and their interaction with strategy and business model

Value chain workers' impact on strategy and business model

Melexis has conducted an assessment to determine the actual and potential impacts on value chain workers. Following this assessment, we conclude that the potential impacts are mainly focused around the working conditions, equal treatment and human rights of our upstream value chain workers.

Scope and details of impact on value chain workers

Today, Melexis does not have full transparency on the activities of all our value chain workers, as we focus on our direct suppliers, who are manufacturers of wafers and who execute assembly services on behalf of Melexis.

Melexis consistently works to gather essential information about our upstream value chain. For a number of years, all our direct suppliers are obliged to provide a conflict mineral statement. All Bill Of Materials suppliers must complete and report in the format of the latest version of the Conflict Minerals Reporting Template (CMRT) published by Conflict-Free Sourcing Initiative (CFSI). In 2023, Melexis further advanced its procurement practices, requiring suppliers to sign our Supplier Code of Conduct and complete ESG questionnaires. In 2024, we included questions on supplier requirements that our Tier 1 suppliers set for their own suppliers, as well as a question on sources of materials to be able to assess the location-specific risks in the future. Melexis intends to also implement supplier control processes where ESG will be embedded in the supplier scorecards.

In 2024, we conducted risk assessments of locations across the value chain for forced labor and child labor, and confirmed that no Melexis strategic suppliers and major markets are among top-20 countries with the highest risk of forced and child labor. In 2025, we will continue with a more detailed analysis of potentially higher-risk areas in the upstream value chain. Based on the current analysis, we do not expect potential material impacts to be widespread.

As summarized in the table below, the identified material risks for Melexis relate to our dependency on the workers in the upstream value chain and potential human rights violations in the upstream value chain. As Melexis is highly dependent of workers in the upstream value chain, strikes or resignations in the supply chain could lead to disruption and financial consequences. In regards to violation of human rights for workers in the supply chain, this could lead to reputational as well as financial consequences for Melexis.

Understanding potential greater risks

Melexis has not developed an understanding of how workers in specific contexts, or those engaged in particular activities, may be at greater risk.

Risks and opportunities related to specific groups

As mentioned above, Melexis is working together with business partners in the upstream value chain to assess whether specific groups in particular geographic areas are exposed to higher risk of child labor or forced labor.

Material impacts, risks and opportunities

We have identified the following value chain worker-related impacts and risks, mainly in the upstream operations of our value chain:

S2 (Workers in the value chain) Main impacts, risks and opportunities

ESRS sub-topic			Value chain			Time horizon		
			Upstream	Own Operations	Downstream	Short-term (<1y)	Mid-term (1y-5y)	Long-term (>5y)
Workers in the value chain - working conditions	Positive/negative potential impact	**Working conditions of value chain workers** Melexis could potentially have an impact on working conditions (e.g. health and safety, life balance, adequate wage, etc.) of workers in our supply chain.	●			●		
	Risk	**Dependency on workers in the value chain** Melexis is highly dependent of workers in our supply chain. Strikes or resignations by strategic suppliers could lead to disruption and financial consequences.	●			●		
Workers in the value chain - equal treatment	Positive/negative potential impact	**Equal treatment of value chain workers** Melexis could potentially have an impact on equal treatment of workers in the value chain (e.g. equal pay for equal work, no discrimination, access to training opportunities, etc.)	●			●		
Workers in the value chain - other rights	Negative potential impact	**Human rights violations in the value chain** There are potential risks of violation of human rights further up the value chain of Melexis (e.g. forced labor, child labor, water and sanitation, etc.)	●				●	
	Risk	**Consequences of human rights violations in the value chain** Violation of human rights for workers in the value chain could lead to brand reputation damage and financial consequences (e.g. forced labour, child labour, etc.)	●				●	

Policies to manage material Impacts on value chain workers

S2-1

Supplier Code of Conduct

The Melexis Supplier Code of Conduct outlines sustainability expectations, workplace commitments, business conduct requirements, and information needs, aligning with our guiding principles. This Code, a prerequisite for doing business with Melexis, applies to all our suppliers, contractors, and subcontractors (collectively "Business Partners"), encompassing all upstream value chain workers.

Business Partners must comply with relevant laws and regulations, respect human rights, uphold ethical practices, and commit to environmental sustainability. This may exceed legal requirements, and any conflicts with local laws must be reported to Melexis before signing the agreement. Violations may result in a review of the business relationship.

To ensure compliance, Business Partners must maintain relevant documentation and authorize announced audits by Melexis or its agents. The Procurement Director oversees policy implementation, updates, communication, training, and overall adherence.

The Code reflects our commitment to stakeholders, emphasizing fair business, human rights, and environmental responsibility for a positive societal and environmental impact. It aligns with the UN Global Compact principles and is publicly available on Melexis website.

Human rights policy commitments

Melexis requires its suppliers to respect all basic human rights as stipulated in the ILO International Labor Standards, the UN Universal Declaration of Human Rights and the OECD Guidelines for Multinational Enterprises, among others. Suppliers must recognize that human rights are crucial and universal and must respect those rights in all of their activities.

Respect for human rights and labor rights

As Melexis could potentially have an impact on the working conditions and equal treatment of the workers in its upstream value chain, our suppliers (just like Melexis) should not tolerate, engage in and/or support the use of forced and/or child labor, modern slavery or human trafficking. We also do not tolerate discrimination or harassment on the grounds of race, color, gender, religion, origin, civil status, family circumstances, feelings or sexual orientation, disability or age. Suppliers must support equal opportunities, fairness and diversity and ensure that all upstream value chain workers are treated according to their abilities and qualifications in any employment decisions.

We have considered our broader value chain and its presence in other continents where there is a potential negative risk in regions with less strict human rights legislation.

Engagement with value chain workers

The Melexis Global Speak-up procedure is also open to all value chain workers. Just like our own workforce, value chain workers are encouraged to report issues if they have any concerns. The way these reports are treated is described in S1-3 under 'Remediation and concern-raising channels'.

Remedial measures

Melexis designated personnel thoroughly investigates each and every report received. Following such investigations, appropriate measures to remedy any impacts are determined and applied.

Addressing trafficking, forced and child labor

As mentioned above, Melexis does not not tolerate, engage in and/or support the use of forced and/or child labor, modern slavery or human trafficking. It expects the same from its suppliers. There is a section dedicated to this topic in the Melexis Supplier Code of Conduct.

Alignment with internationally recognized instruments

The Melexis Supplier Code of Conduct aligns with international standards and guidelines, including the UN Global Compact, ILO International Labor Standards, UN Universal Declaration of Human Rights, and OECD Guidelines for Multinational Enterprises. In 2024, no cases stating non-respect of the above mentioned international standards and guidelines have been reported by value chain workers.

Processes for engaging with value chain workers about impacts

S2-2

Disclosure of non-engagement

As it has not been identified as a strategic priority, no general process has been adopted by Melexis to engage with workers in the value chain on a regular basis. We do however have our Speak-up procedure that is open to value chain workers, as well as some indirect engagement strategies such as the Supplier Code of Conduct and Supplier Questionnaires.

Processes to remediate negative impacts and channels for value chain workers to raise concerns

S2-3

Detailed description of processes and channels

Melexis designated personnel investigate all reported concerns and incidents of possible impacts on the working conditions, equal treatment and human rights of our value chain workers. Based on the findings of such investigations, appropriate remedies are determined and applied.

Through the Melexis Speak-up procedure, value chain workers can raise any concerns they might have directly with designated Melexis employees, who will follow up and investigate any report thoroughly. Appropriate remedies are determined and applied, based on the findings of the investigation. The effectiveness of the reporting channel is reviewed periodically and adapted if necessary.

Melexis does not actively require its partners and suppliers to establish similar channels within their organizations. We do however open up our own Speak-up procedure for our value chain workers so they can raise any concerns or needs directly with Melexis.

As explained in S1-1 and G1-1, Melexis has a Speak-up policy in place which protects any stakeholders that report concerns against retaliation. It is permanently available on the Melexis website to make sure that all value chain workers are aware of the reporting channel. In addition, the Supplier Code of Conduct specifically refers to the Melexis Speak-up policy. Currently, Melexis does not have a specific process in place to ensure value chain workers are aware of and trust this process.

Action on material impacts on value chain workers

S2-4

Melexis is developing action plans and allocating resources to manage material impacts, risks, and opportunities concerning our value chain workers, especially on ensuring fair working conditions and equal treatment of workers in our upstream value chain. The key actions mentioned below ensure the effectiveness and continuous improvement of these measures.

ESG questionnaire

In 2024, Melexis sent an ESG questionnaire to our major BOM suppliers. The questionnaire, which covers Environment, Social, Governance, Product, and Sourcing, was reviewed, validated, and scored for maturity. In the next step, specific improvement actions will be defined in collaboration with the respective suppliers.

As part of our commitment to integrating ESG principles into our operations, we ensure that all members of our procurement team receive dedicated training on ESG topics. By fostering awareness and understanding of sustainability, human rights, and ethical sourcing, we aim to drive responsible procurement practices throughout our supply chain.

A Double Materiality Assessment was conducted to identify key material issues across the value chain. This assessment will inform a revision of the Procurement ESG policy in 2025. This initiative applies to all Melexis entities and involves all colleagues worldwide who engage with third-party suppliers on behalf of Melexis.

Supplier control framework

In 2025, Melexis will implement a supplier control framework to manage strategic relationships, supply resilience, performance, value chain ESG, compliance, cost and contractual obligations. This framework establishes clear guidelines for controlling supplier interactions and mitigating associated risks, addressing material impacts on value chain workers.

Beyond Supplier Code of Conduct compliance, we will enhance ESG considerations in the sourcing and selection process and integrate ESG into the supplier control framework. In 2025, we continue working on the supplier management policy which will incorporate periodic monitoring reviews, grievance mechanisms and supplier training. Continuous monitoring mechanisms, such as questionnaires, regular reporting, and corrective actions, will enable Melexis to track supplier practices related to value chain workers and foster ongoing partnership improvements. This supplier control framework will be applicable to all Melexis entities.

Time-bound and outcome-oriented targets

S2-5

Supplier Code of Conduct

Melexis will measure the percentage of spend with suppliers with whom we have an agreement regarding our Supplier Code of Conduct, relative to the total annual spend. This aligns with our commitment to responsible sourcing, as outlined in our Supplier Code of Conduct. We reached more than 83% compliance end-2024, meaning that suppliers representing 83% of our annual spend are committed to adhere to our general vision on sustainability, work environment and business conduct. Melexis now targets 85% by end-2025. To ensure compliance, all new suppliers must acknowledge the Melexis Supplier Code of Conduct or provide an equivalent alternative as part of the onboarding process. Performance against the target will be monitored and reported regularly.

This target related to the Supplier Code of Conduct covers such topics as adequate wages, health and safety, gender equality and equal pay for work of equal value, diversity, child and forced labor, social dialogue, work-life balance, employment and inclusion of persons with disabilities, and measures against violence and harassment in the workplace, as the Supplier Code of Conduct explicitly includes commitments related to each of these topics.

Supplier ESG questionnaire

To ensure compliance, BOM suppliers must complete the Supplier ESG questionnaire as part of the onboarding process. This questionnaire provides Melexis with insights into the ESG performance of its strategic suppliers and serve as a basis for ongoing ESG-related communication and supplier development actions. The Procurement team originally set a target to achieve 80% compliance by end-2024 and actually achieved 91% compliance at end-2024, meaning that 91% of our strategic suppliers (measured by spend) completed the ESG questionnaire. For 2025, the target is to stay above 85% by end-2025. This target aligns with the Melexis commitment to responsible sourcing, as outlined in our Supplier Code of Conduct. Compliance is measured by the percentage of spend with suppliers who have completed our Supplier ESG questionnaire, relative to the total annual spend in the previous year. Performance against the target will be monitored and reported regularly. Because the target is fixed, and relative to the spend, baseline value or baseline year are not applicable.

The Supplier ESG questionnaire covers topics such as adequate wages, health and safety, gender equality and equal pay for work of equal value, diversity, child and forced labor, as it includes questions directly requesting disclosure of information on these topics.

Procurement training

The goal of ESG training is to enhance the social, governance, and environmental knowledge, awareness, and compliance by our procurement team, enabling them to create sustainable and business added-value for Melexis. Regular training sessions on ESG topics will be made available to all procurement team members, including new hires, as part of their onboarding program. Melexis aimed to achieve a 95% attendance rate for procurement-invited members in ESG training sessions from 2023 onwards. This target is being measured by the percentage of invited members who attend the training sessions and aligns with Melexis commitment to responsible sourcing, as outlined in our Supplier Code of Conduct.

All of our targets are overseen by the Global Procurement Director.

Because adequate housing, secure employment, training and skills development are not considered material topics for our value chain based on today's knowledge, we do not set related targets.

S4 Consumers and end-users

Material IROs related to consumers and end-users

S4-ESRS 2 SBM 3

All consumers and end-users potentially impacted by Melexis operations, value chain, products, services, and business relationships are considered in our preparations and disclosures.

Description of types of consumers and end-users impacted

The type of consumers and/or end-users impacted by Melexis products are those consumers and/or end-users who are dependent on accurate and accessible product-related information, such as manuals and product labels. The quality of our products is crucial to consumers and/or end-users.

Material impacts, risks and opportunities

We have identified the below material Consumer and end-user-related IROs:

Melexis has not experienced any systemic or widespread problems. Any negative impacts have been limited to individual incidents, such as quality issues within particular product lines.

The positive impacts we have identified concern the fact that Melexis efforts on product quality could contribute to an increase in the overall product quality in the semiconductor business, which ultimately benefits all consumers and end-users.

Melexis recognizes that enhancing our market reputation through high-quality products is a business opportunity which can drive financial growth.

Understanding potential risks

Melexis has not identified consumers and/or end-users with particular characteristics, or those using particular products or services, that may be at greater risk of harm.

S4 (Consumers and end-users) Main impacts, risks and opportunities

ESRS sub-topic			Value chain			Time horizon		
			Upstream	Own operations	Downstream	Short-term (<1y)	Mid-term (1y-5y)	Long-term (>5y)
Consumers and end-users	Positive actual impact	**Product quality** Melexis efforts contribute to an increase in overall product quality in the semiconductor business (zero incidents policy).		●		●		
	Opportunity	**Product quality affects market share** By producing high-quality products, Melexis could gain positive recognition on the market and reap financial benefits.		●			●	

Policies related to Consumers and end-users

S4-1

The Melexis Code of Conduct also relates to consumers and end-users. Specifically, the section on 'Product safety and consumer rights' in our Code of Conduct addresses the continuous improvement of our product quality which has been identified as our main material impact in relation to consumers and end-users. In addition to the General Counsel, who oversees the implementation of the Code of Conduct, our Quality Director is responsible for our product quality.

Access to information in the value chain and responsible marketing practices in the value chain are not considered to be material topics by Melexis and are therefore not covered by the Code of Conduct.

Processes for engaging with Consumers and end-users about impacts

S4-2

Melexis operates a business-to-business (B2B) model for the sale of its products. All Melexis direct customers are companies in our downstream value chain. There can be several levels of businesses buying our chips and integrating them in their manufacturing processes. At the final stage of our value chain, end-users buy a product which has our product(s) integrated as components. We do not have direct interactions with end-users and therefore we did not define a process for direct engagement with consumers and end-users. Our customers engage with their end-users and consumers in accordance with their own processes.

However, the contact form available on our website is available for everyone and can be considered as a channel for consumers and end-users to directly engage with Melexis.

Engagement

We build our comprehensive knowledge of consumers' and end-users' perspectives through our active engagement with our B2B customers.

Our continual engagement with customers is carried out through means such as regular customer visits, top management meetings and customer surveys.

Our objective of engaging with our customers is to be known, to gain broad and deep knowledge of consumers' and end-users' perspectives and to bring solutions to our customers by addressing those perspectives. This objective is cascaded through the organization and quantified by its KPIs, such as pipeline growth for Sales, product launch for Business Unit or product quality performance for Quality.

The observations derived from customer engagement guide our decision-making as they are discussed internally at sales meetings and at meetings of senior management if relevant. The product strategy defined by our Business Units is responsible for taking consumers' and end-users' needs and expectations into account in strategic decision-making. The most senior role within Melexis that has operational responsibility for ensuring effective engagement with affected consumers and/or end-users is the CEO.

We understand how crucial product quality and safety are for consumers and end-users, and we are committed to maintain consistently high product quality and safety while also continually improving.

Processes to remediate negative impacts for Consumers and end-users and channels to raise concern

S4-3

Our approach

Remedy for negative impacts

Any product complaints received at Melexis are thoroughly investigated internally and supported by external parties such as laboratories if required. A standardized return process for products, RMA (return material authorization), is available on our website. A recall process is followed in the event of any product safety risks to ensure that all potentially harmful products are removed from the market.

Melexis employs a robust quality assurance process that requires root cause analysis for any product non-conformities. In the event of such occurrences, we promptly implement corrective actions, and take follow-up measures to engage with affected customers and end-users to ensure their satisfaction with the resolution provided.

Specific channels for consumers

Our customers and their stakeholders are also encouraged to raise concerns about potential wrongdoing through our Speak-up procedure, which is accessible on our website. Melexis, however, does not actively require its business partners to establish or support such channels.

Tracking and monitoring

At Melexis, every voice matters. We ensure that every concern raised finds a listening ear and an effective solution. Our processes are the same as for our value chain workers as described in more detail in S2-2. Trust drives our commitment to sustainability and ethical business practices.

We track the quality performances at corporate level, at Business Unit level, at product line level as well as at product level.

Action on Consumer and end-user's material impacts

S4-4

Addressing material impacts

Our products are integral parts of many critical systems in automobiles and industrial or commercial products. We therefore attach particular importance to constantly controlling and improving the quality of our products.

Melexis relies on (1) a strong quality management system supporting the development, the validation & the manufacturing of our products and on (2) a continuous improvement mindset to ensure high quality standards expected by the consumers and the end users.

Actions and initiatives

Our quality management system fundamentals are built around ISO 9001 (Quality Management System), IATF16949 (Automotive Quality Management System) and ISO 14001 (Environment Management System) standards; and complemented by the adoption of, and compliance to, standards relevant to the markets addressed (for example, Automotive Product Development and Validation: AIAG toolbox, AEC-Q100, ISO 26262, ISO 21434, ASPICE). All Melexis certificates are publicly available on our website.

We prioritize the constant improvement of the Melexis Quality Management System. In pursuit of this objective, we implement a zero-incident program consistent with corporate and functional strategic initiatives, encompassing the entire product lifecycle and associated support processes.

The above actions are managed by cross-functional teams at Melexis and in close partnership with our suppliers. Improvement projects are managed through the Melexis Project Management Office, to which financial resources are allocated.

As part of the zero-incident program, we are securing our supply chain by strengthening our current supplier partnerships while also diversifying our Foundry and OSAT supplier base. These initiatives will be continued in 2025.

Melexis is certifying its Information Security Management System according to the requirements of the ISO 27001 standard and TISAX. ISO 27001 certification has been obtained in March 2025; TISAX certification should follow in the course of 2025.

No severe human rights issues connected to our consumers or end-users were reported in 2024.

Time-bound and outcome-oriented targets

S4-5

Melexis recognizes the importance of having a positive impact on its consumers and end-users while simultaneously managing material risks and opportunities. As such, we have set specific, outcome-oriented targets for the year. Melexis goal and responsibility is to achieve zero incidents.

Incidents, irrespective of their origin or nature, are systematically addressed through a well-established 8D problem-solving methodology. This process encompasses incident definition, immediate containment measures, root cause analysis, risk assessment, and corrective and preventive actions.

Depending on the origin and nature of the incident, various key performance indicators are defined. For instance “Cost of Yield” and “Part Per Billion - ppb” are used to monitor Melexis performance from a customer perspective.

Our current performance is below the 500 parts-per-billion (ppb) benchmark, as determined by customer feedback, encompassing line, zero-kilometer, and field failures, pro-rated by the quantity of units shipped over a defined period.

The 2028-2030 objective has been established at 250 ppb. Notably, this target has already been attained by a limited number of product lines, including Latch & Switch and Magnetic Position Sensors.

Given that both zero-incident and part-per-billion targets are absolute, and not relative, no baseline year or value are applicable. All incidents and all Melexis products are included in scope of the target.

Governance report

G1 Business conduct

Role of the Board of Directors and Executive Management

At Melexis, we adhere to a strong commitment towards maintaining a transparent, responsible, and ethical operational framework. Our Board of Directors and Executive Management play a key role in fostering a company culture of sustainable growth while adhering to the highest standards of ethical business conduct.

The role of the Board of Directors and Executive Management

Our Board of Directors ensures all operations are conducted within a framework of integrity and accountability. It has established three committees to oversee and safeguard responsible business conduct and practices across all levels of the organization. These are: the Audit Committee, the Nomination and Remuneration Committee, and the ESG Committee. More information can be found in ESRS 2-GOV-1.

Executive Management integrates sustainability principles into our business strategy and takes an active role in defining sustainability goals, monitoring progress, and encouraging a workplace culture that emphasizes ethical conduct and environmental stewardship. Through active collaboration with the ESG Team and various other departments, our Executive Management ensures that business conduct aligns with our sustainability objectives.

The expertise of the Board of Directors and Executive Management on Business conduct

Our Board of Directors and Executive Management comprise individuals with rich and diverse experience in various sectors, enabling a holistic approach to business conduct matters. They are also trained in environmental governance and corporate social responsibility, giving them the knowledge and skills to effectively guide Melexis on its sustainability journey and to navigate the complexities of sustainable business conduct.

Material impacts, risks and opportunities

We have identified the following Business conduct-related impacts, risks and opportunities.

G1 (Business conduct) Main impacts, risks and opportunities

ESRS sub-topic			Value chain			Time horizon		
			Upstream	Own operations	Downstream	Short-term (<1y)	Mid-term (1y-5y)	Long-term (>5y)
Corporate culture	Positive/negative actual impact	**Corporate culture** Melexis has an impact on how corporate culture within our organization is defined and managed with guidelines such as ethical standards, company values and key behaviors; autonomy, entrepreneurship and fast & effective decision-making, social engagement etc.		●		●		
	Opportunity	**Sustainable business strategy** Melexis aims to embed sustainability in a strong corporate culture to distinguish themselves from competitors through sustainable, high-quality products and services.		●			●	
Protection of whistleblowers	Positive/negative actual impact	**Impact on whistleblowers protection** Melexis has an impact on how whistleblowers are protected within our organization.		●		●		
	Risk	**Issues from lack of whistleblower protection** Little or no protection of whistleblowers is an indication of poor management and could lead to brand reputation, litigations, etc.		●		●		
Relationships with suppliers	Positive actual impact	**Sustainable supplier relationship management** Managing suppliers relationships and creating sustainable partnerships could lead to mitigation of negative impacts (e.g. reduction of Scope 3 emissions, reduced resource use by suppliers, etc.)	●				●	
	Opportunity	**Benefits from sustainable supplier relationships** Managing suppliers relationships and creating sustainable partnerships could lead to financial benefits.	●	●	●		●	
Corruption and bribery	Negative potential impact	**Corruption impacts competitive conditions** Corruption at Melexis could contribute to the distortion of competitive conditions.		●			●	
	Risk	**Risks due to corruption cases** Cases of corruption and bribery could lead to significant brand reputation damage, exclusion from partnerships, loss of client bases, financial sanctions, etc.		●		●		

The process of identifying impacts, risks, and opportunities related to Business conduct aligns with our general methodology outlined under IRO-1 of ESRS 2. Specifically for Business conduct, we assessed all activities and locations where we operate to evaluate whether any transactions raise concerns regarding ethical practices. As no instances of business conduct breaches were identified, this section will focus on our approach to ensuring responsible business practices across the Melexis Group.

Business conduct policies and Corporate culture

G1-1

Melexis has several policies with respect to business ethics that support our corporate commitment to integrity, honesty and fairness. These include the Melexis Code of Conduct and the Melexis Global Speak-up policy, as explained above in S1-1, and which are both overseen by our General Counsel.

Melexis business conduct policies guide the behavior of our workforce in all business activities. They should be considered alongside Melexis values, which are the essence of the Melexis identity. These values support our vision, shape our company's culture, and reflect what we deem important. 'The Melexis Way' truly represents the essence of our identity and guides us in everything we do. We encourage the continuous development and evaluation of our corporate culture through periodic reviews, employee onboarding and training, and stakeholder engagement.

Mechanisms for reporting unlawful behavior

As part of our Speak-up procedure, both internal and external stakeholders may report any concerns about unlawful behavior or behavior that contradicts our Code of Conduct, our values or other Melexis policies. Such reports are followed up and investigated by designated personnel, being the General Counsel and Internal Auditor.

Whistleblower protection

Melexis colleagues are encouraged to raise concerns if they experience, witness or learn of unlawful harassment, discrimination or unethical behavior. Our internal Speak-up policy has long been implemented to increase transparency and stimulate the internal reporting of any concerns regarding unethical behavior or incidents. This allows Melexis to investigate and remediate any reported concerns before they escalate. Importantly, all individuals who report good-faith concerns are protected from retaliation. All Melexis employees can submit reports via easily accessible channels and tools, anonymously (if allowed by local law). Employees are regularly reminded of the policy and the available reporting channels through internal communications.

Our Speak-up policy has been updated in accordance with the EU Whistleblowing Directive and national legislation to ensure that our colleagues, but also external stakeholders, have complete knowledge of how and where to report their concerns and how their reports will be processed. Melexis has furthermore introduced an online reporting tool, accessible by internal as well as external stakeholders, to ensure anonymous reporting (if allowed by local law) and follow-up, if the whistleblower wishes to stay anonymous throughout the entire reporting process.

Anyone reporting a case of possible questionable conduct can expect a careful, fast, respectful and discreet examination of his or her report by dedicated staff appointed and appropriately informed to receive and examine such reports. Any act that is inconsistent with our Code of Conduct will be promptly corrected and is subject to (disciplinary) action, up to and including termination.

Training on the Speak-up procedure within Melexis is part of our annual Code of Conduct training, which is mandatory for the entire Melexis workforce. Melexis personnel responsible for receiving and investigating reports, are also trained on how to do so.

Procedures for investigating business conduct incidents

In addition to the Speak-up procedure (and any investigations that follow reports made under that procedure), Melexis Internal Auditor, together with the General Counsel, investigate business conduct incidents brought to their attention, including reported incidents of corruption and bribery, promptly, independently and objectively. Any findings of investigations are submitted to the CEO and CFO. Findings of investigations by the Internal Auditor are also reported to the Board of Directors and discussed within the Audit Committee.

Business conduct training policy

When new hires are onboarded, they receive a business conduct training module during their induction program. In addition, via the training material on our Code of Conduct (found on our learning tool on the Melexis University platform), it is mandatory for all Melexis employees to follow the Code of Conduct training once a year. Sessions are also organized for all our colleagues in production, where relevant topics of our Code of Conduct are explained. The onboarding training, as well as the annual mandatory training and the training for production, cover all topics discussed in the Code of Conduct, including business ethics. At end-2024, we created a new quiz with questions on certain topics related to the Code of Conduct, including business conduct topics. We continually enhance our global business ethics training program.

High-risk functions

Within Melexis, the functions that are most at risk in respect of corruption and bribery are functions within procurement, sales and business development, supply chain, finance and management functions.

Corporate culture actions and resources

To strengthen the integration of the Melexis Way, we cultivate a culture of autonomy, entrepreneurship, and fast and effective decision-making based on the five principles described in the

What we stand for section. Advocating this culture, volunteers at each Melexis location work on behalf of their chosen good causes, and Melexis supports them with the resources they need.

Social engagement is a key theme of our colleagues' charitable work. One example of giving back even in difficult circumstances is the Melexis team in Ukraine. Despite facing ongoing challenges and disruptions from the war, Melexis Kyiv team continues to demonstrate remarkable resilience and commitment to delivering high-quality work, as evidenced by customer appraisals. In 2024, the team continued to contribute to the restoration of Ukraine. The Kyiv team decided to reallocate company anniversary funds to support the restoration of the National Children's Specialized Hospital "Okhmatdyt" following missile damage. Further contributions focused on community rebuilding, including providing books for a destroyed village, renovating a shelter in a kindergarten, and sourcing employee New Year gifts from local businesses affected by the war.

This year's initiatives across Melexis to give back to local communities range from donating food vouchers and equipment, clean-up days, fundraising through hamburger and waffle sales and charity bazaars, to collecting second-hand clothing and toys.

Well-being is another theme embedded in Melexis DNA. In 2024, FIT initiatives that promote healthy mind, body and planet through sports activities, took place all over Melexis. Melexis sponsored employees' participation in city cycling or running, organized educational sessions on topics like brain-friendly work, and events like Car Free Day and badminton tournament.

Left A football match between Melexis Erfurt and X-FAB to support Spirit of Football's Fair Play Future project
Right Melexis Kuching team during the Autism Run in support of better education for people with autism in Sarawak, Malaysia

Since the inception of Melexis, the topic of Science, Technology, Engineering, and Mathematics (STEM) education, with a focus on fostering inclusivity in STEM, has been woven into the fabric of our company culture. The STEM team promotes STEM education among local communities by organizing workshops and educational camps, together with local schools and universities, to inspire future generations to pursue careers in STEM. In 2024, Melexis Bulgaria delivered free technical lectures to university and school students and provided technical practice opportunities for students to gain hands-on experience. Melexis Belgium organized summer STEM camps, and provided software and hardware that can be reused by school teachers. Melexis Switzerland invited young people to the "Future in all genders" event, where gender stereotypes around gender-associated professions were examined.

We advocate the Melexis values of inclusivity and collaboration beyond the company, for example by being an industry partner of the European Chip Skills Academy (ECSA) and a contributor at the European Chip Diversity Alliance. Together with other industry, education, and research organizations we develop educational platforms, events, and programs aimed at building a skilled and diverse workforce for the European semiconductor industry. In scope of these European projects, our Chairwoman, Françoise Chombar, participated in a panel discussion at SEMICON Europa 2024, focused on attracting diverse talent to microelectronics. Learn more about our STEM support activities on the Melexis website.

Left A yearly Melexis STEM camp in Ieper offers workshops to children during the summer holidays
Right Melexis Chairwoman Françoise Chombar during a panel discussion on attracting diverse talent to microelectronics, SEMICON Europa 2024

These initiatives contribute to a thriving corporate culture that values both individual well-being and community engagement. In 2024, our efforts were recognized by several awards. The Excellence Award for Strategic Talent Development and Leadership Cultivation at the 7th Microelectronics Talent China Conference 2024 highlighted Melexis belief that our people are our greatest asset. We continue to invest in training, growth opportunities, and a supportive framework that empowers colleagues to thrive and make a real impact. The Operational Excellence Award won by the Sofia site for Lean Transformation highlights the Melexis focus on continuous improvement.


Left Melexis Sofia team at the Operational Excellence Award ceremony
Right Harry Zhao, Regional People & Workplace Manager APAC, received a Melexis Excellence Award for Strategic Talent Development and Leadership Cultivation

Management of relationships with suppliers

G1-2

Melexis is committed to responsible and sustainable supply chain management. This means building strong relationships with our suppliers. We actively engage with them to enhance accountability and promote sustainable value creation throughout the supply chain.

To prevent late payments, particularly to small and medium-sized enterprises (SMEs), we have implemented a standard payment term of 30 days. With a few exceptions, this payment term is included in the supplier contracts. More details on the payments to suppliers can be found in G1-6.

Our supplier framework serves as a foundational structure that ensures consistency in how suppliers are selected, evaluated and engaged throughout our partnership in all relevant supplier management domains, such as strategic relation communication, supply resilience, supplier performance, value chain ESG, supplier compliance and regulation, cost management, plus contractual obligation and expectations. In 2025, Melexis will implement effective strategic/key supplier control measures which outline the framework for managing and overseeing supplier relationships in each of these domains. By doing so, clear guidelines for controlling supplier interactions and mitigation of associated risks are established.

Melexis actively considers social and environmental criteria when selecting suppliers.

The Supplier Code of Conduct lists the requirements with respect to sustainability, commitments in the work environment, commitments in doing business and requirements with respect to information, in line with the Melexis guiding principles. Melexis expects all our suppliers, contractors and subcontractors to comply with these requirements. This Supplier Code of Conduct is an integral part of our business contracts, and compliance with the code is a prerequisite for business partners to be selected to do business with Melexis.

The Procurement ESG policy integrates a comprehensive commitment to environmental, social and governance principles throughout the procurement process. This policy is an integrated part of the overall Procurement Policy. It is applicable to all entities of Melexis and covers all colleagues worldwide conducting business with third parties/suppliers on behalf of Melexis.

The Procurement ESG policy outlines the ESG governance, the purpose of the ESG questionnaire and Code of Conduct, the purpose of ESG clauses in supplier contracts, ESG trainings for the procurement team, Scope 3 upstream carbon footprint monitoring and improvement.

In conclusion, at Melexis we are committed to building strong, sustainable partnerships with our suppliers. We work closely with them to minimize environmental impact and ensure ethical practices.

Prevention and detection of corruption or bribery

G1-3

At Melexis we do not engage in, nor condone, bribery and corruption. We consider these practices to be directly opposed to our values and to have a negative impact on the competitive conditions of the market. We recognize that failure to prevent bribery and corruption may lead to substantial reputational harm, regulatory sanctions, financial losses, and diminished stakeholder confidence, ultimately affecting the Melexis brand value and competitive standing.

We compete and win over customers by virtue of our product quality and the value of our services alone. In line with our commitment to integrity, we have established policies and procedures to prevent, detect, and respond to allegations or incidents of corruption and bribery. Below is an overview of these procedures.

Prevention and detection procedures

Melexis has several procedures in place to prevent, detect, and address allegations or incidents of corruption and bribery. As a starting principle, we have a zero-tolerance policy towards any form of bribery or corruption, as mentioned in the Melexis Code of Conduct. All Melexis personnel can report any incidents of bribery or corruption through our Speak-up procedure, which is explained in further detail in G1-1 and which is in line with the requirements of European and applicable national laws. Alternatively, incidents of bribery and corruption can be investigated and handled by our internal audit procedures, which are also described above.

Melexis has a separate function of internal auditor, who reports to the Board of Directors and the Audit Committee. Similarly, under our Speak-up procedure, we have colleagues separate from the chain of management involved in the matter who receive, investigate and follow up on any reports received. Since there are two confidential advisors appointed within Melexis own workforce to receive and investigate all Speak-up reports, one can always report a concern to an independent investigator who is separate from the chain of management involved in the matter. The two confidential advisors are Melexis General Counsel and Melexis Internal Auditor.

Following the investigation of a Speak-up report, an assessment is submitted to the CEO and CFO with a detailed description of the findings and all supporting documents, indicating whether the report is well-founded or unfounded. Similarly, the Internal Auditor reports back to the Board of Directors and Audit Committee on findings of conducted investigations.

We create continual awareness regarding the Code of Conduct via various channels, including the ESG newsletter, and we continually enhance our global business ethics training program. This is to ensure commitment to the Code of Conduct by all our employees. When new hires are onboarded, they receive a training module during their induction program. Via the training material about the Code of Conduct on our learning tool on the Melexis University platform, all Melexis employees can refresh their knowledge on the Code of Conduct at any time. Sessions are also organized for all our colleagues in production, during which we explain the relevant topics of our Code of Conduct.

Training programs

(a) Anti-bribery and anti-corruption is part of the yearly mandatory training and test on the Melexis Code of Conduct, as explained above.

(b) 100% of the functions-at-risk, listed under G1-1 have been covered by our yearly training program, as this training is mandatory for all Melexis personnel.

(c) Melexis Executive Management participates in the mandatory yearly training. The Board of Directors receives a separate yearly training, given by Melexis General Counsel.

Melexis believes in doing business the right way: honestly and openly. We are dedicated to the highest ethical standards.

Incidents of corruption or bribery

G1-4

Melexis is committed to ethical business practices and prohibits any form of bribery or corruption. These practices contradict our core values and are not tolerated within our organization. In line with this commitment, we hereby disclose the following information regarding incidents of corruption or bribery during the reporting period of 2024.

Convictions and fines

In 2024, Melexis received two whistleblowing reports through its Speak-up tool. Neither of these reports concerned corruption or bribery. Consequently, there were zero instances where individuals were convicted for violations of anti-corruption and anti-bribery laws, and, the total amount in fines imposed related to incidents of corruption or bribery amounted to zero.

Given there were no breaches, Melexis did not have to take any actions in this regard.

Payment practices

G1-6

At Melexis, we value transparency and understand that timely payments are important, especially for smaller businesses. We believe in building strong relationships with all our suppliers and treating them fairly. That is why we carefully review our payment terms conditions to ensure we are paying within a reasonable time while taking into account efficient cash-management.

Our analysis indicates that, on average, Melexis takes around 34 days to settle an invoice from the date the contractual or statutory payment term begins. This calculation was derived using all payment transactions carried out over the last fiscal year. Melexis applies an automated bi-weekly payment schedule.

Standard payment terms

As described under G1-2, Melexis standard payment term is 30 days net which is applicable for around 69% of all our suppliers of all sizes. On average, 59% of Melexis supplier payments are made within the agreed payment term. Due to our automated bi-monthly payment schedule, invoices with due dates falling between payment runs will inevitably be paid outside the agreed payment terms. For this reason, Melexis applies a threshold in its calculations for timely payments of 5 days, which leads to the fact that on average, 41% of Melexis supplier payments are paid outside the agreed payment term with an average of only +2 days above the threshold. As of 2025, Melexis will gradually change the payment term towards 30 days end-of-month which will increase the efficiency of the cash-management process and will ensure more alignment with the agreed payment terms of the suppliers.

Legal proceedings for late payments

As of the reporting period, there were zero material legal proceedings in progress related to late payments.

7 Our corporate governance

Our corporate governance

With the Royal Decree of 12 May 2019 (B.S.G. 17 May 2019), the 2020 Belgian Code on Corporate Governance (hereinafter "Code 2020") was introduced as the new reference code on corporate governance as of 1 January 2020 for all listed companies in Belgium.

The full text of the Code 2020 can be found on the website of the Belgian Corporate Governance Committee, both in English and Dutch.

Melexis Corporate Governance Charter can be consulted on our website.

Shareholders

Melexis seeks to guarantee transparent and clear communication with its shareholders. Active participation of the shareholders is encouraged by Melexis. In order to achieve this goal, the shareholders can find all important and relevant information on our website. Melexis publishes its annual reports, half-year reports, statutory reports, quarterly results and the financial calendar on its website in the section 'Investor Relations'. Melexis realizes that the publication of these reports and information benefits its trust-based relationship with its shareholders and other stakeholders.

Furthermore, Melexis is committed to guaranteeing shareholder rights:

- Shareholders can submit questions to the company (at the latest six days) prior to the annual shareholders' meeting in order to have those questions answered during the meeting.
- At the latest 30 days prior to the annual shareholders' meeting, the agenda and other relevant documents are published on our website.
- Shareholders representing at least 3% of the share capital have the right to add items and/or resolution proposals to the agenda at the latest 22 days prior to the annual shareholders' meeting.
- During the annual shareholders' meeting, shareholders have the right to vote on each item on the agenda. In case they cannot attend the meeting, they have the right to appoint a proxy holder.
- The minutes of the annual shareholders' meeting with the voting results will be published on our website after the meeting.

Management structure

The Board of Directors determines the strategic direction of Melexis and supervises the state of affairs within Melexis.

The Board of Directors is assisted in its role by an Audit Committee and a Nomination and Remuneration Committee. These board committees have an advisory function. Only the Board of Directors has the decision-making power.

The daily management of Melexis has been delegated by the Board of Directors to the Chief Executive Officer, Mr. Marc Biron, who can represent the company by his sole signature within the framework of the daily management. For actions that fall outside the scope of daily management, Melexis is validly represented by two directors acting jointly.

The Chief Executive Officer is also the Chair of the Executive Management. The Executive Management is responsible for leading Melexis in accordance with the global strategy, values, planning and budgets approved by the Board of Directors.

Besides that, the Executive Management is responsible for screening the various risks and opportunities that the company might encounter in the short, medium or longer term, and for ensuring that systems are in place to identify and address these risks and opportunities.

Board of Directors

Composition

In accordance with article 13 of Melexis Articles of Association, the Board of Directors consists of at least 5 members, of which at least three members are independent in accordance with article 7:87 of the Belgian Code of Companies and Associations. The Board of Directors is composed of at least 50% of non-executive members and at least one executive member. Independent directors qualify as non-executive directors.

The directors are appointed by the majority of the votes cast at the annual shareholders' meeting for a period of four years. In the same way, the annual shareholders' meeting may revoke a director at any time. There is no age limit for directors and directors with an expiring mandate can be reappointed within the limits stipulated in the Belgian Code of Companies and Associations.

Currently, the Chief Executive Officer is the only member of the Board of Directors that has an executive mandate. The Chair of the Board is Ms. Françoise Chombar.

The Board of Directors aims to achieve the largest possible diversity and complementarity between the board members. This is one of the key policy guidelines the Board takes into account when proposing a new director for appointment to the annual shareholders' meeting. As a result, the current composition of the Board of Directors also exceeds the requirement of article 7:86 of the Belgian Code of Companies and Associations that at least one third of its members has to be of a different gender.

The Directors of Melexis are

Name	Age	Expiry mandate	Position
Françoise Chombar	62	2026	Chair and non-executive director
Marc Biron	54	2025	Managing director, CEO
Roland Duchâtelet	78	2026	Non-executive director
Shiro Baba	75	2025	Non-executive and independent director
Martine Baelmans	60	2026	Non-executive and independent director
Maria Pia De Caro	54	2025	Non-executive and independent director

Ms. Françoise Chombar

Served as planning manager at Elmos GmbH (Germany) from 1985 to 1989. From 1989 she served as operations manager and director at several companies within the Elex group. In 1994, she was appointed Chief Operating Officer of Melexis. Ms. Chombar became director in 1996. In 2004, Ms. Chombar was appointed co-managing director and chief executive officer. After the resignation of Mr. Rudi De Winter, mid February 2011, as managing director and chief executive officer, Ms. Chombar continued these functions until August 2021. In 2021, she was appointed as Chair of Melexis Board of Directors. Ms. Chombar is currently independent board member at Umicore, a global materials technology and recycling group, and a member of its remuneration/nomination and sustainability committees. She is independent member of the board and the ESG/strategy committees of Soitec, a company specialized in developing and manufacturing semiconductor substrates. In April 2022, she became board member of AMS, a renowned Belgian business school and in May 2022, she became board member of Mediafin, a Belgian media group. In September 2023, she became independent board member of Smart Photonics, a privately held InP foundry in the Netherlands. Ms. Chombar is managing director of Sensinnovat BV, a minority shareholder of Melexis, and non-executive director of several of its non-listed portfolio companies. Ms. Chombar is also president of the STEM platform, an advisory board to the Flemish government, aiming to encourage young people to pursue an education in science, technology, engineering or mathematics and to promote the importance of STEM to the general public. She holds a master's degree in Applied Languages from the University of Ghent.

Mr. Roland Duchâtelet

Has been a private shareholder of the company since April 1994 and has served as a director ever since.

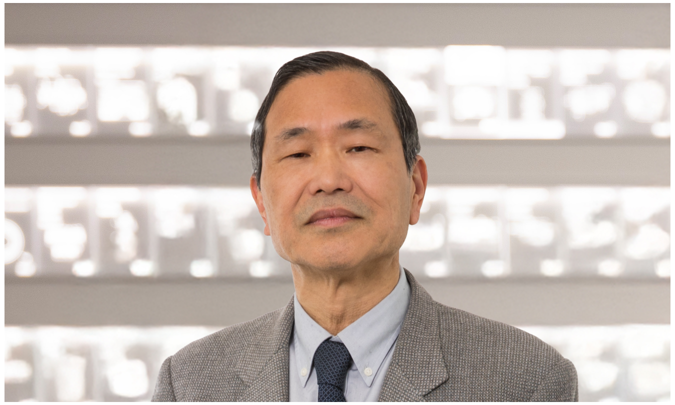
Prior to that date, Mr. Duchâtelet served in various positions in production, product development and marketing for several large and small companies. He contributed to the start-up of two other semiconductor manufacturers: Mietec Alcatel (Belgium) from 1983 to 1985 as business development/sales manager and Elmos GmbH (Germany) from 1985 to 1989 as marketing manager.

Mr. Duchâtelet holds a degree in electronic engineering, a degree in applied economics and an MBA from the University of Leuven.

Mr. Marc Biron

Holds a degree in electronic engineering and obtained a Ph.D. in applied sciences in 1999 at the University of Liège, Belgium. Mr. Biron began his career in the electronics industry in 1997 when joining Melexis, where he held a number of senior positions over a 25-year period. In 2006, Mr. Biron was given responsibility for the Hall sensor/engine management business unit and its turnover generation. In 2009, he became global development & quality manager, focusing on the efficient development of profitable and reliable products, leading a team of 500 people.

In 2018, he became VP and general manager of the sense & drive business unit and added the responsibility of global innovation manager in 2020, focusing on the right new technologies and know-how. In 2021, Mr. Biron was appointed Chief Executive Officer of Melexis. Since 2013, Mr. Biron has been a visiting lecturer for the course 'Major Project in Electronics' at the University of Liège.



Mr. Shiro Baba

Has 38 years of professional and management experience in different fields related to the semiconductor business. He started his career in 1975 with the semiconductor division of Hitachi. As from 1999, he held several general management positions within the Hitachi semiconductor division. From 2003 until 2009, Mr. Baba was employed by Renesas Technology Corp. as general manager of the automotive semiconductor business unit, among others, and later as board director and senior VP. His last mandate was president and CEO of Hitachi ULSI Systems Co. before retiring in 2013.

In April 2013, Mr. Baba was appointed independent director of Melexis. Mr. Baba obtained a master's degree in electrical and physical engineering from the Tokyo Institute of Technology and in electrical engineering from Stanford University.

Ms. Martine Baelmans

Started her career at KU (Catholic University) Leuven in 1987 as assistant at the division of applied mechanics and energy conversion.

Since 2006, she has been full professor at the faculty of engineering sciences. She is currently also vice-rector for education policy at KU Leuven. Ms. Baelmans holds a master's degree in mechanical engineering and a Ph.D. in engineering sciences from KU Leuven. Her research has mainly focused on thermodynamics and heat transfer, particularly in applications for electronics cooling.

Ms. Maria Pia De Caro

Currently serves as EVP Global Operations and Sustainability at Pernod Ricard. She has extensive experience in supply chain management including strategy, manufacturing operations, planning and logistics, procurement and safety management.

Ms. De Caro has a track record of more than 25 years of leadership in areas such as engineering, manufacturing, M&A and supply chain at a number of fast-moving consumer goods companies like Nomad Foods, Procter & Gamble and Mondelez. Ms. De Caro holds a master's degree in mechanical engineering from the Sapienza University of Rome and is an avid supporter of diversity and inclusion.

Appointment and replacement of directors

The Articles of Association (Articles 13 and following) and the Melexis Corporate Governance Charter contain specific rules concerning the (re-)appointment, induction and evaluation of directors.

Directors are appointed for a term not exceeding four years by the annual shareholders' meeting, which can also revoke their mandate at any time. An appointment or dismissal requires a simple majority of the votes cast.

If and when a position of a director prematurely becomes vacant within the Board, the remaining directors temporarily appoint a new director until the annual shareholders' meeting appoints a new director. Said appointment will then be included in the agenda of the next annual shareholders' meeting.

The Nomination and Remuneration Committee submits a reasoned recommendation to the Board on the nomination of directors and equally makes recommendations to the Board on the remuneration policy for directors and the Executive Management.

Functioning of the Board of Directors

The terms of reference of the Board of Directors are part of the Corporate Governance Charter.

In 2024, the Board convened eight (8) times and treated, among others, the following topics:

- Financial results of the Group
- Financial and legal risks to which the Group is exposed
- Strategic review
- Dividend policy
- Budget for the next financial year
- Asia strategy
- Supply chain & OPS strategy
- Share buy-back program
- Recommendations of the Audit Committee and the Nomination and Remuneration Committee
- CSRD / recommendations of the ESG Committee.

Ms. Martine Baelmans was excused from the meeting of the Board of Directors on 4 April.

Evaluation of the Board and its Committees

The effectiveness of the Board of Directors and its Committees is monitored and reviewed every three years in order to achieve possible improvements in the management of Melexis. The last review was performed in 2022, led by the Chair.

In the evaluation, special attention is paid to:

- The functioning of the Board of Directors and its relevant committees
- The thoroughness with which important issues are prepared and discussed
- The effectiveness of the interaction with the Executive Management
- The quality of the information provided
- The individual contribution of each member of the Board.

The overall outcome of the evaluation was very positive. Providing detailed (technical) information, including related risks and risk mitigation, well on time, to each Director remains key.

Committees

Audit Committee

The Audit Committee assists the Board of Directors in its supervisory duties with respect to the internal supervision in the broadest sense, including the financial reporting, as described in the company's Corporate Governance Charter and article 7:99 of the Belgian Code of Companies and Associations. The Audit Committee also monitors the assessment and follow-up by the Executive Management of the auditor's recommendations.

The Audit Committee is composed of three non-executive members: Mr. Shiro Baba, independent director and Chair, Mr. Roland Duchâtelet, director and Ms. Maria Pia De Caro, independent director.

According to article 7:99 of the Belgian Code of Companies and Associations, the members of the Audit Committee as a whole have competencies relevant to the sector in which Melexis is operating and at least one of its members has a competence in auditing and accounting. Both Ms. Maria Pia De Caro and Mr. Shiro Baba comply with the latter requirement through their relevant work experience. In this respect, we refer to the short biographies of the previously mentioned members in this chapter.

The Chief Executive Officer, the Chief Financial Officer, the external and internal auditor are invited to the meetings of the Audit Committee to warrant the interaction between the Board of Directors and the Executive Management.

The Audit Committee met four (4) times in 2024. All members were present at all the meetings.

In addition to the exercise of its legal powers and the duties listed in the Melexis Corporate Governance Charter, the Audit Committee reviewed, among others:

- Statutory audit fees
- Reports of the statutory auditor
- Internal audit updates
- ESG / CSRD
- Code of Conduct.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee, which qualifies as a remuneration committee pursuant to article 7:100 of the Belgian Code of Companies and Associations, advises, among others, the Board of Directors concerning the way in which the company's strategic objectives may be promoted by adopting an appropriate nomination and remuneration program. This committee supervises the development of remuneration, allocation of variable remuneration and the general performance within Melexis.

The Nomination and Remuneration Committee is composed of three non-executive members of which a majority of independent directors: Ms. Françoise Chombar, director and Chair, Ms. Martine Baelmans, independent director and Ms. Maria Pia De Caro, independent director. The committee has the relevant expertise regarding remuneration policy.

The Nomination and Remuneration Committee met four (4) times in 2024. All members were present at all the meetings.

In addition to the exercise of its legal powers and the duties listed in the Melexis Corporate Governance Charter, in 2024 the Nomination and Remuneration Committee reviewed, among others:

- Remuneration and variable remuneration of the Executive Management
- Assessment of the variable remuneration of the CEO
- HR strategy and policies
- Engagement Survey and Cultural Change
- Evaluation of the Executive Management team and succession planning.
- Remuneration policy update for 2025

Executive Management

Vincent Hiligsmann, Marc Biron, Karen van Griensven, Antonius Duisters

Composition

The Executive Management is composed of the following members[1]:

Name	Age	Position
Marc Biron	54	Chief Executive Officer[2]
Antonius Duisters	57	Chief Business Officer
Karen van Griensven	54	Chief Financial Officer
Vincent Hiligsmann	54	Chief Innovations Officer
Veerle Lozie[3]	51	Chief Operations and Information Officer

[1] Certain members are representatives of private companies with limited liability (BV/SRL).
[2] and Chief Operations Officer ad interim
[3] until 15 November 2024

During the year the Executive Management underwent a change to a new leadership structure, reducing the team from seven to five members. Additionally, in the last quarter, one female member of the Executive Management Team left the company. In its current composition, it consists of a diverse team of three men and one woman, with different professional backgrounds. To maintain the diversity, the Board of Directors sees to it that, among others, the above-mentioned diversity criteria are taken into consideration by Melexis in its selection processes and management succession planning.

Remuneration report

Introduction

The remuneration of the directors and the Executive Management is governed by Melexis remuneration policy which can be found on our website. This remuneration policy was approved by the shareholders' meeting on 11 May 2021. A new Melexis remuneration policy will be presented to the annual shareholders' meeting in May 2025.

Total remuneration

The application of the remuneration policy during 2024 for the directors and executives lead to the effective remuneration as shown in the table on the next page.

Directors receive a fixed annual compensation for their mandate as director. Such compensation is independent from their participation rate in board meetings or the number of board committees they are member of. Executive directors do not receive any remuneration for their mandate. Roland Duchâtelet and Françoise Chombar waived any remuneration for their mandate.

	1. Fixed remuneration			2. Variable remuneration		3 Extraordinary items	4 Pension expense	5 Total remuneration	6 Proportion of fixed and variable remuneration
Name - position	Base salary	Fees	Other benefits	One-year variable	Multi-year variable				
Françoise Chombar - Non-executive director	–	–	–	–	–	–	–	–	Fixed: - Variable: -
Roland Duchâtelet - Non-executive director	–	–	–	–	–	–	–	–	Fixed: - Variable: -
Shiro Baba - Independent director	20,000	–	–	–	–	–	–	20,000	Fixed: 100% Variable: 0%
Martine Baelmans - Independent director	20,000	–	–	–	–	–	–	20,000	Fixed: 100% Variable: 0%
Maria Pia de Caro - Independent director	20,000	–	–	–	–	–	–	20,000	Fixed: 100% Variable: 0%
Marc Biron - Executive director	–	–	–	–	–	–	–	–	Fixed: - Variable: -
Marc Biron Consulting BV, permanently represented by Marc Biron - Executive, CEO	385,000	–	–	–	56,198	–	–	441,198	Fixed: 87% Variable: 13%
Executive Management excl. Marc Biron Consulting BV, CEO	1,326,487	–	74,911	180,234	153,265	–	98,543	1,833,440	Fixed: 82% Variable: 18%

Application of the performance criteria

a CEO

The variable remuneration for the CEO is a cash bonus that is capped at 50% of the annual fixed remuneration. It is split into three elements - a short, medium and long-term:

1. Short term: 25% is based on performance criteria measured over one financial year
2. Medium term: 12.5% is based on performance criteria measured over two financial years
3. Long term: 12.5% is based on performance criteria measured over three financial years.

The cash bonus for the CEO is dependent on the achievement of the target revenue growth and target EBIT growth over the reference period, which are measured on a Melexis Group consolidated basis, based on IFRS accounting standards. The same targets are used for the short, medium and long-term bonus. This KPI ensures a link between the bonus and the recurring operational result of Melexis.

		Revenue growth		
		<10%	>10% - <15%	>15%
EBIT growth	<10%	0	25%	50%
	>10% - <15%	50%	75%	100%
	>15%	75%	100%	100%

1 Short-term cash bonus (one-year variable)

The results for performance year 2024 are shown in the table below. Compared to 2023, the revenue growth was -3.3% while the EBIT growth was -15.8%. This means that the short-term cash bonus will not be paid out.

in EUR

Marc Biron Consulting BV performance criteria		a Minimum threshold performance / b Corresponding remuneration		a Maximum performance / b Corresponding remuneration		a Measured performance / b Actual remuneration outcome	Total short-term cash bonus incl. discretionary increases
Target revenue growth and EBIT growth	a	Revenue and EBIT growth <10%	a	Revenue and EBIT growth >15%	a	EBIT growth: -15.8% Revenue growth: -3.3%	Discretionary increases (if applicable)
	b	0	b	96,250	b	0	0
Total bonus							–

2 Medium-term cash bonus (two-year variable)

The results for performance year 2024 are shown in the table below. Compared to 2022, the revenue growth was 11.6% while the EBIT growth was -2.9%. This means that 25% of the medium-term cash bonus will be paid out.

in EUR

Marc Biron Consulting BV performance criteria		a Minimum threshold performance / b Corresponding remuneration		a Maximum performance / b Corresponding remuneration		a Measured performance / b Actual remuneration outcome
Target revenue growth and EBIT growth	a	Revenue and EBIT growth <10%	a	Revenue and EBIT growth >15%	a	EBIT growth: -2.9% Revenue growth: 11.6%
	b	0	b	47,708	b	11,927
Total bonus						**11,927**

3 Long-term cash bonus (three-year variable)

The results for performance year 2024 are shown in the table below. Compared to 2021, the revenue growth was 44.9% while the EBIT growth was 48.1%. This means that 100% of the long-term cash bonus will be paid out.

in EUR

Marc Biron Consulting BV performance criteria		a Minimum threshold performance / b Corresponding remuneration		a Maximum performance / b Corresponding remuneration		a Measured performance / b Actual remuneration outcome
Target revenue growth and EBIT growth	a	Revenue and EBIT growth <10%	a	Revenue and EBIT growth >15%	a	EBIT growth: 48.1% Revenue growth: 44.9%
	b	0	b	44,271	b	44,271
Total bonus						**44,271**

b Other members of the Executive Management

The variable remuneration for the other members of the Executive Management contains a short, medium and long-term element that is calculated as a percent of the fixed base remuneration[1]:

1. Short term: 25% to 30% (depending on whether a certain member of the Executive Management is involved in business creation or not) is based on performance criteria measured over one financial year
2. Medium term: 10% is based on performance criteria measured over two financial years
3. Long term: 10% is based on performance criteria measured over three financial years.

The short-term cash bonus is calculated on yearly established targets on the basis of the following performance criteria, which are all measured on a Melexis Group consolidated basis, based on IFRS accounting standards:

1. 50% of the short-term opportunity is based on the global business performance measured through the achievement of the target revenue growth and target EBIT growth of Melexis and follows the same calculation and achievement method as the short-term award of the CEO.
2. 50% of the short-term opportunity is based on the individual/team performance measured through achievement of pre-established targets of the respective members of the Executive Management.

For the medium and long-term cash bonus, only Melexis performance against approved financial targets regarding revenue growth and EBIT growth is taken into consideration and follows the same calculation and achievement measurement method as the medium and long-term award of the CEO.

1 Short-term cash bonus (one-year variable)

The results for performance year 2024 are shown in the table below. Compared to 2023, the revenue growth was -3.3% while the EBIT growth was -15.8%. This means that 50% of the short-term cash bonus will be paid out considering the achievement on individual/team performance. The policy also foresees a discretionary award of 20% of the total short-term opportunity. Such discretion has not been applied or awarded for the results of 2024.

in EUR

Performance criteria		a Minimum threshold performance / b Corresponding remuneration		a Maximum performance / b Corresponding remuneration		a Measured performance / b Actual remuneration outcome	Total short-term cash bonus incl. discretionary increases
Target revenue growth and EBIT growth	a	Revenue and EBIT growth <10%	a	Revenue and EBIT growth >15%	a	EBIT growth: -15.8% Revenue growth: -3.3%	Discretionary increases (if applicable)
	b	0	b	180,234	b	0	0
Individual/team performance (+ individual discretionary)							
	b	0	b	180,234	b	180,234	0
Total bonus							**180,234**

2 Medium-term cash bonus (two-year variable)

The results for performance year 2024 are shown in the table below. Compared to 2022, the revenue growth was 11.6% while the EBIT growth was-2.9%. This means that 25% of the medium-term cash bonus will be paid out.

in EUR

Performance criteria		a Minimum threshold performance / b Corresponding remuneration		a Maximum performance / b Corresponding remuneration		a Measured performance / b Actual remuneration outcome
Target revenue growth and EBIT growth over two financial years	a	Revenue and EBIT growth <10%	a	Revenue and EBIT growth >15%	a	EBIT growth: -2.9% Revenue growth: 11.6%
	b	0	b	127,672	b	31,918
Total bonus						**31,918**

3 Long-term cash bonus (three-year variable)

The results for performance year 2024 are shown in the table below. Compared to 2021, the revenue growth was 44.9% while the EBIT growth was 48.1%. This means that 100% of the long-term cash bonus will be paid out.

in EUR

Performance criteria		a Minimum threshold performance / b Corresponding remuneration		a Maximum performance / b Corresponding remuneration		a Measured performance / b Actual remuneration outcome
Target revenue growth and EBIT growth over three financial years	a	Revenue and EBIT growth <10%	a	Revenue and EBIT growth >15%	a	EBIT growth: 48.1% Revenue growth: 44.9%
	b	0	b	121,347	b	121,347
TOTAL BONUS						**121,347**

[1] Changes the Executive Management underwent in the course of 2024 regarding its composition have been taken into consideration.

Share-based remuneration

The remuneration policy of Melexis does not provide for share-based remuneration for directors or executives.

Evolution of the remuneration and performances of Melexis

The table below provides an overview on the annual change of total remuneration, developments and performance of Melexis, average remuneration of employees and the ratio of the highest and the lowest remuneration on a full-time equivalent basis. To ensure comparability, the annual change in remuneration is only reported since the implementation of Directive (EU) 2017/828 as regards the encouragement of long-term shareholder engagement.

Severance payments

No severance payments were paid in 2024.

Use of claw-back provisions

In 2024, no claw-back occurred.

Deviations from the remuneration policy

In 2024 there were no deviations from the remuneration policy as published on the website.

Vote of the shareholders

The annual shareholders' meeting of 14 May 2024 has approved the remuneration report regarding the financial year ending on 31 December 2023 with a 98.78% majority of the validly cast votes. In accordance with the BCCA and Code 2020, the Board of Directors, upon recommendation of the Remuneration and Nomination Committee will be proposing a revised remuneration policy, subject to shareholder approval at the annual shareholders' meeting in May 2025.

	2020	2021	2022	2023	2024
Annual change in the remuneration of directors and members of the Executive Management					
Fixed remuneration	-7.0%	5.0%	17.4%	-18.1%	-13.7%
Variable remuneration	-35.0%	155.3%	28.3%	-8.4%	-54.6%
Total remuneration	-11.5%	22.9%	26.8%	-20.1%	-22.1%
Annual change in the developments and performances					
Performance criteria (EBIT)	6.9%	96.5%	52.6%	15.3%	-15.8%
Performance criteria (revenue)	4.2%	26.9%	29.9%	15.3%	-3.3%
Net profit	15,0%	89,2%	50.3%	6.2%	-18.1%
Annual change in the average remuneration of employees*					
	4.7%	3.9%	0.7%	4.7%	-0.1%

* The average employee remuneration was calculated with the numbers as reported in note X (Wages and salaries) in this annual report (Personnel expenses and average number of employees); including variable pay, social security, pension and benefit costs.

In accordance with the Code of Companies and Associations, Melexis reports that at Group level the 2024 pay-ratio between the highest (CEO) and lowest (employee) remuneration was 71 to 1.

All figures are presented on a Melexis Group consolidated basis in the table above.

Policy on certain transactions

Conflicts of interest in the Board of Directors

According to article 7:96 of the Belgian Code of Companies and Associations (BCCA), a member of the Board of Directors has to inform the other directors about any item on the agenda of the Board that will cause a direct or indirect conflict of interest of a financial nature to him/her. In this event, the respective director cannot participate in the deliberation and voting on this agenda item.

In 2024, there were no conflicts of interest procedures as per article 7:96 BCCA.

Related parties transactions

Pursuant to article 7:97 BCCA, companies listed on the stock exchange must follow a special procedure before decisions are taken or operations are executed concerning related parties.

In 2024, there were no events resulting in the application of article 7:97 BCCA.

Other transactions with directors and Executive Management

As determined by the Melexis Corporate Governance Charter, members of the Board of Directors and the Executive Management have to refrain from any action that could raise an impression of being in conflict with the interests of the company. Therefore, any transaction between a director or a member of the Executive Management and the company has to be reported to the Chair of the Board of Directors.

In 2024, there were no transactions between the company and its directors or a member of the Executive Management involving a conflict of interest. All related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

Insider trading

Melexis developed an Insider Trading Policy to comply with the European and Belgian provisions on Insider Trading and Market Abuse. In this respect, a list is kept up to date of all people with managerial responsibilities as well as all other people who have access to sensitive information related to the Melexis share.

The purpose of the Melexis Insider Trading Policy is to prevent the abuse of inside information.

Before trading any company shares, the members of the Board of Directors and the Executive Management have to receive the green light from the Compliance Officer and have to report back once the transaction has been completed. Furthermore, in compliance with the same legislation, the members of the Board of Directors and the Executive Management as well as their closely associated persons have to notify all their transactions above a certain threshold in Melexis shares to the Belgian Financial Services and Markets Authority, who will publish these notices on its website.

Compliance with the Melexis Insider Trading Policy is supported and verified by the Compliance Officer.

Internal control and risk assessment procedures in relation to financial reporting

The internal control and risk assessment procedures in relation to the process of financial reporting are coordinated by the CFO. Such procedures have to ensure that the financial reporting is based on reliable information and that the continuity of the financial reporting in conformity with the IFRS accounting principles is guaranteed.

The process of internal control in relation to the financial reporting is based on the following principles:

- Data on transactions or use of assets of the company are registered accurately and saved in an automated global enterprise resource planning (ERP) system by the different Melexis functions.
- Accounting transactions are registered in globally standardized operating charts of accounts.
- The financial information is prepared and reported in the first instance by the accounting teams in the different legal entities of Melexis worldwide.
- Subsequently, the finance managers at the different Melexis sites will review the prepared and reported local financial information before sending it to the Global Finance Department.
- In the Global Finance Department, the financial information will receive its final review before it is included in the consolidated financial statements.
- All Melexis sites use the same software for the reporting of the financial data for consolidation.
- Random checks are made to assure that:
  - Transactions have been saved as required for the preparation of the financial accounts in conformity with the IFRS accounting principles.
  - Transactions have been approved by the authorized persons of the company.

Melexis is validly represented by the sole signature of the CEO for all aspects of the daily management of the company. Specific powers are granted to members of the Executive Management to represent Melexis in matters that relate to the function for which they are responsible. For actions that fall outside the scope of the daily management, the company is validly represented by two directors acting together.

In the event of detection of certain deficiencies, this will be reported to the Executive Management to determine which appropriate measures can be taken.

The risk assessment in connection with the financial reporting is based on the following principles:

- Risks that the company is confronted with are detected and monitored with the responsible persons of the different functions of the company.
- By using an automated ERP system, the responsible persons of the functions have permanent access to the financial information with regard to their function for monitoring, controlling and directing purposes with regard to their business activities.
- Closing the accounts at the end of every month warrants that the financial consequences of the identified risks are monitored closely to be able to anticipate possible adverse evolutions.
- The financial results are also reviewed monthly on a global level.
- A data protection system based on antivirus software, internal and external backup of data and the controlling of access rights to information, protects the company's information and guarantees the continuity of the financial reporting. The adequacy and integrity of these IT systems and procedures are reviewed regularly.
- In accordance with the 2020 Belgian Code on Corporate Governance, Melexis has set up an internal audit function, whose resources and skills are adapted to assess the financial reporting and the risk management of the company. The Audit Committee receives a periodic summary of the internal audit activities.

Elements pertinent to a take-over bid

Capital structure

The registered capital of Melexis NV amounts to EUR 564,813.86 and is represented by 40,400,000 equal shares without par value. The shares are in registered or non-material form.

Restrictions on the transfer of securities

The Articles of Association contain no restrictions on the transfer of the shares. The Board of Directors is furthermore not aware of any restrictions imposed by law on the transfer of shares by any shareholder, except in the framework of market abuse regulations.

Restrictions on the exercise of voting rights

Each share entitles the holder to one vote. The Articles of Association contain no restrictions on the voting rights and each shareholder can exercise his voting rights provided that he is validly admitted to the annual shareholders' meeting and his rights have not been suspended. Pursuant to article 9 of the Articles of Association, the company is entitled to suspend the exercise of the rights attached to securities belonging to several owners until one person is appointed towards the company as representative of the security.

No one can vote at the annual shareholders' meeting using voting rights attached to securities that have not been reported in due time in accordance with the Articles of Association and with the law.

The Board is not aware of any other restrictions imposed by law on the exercise of voting rights.

Agreements among shareholders

The Board of Directors is not aware of any agreements among shareholders that may result in restrictions on the transfer of securities or the exercise of voting rights.

Amendments to the Articles of Association

The Articles of Association can be amended by an Extraordinary General Meeting in accordance with the Belgian Code of Companies and Associations. Each amendment to the Articles of Association - including capital increases or reductions, mergers, demergers and a winding up - in general requires an attendance quorum of 50% of the subscribed capital and acceptance by a qualified majority of 75% of the votes cast. More stringent majority requirements have to be complied with in a number of cases, such as the modification of the corporate object or the company form.

Authorities of the Board of Directors to issue, buy back or dispose of own shares

The Articles of Association do not mention any special authorities granted to the Board of Directors to increase the registered capital.

The Board of Directors is authorized by the Extraordinary General Meeting of 29 November 2023 to acquire own shares of the company, either directly or by a person acting in his or her own name but on behalf of the company or by a direct subsidiary within the meaning of Article 1:14, §2, 1°, 2° and 4° of the Belgian Code of Companies and Associations. The company is subject to the following conditions for the acquisition of own shares in the context of Article 7:215 of the Belgian Code of Companies and Associations:

- This authorization allows the company to acquire a maximum of 20% of its own securities on or off the stock exchange.
- The acquisition of a share in the framework of this authorization must take place at a unit price which will comply with the legal requirements, but which will in any case not be more than 10% below the lowest closing price of the last thirty trading days prior to the acquisition and not more than 5% above the highest closing price of the last thirty trading days prior to the acquisition.
- The compensation for the acquisition of these own shares may not exceed the company's resources that, in accordance with Article 7:212 of the Belgian Code of Companies and Associations, are eligible for distribution.
- The acquisition of the shares in the framework of this authorization will entail the immediate creation of a non-distributable reserve ‘acquisition of own shares' equal to the global purchase price of the acquired shares, and this by means of a withdrawal from the available profit reserve. The creation of a non-distributable reserve is only mandatory if and for as long as the shares are held in portfolio.

This authorization is valid for a period of five (5) years from the publication of this decision in the Belgian Official Journal (20 December 2023).

The company can dispose of own shares in accordance with article 7:218 of the Belgian Code of Companies and Associations.

In December 2024, Melexis started a share buy-back program, more details of which can be found here. On 31 December 2024, the Melexis Group was in the possession of 77,200 shares in the registered capital of the company.

Termination of management agreements

All management agreements with the members of the Executive Management provide for a severance payments equal to twelve months' fixed remuneration if the management agreement is terminated due to a change of control.

Other elements

The company has not issued securities with special control rights. No agreements have been concluded between the company and its directors or employees providing for a compensation if, as a result of a take-over bid, the directors resign or are made redundant without valid reason or if the employment of the employees is terminated.

Auditor

PwC Bedrijfsrevisoren BV, whose registered office is situated at Culliganlaan 5, 1831 Machelen, listed in the Register for Legal Entities of Brussels with company number 429.501.944, was appointed as statutory auditor of the company. Ms. Mieke Van Leeuwe, auditor, was appointed as the permanent representative of the auditor.

Compliance with the 2020 Belgian Code on Corporate Governance

Melexis does not grant shares, options or other rights to acquire shares to the members of its Executive Management. Contrary to recommendation 7.9 of the Code 2020, the members of the Executive Management are not required to hold a minimum threshold of shares in the company. Melexis strongly believes in the self-determination theory (by Edward L. Deci and Richard M. Ryan, psychologists at the University of Rochester) arguing that contingent rewards can have detrimental effects on intrinsic motivation, creativity and innovation. Within Melexis, we focus on intrinsic value creation for the company; the share price is a result thereof. The financial numbers which impact the level of the business component of the variable remuneration, i.e. revenue growth and EBIT growth, are important elements driving the valuation of the company. As such, we believe there is a clear alignment between shareholders on the one hand and management and the Melexis community on the other.

Also directors do not receive shares in the company as part of their remuneration. The latter deviates from recommendation 7.6 of the Code 2020 for non-executive Directors. The purpose of the recommendation is to better align the interests of non-executive directors with the long-term shareholder interest. At Melexis, that long-term shareholder perspective is sufficiently represented on the Board of Directors since two directors, one of whom is Chair, are important (indirect) shareholders of the company.

8 Financial report

Consolidated financial statements

Consolidated statement of financial position

in EUR			2024	2023
Assets		Note		
Current assets:	Cash, and cash equivalents	1.5.A	32,681,024	39,348,841
	Accounts receivable –trade	1.5.C	102,246,479	120,206,343
	Assets for current tax	1.5.E	18,889,415	3,727,334
	Inventories	1.5.F	262,815,232	254,348,153
	Other current assets	1.5.G	55,960,756	32,429,173
Total current assets			**472,592,906**	**450,059,843**
Non-current assets:	Deferred tax assets	1.5.E	36,985,308	33,331,820
	Other non-current assets	1.5.H	163,581,332	181,233,403
	Property, plant and equipment	1.5.I	211,119,501	195,883,945
	Intangible assets	1.5.J	1,175,079	2,075,226
	Leased assets	1.5.K	8,801,161	3,496,902
Total non-current assets			**421,662,382**	**416,021,296**
Total assets			**894,255,288**	**866,081,139**

in EUR			2024	2023
Liabilities		Note		
Current liabilities:	Derivative financial instruments	1.5.B	228,348	259,214
	Current portion of long-term debt	1.5.Y	5,796,846	–
	Lease Liabilities	1.5.K	2,143,011	1,526,743
	Accounts payable – trade	1.5.L	63,202,611	80,030,373
	Short-term employee benefits accruals	1.5.M	18,222,489	23,680,221
	Accrued taxes	1.5.E	3,219,819	2,642,293
	Other current liabilities	1.5.L	9,320,419	12,964,363
	Deferred income	1.5.N	2,076,383	2,925,624
Total current liabilities			**104,209,927**	**124,028,831**
Non-current liabilities:	Long-term debt less current portion	1.5.Y	207,525,218	184,659,096
	Lease Liabilities	1.5.K	6,714,403	1,989,751
	Other non-current liabilities	1.5.O	4,567,028	3,625,947
	Deferred tax liabilities	1.5.K	3,737,367	710,268
Total non-current liabilities			**222,544,016**	**190,985,061**
Equity:	Shareholders' capital		564,814	564,814
	Reserve treasury shares		(4,410,107)	–
	Legal reserve		56,520	56,520
	Retained earnings		574,606,096	553,305,064
	Cumulative translation adjustment		(3,316,388)	(2,859,562)
Equity attributable to company owners			**567,500,934**	**551,066,837**
	Non-controlling interest		410	410
Total equity		1.5.Z	**567,501,344**	**551,067,246**
Total equity and liabilities			**894,255,288**	**866,081,139**

The accompanying notes to this consolidated statement of financial position form an integral part of these consolidated financial statements.

Consolidated income statement

in EUR	Note	2024	2023
Total revenue	**1.5.P**	**932,808,067**	**964,297,902**
Cost of sales	1.5.Q	(531,457,147)	(524,077,489)
Gross margin		**401,350,920**	**440,220,413**
Research and development expenses	1.5.R	(110,251,974)	(106,731,643)
General and administrative expenses	1.R.S	(51,367,475)	(50,602,374)
Selling expenses	1.5.T	(19,842,368)	(21,636,218)
Income from operations (EBIT)		**219,889,102**	**261,250,178**
Financial income	1.5.U	6,380,309	9,106,843
Financial charges	1.5.U	(20,948,324)	(17,194,141)
Profit or loss before tax		**205,321,087**	**253,162,880**
Income tax	1.5.E	(33,874,765)	(43,699,487)
Net profit or loss for the period		**171,446,322**	**209,463,394**
Earnings per share attributable to the ordinary equity holders of the parent			
Earnings per share non-diluted		4.24	5.18
Earnings per share diluted		4.24	5.18

The accompanying notes to this consolidated income statement form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

in EUR	Note	2024	2023
Net profit or loss		171,446,322	209,463,394
Other comprehensive income			
Recyclable items of profit or loss			
Cumulative translation adjustment		(456,826)	920,622
Non-recyclable items of profit or loss			
Remeasurement of post-employment benefit obligations, after tax	1.5.O	(665,291)	–
Total other comprehensive income for the period		(1,122,117)	920,622
Total comprehensive income (loss) for the period		**170,324,206**	**210,384,016**
Total comprehensive income attributable to:			
owners of the parent		170,324,206	210,384,016
Non-controlling interests		–	–

The amounts included in other comprehensive income are net of tax effects.

Consolidated statement of changes in equity

in EUR	Number of shares	Share capital	Legal reserve	Retained earnings	Reserve treasury shares	CTA	Non-controlling interest	Total equity
31 December 2022	**40,400,000**	**564,814**	**56,520**	**485,241,671**	**—**	**(3,780,184)**	**410**	**482,083,231**
Net income		—	—	209,463,394	—	—	—	209,463,394
Other comprehensive income		—	—	—	—	920,622	—	920,622
Dividends		—	—	(141,400,000)	—	—	—	(141,400,000)
31 December 2023	**40,400,000**	**564,814**	**56,520**	**553,305,064**	**—**	**(2,859,562)**	**410**	**551,067,246**
Net income		—	—	171,446,322	—	—	—	171,446,322
Reserve treasury shares		—	—	—	(4,410,107)	—	—	(4,410,107)
Other comprehensive income		—	—	(665,291)	—	(456,826)	—	(1,122,117)
Dividends		—	—	(149,480,000)	—	—	—	(149,480,000)
31 December 2024	**40,400,000**	**564,814**	**56,520**	**574,606,096**	**(4,410,107)**	**(3,316,388)**	**410**	**567,501,344**

In December 2024, Melexis initiated a share buy-back program of its outstanding common stock for up to 850 thousand shares for an amount of EUR 50 million. The bought back shares are held as treasury shares for a total amount of EUR 4.4 million or 77,200 shares per 31 December 2024. An amount of EUR 0.3 million is included in the balance sheet section L. Other Current Liabilities (section "other") which refers to the purchase of shares by the independent financial intermediary which were not settled by Melexis as per 31 December 2024.

Consolidated statement of cash flows

Indirect method in EUR	Note	2024	2023
Cash flows from operating activities			
Net profit		171,446,322	209,463,394
Adjustments for operating activities			
Unrealized financial result	1.5.U	3,679,215	1,615,802
Other provisions	1.5.O	54,028	(646,053)
Deferred income	1.5.N	(849,241)	(1,026,926)
Depreciation and amortization	1.5.W	45,639,113	43,332,043
Depreciation leased assets	1.5.K	2,102,062	1,837,434
Financial result	1.5.U	11,102,506	4,728,081
Income tax expense/income	1.5.E	33,874,765	43,699,487
Operating cash flow before working capital changes		**267,048,771**	**303,003,262**
Accounts receivable, net	1.5.C	17,960,555	(11,428,309)
Other current assets	1.5.G	(23,531,583)	(12,121,035)
Other non-current assets[1]	1.5.H	17,652,071	(178,864,296)
Due from related companies	1.5.D	–	1,282,785
Due to related companies	1.5.D	–	(25,853,788)
Accounts payable	1.5.L	(16,827,761)	50,534,268
Short-term employee benefits accruals	1.5.M	(5,470,647)	2,339,130
Other current liabilities	1.5.L	(3,643,944)	7,833,755
Inventories	1.5.F	(15,335,144)	(75,619,378)
Cash generated from operations		**237,852,316**	**61,106,393**
Interest paid	1.5.U	(10,749,641)	(5,335,560)
Income tax paid	1.5.E	(48,912,928)	(52,759,725)
Net cash from operating activities		**178,189,747**	**3,011,108**

Indirect method in EUR	Note	2024	2023
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired	1.5.AE	–	(9,409,245)
Purchase of property, plant and equipment	1.5.I and 1.5.K	(52,992,655)	(94,230,541)
Purchase of intangible assets	1.5.J	(114,493)	(559,417)
Interests received	1.5.U	356,694	891,554
Investments, proceeds, from current investments		–	11,628,646
Net cash used in investing activities		**(52,750,453)**	**(91,679,003)**
Cash flows from financing activities			
Repayment leasings	1.5.K	(2,065,400)	(737,094)
Proceeds of long-term debts	1.5.Y	28,662,968	184,659,096
Impact of exchange results on financing items		(4,962,555)	832,962
Dividend payment	Changes in equity	(149,480,000)	(141,400,000)
Acquisition treasury shares	Changes in equity	(4,410,107)	–
Net cash used in financing activities		**(132,255,095)**	**43,354,964**
Effect of exchange rate changes on cash and cash equivalents		147,984	(418,236)
Cash at beginning of the period		39,348,841	85,080,008
Cash at end of the period	1.5.A	32,681,024	39,348,841
Cash at end of the period minus cash at beginning of the period		(6,667,817)	(45,731,167)

The accompanying notes to this statement of cash flows form an integral part of the consolidated financial statements.

[1] The decrease in other non-current assets is mainly due to the advance payments in 2023 to our main supplier. For more information, we refer to note 1.5.H.

Result of operations

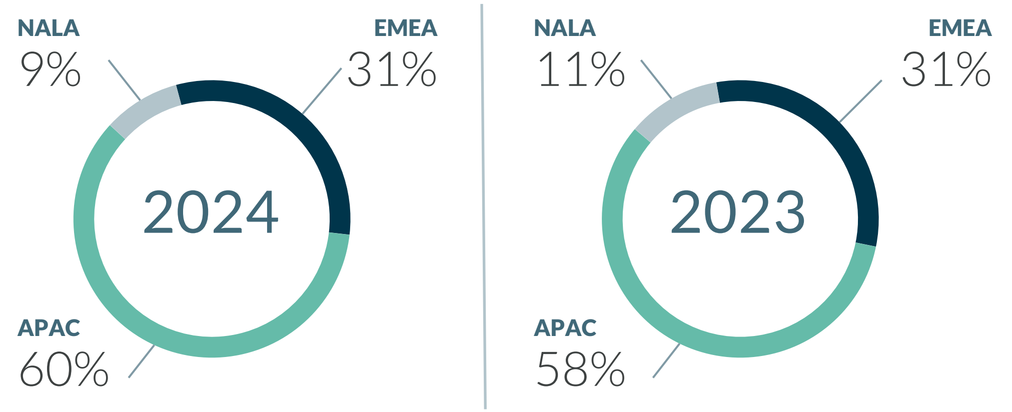
The following discussion and analysis of the financial condition and results of operations should be read in conjunction with the company's financial statements from previous years.

Revenue

In 2024, total revenue decreased by 3% compared with 2023, from EUR 964,297,902 in 2023 to EUR 932,808,067 in 2024.

APAC continued being the largest region for Melexis, representing 60% of total sales in 2024, led by China, Hong Kong and Japan with respectively EUR 117,137,557, EUR 137,293,848 and EUR 83,790,918 in sales. EMEA, being the second largest region for Melexis, accounted for 31% of total sales. NALA comes in third, accounting for 9% of sales in 2024.

Revenue by region



Cost of sales

Cost of sales consists of materials (raw materials and semi-finished parts), subcontracting, labor, depreciation and other direct production expenses. The cost of sales amounted to EUR 531,457,147 in 2024 compared with 524,077,489 in 2023. Expressed as a percentage of total revenue, the cost of sales increased from 54% in 2023 to 57% in 2024.

Gross margin

The gross margin, expressed as a percentage of total revenues, decreased from 46% in 2023 to 43% in 2024. This decrease is a combination of lower sales and a normalization after a positive contribution from inventory effects in the previous year.

Research and development expenses

Research and development expenses amounted to EUR 110,251,974 in 2024, representing 12% of total revenue, versus EUR 106,731,643 in 2023. The main research and development activities focused on current sensors, magnetic sensors, inductive sensors, pressure sensors, temperature sensors, optical sensors, sensor interfaces, embedded motor drivers, embedded lighting, smart motor drivers and latch & switch.

General, administrative and selling expenses

General, administrative and selling expenses mainly consisted of salaries and salary related expenses, depreciation charges and external services & fees. The general, administrative and selling expenses increased by 2% compared to 2023. The variance is mainly attributable to an increase in depreciation charges of the new building in Kuching.

Income from operations

The company recorded an operational income of EUR 219,889,102 for 2024, compared to EUR 261,250,178 in 2023, a decrease of 16%, mainly impacted by the lower gross margin and the higher research and development and general, administrative and selling expenses . Compared with 2023, the operating margin decreased by 3% to 24%.

Financial result

The net financial result amounted to EUR 14,568,015 loss in 2024 compared to EUR 8,087,298 loss in 2023.

The (net) interest result amounted to a loss of EUR 10,863,545.00 in 2024 compared to a loss of EUR 5,093,878.00 in 2023, mainly due to higher debt. The currency exchange result (both realized and unrealized) amounted to a loss of EUR 3,009,160.00 in 2024, compared to a loss of EUR 1,677,252.00 in 2023.

Income taxes

Income taxes amounted to EUR 33,874,765 in 2024 compared with EUR 43,699,487 in 2023 (note 1.5.E).

Net income

The company recorded a net income of 171,446,322 for 2024, a decrease of 18% compared with 2023.

Liquidity, working capital and capital resources

Cash and cash deposits amounted to EUR 32,681,024 as of 31 December 2024, compared to EUR 39,348,841 as of 31 December 2023.

In 2024, operating cash flow before working capital changes amounted to EUR 267,048,771 compared to EUR 303,003,262 in 2023. Net cash from operating activities, including working capital changes, amounted to EUR 178,189,747. This amount was mainly impacted by changes in accounts receivable, inventories and accounts payable. The changes in other (non-)current assets represent a move from other non-current assets to other current assets, as partial repayment of our advance payments of committed wafers are being expected within the year. For more information on this transaction see note 1.5.AD.

The cash flow from investing activities was negative by an amount of EUR 52,750,453, mainly as a result of investments in fixed assets amounting to EUR 52,992,655.

The cash flow from financing activities was negative by an amount of EUR 132,255,095. This was mainly the result of the 2023 final and 2024 interim dividend payment amounting to EUR 149,480,000. This was partially compensated by the proceeds of long-term debts amounting to EUR 28,662,968.

Statement of the Board of Directors

The Melexis Board of Directors hereby certifies, for and on behalf of the company, that, to its knowledge:

a The financial statements prepared in accordance with International Financial Reporting Standards give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the entities included in the consolidation as a whole, and,

b The management report includes a fair review of the development and performance of the business and the position of the company and the entities included in the consolidation as a whole, together with a description of the principal risks and uncertainties they face.

The consolidated statements were approved and authorized for issue by the Board of Directors on 31 March 2025 and were signed on its behalf by Marc Biron.

The consolidated statements haven't been changed after the approval by the Board of Directors.

Notes to the consolidated financial statements

Notes to the consolidated financial statements

1.1 General

Melexis is a limited liability company incorporated under Belgian law. The company has been operating since 1988. The company designs, develops, tests and markets advanced integrated semiconductor devices mainly for the automotive industry. The company sells its products to a wide customer base in the automotive industry in Europe, Asia and North America.

The accounting year covers the period from 1 January 2024 to 31 December 2024.

The Melexis Group of companies employed on average (FTE) 1,941 people in 2024 and 1,931 in 2023.

The registered office of the Group is located at Rozendaalstraat 12, 8900 Ieper, Belgium. The company is listed on Euronext.

The consolidated results as included in the press release were authorized for issue by the Board of Directors subsequent to the meeting held on 31 January 2025.

1.2 Statement of compliance

The consolidated financi

al statements were prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") and in conformity with IFRS as adopted by the European Union until 31 December 2024 (collectively "IFRS"). Melexis did not apply any new IFRS requirements not yet effective in 2024.

1.3 Summary of significant accounting policies

The consolidated financial statements of Melexis NV were prepared in according with IFRS Accounting Standards as adopted by the European Union on 1 January 2024. The principal accounting policies adopted when preparing the consolidated financial statements of Melexis NV were as follows:

Basis of preparation

The consolidated financial statements were prepared under the historical cost convention, except for investments at FVOCI and derivative financial instruments, which were stated at FVTPL as disclosed in the accounting policies hereafter.

Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised when the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Assumptions and estimates are applied when recognizing and measuring provisions for tax and litigation risks, determining inventory write-downs, assessing the extent to which deferred tax assets will be realized (note 1.5.E), useful lives of property, plant and equipment, intangible assets (note 1.5.I and 1.5.J), setting-up warranty provision and determining the present value of defined benefit obligations (note 1.5.O).

Deferred tax assets are recognized for deductible temporary differences, unused tax losses/tax attributes carried forward and fair value reserves entries only if it is probable that future taxable profits (based on Melexis' operational plans) are available to use those temporary differences and losses/tax attributes. This includes management's best estimate based on all facts and circumstances. The actual tax results in future periods may differ from the estimate made at the time the deferred taxes are recognized. Other assumptions and estimates are disclosed in the respective notes relevant to the item where the assumptions or estimates were used for measurement (note 1.5.E).

Please refer to the accounting policies of inventories, property, plant and equipment, intangible assets and provisions in this chapter for the assumptions and estimates.

Presentation currency

The euro has been designated as the presentation currency of the Group as Melexis uses the principle of single billing, single sourcing through the Belgian entity Melexis Technologies NV. To consolidate the company and each of its subsidiaries, the financial statements of foreign consolidated subsidiaries, with a non-EUR currency, are translated at year-end exchange rates with respect to the statement of financial position and at the average exchange rate for the year with respect to the income statement. All resulting translation differences are included in a cumulative translation adjustment in equity.

Foreign currency transactions

Each entity within the Group translates its foreign currency transactions and balances into its functional currency by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction. Exchange rate differences arising on the settlement of monetary items or on reporting monetary items at rates different from those at which they were initially recorded during the period or reported in previous financial statements are recognized in the income statement in the period in which they arise.

Foreign currency translation

Since the introduction of the euro on 1 January 1999, and in accordance with Belgian law, Melexis NV keeps its books and prepares its consolidated financial statements in euro. The functional currency of the subsidiaries is as follows:

Melexis Inc.	USD
Melexis GmbH	EUR
Melexis Bulgaria EOOD	BGN
Melexis Ukraine	UAH
Melexis Technologies SA	CHF
Melexis NV/BO France	EUR
Melefin NV	EUR
Melexis Technologies NV	EUR
Melexis NV/BO Philippines	PHP
K.K. Melexis Japan Technical Research Center	JPY
Melexis Electronic Technology (Shanghai) Co., Ltd	CNY
Melexis (Malaysia) Sdn. Bhd.	MYR
Melexis Technologies NV/BO Malaysia	MYR
Melexis Dresden GmbH	EUR
Melexis France SAS	EUR
Melexis Korea Yuhan Hoesa	KRW
Xpeqt NV	EUR
Xpeqt EOOD	BGN
Melexis NV/BO Taiwan	TWD

Assets and liabilities of Melexis Inc., Melexis Ukraine, Melexis Bulgaria EOOD, Melexis Technologies SA, K.K. Melexis Japan Technical Research Center, Melexis NV/BO Philippines, Melexis Electronic Technology (Shanghai) Co. Ltd, Melexis Technologies NV/BO Malaysia, Melexis (Malaysia) Sdn. Bhd., Melexis Korea Yuhan Hoesa, Xpeqt NV, Xpeqt EOOD and Melexis NV/BO Taiwan are translated at closing rate, and revenues and expenses are translated at the average exchange rate during the period. Equity components have been translated at historical exchange rates. Gains or losses resulting from this translation are reflected in the component ‘cumulative translation adjustment’ in the statement of financial position.

Principles of consolidation

Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is re-assessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De facto control exists in situations where the company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de facto control exists, the company considers all relevant facts and circumstances, including:

- The size of the company's voting rights relative to both the size and dispersion of other parties who hold voting rights
- Substantive potential voting rights held by the company and by other parties
- Other contractual arrangements
- Historic patterns in voting attendance.

The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Inter-company transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognized at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

The consolidation scope includes on the one hand Melexis NV and its three branch offices being Melexis NV/BO Philippines, Melexis NV/BO France and Melexis NV/BO Taiwan. On the other hand, the subsidiaries being part of the consolidation scope are Melexis Ukraine, Melexis Inc., Melexis GmbH, Melexis Bulgaria EOOD, Melefin NV, Melexis Technologies NV, Melexis Technologies SA, K.K. Melexis Japan Technical Research Center, Melexis Electronic Technology (Shanghai) Co. Ltd, Melexis (Malaysia) Sdn. Bhd., Melexis Technologies NV/BO Malaysia, Melexis Dresden GmbH, Melexis France SAS, Melexis Korea Yuhan Hoesa, Xpeqt NV and Xpeqt EOOD.

Cash and cash equivalents

Cash includes cash on hand and cash in different bank accounts. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value. Term deposits with a maturity period of more than three months that can be redeemed, subject to the interest income being forfeited, might be classified as cash equivalents if the deposit is held to meet short-term cash needs and there is no significant risk of a change in value as a result of an early withdrawal.

Hedging

There were no outstanding derivatives as per 31 December 2024 for which Melexis has elected to apply hedge accounting by designating the derivative as a hedging instrument in an eligible relationship.

Inventories

Inventories, including work-in-progress, are comprised of material, labor and manufacturing overheads and are valued at the lower of cost (determined on FIFO basis) or net realizable value after reserve for obsolete items. Net realizable value is the selling price in the ordinary course of business, less the costs of completion, marketing and distribution. For processed inventories, cost includes the applicable allocation of fixed and variable overhead costs. Unrealizable inventory has been fully written off. Inventory is written off when no sales are expected in the next six months.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is computed on a straight-line basis over the following estimated useful lives:

Buildings	20-33 years
Machinery, equipment and installations	5 years
Furniture and vehicles	5 years
Computer equipment	3-5 years
Mask set	5 years

Melexis does capitalize the expenses for masks as tangible assets. A mask is a thin sheet of material from which a pattern has been cut, placed over a semiconductor chip so that an integrated circuit can be formed on the exposed areas. Masks can be used for the lifetime of the product. Therefore, masks are depreciated over the estimated useful lifetime of 5 years. An item of property, plant and equipment is initially measured at its cost. Cost includes:

- Its purchase price, including import duties and non- refundable purchase taxes, after deducting trade discounts and rebates
- Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- The estimated costs of dismantling and removing the item and restoring the site on which it is located, unless those costs relate to inventories produced during that period.

Expenditures, incurred after the fixed assets have been placed in operation, such as repairs and maintenance and overhaul costs, are included in the statement of comprehensive income, in the period in which the costs are incurred.

Depreciation starts when the asset is ready for use.

The useful life and depreciation methods are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

Investments and other financial assets

a Classification

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through OCI or through profit or loss)
- Those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The Group reclassifies debt investments when and only when its business model for managing those assets changes.

b Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

c Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

d Impairment

From 1 January 2018, the Group assesses, on a forward--looking basis, the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

Impairment of assets

Property, plant, and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in consolidated income statement. The recoverable amount is the higher amount of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit. Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale when:

- They are available for immediate sale
- Management is committed to a plan to sell
- It is unlikely that significant changes to the plan will be made or that the plan will be withdrawn
- An active program to locate a buyer has been initiated
- The asset or disposal group is being marketed at a reasonable price in relation to its fair value
- A sale is expected to complete within twelve months from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of:

- Their carrying amount immediately prior to being classified as held for sale in accordance with the Group's accounting policy
- Fair value less costs of disposal.

Following their classification as held for sale, non-current assets (including those in a disposal group) are not depreciated. The results of operations disposed during the year are included in the consolidated statement of comprehensive income up to the date of disposal.

Intangible assets

Intangible assets, externally purchased, are measured initially at cost. Intangible assets are recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. After initial recognition, intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses. Intangible assets are amortized on a straight-line basis over the best estimate of their useful lives. The amortization period and the amortization method are reviewed annually at each financial year end. Melexis does not have intangible assets with indefinite useful lives.

Amounts paid for licenses are capitalized and then amortized on a straight-line basis over the expected periods of benefit. The expected useful life of licenses is 5 years, IP is 10 years.

Business combinations

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognized at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

Goodwill

The excess of the cost of an acquisition over the company's interest in the fair value of the net identifiable assets and liabilities acquired as at the date of the exchange transaction is recorded as goodwill and recognized as an asset in the statement of financial position. When the excess is negative, a bargain purchase gain is recognized immediately in the statement of comprehensive income. The identifiable assets and liabilities recognized upon acquisition are measured at their fair values as at that date. Any non-controlling interest is stated at the minority's proportion of the fair values. Any goodwill arising on the acquisition of a foreign entity and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign entity are treated as assets and liabilities of the company (unless it concerns badwill, this is recognized in the comprehensive income). Goodwill is carried at cost less accumulated impairment losses. Impairment of goodwill is included in operating profit. Goodwill is tested yearly for impairment losses.

Research and development costs

According to IAS 38 Par. 57 development costs are capitalized, only if among others the technical and economic feasibility can be proven, the future economic benefits are probable and costs can be reliably measured.

Management has reviewed the development expenses based on the IFRS criteria and is of the opinion that the development expenses should be expensed as the existence of an actual market for the output of Melexis' development efforts can only be demonstrated in a late stage of the project cycle.

Equity

The shares of Melexis NV are listed without par value. Melexis' aim in managing its equity is to maintain a healthy financial structure with a minimal dependency on external financing as well as to create shareholders value. Melexis intends to pay out regular (interim) dividends in order to maximize the return on equity for its shareholders.

Earnings per share

Basic earnings per share are calculated by dividing the net result for the period attributable to ordinary shareholders by the weighted average number of shares outstanding during the period.

Treasury shares

Treasury shares are presented in the statement of financial position as a deduction from equity. The acquisition of treasury shares is presented as a change in equity. No gain or loss is recognized in the statement of comprehensive income on the sale, issuance, or cancellation of treasury shares. Consideration received is presented in the financial statements as a change in equity.

Provisions

A provision is recognized when, and only when an enterprise has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Warranty claims

Even though Melexis has installed elaborate test procedures before commencing delivery of its products, product defects might still arise upon the installation or the end consumer's use of the product. If such product defects materialize, expensive and time-consuming product modifications might ensue, and further liability claims might arise. Melexis set up a warranty provision which is based on a reliable estimate of historical data.

Reserves

Capital reserves represent the legal reserve of the parent company and are in accordance with the Belgian law. The cumulative translation adjustment is used for translation differences arising on consolidation of financial statements of foreign entities.

Non-controlling interests

Non-controlling interests include the third party interests in the fair values of identifiable assets and liabilities recognized upon acquisition of a subsidiary as well as the minority share of the result of the year and retained earnings.

Financial liabilities

All movements in financial liabilities are accounted at trade date. Borrowings are initially recognized at fair value. Subsequently they are carried at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on issue. Any differences between cost and redemption value are recognized in the statement of comprehensive income upon redemption.

Trade and other payables

Trade payables and other short-term monetary liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest method.

Leasing

IFRS 16 requires lessees to recognize a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group leases various properties and cars.

Rental contracts are typically made for fixed periods of one to nine years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2024 was between 1.00% and 6.00%.

From 1 January 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that are based on an index or a rate
- Amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of the lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs, and
- Restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of twelve months or less. Melexis recognizes the interest expenses of lease liabilities in the interest paid component in the cash-flow statement. Melexis opted not to distinguish between lease and non-lease components and accounted for the full amount of the lease liability.

Revenue recognition

Melexis has one major revenue stream. The Group designs, develops and delivers semiconductors. Sales are recognized when control over the product has transferred, being when the products are shipped to or delivered at the customer. In case customers make a payment before the transfer of control is met, a contract liability is recognized as prescribed in the IFRS 15 standard.

The Group is involved in several consignment arrangements. Revenue is not recognized upon delivery of a product if the product is held on consignment, but when the control is transferred to the customer. This transfer of control is based on the customers's usage reporting.

The Group does not have contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Variable consideration: some of the contracts contain commercial discounts and rebates. These incentives are included in the transaction price. A liability is set up for the most likely amount of variable consideration that is to be paid by Melexis in the future. This liability is recognized when the revenue and the corresponding accounts receivable position is recognized.

To mitigate the risk of supplier LTAs, Melexis also engaged in LTAs (2023-2025) with its main customers. These contracts do not contain financial components giving rise to material rights nor any material variable considerations to be taken into account.

Government grants

Government grants are deferred and amortized into income over the period necessary to match them with the related costs that they are intended to compensate. Grants received are treated as deferred income in the accompanying consolidated financial statements.

The company recognizes government grants if they have reasonable assurance that the grants will be received. They are recognized as income on a systematic and rational basis over the periods necessary to match them with the related costs. The grant related revenue is recorded net of the related expense in the income statement and as deferred income on the statement of financial position.

Borrowing costs

Borrowing costs are expensed as incurred. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are included in the cost of the asset.

Income taxes

The income tax charge is based on the result of the year and considers deferred taxation. Deferred taxes are calculated using the balance sheet liability method. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which these temporary differences are expected to be recovered or settled, based on tax rates enacted or substantially enacted at the balance sheet date.

The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which the enterprise expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are recognized regardless of the moment when the timing difference is likely to reverse. Deferred tax assets and liabilities are not discounted and are classified as non-current assets/liabilities in the statement of financial position.

Deferred tax assets are recognized when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be utilized. At each balance sheet date, the company reassesses unrecognized deferred tax assets and the carrying amount of deferred tax assets. The enterprise recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The company conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or that entire deferred tax asset to be utilized.

A deferred tax liability is recognized for all taxable temporary differences.

Retirement benefits: defined contribution schemes

A defined contribution plan is a pension plan under which the Group pays fixed contributions (percentage of annual gross salary). The scheme is funded through payments to the insurance company. Contributions to defined contribution pension schemes are charged to the consolidated statement of comprehensive income in the year to which they relate.

In Belgium, Melexis' defined contribution plans, while funded through group insurance contracts, must adhere to Belgian regulations guaranteeing a minimum 1.75% return on contributions. This rate, tied to a risk-free rate of 10-year government bond, places the investment risk until the legal minimum rates applicable, on the employer. This structure classifies the plans as defined benefit plans under IAS19. Under IAS 19, companies must recognize a liability for employee benefits earned but not yet paid, such as pensions. These future obligations are measured on a discounted basis to reflect their present value. We refer to note 1.5.AH for more information on this topic.

Segments

Melexis uses the management approach for determining its segment information (paragraph 7 of IFRS 8). As of 2014, Melexis has only one operating segment: the development and sale of integrated circuits. As a result, regular financial reporting towards the CODM (Chief Operating Decision Maker, at Melexis this is CEO + CFO) is done in one segment and the full R&D resource allocation is done on project level by one corporate team.

Melexis' products and production processes have evolved in such a way that the distinction between automotive and non-automotive segments is no longer relevant. Operating decisions are taken during a committee lead by the CEO, based on performance assessments. Financial information on geographical segments is presented in note 1.5.AA.

Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements, but disclosed when an inflow of economic benefits is probable.

Subsequent events

Post year end events that provide additional information about a company's position at the balance sheet date (adjusting events) are reflected in the financial statements. Post year end events that are not adjusting events are disclosed in the notes when material.

Adoption of new and revised standards

The consolidated financial statements of Melexis NV are prepared according to IFRS as accepted by the EU on 1 January 2024.

During the current financial year, the Group has adopted all the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB, that are relevant to its operations and effective for the accounting year starting on 1 January 2024. The Group has not applied any new IFRS requirements that are not yet effective as per 31 December 2024.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2024 and have been endorsed by the European Union:

1. **Amendments to IAS 1 'Presentation of Financial Statements: Classification of Liabilities as current or non-current' (effective 01/01/2024)**, affect only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They:

   - Clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
   - Clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.
   - Clarify how conditions with which an entity must comply within 12 months after the reporting period, such as covenants, affect the corresponding liability's classification.

2 **Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosures' (effective 1 January 2024): Supplier Finance Arrangements.** The amendment describes the characteristics for which reporters will have to provide additional disclosures regarding the impact of supplier finance arrangements on liabilities, cash flows and exposure to liquidity risk.

3 **Amendments to IFRS 16 'Leases': Lease Liability in a Sale and Leaseback (effective 1 January 2024).** The amendments explain how an entity accounts for a sale and leaseback after the date of the transaction, specifically where some or all the lease payments are variable lease payments that do not depend on an index or rate. They state that, in subsequently measuring the lease liability, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use it retains. Any gains and losses relating to the full or partial termination of a lease continue to be recognised when they occur as these relate to the right of use terminated and not the right of use retained.

The following amendments have been issued, but are not mandatory for the first time for the financial year beginning 1 January 2024 and have been endorsed by the European Union:

1 **Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates: Lack of exchangeability' (effective 1 January 2025)**. IAS 21 previously did not cover how to determine exchange rates in case there is long-term lack of exchangeability and the spot rate to be applied by the company is not observable. The narrow scope amendments add specific requirements on:

- Determining when a currency is exchangeable into another and when it is not;
- Determining the exchange rate to apply in case a currency is not exchangeable;
- Additional disclosures to provide when a currency is not exchangeable.

The following amendments have been issued, but are not mandatory for the first time for the financial year beginning 1 January 2024 and have not been endorsed by the European Union:

1 **Amendments to IFRS 9 and to IFRS 7: the Classification and Measurement of Financial Instruments (effective on 1 January 2026)**. On 30 May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 to:

- Clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- Clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- Add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement environment, social and governance (ESG) targets); and
- Update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

2 **Amendments to IFRS 9 and to IFRS 7: Contracts Referencing Nature-dependent Electricity Amendments to IFRS 9 and IFRS 7 (effective on 1 January 2026)**. On 18 December 2024, the IASB issued amendments to IFRS 9 and IFRS 7:

- clarify the application of the 'own-use' requirements;
- permit hedge accounting if these contracts are used as hedging instruments; and
- new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows.

3 **IFRS 18 Presentation and Disclosure in Financial Statements (effective on 1 January 2027)**. The IASB has issued IFRS 18, the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'.

IFRS 18 will apply for reporting periods beginning on or after 1 January 2027 and also applies to comparative information. The changes in presentation and disclosure required by IFRS 18 might require system and process changes.

4 **IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective on 1 January 2027)**. The International Accounting Standard Board (IASB) has issued a new IFRS Accounting Standard for subsidiaries. IFRS 19 'Subsidiaries without Public Accountability: Disclosures' permits eligible subsidiaries to use IFRS Accounting Standards with reduced disclosures. Applying IFRS 19 will reduce the costs of preparing subsidiaries' financial statements while maintaining the usefulness of the information for users of their financial statements.

5 **Annual improvements Volume 11 (effective 1 January 2026)**. The amended Standards are:

IFRS 1 First-time Adoption of International Financial Reporting Standards;
IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
IFRS 9 Financial Instruments;
IFRS 10 Consolidated Financial Statements; and
IAS 7 Statement of Cash Flows.

The following standard is mandatory since the financial year beginning 1 January 2016 (however not yet subjected to EU endorsement). The European Commission has decided not to launch the endorsement process of this interim standard but to wait for the final standard:

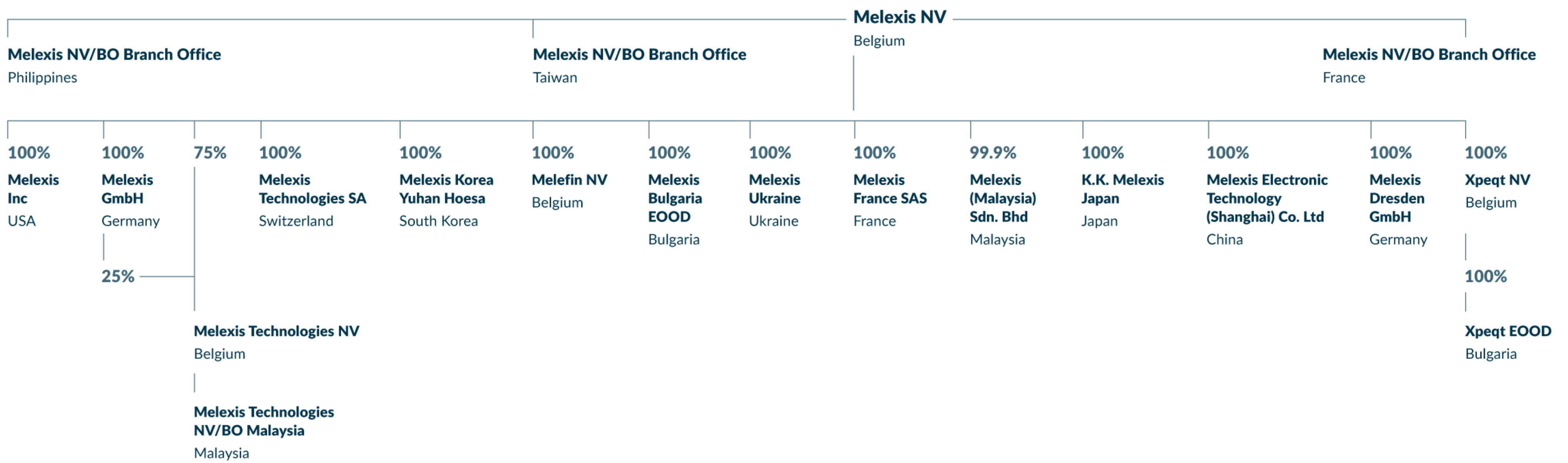
1 **IFRS 14, 'Regulatory deferral accounts' (effective 1 January 2016).** It concerns an interim standard on the accounting for certain balances that arise from rate–regulated activities. IFRS 14 is only applicable to entities that apply IFRS 1 as first-time adopters of IFRS. It permits such entities, on adoption of IFRS, to continue to apply their previous GAAP accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral accounts. The interim standard also provides guidance on selecting and changing accounting policies (on first–time adoption or subsequently) and on presentation and disclosure.

At any time, management aims at providing a fair representation of the financial statements to its stakeholders according to IFRS legislation. In case of changes in IFRS legislation that materially impact, but are not yet adopted by Melexis, management ensures timely disclosure of the impact on Melexis' financial statements. There is no impact expected.

The Group elected not to adopt early the new Standards, Interpretations and Amendments, which have been issued but are not yet effective as per 31 December 2024.

1.4 Overview of group structure

Please refer to chapter 1.1 of the notes for the shareholder structure.



1.5 Notes

A Cash and cash equivalents

in EUR	2024	2023
Cash at bank and in hand	32,681,024	39,348,841
Total	**32,681,024**	**39,348,841**

The decrease in cash and cash equivalents is mainly due to the payment of the 2023 final and 2024 interim dividend.

B Current investments, derivatives

Notional amounts

The following table presents the evolution of the aggregate notional amounts of the Group's outstanding derivative financial instruments:

in EUR		2024	2023
Outstanding FX hedge contracts on 31 December, not exceeding 1 year	USD	80,000,000	50,000,000

FX hedge contracts are entered into in order to hedge (part of) the outstanding balance sheet exposure in foreign currency (USD).

Fair value

The fair value of derivatives is based upon mark to market valuations. All derivative financial instruments are measured at fair value derived from level 2 input criteria. For FX swaps, this is calculated using the forward rate of the appropriate currency pair on 31 December.

No outstanding derivatives classified as an asset under current investments, derivatives.

The following table presents an overview of the fair value of outstanding derivatives, classified as a liability under derivative financial instruments:

31 December	2024	2023
Liabilities in EUR	**Fair value**	**Fair value**
Outstanding FX hedge contracts - level 2	228,348	259,214
Total, classified under derivative financial instruments	**228,348**	**259,214**

As of 31 December 2024, there were no outstanding derivatives for which hedge accounting was applied as defined under IFRS 9. As a result, no changes in the fair value of hedging instruments were recognized in a hedging reserve.

The advance payments as disclosed in note 1.5.AD are not accounted for under IFRS 9 as the settlement will be in wafers and not in cash or another financial instrument.

C Trade receivables

Trade receivables are measured at fair value and are subsequently measured at amortized cost, less allowance for credit losses. Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

in EUR	2024	2023
Trade accounts receivable	102,302,262	120,264,282
Credit loss allowance	(55,783)	(57,940)
Total	**102,246,479**	**120,206,343**

As of 31 December 2024, trade receivables of EUR 14,053,797 were past due.

The aging analysis of these receivables, including allowance for credit losses, is as follows:

in EUR	2024	2023
Not due	88,192,682	101,418,139
<30 days	11,604,083	17,251,847
>30 <60 days	1,443,052	445,338
>60 days	1,006,662	1,091,019
Total	**102,246,479**	**120,206,343**

In the following aging analysis, the distinction is made between the receivables for which an allowance for credit losses is made and the receivables for which no allowance for credit losses is needed:

in EUR	Credit loss allowance	No allowance for credit losses	Total receivables 2024	Total receivables 2023
Not due	–	88,192,682	88,192,682	101,418,139
<30 days	–	11,604,083	11,604,083	17,251,847
>30 <60 days	–	1,443,052	1,443,052	445,338
>60 days	(55,783)	1,062,445	1,006,662	1,091,019
Total	**(55,783)**	**102,302,262**	**102,246,479**	**120,206,343**

The credit control department reviews on a regular basis the outstanding balances of customers. When there is a significant increase in the credit risk of a customer, an allowance for credit losses is made. The analysis of the increased credit risk is performed according to the credit loss model of IFRS 9. The output of the analysis did not result in material amounts to be accounted for.

Melexis uses an early warning system to detect potential bad debtors. In this system, the most recent available financial information of the customer (with focus on credit ratios) is combined with an analysis of their (future) order and payment behavior. The analysis is done on a weekly basis and thoroughly investigated by the credit control team. No additional impairment or credit losses needed to be taken in 2024.

Per 31 December 2024, EUR 6,886 of the trade accounts receivable are related parties, compared to EUR 3,095 per 31 December 2023.

D Related parties

Shareholder structure and identification of major related parties

Melexis NV is the parent company of the Melexis Group that includes following entities and branches which have been consolidated:

Melexis Inc.	US entity
Melexis GmbH	German entity
Melexis Bulgaria EOOD	Bulgarian entity
Melexis Ukraine	Ukrainian entity
Melexis Technologies SA	Swiss entity
Melexis NV/BO France	French branch
Melefin NV	Belgian entity
Melexis Technologies NV	Belgian entity
Melexis NV/BO Philippines	Philippine branch
K.K. Melexis Japan Technical Research Center	Japanese entity
Melexis Electronic Technology (Shanghai) Co., Ltd	Chinese entity
Melexis (Malaysia) Sdn. Bhd.	Malaysian entity
Melexis Technologies NV/BO Malaysia	Malaysian branch
Melexis Dresden GmbH	German entity
Melexis France SAS	French entity
Melexis Korea Yuhan Hoesa	South Korean entity
Xpeqt NV	Belgian entity
Xpeqt EOOD	Bulgarian entity
Melexis NV/BO Taiwan	Taiwan branch

Situation as per 31 December 2024

- Sensinnovat BV owns 25% + 1 share of the outstanding Melexis shares. The shares of Sensinnovat BV are controlled by Mr. Rudi De Winter and Ms. Françoise Chombar. Ms. Chombar is a director at Melexis NV.
- Elex NV owns 25% of the outstanding Melexis shares. Mr. Roland Duchâtelet is a member of Elex NV's key management personnel. Mr. Duchâtelet is a director at Melexis NV.
- Elex NV owns 99.9% of the outstanding shares of Fremach International NV.
- Fremach International NV has significant influence over WorkNomads AD.

On 14 November 2023, Xtrion sold all shares it held in Melexis to Elex and Sensinnovat, its indirect shareholders. Xtrion sold 10,100,000 shares to Elex and 10,100,001 shares to Sensinnovat. After these changes to the shareholding structure of Melexis on 14 November 2023, both Elex and Sensinnovat own 25% of the outstanding Melexis shares, and X-FAB is no longer a related party of Melexis as based on IAS 24.9 (b) (significant influence as defined in IAS 28, no control or joint control). As such, balances and transactions during the year included in this section are only applicable to the period 1 January 2023 to 14 November 2023.

Outstanding balances at year end

As of 31 December 2024 and 2023, the following balances were outstanding:

Receivables

in EUR		2024	2023
From	Elex NV	1,997	3,095
	Fremach Group	999	–
	Sensinnovat	3,890	–
	Total	**6,886**	**3,095**

Payables

in EUR		2024	2023
To	Elex NV	70,802	52,345
	Xtrion NV	–	279,424
	Worknomads EAD	81,382	9,759
	Sensinnovat	(10,314)	
	Total	**141,870**	**341,529**

Transactions during the year

Sales/purchases of goods and equipment

In the course of the year, following transactions have taken place[1]:

in EUR	2024	2023
Sales to		
Fremach Group (mainly integrated circuits or ICs)	8,743	13,050
Xpeqt Group	–	1,040
X-FAB Group	–	2,884
in EUR	**2024**	**2023**
Purchases from		
X-FAB Group (mainly wafers)	–	314,084,525
Xpeqt Group (mainly equipment and goods)	–	8,893,012
Xtrion NV (mainly IT infrastructure)	–	94,822
Elex NV	–	632,615

Sales/purchases of services

in EUR	2024	2023
Sales to		
Elex NV (infrastructure office building)	1,771	14,972
Xpeqt Group (infrastructure office building)	–	90,987
Xtrion NV (infrastructure office building)	–	73,920
X-FAB Group (mainly test and assembly services)	–	558,415
Fremach Group	13,500	–
Worknomads EAD	–	324
Sensinnovat BV	44,271	42,077
in EUR	**2024**	**2023**
Purchases from		
Xtrion NV (mainly IT, R&D services and related support)	–	2,852,516
Elex NV (support services)	35,370	146,663
Xpeqt Group (maintenance and repair services)	–	1,418,366
X-FAB Group (mainly test and design services)	–	2,342,886
Worknomads EAD (R&D Services)	286,992	146,213
Sensinnovat BV	82,747	416,490

The Board of Directors and the Audit Committee have reviewed and analyzed the major transactions and concluded that these transactions are within the normal course of business and that there are sufficient elements to conclude that the remuneration is based on arm's length principles.

Remuneration of key management

Remuneration in EUR	Short-term benefits	Long and medium-term bonus	Pension Contributions	Total Remuneration
Key management	2,026,632	209,463	98,543	2,334,638

Please refer to our remuneration report for more details.

[1] As of 14 November 2023, X-FAB is no longer a related party. As of 1 October 2023, Xpeqt is no longer a related party. Transactions during the year are only applicable to the period 1 January to 14 November 2023.

E Income taxes

The income tax expenses can be broken down as follows:

in EUR	2024	2023
Current tax expenses	34,309,897	51,731,089
Deferred tax expenses	(435,131)	(8,031,602)
Total	**33,874,765**	**43,699,487**

Income tax expenses decreased compared to last year due to a decrease in taxable result.

Intra-group transactions resulted in intangible assets in the Melexis Technologies SA and Melexis Bulgaria EOOD statutory (standalone) financial statements. These assets, although eliminated in consolidated figures, result in tax deductible amortization charges in the hands of these companies. Deferred tax effects linked to these transactions amount to approximately EUR 0.38 million at year end 2024.

As from financial year 2016, the Board of Directors deemed it expedient to start capitalizing research and development efforts in Melexis Technologies NV's standalone/tax financial statements. Such approach is found to be a best practice approach from a Belgian accounting and tax perspective. Deferred tax effects linked thereto amount to approximately EUR 31.7 million at year end 2024.

Added to deferred tax effects linked to available tax offsets carried forward in the hands of Melexis NV and Melexis Technologies NV and deferred tax effects resulting from various temporary differences, the maximum amount of deferred tax assets to be recognized amounts to EUR 39.9 million at year end 2024.

As in previous years, the company assessed to what extent it is probable that this positive tax effect will effectively be realized in the future. In this respect, the Board of Directors in particular took into account the uncertainties related to the rapid technological evolutions in the sector, the highly competitive market as well as the fact that the company only has short-term contracts with its customers. Deferred tax amounts recognized in financial statements per 31 December 2024 are based on management's best estimate covering expected business performance in the foreseeable future. In its assessment the Board of Directors typically adheres to a 3-year horizon. Taking into account these considerations, the Board of Directors decided to recognize as per 31 December 2024 a cumulative deferred tax asset of EUR 36,985,308. Accordingly, the unrecognized deferred tax asset for carried forward dividends received deduction amounts to approximately EUR 3 million at year end 2024, linked to an excess DRD of EUR 12.754.155 which can be carried forward indefinitely.

Furthermore, a deferred tax liability of EUR 3,737,367 was recognized at year end 2024 mainly linked to setting up deferred tax liabilities for leases and capital allowances.

Consolidated figures show a current tax receivable amounting to EUR 18,889,415 and a current tax liability amounting to EUR 3,219,819. The most important component of the current tax receivable is the overpayment of Belgian corporate income taxes, amounting to approximately EUR 17.5 million.

The Group operates on the assumption that it is within the scope of the OECD Pillar Two (GloBE) model rules. Pillar Two legislation was enacted in Belgium, the jurisdiction in which Melexis NV is incorporated, and came into effect as from 1 January 2024.

Under the new legislation, the Group is liable to pay a top-up tax for the difference between their GloBE effective tax rate per jurisdiction and the 15% minimum rate. All jurisdictions in which the Group is present have an effective tax rate that exceeds 15%, except for Bulgaria and Switzerland. The Group calculated the current tax exposure in the form of top-up tax according to the locally applicable legislation. The calculated top-up tax for Bulgaria amounts to approximately EUR 0.75 million and for Switzerland to approximately EUR 0.89 million.

The group applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar II income taxes, as provided in the amendments to IAS 12 issued in May 2023.

Components of deferred tax assets are as follows:

in EUR	1 January 2024	Charged to income statement	Charged to equity	31 December 2024
Tax amortization charges	29,171,460	2,967,000		32,138,460
Tax losses carried forward	2,368,000	(762,000)		1,606,000
Asset on leases	—	1,813,007		1,813,007
Fair value adjustments to hedge accounting	64,804	(7,717)		57,087
IAS 19			221,764	221,764
Miscellaneous	1,727,556	(578,566)		1,148,990
Total	**33,331,820**	**3,431,724**	**221,764**	**36,985,308**

Financial instruments refer to our FX and inflation derivatives used for hedging purposes. For more information on these derivatives, please refer to note 1.5.B. Deferred tax assets expected to be recovered within 12 months amount to EUR 17.5 million. Deferred tax assets expected to be recovered after more than 12 months amount to EUR 19.4 million.

Components of deferred tax liabilities are as follows:

in EUR	1 January 2024	Charged to income statement	Charged to equity	31 December 2024
Fair value adjustments to financial instruments	–	–	–	–
Liability on leases	–	(1,813,007)		(1,813,007)
Miscellaneous	(710,268)	(1,214,092)	–	(1,924,360)
Total	**(710,268)**	**(3,027,099)**	**–**	**(3,737,367)**

Reconciliation of the expected tax expenses and the consolidated income taxes is as follows:

in EUR	2024	2023
Income before taxes	205,321,087	253,162,880
Expected taxes at domestic rate	51,330,272	63,290,720
Effective taxes	33,874,765	43,699,487
Difference to be explained	(17,455,506)	(19,591,233)
Explanation of the difference		
Difference in foreign tax percentages and other tax regimes	(8,869,192)	(7,973,500)
Global minimum tax domestic top-up taxes	1,638,492	
Capital allowances	(713,703)	
Effect of IP amortization	2,867,497	
Tax effect of non-deductible items	976,699	641,942
Tax effect of non-taxable income	395,227	6,781
Tax effect of patent/innovation income deduction	(9,438,731)	(7,725,677)
Tax effect of investment deduction	(3,748,595)	(5,109,501)
Tax losses carried forward	(111,465)	(1,468,456)
Current tax adjustments relating to prior years	295,509	(86,488)
Miscellaneous	123,126	(377,323)
Change of recognition of deferred tax assets (decrease + / increase -)	(2,158,218)	2,500,988
Revaluation of deferred tax assets previous periods	1,287,848	
Total	**(17,455,506)**	**(19,591,234)**
Difference	**–**	**–**

F Inventories

Inventory is written off when no sales are expected or when the goods contain defects. In 2024, EUR 6,868,066 of additional inventory was written off. EUR 8,077,414 of the inventory written off during the previous year was reversed as the business conditions to write off these inventory items became redundant or the estimated sales value increased due to a change in business conditions. Work in progress consists of material that is being worked on in probing, assembly and final test.

in EUR	2024	2023
Raw materials and supplies, at cost	36,389,973	44,618,063
Work in progress, at cost	188,241,810	182,932,814
Finished goods, at cost	45,353,881	35,177,056
Reserve for obsolete stock	(7,170,432)	(8,379,780)
Net	**262,815,232**	**254,348,153**

The inventory increased as a result of our automotive customers wanting to significantly reduce their inventories which led to less shipments in the fourth quarter of 2024.

G Other current assets

in EUR	2024	2023
Other receivables	51,465,415	27,600,253
Prepaid expenses	4,495,342	4,828,920
Total	**55,960,756**	**32,429,173**

The other receivables mainly relate to VAT, income tax receivables and the short-term portion of the repayment of X-FAB prepayments.

Prepaid expenses are expenses paid in advance for the whole year, for example insurance fees, license fees, etc. These increase at the beginning of the year and decrease towards the end.

The increase in other current assets from EUR 32,429,173 per end December 2023 to EUR 55,960,756 per end December 2024 is mainly because of the short-term portion of the repayments of X-FAB, which are scheduled to start in Q3 2025 and were therefore not considered short-term in 2023.

H Other non-current assets

in EUR	2024	2023
X-FAB Group	163,581,332	181,233,403
Total	**163,581,332**	**181,233,403**

The 2023 mismatch between supply and demand related to automotive semiconductors has led market participants to establish new ways of contracting aimed at the long-term relationship between suppliers and their customers. During recent years, in line with developments within the sector, Melexis and its subsidiaries have also concluded various long-term agreements (LTAs) with different suppliers. The most important goal of the LTAs is to secure volumes and more predictable prices.

Given that the LTA with our main supplier X-FAB requires significant capacity expansions on their part, Melexis Technologies agreed in 2023, in line with current market practices, to prepay a part of the committed wafers. For more details about this transaction, we refer to note 1.5.AD.

No triggering event occurred that would give rise to any indication for impairment of these non-current assets.

I Property, plant and equipment

in EUR	Land and building	Machinery and equipment	Furniture and vehicles	Fixed assets under construction	Total 2024	Total 2023
Cost						
Beginning of the period	77,795,693	390,208,420	32,970,386	54,993,993	555,968,493	471,741,946
Additions of the period	3,810,868	10,254,413	5,174,878	33,762,743	53,002,904	92,795,355
Retirements (-)	(338,703)	(14,341,903)	(2,001,696)	(1,059,231)	(17,741,533)	(11,094,904)
Transfer to assets held for sale	–	–	–	–	–	–
Transfers	52,014,779	21,006,916	1,899,336	(74,931,280)	(10,249)	–
CTA	(407,798)	1,323,175	34,483		949,860	369,749
Acquisitions through business combinations	–	–	–	–	–	2,156,346
End of the period	**132,874,840**	**408,451,020**	**38,077,388**	**12,766,226**	**592,169,474**	**555,968,491**
Accumulated depreciation						
Beginning of the period	31,201,185	307,042,308	21,841,056	–	360,084,549	336,663,298
Additions of the period	4,326,630	28,961,039	4,494,828	–	37,782,497	34,343,538
Retirements (-)	(71,941)	(15,366,502)	(1,983,736)	–	(17,422,179)	(10,895,902)
CTA	53,581	503,032	48,495	–	605,108	(26,386)
End of the period	**35,509,456**	**321,139,876**	**24,400,643**	**–**	**381,049,975**	**360,084,547**
Net book value	**97,365,384**	**87,311,144**	**13,676,745**	**12,766,226**	**211,119,501**	**195,883,945**

Additions of the year mainly come from our new buildings in Malaysia and Sophia Antipolis (France) and machinery & equipment.

Retirements are mainly linked to items with zero net book value which are not in use anymore by the company. No material amount of compensation from third parties has been included in the consolidated statement of comprehensive income.

There are currently no restrictions in title for any of our property, plant and equipment (PPE) assets nor are they pledged as security for liabilities. The purchase commitments related to PPE assets are disclosed in note 1.5.AD.

J Intangible assets

in EUR	Licenses	IP	Total 2024	Total 2023
Acquisition value				
Balance end of previous period	23,074,474	1,264,810	24,339,284	24,545,490
Additions of the period	111,635		111,635	551,041
Retirements (-)	(185,914)		(185,914)	(118,003)
CTA	(46,521)		(46,521)	168,964
Total	**22,953,674**	**1,264,810**	**24,218,484**	**25,147,492**
Accumulated amortization				
Balance end of previous period	20,999,248	1,264,810	22,264,058	21,496,031
Additions of the period	1,010,394	–	1,010,394	1,523,499
Retirements (-)	(185,914)		(185,914)	(118,003)
CTA	(45,134)		(45,134)	170,739
Total	**21,778,594**	**1,264,810**	**23,043,404**	**23,072,266**
Net book value	**1,175,079**	**–**	**1,175,079**	**2,075,226**

Licenses are amortized over a period of 5 years. IP is amortized over 10 years. All intangible assets have finite useful lives. The yearly amortization expenses are included in the consolidated income statement mainly as cost of sales (note 1.5.Q) and research and development expenses (note 1.5.R).

K Leased assets and liabilities

This note provides information for leased assets where Melexis is a lessee. The balance sheet shows the following amounts related to leased assets:

in EUR	Land and building	Furniture and vehicles	Total 2024	Total 2023
Leased assets				
Beginning of the period	6,603,760	757,023	7,360,783	7,697,458
Additions of the year	7,249,351	166,402	7,415,753	1,255,844
Retirements	(2,946,845)	(80,655)	(3,027,500)	(1,527,224)
Transfers			–	–
CTA	49,795		49,795	(65,296)
End of the period	**10,956,061**	**842,770**	**11,798,831**	**7,360,782**
Accumulated depreciation				
Beginning of the period	3,468,965	394,913	3,863,878	3,529,089
Additions of the period	1,884,471	195,155	2,079,626	1,878,247
Retirements	(2,946,845)	(60,596)	(3,007,441)	(1,527,224)
Transfers			–	–
CTA	61,607		61,605	(16,234)
End of the period	**2,468,198**	**529,472**	**2,997,670**	**3,863,878**
Net book value	**8,487,864**	**313,298**	**8,801,161**	**3,496,902**

Additions and retirements mainly relate to building rental contract modifications, mainly in France.

The balance sheet shows the following amounts related to lease liabilities:

in EUR	Current liabilities	Non-current liabilities	Total
Beginning of the period	1,526,743	1,989,751	4,851,708
End of the period	**2,143,011**	**6,714,403**	**8,857,415**

The table below shows the duration of the outstanding lease contracts:

in EUR	Land and building	Furniture and vehicles	Total
< 1 year	1,935,611	207,401	2,143,012
> 1 year < 5 years	6,620,900	93,503	6,714,403
Total	**8,556,511**	**300,904**	**8,857,415**

The statement of profit and loss shows the following amounts relating to leases:

Depreciation charges leased buildings	1,906,908
Depreciation charges leased vehicles	128,382
Interest expense (included in finance cost)	91,757
Expenses related to short-term leases or low-value assets (included in admin expenses)	1,032,644

The total amount of paid rental expenses of Melexis (cash outflow with an immaterial interest component) is around EUR 4 million in 2024.

L Accounts payable and other current liabilities

Trade payables are non-interest bearing and are normally settled on 30-day terms. All payables are payable within 1 year.

The decrease in accounts payable represents a return to more normalized levels after being exceptionally high as per 31 December 2023.

Other current liabilities comprise the following:

in EUR	2024	2023
Accrued real estate withholding tax	135,000	128,000
Accrued financial services	824,227	807,524
Accrued design services	1,731,803	1,909,575
Accrued management services	131,527	225,027
Accrued HR services	368,066	1,047,439
Accrued transport services	90,000	41,989
Accrued insurances	134,154	126,136
Accrued IT services	302,000	376,876
Accrued licenses and royalties	275,182	31,165
Accrued other employee costs	379,822	171,799
Accrued utilities	413,328	282,095
Accrued interests	1,638,389	989,933
Other	2,896,922	6,826,806
Total	**9,320,419**	**12,964,363**

The decrease in 'Other' is mainly related to the construction of the new building in Malaysia in 2023 which was finished mid 2024.

M Short-term employee benefits accruals

in EUR	2024	2023
Holiday pay bonuses and 13th month	13,360,545	18,615,155
Other social accruals	1,266,410	1,672,258
Remuneration	1,418,653	1,665,511
Social security	1,099,377	734,116
Direct and indirect taxes	1,077,503	993,181
Total	**18,222,489**	**23,680,221**

The decrease in short-term employee benefits accruals is mainly linked to a lower bonus accrual.

N Deferred income

in EUR	2024	2023
Capital grants	190,347	213,189
Deferred income	1,886,036	2,712,435
Total	**2,076,383**	**2,925,624**

The capital grant is attributed to the consolidated statement of comprehensive income pro rata the depreciation of the building in Ieper related to the investment grant.

The deferred income mainly relates to shipments that were not delivered at the customer or that were prepared and not picked up before year end. As this performance obligation was not met, revenue was not recognized at year end but will be recognized when the shipment will be delivered to the customer. The performance obligation was met shortly after year end and revenue was recognized in January of the next year.

A deferred income is recognized in case a payment for a customer is due before a related performance obligation is satisfied.

O Other non-current liabilities

in EUR	2024	2023
Warranty provision	3,571,000	3,404,000
Employee benefit obligations	887,054	
Other	108,974	221,947
Total	**4,567,028**	**3,625,947**

Warranty provision

Melexis set up a warranty provision in accordance with the legal Melexis terms of sales and which is based on reliable estimate of historical data. The estimation covers Melexis'experience of past claim rates and knowledge of current claims together with an assessment of rectification costs.The estimated period of usage of the underlying expenses is set at 1-2 years.

Employee benefit obligations

Melexis' employee benefit plans consist of defined contribution plans providing retirement, disability and surviving dependent's benefits with main contract in Belgium.

In Belgium, Melexis' defined contribution plans, while funded through group insurance contracts, must adhere to Belgian regulations guaranteeing a minimum 1.75% return on contributions. This rate, tied to a risk-free rate of 10-year government bond, places the investment risk until the legal minimum rates applicable, on the employer. This structure classifies the plans as defined benefit plans under IAS19. Under IAS 19, companies must recognize a liability for employee benefits earned but not yet paid, such as pensions. These future obligations are measured on a discounted basis to reflect their present value. A qualified actuary has determined the present value of the defined benefit obligations and the fair value of the plan assets.

The Projected Unit Credit (PUC) method was used to estimate the defined benefit obligations, the defined benefit cost and the re-measurements of the net liability. There are 3 defined benefit plans in Melexis Belgium for which we show below the aggregated view as these do not differ materially from characteristics, regulatory environment, reporting segment or funding arrangement. In accordance with IAS 19 the disclosure is in the form of a weighted average

Financial impact

Given the continued increase in the gross obligation's value, Melexis decided to account for IAS19 as of 2024 (through OCI). As per 31 December 2024, the net defined benefit obligation for Belgium amounts to EUR 887,054 (compared to EUR 714,158 in 2023), comprised of a defined benefit obligation of EUR 9,722,354 and plan assets of EUR 9,008,196. The changes in defined benefit obligations in 2024 and the corresponding financial impact are detailed in the tables below:

in EUR	2024
CHANGE IN DEFINED BENEFIT OBLIGATION	
Defined benefit obligation at end of prior year	9,722,354
Current service cost	1,215,646
Interest expense	346,596
Cash flows	
Benefit payments from plan assets	(175,692)
Participant contributions	366,106
Administrative expenses included in the DBO	(21,823)
Taxes included in the DBO	(160,481)
Remeasurements	
Effect of changes in demographic assumptions	–
Effect of changes in financial assumptions	(81,180)
Effect of experience adjustments	229,084
Defined benefit obligation at end of year	**11,440,610**

in EUR	2024
CHANGE IN FAIR VALUE OF PLAN ASSETS	
Fair value of plan assets at end of prior year	9,008,196
Interest income	305,852
Cash flows	
Total employer contributions	1,249,264
Participant contributions	366,106
Benefit payments from plan assets	(175,692)
Administrative expenses paid from plan assets	(21,823)
Taxes paid from plan assets	(160,481)
Remeasurements	
Return on plan assets (excluding interest income)	(17,866)
Fair value of plan assets at end of year	**10,553,556**
Net defined pension liability	**887,054**

Components of defined benefit cost

in EUR	2024
Service cost	1,215,646
Net interest cost	
Interest expense on DBO	346,596
Interest income on plan assets	(305,852)
Total net interest cost	40,744
Defined benefit cost included in P&L	**1,256,390**
Remeasurements (recognized in OCI)	
Effect of changes in demographic assumptions	110,304
Effect of changes in financial assumptions	374,011
Effect of experience adjustments	61,613
Return on plan assets (excluding interest income)	134,054
Total remeasurements included in OCI	**679,982**
Total defined benefit cost recognized in P&L and OCI	**1,936,372**

The following payments are to be expected benefit payments for the following year from the plan assets:

Expected cashflow for following year	in EUR
Expected employer contributions	1,300,484
Expected total benefit payments	
Year 1	234,343
Year 2	253,850
Year 3	193,593
Year 4	194,085
Year 5	194,452
Next 5 years	1,813,449

The fair value of the plan assets are fully invested in insurance policies with guaranteed interest rates as provided by the insurer.

Assumptions

The principal assumptions used in determining the IAS 19 pension obligation for Melexis were as follows:

in EUR	2024	2023
Discount rate	3.7 %	3.6 %
Inflation rate	2.1 %	2.3 %
Salary increases	4.1 %	4.3 %
Retirement age	following legal retirement age	following legal retirement age

Sensitivity analysis

The below table summarizes the sensitivity analysis performed for significant assumptions as per 31 December 2024. The figures show the impact on the defined benefit obligation.

in EUR	Present value defined benefit obligation	Change in defined benefit obligation	Impact on defined benefit obligation
Discount rate -25 basis points	11,679,475	238,866	2.1 %
Discount rate +25 basis points	11,249,005	(191,604)	(1.7)%
Salary increase rate -25 basis points	11,331,550	(109,059)	(1.0)%
Salary increase rate +25 basis points	11,565,273	124,664	1.1 %

The sensitivity analysis presented above, demonstrate the potential impact on the defined benefit obligation if key assumptions were to change at the end of the reporting period. Each analysis focuses on the effect of a single significant assumption, while holding all others constant. These results may not be representative to fully reflect real-world changes, as it's unlikely that assumptions would shift independently in practice.

The weighted average duration of the defined benefit obligation at the end of the reporting period at a discount rate - 25 basis points is 8.58 years and at a discount rate + 25 basis points is 7.01 years.

The impact on the defined benefit obligation for changes in inflation rate is considered to be immaterial.

P Product sales

The product sales are as follows:

in EUR	2024	2023
Product sales	932,808,067	964,297,902
Total	**932,808,067**	**964,297,902**

For the revenue from product sales, please refer to the operating segments section in note 1.5.AA.

Q Cost of sales

Cost of sales includes the following expenses:

in EUR	2024	2023
Purchases	415,291,929	405,064,817
Transportation costs	7,098,296	7,752,683
Salaries	51,224,326	50,269,902
Depreciation and amortization[1]	31,200,594	30,835,840
Maintenance	13,031,599	13,989,841
Utilities	6,194,804	8,203,419
Other direct production costs	7,415,599	7,960,987
Total	**531,457,147**	**524,077,489**

Cost of sales increased in 2024 due to overall cost price adjustments.

R Research and development Expenses

Research and development expenses include the following expenses:

in EUR	2024	2023
Salaries	66,489,203	65,275,378
Depreciation and amortization	8,605,326	8,180,734
External services	15,788,379	13,463,805
Fees	7,280,460	6,270,278
Prototype wafers	1,489,913	1,941,645
Rent and maintenance	2,415,116	2,078,764
Subsidies	(593,447)	(751,027)
Travel	1,434,678	2,557,310
Engineering purchases	7,342,345	7,714,757
Total	**110,251,974**	**106,731,643**

The increase in research and development expenses is mainly linked to external services and fees.

S General and administrative expenses

General and administration expenses include the following expenses:

in EUR	2024	2023
Salaries	16,168,786	16,029,606
Depreciation and amortization	7,236,262	5,498,523
External services	7,372,983	9,386,437
Fees	6,490,188	6,017,358
Maintenance	4,191,577	3,694,961
Insurances	2,564,516	2,351,138
Utilities	3,150,800	3,014,360
Travel	491,186	925,364
Other	3,701,177	3,684,628
Total	**51,367,475**	**50,602,373**

The increase in general and administrative expenses is mainly linked to depreciation.

T Selling expenses

Selling expenses include the following expenses:

in EUR	2024	2023
Salaries	11,862,771	13,590,513
Depreciation and amortization	698,993	641,864
Commissions	3,026,698	2,545,481
External services	1,781,601	1,995,434
Travel	913,324	1,343,894
Other	1,558,981	1,519,032
Total	**19,842,368**	**21,636,218**

The decrease in selling expenses is mainly linked to salaries.

[1] Includes accruals for write-offs on inventory for the amount of EUR 6,868,066 and reversal of accruals for write-offs in previous year for EUR 8,077,414. Inventory write-offs were reversed as the business conditions to write off these inventory items became redundant or the estimated sales value increased due to a change in business conditions. Consequently, the net impact on the consolidated income statement of 2024 is a loss of EUR 1,209,348.

U Net financial result

in EUR	2024	2023
Financial income	**6,380,309**	**9,106,843**
Interest income	356,694	891,554
Exchange differences	6,023,509	9,017,768
Result on financial instruments excluding fair value adjustments		11,628,646
Fair value adjustment inflation swaps		(12,431,232)
Other	106	107
Financial charges	**(20,948,324)**	**(17,194,141)**
Interest charges	(11,220,239)	(5,985,432)
Bank charges	(207,853)	(184,953)
Exchange differences	(9,032,669)	(10,695,020)
Fair value adjustment FX swaps	(487,562)	(328,736)
Net financial result	**(14,568,015)**	**(8,087,298)**

'Interest charges' increased due to an increase in total debt. For more information on our long and short-term debt, see note 1.5.Y.

V Government grants

The government grants mentioned hereafter consist of capital grants and operational grants. Capital grants are received for investments in buildings, machinery and equipment. The capital grants consist of a percentage of the purchase price of the building, machinery and equipment. Capital grants can be revoked if the expected investment threshold is not met. Operational grants are received as an incentive for research and development expenses. Operational grants are paid after pre-defined milestones are met. Capital grants are recognized as cost of sales in relation to the depreciation period of the underlying assets. The operational grants are recognized as a reduction of research and development expenses when incurred.

in EUR	2024	2023
Grants for research and development	620,288	765,552
Investment grants in building, machinery and employment grants	93,078	59,501
Total	**713,366**	**825,053**

Grants for research and development are recognized as a reduction of other expenses included in total research and development expenses, see note 1.5.R.

Investment grants in building, machinery and employment grants are recognized as a reduction of purchases included in total cost of sales, see note 1.5.Q.

W Depreciation and amortization expenses

Depreciation and amortization include the following expenses:

in EUR	2024	2023
Cost of sales	31,200,594	30,835,840
Research and development	8,605,326	8,180,734
General and administration	7,236,262	5,498,523
Selling	698,993	641,864
Total	**47,741,175**	**45,156,961**

X Personnel expenses and average number of employees

in EUR	2024	2023
Wages and salaries	145,745,086	145,165,399
Total	**145,745,086**	**145,165,399**

The average number of employees (FTE) was 1,941 in 2024 and 1,931 in 2023. For more details on the compensation of key management, see our remuneration report.

Y Long and short-term debt

in EUR (unless stated otherwise)	2024	2023
Unsecured loan at floating interest rate; maturing in 2027	30,000,000	30,000,000
Unsecured loan at floating interest rate; maturing in 2028	28,000,000	30,000,000
Unsecured loan at floating interest rate (in MYR); maturing in 2030	40,360,662	22,215,657
Unsecured loan (in EUR) at floating interest rate; maturing in 2032	6,000,000	–
Unsecured loan at floating interest rate (in USD); maturing in 2032	41,582,443	38,372,441
Unsecured loan at floating interest rate (in USD); maturing in 2032	67,378,959	64,070,998
Total debt	**213,322,064**	**184,659,096**
Current maturities	5,796,846	
Long-term portion of debt	**207,525,218**	

Melexis consolidated needs to comply with the following financial covenants at all times:

- Net debt/EBITDA ratio ≤ 3.5
- Tangible net worth/total assets ≥ 30%

As per 31 December 2024, Melexis is respecting all its financial covenants and expects that this will remain the case in the future.

There are no major differences between the fair value and carrying amount of the debt, since the interest payable on those borrowings is close to current market rates.

The repayment of debt as of 31 December 2024 is scheduled as follows:

in EUR	Carrying amount
2025	5,796,846
2026	16,101,688
2027	47,226,688
2028	25,309,130
2029	16,226,688
Thereafter	102,661,025
Total	**213,322,064**

The total contractual cash outflows linked to the repayment of these debts is currently estimated at around EUR 260 million. Melexis is using revolving credit facilities.

Z Shareholders' equity and rights attached to the shares

Shareholder's capital

As of 31 December 2024, the common stock consisted of 40,400,000 issued and outstanding ordinary shares without face value, unchanged from last year.

Each shareholder is entitled to one vote per share, without prejudice to specific restrictions on the shareholders' voting rights in the company's articles of association and the Belgian Code of Companies and Associations, including restrictions for non-voting shares and the suspension or cancellation of voting rights for shares which have not been fully paid up at the request of the Board of Directors.

Under the Belgian Code of Companies and Associations, the shareholders decide on the distribution of profits at the annual shareholders' meeting, based on the latest audited statutory accounts of the company. Dividends may be paid either in cash or in kind. However, shareholders may not declare a dividend if the company has not first reserved at least 5% of its profits for the financial year until such reserve has reached an amount equal to 10% of its share capital (the "legal reserve") or if, following any such dividend, the level of the net assets adjusted for the unamortized balance of the incorporation costs and capitalized research and development costs of the company falls below the amount of the company's paid-in-capital and of its non-distributable reserves.

The Board of Directors may pay an interim dividend, provided that certain conditions set forth in the Belgian Code of Companies and Associations are met.

In the event of a liquidation of the company, the proceeds from the sale of assets remaining after payment of all debts, liquidation expenses and taxes are to be distributed proportionally to the shareholders, subject to liquidation preference rights of shares having preferred dissolution rights. The company currently has no plans to issue any shares having such preferred dissolution rights.

Reserves

Reserve treasury shares: for own shares repurchased by the company or entities belonging to the Melexis Group, the amount of consideration paid is recognized as a deduction from equity. In case of a cancellation or sale of treasury shares, the result of the transaction is included in retained earnings.

In December 2024, Melexis initiated a share buy-back program of its outstanding common stock for up to 850 thousand shares for an amount of EUR 50 million. The bought back shares are held as treasury shares for a total amount of EUR 4.4 million or 77,200 shares per 31 December 2024.

Revaluation reserve hedge: changes in the fair value of the hedging instrument, for which hedge accounting is applied as defined under IFRS 9, are recognized in a hedging reserve. For more details about the fair value of the hedging instruments through equity, please refer to note 1.5.B.

Revaluation reserve fair value: the difference between the purchase price and the fair value of current investments classified as available for sale is recognized directly into equity into 'Revaluation reserve fair value'. For more detail about the fair value of the current investments, please refer to note 1.5.B.

Legal reserve: the part of the retained earnings that cannot be used for distribution to the shareholders as a result of the legal requirement to have a legal reserve of at least 10 per cent of the share capital.

Retained earnings: the net earnings retained by the company to be reinvested in its core business, or to pay debt.

Cumulative translation adjustment: the foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

AA Operating segments

Business segments

Melexis' products and production processes that are regularly evaluated have only one operating segment. Please refer to section segments for more details.

Information about transactions with major customers

The following table summarizes sales per customer for the 10 most important customers. It consists of the sales to end customers and not to subcontractors or distributors. All of these customers were included in the analysis of credit risk performed according to the credit loss model of IFRS 9. The output of this analysis did not result in material amounts to be accounted for.

in %	2024	2023
Customer A	13 %	12 %
Customer B	6 %	6 %
Customer C	6 %	5 %
Customer D	5 %	4 %
Customer E	2 %	4 %
Customer F	2 %	2 %
Customer G	2 %	2 %
Customer H	2 %	2 %
Customer I	2 %	2 %
Customer J	2 %	2 %
Total	**42 %**	**41 %**

Information about geographical areas

The Melexis Group's activities are conducted predominantly in EMEA (Europe, Middle-East and Africa), APAC (Asia Pacific) and NALA (North and Latin America). The origin of all revenue is in Belgium, as the invoicing entity is located in Belgium.

The following table summarizes sales by destination, determined by the customer's billing address:

in EUR	2024	2023
Europe, Middle East and Africa	**285,074,745**	**300,691,642**
Germany	117,562,234	121,323,852
France	24,658,521	21,387,502
United Kingdom	2,051,414	2,509,154
Poland	9,234,396	8,395,249
Switzerland	23,575,913	26,279,428
Ireland	515,767	654,953
Czech Republic	9,584,432	8,580,259
Austria	12,383,404	15,890,314
Netherlands	17,178	865,483
Romania	22,828,191	24,804,984
Bulgaria	4,315,288	5,393,254
Spain	2,640,321	2,533,075
Lithuania	12,999,456	13,243,316
Hungary	7,089,382	10,313,072
Italy	12,935,699	17,452,862
Other	22,683,149	21,064,886
North and Latin America	**84,490,836**	**105,488,241**
United States	44,194,467	55,515,734
Canada	22,872,344	22,317,393
Mexico	17,422,802	27,649,354
Other	1,223	5,759
Asia Pacific	**563,242,486**	**558,118,019**
Japan	83,790,918	78,807,585
Mainland China	117,137,557	149,895,402
Hong Kong	137,293,848	91,765,119
Thailand	75,582,019	74,615,322
South Korea	67,344,567	67,689,779
Philippines	21,869,704	22,516,520
Taiwan	5,007,296	11,349,389
India	18,070,201	14,202,895
Singapore	23,431,375	37,105,032
Other	13,715,001	10,170,976
Total	**932,808,067**	**964,297,902**

AB Remuneration of board of directors

In accordance with the company's bylaws, directors can be remunerated for their mandate. The independent directors or entity that they represent have received in total EUR 56,000 remuneration in 2024 compared to EUR 56,000 in 2023. The other directors are not remunerated.

AC Earnings per share

Net earnings per share are calculated by dividing the net result for the period attributable to ordinary shareholders of EUR 171,446,322 in 2024 and 209,463,394 in 2023 by the weighted average number of ordinary shares outstanding during the period (40,400,000 in 2024 and 40,400,000 in 2023).

The average number of ordinary shares outstanding diluted and non-diluted are the same.

No material share transactions or potential share transactions occurred after the balance sheet date.

On 3 February 2025, the Board of Directors decided to propose to the annual shareholders' meeting to pay out over the result of 2024 a total dividend of EUR 3.70 gross per share. This amount contains an interim dividend of EUR 1.30 per share, which was paid in October 2024 , and a final dividend of EUR 2.40 per share which will be payable after approval by the annual shareholders' meeting.

AD Commitments & estimated liabilities

Purchase commitments

As of 31 December 2024, the company had purchase commitments for tangible fixed assets amounting to EUR 13,684,587 mainly related to test equipment for the production sites. As of 31 December 2023, the amount was EUR 30,442,779, which was impacted by the construction of the new building in Malaysia.

The 2023 mismatch between supply and demand related to automotive semiconductors has led market participants to establish new ways of contracting aimed at the long-term relationship between suppliers and their customers. During recent years, in line with developments within the sector, Melexis and its subsidiaries have also concluded various long-term agreements (LTAs) with different suppliers. The most important goal of the LTAs is to secure volumes and more predictable prices. Given that these X-FAB LTAs require significant capacity expansions at X-FAB, Melexis Technologies agreed, in line with current market practices, to prepay a part of the committed wafers. For Melexis Technologies, the determination and allocation of such prepayments for capacity reservation involves the approval of an operational advance payment to X-FAB for a total amount of around EUR 189.2 million, i.e. 15% of the reserved capacity. The prepayments were scheduled to occur at the end of April 2023, end of September 2023, end of October 2023 and end of February 2024. The settlement of this prepayment will be done through wafer sales. For the impact on the balance sheet, we refer to note 1.5.H. There is no impact on the profit and loss accounts.

These advance payments are not accounted for under IFRS 9 as the settlement will be in wafers and not in cash or another financial instrument. Hence the advance payment is accounted for as a non-financial asset and no interest revenue on the prepayment is recognized. The operational advance payment towards X-FAB in the framework of the LTA has no interest component, which is in line with current market practices.

To mitigate the risk of supplier LTAs, Melexis also engaged in LTAs (2023-2025) with its main customers. These contracts do not contain financial components giving rise to material rights nor any material variable considerations to be taken into account.

AE Business combinations

There were no business combinations in 2024. In October 2023, Melexis NV acquired Xpeqt NV for EUR 13.7 million, resulting in a net cash out of EUR 9.4 million. The acquisition, driven by Melexis' strategic need to own its main test system supplier, resulted in minimal goodwill and limited contribution to the groups net profit.

AF Litigation

The company is currently not involved in any litigation.

AG Auditor's services

On a consolidated basis, the audit fees required by law amounted to EUR 389,906 in 2024, compared to EUR 361,388 in 2023.

AH Reserves post-retirement benefits

Melexis' employee benefit plans consist of defined benefit and defined contribution plans providing retirement, disability and surviving dependent's benefits with main contract in Belgium.

Contributions to defined contribution pension schemes are charged to the consolidated statement of comprehensive income in the year to which they relate. The contributions to defined contribution schemes amounted to EUR 1,583,088 in 2024 compared to EUR 1,120,544 in 2023.

In Belgium, Melexis' defined contribution plans, while funded through group insurance contracts, must adhere to Belgian regulations guaranteeing a minimum 1.75% return on contributions. This rate, tied to a risk-free rate of 10-year government bond, places the investment risk until the legal minimum rates applicable, on the employer. This structure classifies the plans as defined benefit plans under IAS19. Under IAS 19, companies must recognize a liability for employee benefits earned but not yet paid, such as pensions. These future obligations are measured on a discounted basis to reflect their present value. A qualified actuary has determined the present value of the defined benefit obligations and the fair value of the plan assets.

As per 31 December 2024, the net defined benefit obligation for Belgium amounts to EUR 887,054 (see note 1.5.O).

AI Subsequent events

No subsequent events have taken place that have a significant impact on the financial statement of 2024.

AJ List of subsidiaries consolidated

Subsidiary	Place of incorporation	Principal activities	Ownership interest
Melexis Inc.	USA	R&D, Sales & Applications	100 %
Melexis GmbH	Germany	R&D, Manufacturing, Sales & Applications	100 %
Melexis Ukraine	Ukraine	R&D	100 %
Melexis Bulgaria EOOD	Bulgaria	R&D, Manufacturing	100 %
Melefin NV	Belgium	Treasury	100 %
Melexis Technologies NV	Belgium	R&D, Sales & Applications	100 %
Melexis Technologies SA	Switzerland	R&D, Sales & Applications	100 %
K.K. Melexis Japan Technical Research Center	Japan	Sales & Applications	100 %
Melexis Electronic Technology (Shanghai) Co., Ltd	China (Shanghai)	Sales & Applications	100 %
Melexis (Malaysia) Sdn. Bhd.	Malaysia	R&D, Manufacturing	99.9 %
Melexis Dresden GmbH	Germany	R&D	100 %
Melexis France SAS	France	Manufacturing	100 %
Melexis Korea Yuhan Hoesa	South Korea	Sales & Applications	100 %
Xpeqt NV	Belgium	Test equipment	100 %
Xpeqt EOOD	Bulgaria	Test equipment	100 %

AK Risk factors

An investment in shares involves certain risks. Prior to making any investment decision, prospective purchasers of shares should consider carefully all of the information set forth in this annual report and, in particular, the risks described below. If any of the following risks actually occur, the company's business, results of operations and financial condition could be materially adversely affected. Except for the historical information in this annual report, the discussion contains certain forward-looking statements that involve risks and uncertainties, such as statements regarding the company's plans, objectives, expectations and intentions. The cautionary statements made in this annual report should be read as being applicable to all forward-looking statements wherever they appear in this annual report.

a Risks related to the company

Operating history; inability to forecast revenues accurately

The company's business and prospects must be considered in light of the risks, uncertainties, expenses and difficulties frequently encountered by companies active in new and rapidly evolving markets, such as the semiconductor market. To address these risks and uncertainties, the company must, among other things: (1) increase market share; (2) enhance its brand; (3) implement and execute its business and marketing strategy successfully; (4) continue to develop and upgrade its technology; (5) respond to competitive developments; and (6) attract, integrate, retain and motivate qualified personnel. There can be no assurance that the company will be successful in accomplishing any or all of these things, and the failure to do so could have a material adverse effect on the company's business, result of operations and financial condition.

As a result of the rapidly evolving markets in which it competes, the company may be unable to forecast its revenues accurately.

The company's current and future expense levels are based largely on its investment plans and estimates of future revenues. Sales and income from operations generally depend on the volume and timing of, and ability to fulfil, orders received, which are difficult to forecast. The company may be unable to adjust its expenditures in a timely manner to compensate for any unexpected revenue shortfall. Accordingly, any significant shortfall in revenues in relation to the company's planned expenditures would have an immediate adverse effect on the company's business, income from operations and financial condition. Furthermore, in response to changes in the competitive environment, the company may, from time to time, make certain pricing, service or marketing decisions that could have a material adverse effect on the company's business, result of operations and financial condition.

Manufacturing

The Group has multiple manufacturing sites around the world. These sites are exposed to risks related to interruptions of our manufacturing processes, such as political upheavals, natural disasters, occupational accidents and pandemics. These could impede the Group's ability to manufacture at these sites on the planned scale or to export products manufactured at those sites, which in turn can impact our financial condition and results of operations. Contingency plans are in place in order to be able to respond adequately to crisis situations.

Dependence on data and IT systems including cybersecurity

The Group heavily depends on the reliability and security of its IT systems: networks, infrastructure, operating systems and databases. These systems are subject to attempted security breaches and other cybersecurity threats, a risk that is becoming more important with the rise in the level of threats to data security. If successful, this could adversely impact our business and result in an immediate loss of revenue for the Group. To mitigate these risks, an array of precautionary measures were put in place.

Currency fluctuations

The company is subject to risks of currency fluctuations to the extent that its revenues are received in currencies other than the currencies of the company's related costs. Fluctuations in the value of the euro against an investor's currency of investment may affect the market value of the shares expressed in an investor's currency. Such fluctuations may also affect the conversion into USD of cash dividends and other distributions paid in EUR on the shares.

Please refer to the foreign currency risk in note 1.5.AL for more information about the impact of foreign currencies.

Credit risk on short-term investments

The company is subject to risks of financial losses on investments in marketable securities and short-term deposits.

Managing growth

To manage future growth effectively, the company must enhance its financial and accounting systems and controls, further develop its management information systems, integrate new personnel and manage expanded operations. The company's failure to manage its growth effectively could have a material adverse effect on the quality of its products and services, its ability to retain key personnel and its business, operating result and financial condition.

Risk of potential future acquisitions

As a part of its growth strategy, the company regularly evaluates potential acquisitions of businesses, technologies and product lines. Announcements concerning potential acquisitions and investments could be made at any time.

Future acquisitions by the company may result in the use of significant amounts of cash, potentially dilutive issuing of equity securities, incurrence of debt and amortization expenses related to goodwill and other intangible assets, each of which could materially and adversely affect the company's business, result of operations and financial condition or negatively affect the price of the shares. Should the company's future acquisitions operate at lower margins than those that exist for the company's present services and products, they may further limit the company's growth and place a significant strain on its business and financial resources. In addition, acquisitions involve numerous risks, including difficulties in the assimilation of the operations, technologies, products and personnel of the acquired company, the diversion of management's attention from other business concerns, risks of entering markets in which the company has no, or limited, direct prior experience and potential loss of key employees of the acquired company. While the company has had discussions with other companies, there are currently no commitments or agreements with respect to any potential acquisition. In the event that such an acquisition does occur, there can be no assurance that the company's business, result of operations and financial condition, and the market price of the shares will not be materially adversely affected.

Dependence on key personnel; ability to recruit and retain qualified personnel

The company's performance is substantially dependent on the performance and continued presence of its senior management and other key personnel. The company's performance also depends on the company's ability to retain and motivate its other officers and employees. The loss of the services of any of the company's senior management or other key employees could have a material adverse effect on the company's business, result of operations and financial condition.

The company's future success also depends on its ability to identify, attract, hire, train, retain and motivate other highly skilled technical, managerial, marketing and customer service personnel. Competition for such personnel is intense, and there can be no assurance that the company will be able to attract, integrate or retain sufficiently qualified personnel. The failure to retain and attract the necessary personnel could have a material adverse effect on the company's business, result of operations and financial condition.

Products may contain defects

The company's products may contain undetected defects, especially when first released, that could adversely affect its business. Despite rigorous and extensive testing, some defects may be discovered only after a product has been installed and used by customers. Any defects discovered after commercial release could result in (1) adverse publicity; (2) loss of revenues and market share; (3) increased service, warranty or insurance costs; or (4) claims against the company. Any of the foregoing could have a material adverse effect on the company's business, result of operations and financial condition.

Evolving distribution channels

The majority of sales to the large automotive accounts are generated by direct sales people. However, over time, increasingly more sales of ASSPs have been generated via the representative and distribution network of Melexis. As the majority of the Melexis ASSPs are unique, the end customers are still dependent on Melexis and not on the representative or distributor that they are working with.

Every distributor or agent or distribution method may involve risks of unpaid bills, idle inventories and inadequate customer service. Any of the foregoing could have a material adverse effect on the company's business, result of operations and financial condition.

Protection and enforcement of intellectual property rights

The semiconductor industry is characterized by frequent claims alleging the infringement of patents and other intellectual property rights. Thus, the company may receive communications or claims from third parties asserting patents or other intellectual property rights on certain technologies or processes used by the company. In the event any third party claim were to be valid, the company could be required to discontinue using certain processes or technologies or to cease the use and sale of infringing products, to pay damages and to acquire licenses to the allegedly infringed technology or develop non-infringing technologies. The company's business, financial condition and result of operations could be materially and adversely affected by any such development.

The company has already obtained patent protections and expects to file additional patent applications when appropriate to protect certain of its proprietary technologies. The company also protects its proprietary information and know-how through the use of trade secrets, confidentiality agreements and other measures. The process of patent protection can be expensive and time consuming. There can be no assurance that patents will be issued for applications or that, if patents are issued, they will not be challenged, invalidated or circumvented, or that rights granted thereunder will provide meaningful protection or other commercial advantage to the company. Likewise, there can be no assurance that the company will be able to preserve any of its other intellectual property rights in the future.

Claims

Melexis receives, on a regular basis, claims from customers, and might receive claims from competitors as well. These claims can be recognized as a liability in the Consolidated statement of financial position. The company uses all possible resources to limit the risk for the company. More information on the pending claims can be found in note 1.5.AF Litigation.

The importance of significant customers

Melexis' biggest customer accounts for 13% of total sales. No other customers have sales over 10% of total sales. For the year ended 31 December 2024, the 10 most important customers accounted for 42% of total sales (see 1.5.AA).

Significant supplier

Melexis sources the majority of its wafers from one supplier. To reduce the risk of dependency on one supplier, Melexis also sources from other wafer fabs. For packaging services, Melexis sources from several mainly Asian vendors.

b Risks related to the business

The semiconductor market

The semiconductor industry is characterized by rapid technology change, frequent product introductions with improved price and/or performance characteristics, and average unit price erosion. These factors could have a material adverse effect on the company's business and prospects.

The automotive industry

As a semiconductor company with most of its revenue coming from the automotive industry, Melexis sales are impacted by, among others, the number of vehicles produced and sold worldwide.

The demand for vehicles is influenced by the economic and geopolitical situation in different regions. Macro-economic risks and trade tensions can lead to reduced purchasing power, causing the demand for vehicles to drop.

Other factors that can lead to a reduced demand for vehicles include a shift in consumer purchase behavior, uncertainty amongst consumers on what type of car to buy and new forms of mobility such as car sharing and robotaxis.

Intense competition

The automotive semiconductor market is very different from other segments of the semiconductor market. In particular, technological requirements for automotive semiconductors differ significantly as automotive electronics must withstand extreme conditions, including very hot and cold temperatures, dry and humid weather conditions and an environment subject to dust, oil, salt and vibration. In addition and unlike the situation in other segments of the semiconductor market, the supply voltage to automotive semiconductors originating from a car's battery will vary strongly in practice (between 6.5 and 24 V). As a result, these factors make automotive semiconductor product design and, in particular, testing, difficult when compared with other semiconductor markets.

The company currently competes with a number of other companies. These companies could differ for each type of product. The company's competitors include, among others, Allegro Microsystems, Analog Devices, Microchip Technology, ams-OSRAM, Elmos, Infineon Technologies, TDK (Micronas), NXP, ST Microelectronics, onsemi and Texas Instruments.

The company believes that the principal competitive factors in its market are technological know-how, human resources, new product development, a close relationship with the leading automotive original equipment manufacturers and with the car manufacturers.

The company's current and potential competitors could have longer operating histories, greater brand recognition, access to larger customer bases and significantly greater financial, technical, marketing and other resources than the company. As a result, they may be able to adapt more quickly to new or emerging technologies and changes in customer requirements or to devote greater resources to the promotion and sale of their products than the company.

There can be no assurance that the company will be able to compete successfully against current and future competition. Furthermore, as a strategic response to changes in the competitive environment, the company may, from time to time, make certain pricing, service and marketing decisions or acquisitions that could have a material adverse effect on its business, results of operations and financial condition.

New technologies and the expansion of existing technologies may increase the competitive pressures on the company by enabling its competitors to offer a lower cost service or a better technology. There can be no assurance that any current arrangements or contracts of the company will be renewed on commercially reasonable terms.

Any and all of these events could have a material adverse effect on the company's business result of operations and financial condition.

Rapid technological change

The semiconductor market is characterized by rapidly changing technology, frequent new product announcements, introductions and enhancements to products, and average unit price erosion. In the automotive semiconductor market, the active product life cycle is approximately 5 to 10 years.

Accordingly, the company's future success will depend on its ability to adapt to rapidly changing technologies, to adapt its products and services to evolving industry standards and to improve the performance, features and reliability of its products and services in response to competitive product and service offerings and evolving demands of the marketplace. The failure of the company to adapt to such changes would have a material adverse effect on the company's business, result of operations and financial condition.

Purchasing

The vast majority of the company's products are manufactured and assembled by foundries and subcontract manufacturers under a ‘fabless' model. This reliance upon foundries and subcontractors involves certain risks, including potential lack of manufacturing availability, reduced control over delivery schedules, the availability of advanced process technologies, changes in manufacturing yields, dislocation, expense and delay caused by decisions to relocate manufacturing facilities or processes, and potential cost fluctuations.

During downturns in the semiconductor economic cycle, reduction in overall demand for semiconductor products could financially stress certain of the company's subcontractors. If the financial resources of such subcontractors are stressed, the company may experience future product shortages, quality assurance problems, increased manufacturing costs or other supply chain disruptions.

During upturns in the semiconductor cycle, it is not always possible to respond adequately to unexpected increases in customer demand due to capacity constraints. The company may be unable to obtain adequate foundry, assembly or test capacity from third-party subcontractors to meet customers' delivery requirements even if the company adequately forecasts customer demand. The company may have to incur unexpected costs to expedite orders in order to meet unforecast customer demand. Because of the mismatch between supply and demand in the automotive market in 2023, new ways of contracting have been introduced in our industry over the last two years, called long-term agreements or LTAs. The main aim of these new market practices in case of upturns is securing volumes and more predictable pricing.

The company's foundry and assembly subcontractors typically do not guarantee that adequate capacity will be available within the time required to meet customer demand for products. In the event that these vendors fail to meet required demand for whatever reason, the company expects that it would take up to twelve months to transition performance of these services to new providers. Such a transition may also require qualification of the new providers by the company's customers or their end customers, which would take additional time. The requalification process for the entire supply chain including the end customer could take several years for certain of the company's products.

Melexis sources the majority of its wafers from one supplier, but sources from other wafer fabs as well, to reduce the risk of dependency on one supplier. For the packaging services, Melexis sources from several mainly Asian vendors.

Geopolitical environment

Uncertain political landscapes and tensions in global trade could have a significant impact on Melexis' business by causing a reduced free trade of goods and services and, as a consequence, disruptions in the supply chain. Examples of such situations include increased protectionism, technology wars and rising populism.

c Risks related to the trading on Euronext

Possible volatility of share price
The trading price of the company's shares has been and may continue to be highly volatile and could be subject to wide fluctuations in response to factors such as actual or anticipated variations in the company's quarterly operating results, announcements of technological innovations, or new services by the company or its competitors, changes in financial estimates by securities analysts, conditions or trends in semiconductor industries, changes in the market valuations of companies active in the same markets, announcements by the company or its competitors of significant acquisitions, strategic relationships, joint ventures or capital commitments, additions or departures of key personnel, sales of shares or other securities of the company in the open market and other events or factors, many of which are beyond the company's control. Furthermore, the stock markets in general, and Euronext, the market for semiconductor-related and technology companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of such companies. These broad market and industry factors may materially and adversely affect the market price of the company's shares, irrespective of the company's operating performance.

AL Sensitivity analysis on financial risk

Melexis is mainly sensitive to foreign currency rate and interest rate risks.

Foreign currency risk
The Group has transactional currency exposures. Such exposure arises from sales or purchases by an operating unit in currencies other than the unit's functional currency, especially in USD. In 2024, approximately 34% of the Group's sales are denominated in USD and approximately 35% of the Group's costs are denominated in USD.

The following table demonstrates the sensitivity to a reasonably possible change in the EUR/USD exchange rate of the Group's result before tax, with all other variables held constant.

FY 2024	Increase/decrease in EUR/USD rate		Effect on profit or loss before taxes (in EUR)
Reference rate: 1.08 (average FY 2024)			
	+0.05	(1.13)	(3,194,571)
	-0.05	(1.03)	3,503,893

On 31 December 2024, the following financial assets and liabilities were present, shown in USD and CHF:

	2024 (in USD)	2024 (in CHF)
Financial assets	41,627,222	276,104
Cash and cash equivalents	10,929,572	264,993
Trade and other receivables	30,697,650	11,111
Financial liabilities	23,932,412	317,300
Trade and other payables	23,932,412	317,300

An increase/decrease of the EUR/USD rate of +/- 500 base points (reference rate = 1.04) would have an impact on the balance sheet value of EUR -782,085 / EUR 861,172 on 31 December 2024.

The portion of other non-functional currencies (other than USD) is not material.

Interest rate risk
The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

On 31 December 2024, all of the Group's borrowings are at a floating rate of interest. Melexis is currently not using interest rate derivatives to hedge the interest rate risk.

The following table demonstrates the sensitivity of the Group's financial result to a reasonably possible change in interest rates (through the impact on floating rate borrowings), with all other variables held constant.

	Increase/decrease	Effect on financial result (in EUR)
FY 2024	in base points	
	(15.00)	(319,983)
	15.00	319,983

AM Financial instruments

Financial risk management
Melexis operates internationally, which could give an exposure to market risks from changes in interest and foreign exchange rates. Melexis can use derivative financial instruments to manage the foreign exchange risks, interest risks and inflation risks.

Risk management policies have been defined on Group level, and are carried out by the local companies of the Group.

1 Credit risks

Credit risk arises from the possibility that customers or other counterparties may not be able to settle obligations to the company within the normal terms of trade. Melexis' credit risk arises primarily from cash and cash equivalents, current investments and accounts receivable. To manage the risk, the company periodically assesses the financial viability of counterparties. Current investments and investments in cash equivalents are entered into with financial institutions with investment grade credit ratings. The Group has no significant concentration of credit risk with any single counterparty or group of counterparties having similar characteristics.

2 Interest rate risk

On 31 December 2024, the Group does not use derivatives to manage interest rate risks.

3 Liquidity risk

Liquidity risk arises from the possibility that the Group is unable to meet its financial obligations upon maturity, due to the inability to convert assets into cash without incurring a loss. To prevent this, the Group keeps a significant cash reserve in combination with multiple unused committed credit lines.

4 Foreign exchange risk

The functional currency of the Group is the euro as Melexis uses the principle of single billing, single sourcing through the Belgian entity Melexis Technologies NV.

The currency risk of the Group occurs due to the fact that the Group operates and has sales in USD. The Group uses derivative contracts to manage foreign exchange risk. The table with outstanding derivatives per 31 December is taken up in note 1.5.B.

5 Inflation risk

The inflation risk of the Group arises from the possibility that the salaries will increase due to inflation. The Group occasionally uses inflation hedge contracts to hedge Belgian salary payments. For more information, please refer to note 1.5.B.

Fair value of financial instruments

The fair value of foreign exchange contracts is determined using forward exchange market rates at the balance sheet date. The fair value of inflation hedge contracts is determined by discounting future expected cash flows, which are impacted by inflation expectations.

For all of these instruments, the fair values are confirmed to the Group by the financial institutions through which the Group has entered into these contracts.

The Group's principal financial instruments not carried at fair value are cash and cash equivalents, trade receivables, other current assets, other non-current assets, trade and other payables, bank overdrafts and long-term borrowings.

The carrying amount of cash and cash equivalents and of bank overdrafts approximates their fair value due to the short-term maturity of these financial instruments. The fair value of current investments is calculated by reference to the market value on the stock exchange on which the shares are listed.

The fair value of the long-term loans is based on the current rates available for debt with the same maturity profile and approximates their carrying amounts.

Management believes that the exposure to interest rate risk of financial assets and liabilities as of 31 December 2024 was minimal since their deviation from their respective fair values was not significant.

AN Climate change

Earth's systems and processes have been influenced by human activity. Climate change, resource scarcity, environmental pollution – these are just some of the issues that humanity faces. To address this global problem, the Paris Agreement set a goal to limit the increase in global average temperature to below 2°C above pre-industrial levels and to attempt to limit the increase to 1.5°C. Melexis is committed to environmental sustainability, both in our products and in the way they are produced. We strive to minimize our environmental impact by analyzing and reducing our carbon footprint and increasing efficient use of natural resources on all our sites.
On a product level, Melexis contributes to the electrification trend in the automotive industry, which is seen as one of the most important strategies for reducing CO2 emissions.

We identified two main climate-related risks. The first one is the higher occurrence of natural hazards, such as floods and fires. What makes this risk significant is the fact that Melexis sites are geographically spread across 20 locations from the US to Japan, thus across various climatic zones. The second high-priority risk is increased investments by players in the semiconductor industry to ensure compliance with new regulations to reduce the environmental impact. The production of wafers for instance is energy and water intensive. Moreover, the environmental footprint of transportation of ICs is high, given the global nature of the semiconductor supply chain. Therefore, regulation in view of climate change could put pressure on the industry and lead to substantial increases in the cost of doing business. To address this risk, Melexis measures its greenhouse gas (GHG) emissions, covering all Scopes 1, 2 and 3 in accordance with the GHG Protocol. Based on these measures, we are setting carbon targets and are searching for ways to reduce our footprint (see also our GHG disclosures).

In 2024, expenses related to climate change were not material. There is no substantial impact of climate change considerations on the financial judgments and estimates made in this annual report.

9 Shareholder information

Shareholder information

The Melexis share

Listing	Euronext
Reuters ticker	MLXS.BR
Bloomberg ticker	MELE BB

Share information

First day of listing		10 October 1997
Number of shares outstanding on 31 December 2024		40,400,000
Market capitalization on 31 December 2024	€	2,282,600,000

Shareholder structure

Situation on 31 December 2024

Company	Number of shares	Participation rate
Sensinnovat BV	10,100,001	25.0 %
Elex NV	10,100,000	25.0 %
Treasury shares	77,200	0.2 %
Public	20,122,799	49.8 %
Total	40,400,000	100.0 %

in EUR

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Earnings per share	4.24	5.18	4.88	3.25	1.72	1.49	2.86	2.75	2.38	2.45	2.10
Net cash from operating activities	4.41	0.07	4.65	3.52	2.37	2.34	2.47	2.80	2.67	2.85	2.35
Gross dividend	3.70	3.70	3.50	2.60	2.20	1.30	2.20	2.10	2.00	1.90	1.00
Year end price	56.50	91.25	81.00	104.80	79.90	67.05	50.90	84.37	63.65	50.18	37.50
Year's high	89.80	106.40	106.00	109.60	82.30	72.65	92.83	87.37	65.88	59.47	37.54
Year's low	54.50	68.20	64.20	79.70	46.10	47.66	45.62	64.41	40.94	37.70	23.10
Average volume of shares traded/day	93,498	69,879	72,653	81,014	85,165	126,252	107,094	54,966	59,810	73,249	35,665

Contact Info

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Rozendaalstraat 12, B-8900 Ieper, Belgium
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Financial calendar 2025

30 April 2025
Announcement of Q1 results

13 May 2025
Annual shareholders' meeting

30 July 2025
Announcement of half-year results

29 October 2025
Announcement of Q3 results

4 February 2026
Announcement of full-year results

Dividend policy

Taking into account the current and future cash flow situation and if no rewarding investment opportunities can be found, Melexis NV intends to pay out regular (interim) dividends, in order to maximize the return on equity for its shareholders.

Gross (interim) dividend per share out of distributable reserves:	
2018	EUR 1.30 interim dividend
	EUR 0.90 final dividend
2019	EUR 1.30 interim dividend
2020	EUR 1.30 interim dividend
	EUR 0.90 final dividend
2021	EUR 1.30 interim dividend
	EUR 1.30 final dividend
2022	EUR 1.30 interim dividend
	EUR 2.20 final dividend
2023	EUR 1.30 interim dividend
	EUR 2.40 final dividend
2024	EUR 1.30 interim dividend
	EUR 2.40 final dividend
	(pending approval by the annual shareholders' meeting on 13 May 2025)

10 Excerpts from the Melexis NV statutory accounts

Excerpts from the Melexis NV statutory accounts

The following information is extracted from the separate Belgian GAAP financial statements of Melexis NV. These separate financial statements, together with the management report of the Board of Directors to the general shareholders' meeting as well as the auditors' report, will be filed with the National Bank of Belgium within the legally foreseen time limits.

It should be noted that only the consolidated financial statements as set forth in financial report present a true and fair view of the financial position and performance of the Melexis Group.

Therefore, these separate financial statements present no more than a limited view of the financial position of Melexis.

For this reason, the Board of Directors deemed it appropriate to publish only an abbreviated version of the non-consolidated balance sheet and income statement prepared in accordance with Belgian GAAP as at and for the year ended 31 December 2024. Participations in affiliated companies are recognized at purchase price.

The statutory auditors' report is unqualified and certifies that the non-consolidated financial statements of Melexis NV prepared in accordance with Belgian GAAP for the year ended 31 December 2024 give a true and fair view of the financial position and results of Melexis NV in accordance with all legal and regulatory dispositions.

The full statutory financial statements can be obtained at the registered office of the company at Rozendaalstraat 12, 8900 Ieper.

Condensed non-consolidated statement of financial position

in 1,000 EUR

Assets		2024	2023
Fixed assets		1,350,902	1,346,163
II	**Intangible assets**	**33,515**	**63**
III	**Tangible assets**	**47,163**	**42,477**
A	Land and buildings	21,747	12,135
B	Plant machinery and equipment	16,647	15,932
C	Furniture and vehicles	3,587	2,782
F	Assets under construction and advanced payments	5,181	11,628
IV	**Financial assets**	**1,303,706**	**1,303,623**
A	Affiliated companies	1,303,563	1,303,563
1	*Participations*	1,303,563	1,303,563
B	Other enterprises linked by participating interests	–	–
1	*Participations*	–	–
C	Other financial assets	143	60
2	*Receivables and caution money*	143	60
Current assets		12,545	7,882
V	**Amounts receivable after more than one year**	**41**	**41**
1	*Other receivables*	41	41
VII	**Amounts receivable within one year**	**4,762**	**3,867**
A	Trade receivables	36	5
B	Other receivables	4,726	3,862
VIII	**Cash investments**	**4,410**	**–**
A	Own shares	4,410	–
B	Other investments and deposits	–	–
IX	**Cash deposits**	**794**	**432**
X	**Deferred assets and accrued income**	**2,538**	**3,543**
Total assets		**1,363,447**	**1,354,046**

Liabilities		2024	2023
Shareholders' equity		1,153,239	1,075,385
I	**Capital**	**565**	**565**
A	Outstanding capital	565	565
IV	**Reserves**	**4,467**	**56**
A	Legal reserve	56	56
B	Reserves not available for distribution	4,467	56
1	*In respect of own shares held*	4,410	–
V	**Retained earnings**	**1,148,018**	**1,074,551**
VI	**Investment grants**	**190**	**213**
Debts		210,207	278,660
VIII	**Long-term debt**	**–**	**7**
D	Banks	–	–
IX	**Amounts payable within one year**	**207,026**	**275,867**
A	Current portion of amounts payable after more than one year	–	–
C	Trade debts	1,523	2,112
1	*Trade payables*	1,523	2,112
E	Taxes, remuneration and social security	5,924	6,240
1	*Taxes*	1,481	1,252
2	*Remuneration and social security*	4,444	4,987
F	Other amounts payable	199,579	267,515
X	**Accrued charges and deferred income**	**3,182**	**2,786**
Total liabilities		**1,363,447**	**1,354,046**

Condensed non-consolidated statement of comprehensive income

in 1,000 EUR

		2024	2023
I	**Operating income**	**72,739**	**70,960**
A	Turnover	69,321	67,666
C	Other operating income	3,418	3,294
II	**Operating charges**	**(67,349)**	**(65,576)**
B	Services and other goods	22,165	22,915
C	Remuneration, social security charges and pensions	36,705	34,926
D	Depreciation	8,216	7,558
E	Amounts written-off stocks, contracts in progress and trade receivables	–	–
G	Other operating charges	262	176
III	**Operating result**	**5,390**	**5,385**
IV	**Financial income**	**229,870**	**485,224**
B	Income from current assets	1	22
C	Other financial income	128	216
V	**Financial charges**	**(7,696)**	**(11,538)**
A	Debt charges	7,584	11,344
C	Other financial charges	112	194
VI	**Result of the year before taxes**	**227,564**	**479,071**
VII	**Income taxes**	**(207)**	**(250)**
A	Taxes	207	250
B	Regularization	–	–
VIII	**Result of the year**	**227,357**	**478,821**
IX	**Profit of the year available for appropriation**	**227,357**	**478,821**

Appropriation of the result

in 1,000 EUR

		2024	2023
A	Result to be appropriated	1,301,908	1,224,031
1	*Result of the period available for appropriation*	*227,357*	*478,821*
2	*Result carried forward*	*1,074,551*	*745,210*
B	Transfers from capital and reserves	–	–
C	Transfers to capital and reserves	–	–
1	*To other reserves*	*4,410*	*–*
D	Result to be carried forward	1,148,018	1,074,551
1	*Result to be carried forward*	*1,148,018*	*1,074,551*
F	Distribution of profit	(149,480)	(149,480)
1	*Dividends*	*(149,480)*	*(149,480)*

11 Appendix

Our industry associations

Melexis participates in the following industry associations through which we get access to and learn from the industry's best practices.

AEC-Q100
Industry association
www.aecouncil.com

Agoria, Transport & Mobility Club
Local industry association
www.agoria.be

CAN in Automation (CiA)
Industry association
www.can-cia.org

DGQ
Local quality association
www.dgq.de

EIRMA
Industry association
www.eirma.org

ESIA
Industry association
www.eusemiconductors.eu

IEEE
Professional organization of advanced technology
www.ieee.org

ISELED Alliance
Industry association
www.iseled.com

ISO
Standardization
www.iso.org

MIPI Alliance
Industry association
www.mipi.org

NBN
Standardization
www.nbn.be

Silicon Saxony
Network
www.silicon-saxony.de/netzwerk/verein

VDA
Industry association
www.vda.de

VDE/GMM
Network
www.vde.com

VDI
Industry association
www.vdi.de

ZVEI
Industry association
www.zvei.org

Glossary[1]

Earnings per share
Profit attributable to equity holders of Melexis divided by the weighted average number of ordinary shares.

Earnings per share diluted
Profit attributable to equity holders of Melexis divided by the fully diluted weighted average number of ordinary shares.

Revenue
Product sales + revenues from research and development.

EBIT
(Earnings before interests and taxes)
Turnover/Sales - cost of sales - research and development expenses - general and administrative expenses - selling expenses - other operating expenses

EBITDA
(Earnings before interests and taxes + depreciation, amortization and impairment)
EBIT + depreciation, amortization and impairment (including inventory write-downs).

Melexis in 2024
219,889 + 47,741 = 267,630

Shareholders' equity
Shareholders' capital + retained earnings (inclusive current year's result) +/- reserves (reserve treasury shares, revaluation reserve hedge, revaluation reserve fair value, legal reserve) +/- cumulative translation adjustment.

Net indebtedness
Current portion of long-term debt + long-term debt less current portion + bank loans and overdrafts - current investments - cash and cash equivalents + total liabilities linked to leased assets and liabilities (note 1.5.K)

Consolidated Statement of Financial Position
5,797 + 207,525 + 0 - 0 - 32,681 + 8,857 =189,498

Working capital
(Total current assets - cash and cash equivalents - current investments) - (current liabilities - bank loans and overdrafts - current portion of long-term debt - derivative financial instruments + lease liabilities).

Consolidated Statement of Financial Position
(472,593 - 32,681 - *0)* - (104,210 - *0* - *0* - 228 + 2,143) = 333,787

Net cash from operating activities
Net result +/- adjustments for operating activities +/- changes in working capital.

Capital expenditure (CapEx)
Investments in property, plant and equipment

ROE
(Return on equity)
Net income/Shareholders' equity

Liquidity
Current assets/current liability

Solvency
Shareholders' equity/total assets

Tangible net worth
Total assets - liabilities - intangible assets

[1] and calculations for 2024 in 1,000 EUR

Offices and locations

Belgium

Melexis NV
Rozendaalstraat 12
8900 Ieper

Melexis Technologies NV
Xpeqt NV
Transportstraat 1
3980 Tessenderlo-Ham

Bulgaria

Melexis Bulgaria EOOD
Xpeqt EOOD
2, Samokovsko Shosse
Gorublyane
1138 Sofia

Greater China

Melexis Electronic Technology (Shanghai) Co., Ltd.
Room 607, Building A, SOHO FuXing Plaza,
No. 277 DanShui Road
HuangPu District
200025 Shanghai

Melexis Electronic Technology (Shanghai) Co. Ltd Shenzhen Branch
Room 1407, Shenzhen Coastal City West Tower
Nanshan District
518054 Shenzhen

Melexis NV/BO Taiwan, Taipei
6F-4, No. 28, Lane 123, Sec. 6, Mincyuan East Road
Neihu District
114 Taipei City

France

Melexis NV/BO France, Paris
4 Place des Saisons / 1 Place Zaha Hadid
Tour Alto
92400 Courbevoie

Melexis NV/BO France, Sophia Antipolis
Bât HB4, Les Taissounières
1681 route des Dolines
06560 Sophia Antipolis

Melexis France SAS
224 Boulevard John Kennedy
91105 Corbeil Essonnes

Germany

Melexis GmbH
Konrad-Zuse-Strasse 15
99099 Erfurt

Melexis Dresden GmbH, Dresden
Zur Wetterwarte 50
Haus 337 / Eingang A
01109 Dresden

Melexis Dresden GmbH, Düsseldorf
Parsevalstrasse 7B
40468 Düsseldorf

Japan

K.K. Melexis Japan
Technical Research Center
Yokohama Heiwa Bldg 9F
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Yokohama, 231-0005

Korea

Melexis Korea Limited
C-1001 Melexis, Innovalley, 253
Pangyo-ro, Bundang-gu
Seongnam-si, Gyeonggi-do, 13486

Malaysia

Melexis (Malaysia) Sdn. Bhd.
1, Silicon Drive
Sama Jaya Free Industrial Zone
93350 Kuching

Philippines

Melexis NV/BO Philippines, Laguna
c/o Automated Technology (Phils.) Inc.
No. 1 Hologram St. Corner Main Avenue
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Cabuyao, Laguna 4025

Switzerland

Melexis Technologies SA
Chemin de Buchaux 38
2022 Bevaix

Ukraine

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03115 Kyiv

USA

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27333 Meadowbrook Rd, Ste. 200
Novi, MI 48377-3543

Melexis, Inc., San Jose
2055 Alameda Way
San Jose, CA 95126-1002

List of used Acronyms

ADAS	Advanced driver-assistance system
AEC	Automotive electronics council
APAC	Asia Pacific region
ASSP	Application-specific standard product
BLDC	Brushless DC (direct current)
BMS	Battery management system
BOM	Bill of materials
CEO	Chief executive officer
CFO	Chief financial officer
CTA	Cumulative translation adjustments
DC	Direct current
EMC	Electromagnetic compatibility
EMEA	Europe, Middle East and Africa
EV	Electric vehicle
GAAP	Generally accepted accounting principles
GHG	Greenhouse gases
GPU	Graphics processing unit
HVAC	Heating, ventilation and air conditioning
IATF	International automotive task force
IAS(B)	International accounting standards (board)
IC	Integrated circuit
IFRS	International financial reporting standards
IMC	Integrated magnetic concentrator
IP	Intellectual property
ISO	International organization for standardization
KPI	Key performance indicator
LED	Light-emitting diode
LIN	Local interconnect network
LTA	Long-term agreement
MDR	Minimum disclosure requirements
NALA	North America and Latin America
OCI	Other comprehensive income
OEM	Original equipment manufacturer
R&D	Research & development
REACH	Registration, evaluation, authorization and restriction of chemicals
RF	Radio frequency
RGB	Red, green and blue
RoHS	Restriction on the use of hazardous substances
STEM	Science, technology, engineering and mathematics
SVHC	Substances of very high concern
ToF	Time-of-flight
TPMS	Tire pressure monitoring system
VGA	Video graphics array

Statutory auditor's report

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STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING OF MELEXIS NV ON THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2024

We present to you our statutory auditor's report in the context of our statutory audit of the consolidated accounts of Melexis NV (the "Company") and its subsidiaries (jointly the "Group"). This report includes our report on the consolidated accounts, as well as the other legal and regulatory requirements. This forms part of an integrated whole and is indivisible.

We have been appointed as statutory auditor by the general meeting *d.d.* 9 May 2023, following the proposal formulated by the board of directors and following the recommendation by the audit committee and the proposal formulated by the works' council. Our mandate will expire on the date of the general meeting which will deliberate on the annual accounts for the year ended 31 December 2025. We have performed the statutory audit of the Group's consolidated accounts for 8 consecutive years.

Report on the consolidated accounts

Unqualified opinion

We have performed the statutory audit of the Group's consolidated accounts, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information. These consolidated accounts show a statement of financial position with a total assets of EUR 894.255.288 and a consolidated income statement with a net profit for the period of EUR 171.446.322.

In our opinion, the consolidated accounts give a true and fair view of the Group's net equity and consolidated financial position as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with the IFRS Accounting Standard as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

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Basis for unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Belgium. Furthermore, we have applied the International Standards on Auditing as approved by the IAASB which are applicable to the year-end and which are not yet approved at the national level. Our responsibilities under those standards are further described in the "*Statutory auditor's responsibilities for the audit of the consolidated accounts"* section of our report. We have fulfilled our ethical responsibilities in accordance with the ethical requirements that are relevant to our audit of the consolidated accounts in Belgium, including the requirements related to independence.

We have obtained from the board of directors and Company officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated accounts of the current period. This matter was addressed in the context of our audit of the consolidated accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Taxation

Description of the key audit matter

The global organisation and the business nature of Melexis NV' operations, results in complex tax accounting. The Group operates across multiple countries and is subject to periodic challenges by local tax authorities on a range of income tax matters during the normal course of business. Income tax legislation is open to different interpretations and the income tax treatment of some items might be uncertain as it is subject to judgement (refer to notes 1.3 and 1.5.E). Income tax audits can require several years to conclude and transfer pricing decisions may impact the Group's income tax positions. Given the level of complexity involved, we consider assumptions and estimates on tax positions to be a key audit matter.

How our audit addressed the key audit matter

We have, with the support of income tax and transfer pricing specialists, evaluated and tested the Group's current and deferred income tax positions, and the transfer pricing policy in each significant jurisdiction.

Responsibilities of the board of directors for the preparation of the consolidated accounts

The board of directors is responsible for the preparation of consolidated accounts that give a true and fair view in accordance with *International Financial Reporting Standards* (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated accounts, the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Statutory auditor's responsibilities for the audit of the consolidated accounts

Our objectives are to obtain reasonable assurance about whether the consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. 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 accounts.

In performing our audit, we comply with the legal, regulatory and normative framework applicable to the audit of the consolidated accounts in Belgium. A statutory audit does not provide any assurance as to the Group's future viability nor as to the efficiency or effectiveness of the board of directors' current or future business management at Group level. Our responsibilities in respect of the use of the going concern basis of accounting by the board of directors are described below.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated accounts, 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 opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

- Obtain an understanding of internal control relevant to the audit 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 the Group's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;

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- Conclude on the appropriateness of the board of directors' 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 our statutory auditor's report to the related disclosures in the consolidated accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the consolidated accounts, including the disclosures, and whether the consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation;

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee 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 the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated accounts 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.

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Other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated accounts including the sustainability information and the other information included in the annual report on the consolidated accounts.

Statutory auditor's responsibilities

In the context of our engagement and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, the directors' report on the consolidated accounts and the other information included in the annual report on the consolidated accounts and to report on these matters.

Aspects related to the directors' report on the consolidated accounts and to the other information included in the annual report on the consolidated accounts

The director's report on the consolidated accounts includes the consolidated sustainability information that is the subject of our separate report, which contains an "Unqualified conclusion" on the limited assurance with respect to this sustainability information. This section does not concern the assurance on the consolidated sustainability information included in the directors' report on the consolidated accounts.

In our opinion, after having performed specific procedures in relation to the directors' report on the consolidated accounts, this directors' report is consistent with the consolidated accounts for the year under audit and is prepared in accordance with article 3:32 of the Companies' and Associations' Code.

In the context of our audit of the consolidated accounts, we are also responsible for considering, in particular based on the knowledge acquired resulting from the audit, whether the directors' report on the consolidated accounts and the other information included in the annual report on the consolidated accounts, containing:

- Letter to our shareholders;
- About Melexis;
- What we do;
- What we stand for;
- Our strategy;

is materially misstated or contains information which is inadequately disclosed or otherwise misleading. In light of the procedures we have performed, there are no material misstatements we have to report to you.

Statements related to independence

- Our registered audit firm and our network did not provide services which are incompatible with the statutory audit of the consolidated accounts, and our registered audit firm remained independent of the Group in the course of our mandate.

- The fees for additional services which are compatible with the statutory audit of the consolidated accounts referred to in article 3:65 of the Companies' and Associations' Code are correctly disclosed and itemized in the notes to the consolidated accounts.

European Uniform Electronic Format (ESEF)

We have also verified, in accordance with the draft standard on the verification of the compliance of the annual report with the European Uniform Electronic Format ("ESEF"), the compliance of the ESEF format with the regulatory technical standards established by the European Delegate Regulation No. 2019/815 of 17 December 2018 ("Delegated Regulation") and with the Royal Decree of 14 November 2007 concerning the obligations of issuers of financial instruments admitted to trading on a regulated market.

The board of directors is responsible for the preparation of an annual report, in accordance with ESEF requirements, including the consolidated accounts in the form of an electronic file in ESEF format ("digital consolidated accounts").

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Our responsibility is to obtain sufficient appropriate evidence to conclude that the format and marking language of the digital consolidated financial accounts comply in all material respects with the ESEF requirements under the Delegated Regulation.

Based on our procedures performed, we believe that the format of the annual report and marking of information in the digital consolidated accounts included in the annual report of Melexis NV per 31 December 2024 comply, and which will be available in the Belgian official mechanism for the storage of regulated information (STORI) of the FSMA, are, in all material respects, in compliance with the ESEF requirements under the Delegated Regulation and the Royal Decree of 14 November 2007.

Other statement

This report is consistent with the additional report to the audit committee referred to in article 11 of the Regulation (EU) N° 537/2014.

Diegem, 8 April 2025

The statutory auditor

PwC Bedrijfsrevisoren BV/PwC Reviseurs d'Entreprises SRL
Represented by

DocuSigned by:
C556680ECE134C9...

Mieke Van Leeuwe*
Bedrijfsrevisor/Réviseur d'entreprises

*Acting on behalf of Mieke Van Leeuwe BV

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LIMITED ASSURANCE REPORT OF THE STATUTORY AUDITOR TO THE GENERAL SHAREHOLDERS' MEETING ON THE CONSOLIDATED SUSTAINABILITY STATEMENT OF MELEXIS NV FOR THE ACCOUNTING YEAR ENDED ON 31 DECEMBER 2024

We present to you our statutory auditor's report in the context of our legal limited assurance engagement on the consolidated sustainability statement of Melexis NV (the "Company") and its subsidiaries (jointly the "Group"). The consolidated sustainability statement of the Group is included in the section "Sustainability report" of the "Annual Report 2024" on 31 December 2024 and for the year then ended (hereafter the "consolidated sustainability statement").

We have been appointed by the general meeting *d.d.* 14 May 2024, following the proposal formulated by the board of directors and following the recommendation by the audit committee, to perform a limited assurance engagement on the consolidated sustainability statement of the Group.

Our mandate will expire on the date of the general meeting which will deliberate on the annual accounts for the year ended 31 December 2024. We have performed our assurance engagement on the consolidated sustainability statement for one year.

Limited assurance conclusion

We have conducted a limited assurance engagement on the consolidated sustainability statement of the Group.

Based on the procedures we have performed and the assurance evidence we have obtained, nothing has come to our attention that causes us to believe that the consolidated sustainability statement of the Group, in all material respects:

- Has not been prepared in accordance with the requirements of article 3:32/2 of the Companies' and Associations' Code, including compliance with the applicable European Sustainability Reporting Standards (ESRS);
- Is not in accordance with the process (the "Process") carried out by the Group, as disclosed in note "Impacts, risks and opportunities management", to identify the information reported in the consolidated sustainability statement on the basis of ESRS;

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- Does not comply with the requirements of article 8 of EU Regulation 2020/852 (the “Taxonomy Regulation”) disclosed in note “EU Taxonomy”.

Basis for conclusion

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance engagements other than audits or reviews of historical financial information* (“ISAE 3000 (Revised)”), as applicable in Belgium.

Our responsibilities under this standard are further described in the ““Responsibilities of the statutory auditor on the limited assurance engagement on the consolidated sustainability statement” section of our report.

We have complied with all ethical requirements that are relevant to assurance engagements of sustainability statements in Belgium, including those related to independence.

We apply International Standard on Quality Management 1 (ISQM 1), which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have obtained from the board of directors and Company officials the explanations and information necessary for performing our limited assurance engagement.

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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Other matter

The scope of our work is limited to our limited assurance engagement regarding the consolidated sustainability information of the Group. Our limited assurance engagement does not extend to information related to the comparative figures included in the consolidated sustainability statement.

Responsibilities of the board of directors relating to the preparation of the consolidated sustainability statement

The board of directors is responsible for designing and implementing a Process and for disclosing this Process in note “Impacts, risks and opportunities management” of the consolidated sustainability statement. This responsibility includes:

- Understanding the context in which the activities and business relationships of the Group take place and developing an understanding of its affected stakeholders;
- The identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect the Group’s financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- The assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- Making assumptions that are reasonable in the circumstances.

The board of directors is further responsible for the preparation of the consolidated sustainability statement, which includes the information established by the Process:

- In accordance with the requirements referred to in article 3:32/2 of the Companies' and Associations' Code, including the applicable European Sustainability Reporting Standards ("ESRS");
- In compliance with the requirements of article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation") disclosed in note "EU Taxonomy".

This responsibility comprises:

- Designing, implementing and maintaining such internal control that the board of directors determines is necessary to enable the preparation of the consolidated sustainability statement that is free from material misstatement, whether due to fraud or error; and
- The selection and application of appropriate sustainability reporting methods and making assumptions and estimates that are reasonable in the circumstances.

The audit committee is responsible for overseeing the Group's sustainability reporting process.

Inherent limitations in preparing the consolidated sustainability statement

In reporting forward-looking information in accordance with ESRS, the board of directors is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group. Actual outcomes are likely to be different since anticipated events frequently do not occur as expected and the deviation from that can be of material importance.

Responsibilities of the statutory auditor on the limited assurance engagement on the consolidated sustainability statement

Our responsibility is to plan and perform the assurance engagement with the aim of obtaining a limited level of assurance about whether the consolidated sustainability statement contains no material misstatements, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the consolidated sustainability statement.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised), as applicable in Belgium, we apply professional judgment and maintain professional scepticism throughout the engagement. The work performed in an engagement aimed at obtaining a limited level of assurance, for which we refer to the section "Summary of work performed," is less in scope than in an engagement aimed at obtaining a reasonable level of assurance. Therefore, we do not express an opinion with a reasonable level of assurance as part of this engagement.

As the forward-looking information in the consolidated sustainability statement and the assumptions on which it is based, are future related, they may be affected by events that may occur in the future and possible future actions by the Group. Actual outcomes are likely to be different from the assumptions, as the anticipated events frequently do not occur as expected, and the deviation from that can be of material importance. Therefore, our conclusion does not provide assurance that the reported actual outcomes will correspond with those included in the forward-looking information in the consolidated sustainability statement.

Our responsibilities regarding the consolidated sustainability statement, with respect to the Process, include:

- Obtaining an understanding of the Process, but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process;
- Designing and performing work to evaluate whether the Process is consistent with the description of the Process by the Group, as set out in note “Impacts, risks and opportunities management”.

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Our other responsibilities regarding the sustainability statement include:

- Acquiring an understanding of the entity's control environment, the relevant processes, and information systems for preparing the sustainability information, but without assessing the design of specific control activities, obtaining supporting information about their implementation, or testing the effective operation of the established internal control measures;
- Identifying where material misstatements are likely to arise, whether due to fraud or error, in the consolidated sustainability statement; and
- Designing and performing procedures responsive to where material misstatements are likely to arise in the consolidated sustainability statement. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of work performed

A limited assurance engagement involves performing procedures to obtain evidence about the consolidated sustainability statement. The procedures carried out in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

The nature, timing, and extent of procedures selected depend on professional judgment, including the identification of areas where material misstatements are likely to arise in the consolidated sustainability statement, whether due to fraud or errors.

In conducting our limited assurance engagement with respect to the Process, we have:

- Obtained an understanding of the Process by:
  - Performing inquiries to understand the sources of the information used by management (e.g., stakeholder engagement, business plans and strategy documents); and
  - Reviewing the Group's internal documentation relating to its Process; and
- Evaluated whether the evidence obtained from our procedures with respect to the Process implemented by the Group was consistent with the description of the Process set out in note "Impacts, risks and opportunities management".

In conducting our limited assurance engagement, with respect to the consolidated sustainability statement, we have:

- Obtained an understanding of the Group's reporting processes relevant to the preparation of its consolidated sustainability statement by obtaining an understanding of the Group's control environment, processes and information system relevant to the preparation of the consolidated sustainability statement, but not for the purpose of providing a conclusion on the effectiveness of the Group's internal control.
- Evaluated whether the information identified by the Process is included in the consolidated sustainability statement;
- Evaluated whether the structure and the presentation of the consolidated sustainability statement is in accordance with the ESRS;
- Performed inquiries of relevant personnel and analytical procedures on selected information in the consolidated sustainability statement;
- Performed substantive assurance procedures on selected information in the consolidated sustainability statement;
- Evaluated the methods/assumptions for developing estimates and forward-looking information as described in the section 'Responsibilities of the statutory auditor on the limited assurance engagement on the consolidated sustainability statement';
- Obtained an understanding of the Group's process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the consolidated sustainability statement.

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Statement related to independence

Our registered audit firm and our network did not provide services which are incompatible with the limited assurance engagement, and our registered audit firm remained independent of the Group in the course of our mandate.

Diegem, 8 April 2025

The statutory auditor

PwC Bedrijfsrevisoren BV/PwC Reviseurs d'Entreprises SRL
Represented by

DocuSigned by:
C556680ECE134C9...

Mieke Van Leeuwe*
Bedrijfsrevisor/Réviseur d'entreprises

*Acting on behalf of Mieke Van Leeuwe BV

Melexis

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Design
Mattmo Creative

The official ESEF-prepared version of this annual report is available on our website: www.melexis.com/en/investors/results-and-presentations/financial-reports. This document is an interactive copy of the ESEF version including hyperlinks.

This annual report has been compiled with the utmost care. If we have overlooked something or if you have any questions regarding this report, please feel free to contact us via **investor@melexis.com**.