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**ANNUAL ACCOUNTS AND OTHER DOCUMENTS TO BE FILED IN
ACCORDANCE WITH THE BELGIAN COMPANIES AND ASSOCIATIONS
CODE**

IDENTIFICATION DETAILS (at the filing date)

NAME: **MELEXIS NV**

Legal form: **NV**

Address: **ROZENDAALSTRAAT**

N°. **12**

Postal code: **8900**

Town: **Ieper**

Country: **Belgium**

Register of legal persons - commercial court: **Gent, Division Ieper**

Website ¹:

Company registration number **0435.604.729**

DATE **8-5-2019** of filing the most recent document mentioning the date of publication of the deed of incorporation and of the deed of amendment of the articles of association.

ANNUAL ACCOUNTS **IN EURO (2 decimals)** ²

	approved by the general meeting of	11-5-2021
regarding the period from	1-1-2020	to 31-12-2020
Preceding period from	1-1-2019	to 31-12-2019

The amounts for the preceding period are / ~~are not~~ ³ identical to the ones previously published.

Total number of pages filed: **77** Numbers of the sections of the standard model form not filed because they serve no useful purpose: 6.1, 6.2.1, 6.2.2, 6.2.4, 6.2.5, 6.3.4, 6.3.5, 6.4.2, 6.5.2, 6.7.2, 6.8, 6.14, 6.17, 6.20, 8, 9, 11, 12, 13, 14, 15

Signature
(name and position)
FRANÇOISE CHOMBAR
Gedelegeerd bestuurder

Signature
(name and position)

¹ Optional mention.

² If necessary, change to currency in which the amounts are expressed.

³ Strike out what does not apply.

**LIST OF DIRECTORS, BUSINESS MANAGERS AND AUDITORS AND
DECLARATION REGARDING A COMPLIMENTARY REVIEW OR
CORRECTION ASSIGNMENT****LIST OF DIRECTORS, BUSINESS MANAGERS AND AUDITORS**

COMPLETE LIST with surname, first names, profession, place of residence (address, number, postal code and town) and position within the company

Duchâtelet Roland

Rozendaalstraat 12, 8900 Ieper, Belgium

Title : President of the board of directors

Mandate : 20-4-2018- 10-5-2022

Chombar Françoise

Rozendaalstraat 12, 8900 Ieper, Belgium

Title : Delegated director

Mandate : 20-4-2018- 10-5-2022

Baba Shiro

Rozendaalstraat 12, 8900 Ieper, Belgium

Title : Director

Mandate : 20-4-2017- 11-5-2021

Procexcel BV 0845.762.695

Kerseleerveld 10, 2820 Bonheiden, Belgium

Title : Director

Mandate : 20-4-2017- 11-5-2021

Represented by :

1. Claes Jenny

Kerseleerveld 10 , 2820 Bonheiden, Belgium

PwC Bedrijfsrevisoren BV 0429.501.944

Woluwedal 18, 1932 Sint-Stevens-Woluwe, Belgium

Title : Auditor, Membership number : B00009

Mandate : 12-5-2020- 9-5-2023

Represented by :

1. Van Grieken Sofie

Gen. Lemanstraat 67 , 2018 Antwerpen 1, Belgium

, Membership number : A02255

2. Vanstraelen Koen

Kempische Steenweg 311/2 , box 02, 3500 Hasselt, Belgium

, Membership number : A02284

Baelmans Martine

Rozendaalstraat 12, 8900 Ieper, Belgium

Title : Director

Mandate : 20-4-2018- 10-5-2022

DECLARATION REGARDING A COMPLIMENTARY REVIEW OR CORRECTION ASSIGNMENT

The managing board declares that not a single audit or correction assignment has been given to a person not authorized to do so by law, pursuant to articles 34 and 37 of the law of 22 April 1999 concerning accounting and tax professions.

The annual accounts ~~were~~ / were not * or corrected by an external accountant or by a company auditor who is not the statutory auditor.

If affirmative, should be mentioned hereafter: surname, first names, profession and address of each external accountant or company auditor and their membership number at their Institute, as well as the nature of their assignment:

- A. Bookkeeping of the company **,
- B. Preparing the annual accounts **,
- C. Auditing the annual accounts and/or
- D. Correcting the annual accounts.

If the tasks mentioned under A or B are executed by certified accountants or certified bookkeepers - tax experts, the following information can be mentioned hereafter: surname, first names, profession and address of each certified accountant or certified bookkeeper-tax expert and their membership number at the Institute of Accounting professionals and Tax Experts, as well as the nature of their assignment.

Surname, first names, profession and address	Membership number	Nature of the assignment (A, B, C and/or D)

* Strike out what does not apply.

** Optional mention.

ANNUAL ACCOUNTS

BALANCE SHEET AFTER APPROPRIATION

	Notes	Codes	Period	Preceding period
ASSETS				
FORMATION EXPENSES	6.1	20		
FIXED ASSETS		21/28	1.324.317.966,73	1.334.386.182,82
Intangible fixed assets	6.2	21	213.307,39	271.840,16
Tangible fixed assets	6.3	22/27	36.064.043,11	46.077.188,49
Land and buildings		22	13.962.193,89	14.798.006,02
Plant, machinery and equipment		23	19.937.710,86	29.245.900,79
Furniture and vehicles		24	1.570.411,14	1.635.735,26
Leasing and other similar rights		25		
Other tangible fixed assets		26		
Assets under construction and advance payments		27	593.727,22	397.546,42
Financial fixed assets	6.4 / 6.5.1	28	1.288.040.616,23	1.288.037.154,17
Affiliated Companies	6.15	280/1	1.287.996.271,31	1.287.996.271,31
Participating interests		280	1.287.996.271,31	1.287.996.271,31
Amounts receivable		281		
Other companies linked by participating interests	6.15	282/3		
Participating interests		282		
Amounts receivable		283		
Other financial fixed assets		284/8	44.344,92	40.882,86
Shares		284		
Amounts receivable and cash guarantees		285/8	44.344,92	40.882,86

	Notes	Codes	Period	Preceding period
CURRENT ASSETS		29/58	3.786.170,32	4.248.803,06
Amounts receivable after more than one year		29	3.000,01	3.000,01
Trade debtors		290		
Other amounts receivable		291	3.000,01	3.000,01
Stocks and contracts in progress		3		
Stocks		30/36		
Raw materials and consumables		30/31		
Work in progress		32		
Finished goods		33		
Goods purchased for resale		34		
Immovable property intended for sale		35		
Advance payments		36		
Contracts in progress		37		
Amounts receivable within one year		40/41	2.059.874,27	1.904.122,86
Trade debtors		40	429.242,33	103.918,70
Other amounts receivable		41	1.630.631,94	1.800.204,16
Current investments	6.5.1 / 6.6	50/53	21.376,43	21.376,43
Own shares		50	21.376,43	21.376,43
Other investments		51/53		
Cash at bank and in hand		54/58	206.469,88	192.385,33
Accruals and deferred income	6.6	490/1	1.495.449,73	2.127.918,43
TOTAL ASSETS		20/58	1.328.104.137,05	1.338.634.985,88

	Notes	Codes	Period	Preceding period
EQUITY AND LIABILITIES				
EQUITY		10/15	832.945.971,92	859.649.820,70
Contributions	6.7.1	10/11	564.813,86	564.813,86
Capital		10	564.813,86	564.813,86
Issued capital		100	564.813,86	564.813,86
Uncalled capital ⁴		101		
Beyond capital		11		
Share premium account		1100/10		
Other		1109/19		
Revaluation surpluses		12		
Reserves		13	3.894.347,39	3.894.347,39
Reserves not available		130/1	3.894.347,39	3.894.347,39
Legal reserve		130	56.519,70	56.519,70
Reserves not available statutorily		1311		
Purchase of own shares		1312	3.837.827,69	3.837.827,69
Financial support		1313		
Other		1319		
Untaxed reserves		132		
Available reserves		133		
Accumulated profits (losses)(+)/(-)		14	828.205.096,74	854.886.103,88
Capital subsidies		15	281.713,93	304.555,57
Advance to shareholders on the distribution of net assets ⁵		19		
PROVISIONS AND DEFERRED TAXES		16		
Provisions for liabilities and charges		160/5		
Pensions and similar obligations		160		
Taxes		161		
Major repairs and maintenance		162		
Environmental obligations		163		
Other liabilities and charges	6.8	164/5		
Deferred taxes		168		

⁴ Amount to be deducted from the issued capital.

⁵ Amount to be deducted from the other components of equity.

	Notes	Codes	Period	Preceding period
AMOUNTS PAYABLE		17/49	495.158.165,13	478.985.165,18
Amounts payable after more than one year	6.9	17		
Financial debts		170/4		
Subordinated loans		170		
Unsubordinated debentures		171		
Leasing and other similar obligations		172		
Credit institutions		173		
Other loans		174		
Trade debts		175		
Suppliers		1750		
Bills of exchange payable		1751		
Advance payments on contracts in progress		176		
Other amounts payable		178/9		
Amounts payable within one year	6.9	42/48	492.807.471,60	476.201.981,68
Current portion of amounts payable after more than one year falling due within one year		42		
Financial debts		43		
Credit institutions		430/8		
Other loans		439		
Trade debts		44	2.137.367,73	1.552.547,15
Suppliers		440/4	2.137.367,73	1.552.547,15
Bills of exchange payable		441		
Advance payments on contracts in progress		46		
Taxes, remuneration and social security	6.9	45	3.678.255,87	2.956.723,15
Taxes		450/3	778.245,21	68.764,07
Remuneration and social security		454/9	2.900.010,66	2.887.959,08
Other amounts payable		47/48	486.991.848,00	471.692.711,38
Accruals and deferred income	6.9	492/3	2.350.693,53	2.783.183,50
TOTAL LIABILITIES		10/49	1.328.104.137,05	1.338.634.985,88

PROFIT AND LOSS ACCOUNT

	Notes	Codes	Period	Preceding period
Operating income		70/76A	58.187.942,54	63.210.836,65
Turnover	6.10	70	55.691.188,27	61.589.110,37
Stocks of finished goods and work and contracts in progress: increase (decrease)(+)/(-)		71		
Produced fixed assets		72		
Other operating income	6.10	74	2.446.820,95	1.621.726,28
Non-recurring operating income	6.12	76A	49.933,32	
Operating charges		60/66A	50.719.661,46	53.015.106,83
Goods for resale, raw materials and consumables		60		
Purchases		600/8		
Stocks: decrease (increase)(+)/(-)		609		
Services and other goods		61	13.873.240,22	15.516.914,30
Remuneration, social security and pensions(+)/(-)	6.10	62	24.360.085,77	24.610.174,93
Amortisations of and other amounts written down on formation expenses, intangible and tangible fixed assets		630	12.232.808,82	12.708.023,43
Amounts written down on stocks, contracts in progress and trade debtors: additions (write-backs)(+)/(-)	6.10	631/4		
Provisions for liabilities and charges: appropriations (uses and write-backs)(+)/(-)	6.10	635/8		
Other operating charges	6.10	640/8	253.526,65	179.994,17
Operating charges reported as assets under restructuring costs (-)		649		
Non-recurring operating charges	6.12	66A		
Operating profit (loss)(+)/(-)		9901	7.468.281,08	10.195.729,82

	Notes	Codes	Period	Preceding period
Financial income		75/76B	60.653.363,75	779.996.759,04
Recurring financial income		75	60.653.363,75	88.903,13
Income from financial fixed assets		750	60.500.000,00	
Income from current assets		751	5.507,09	1.443,48
Other financial income	6.11	752/9	147.856,66	87.459,65
Non-recurring financial income	6.12	76B		779.907.855,91
Financial charges	6.11	65/66B	5.622.172,33	7.019.808,62
Recurring financial charges		65	5.622.172,33	7.019.808,62
Debt charges		650	5.603.481,22	6.927.703,48
Amounts written down on current assets other than stocks, contracts in progress and trade debtors: additions (write-backs)(+)/(-)		651		
Other financial charges		652/9	18.691,11	92.105,14
Non-recurring financial charges	6.12	66B		
Profit (Loss) for the period before taxes(+)/(-)		9903	62.499.472,50	783.172.680,24
Transfer from deferred taxes		780		
Transfer to deferred taxes		680		
Income taxes on the result(+)/(-)	6.13	67/77	302.800,14	-285.986,77
Taxes		670/3	302.800,14	28.544,10
Adjustment of income taxes and write-back of tax provisions		77		314.530,87
Profit (Loss) of the period(+)/(-)		9904	62.196.672,36	783.458.667,01
Transfer from untaxed reserves		789		
Transfer to untaxed reserves		689		
Profit (Loss) of the period available for appropriation(+)/(-)		9905	62.196.672,36	783.458.667,01

APPROPRIATION ACCOUNT

	Codes	Period	Preceding period
Profit (Loss) to be appropriated(+)/(-)	9906	917.082.776,24	911.202.562,88
Profit (Loss) of the period available for appropriation(+)/(-)	(9905)	62.196.672,36	783.458.667,01
Profit (Loss) of the preceding period brought forward(+)/(-)	14P	854.886.103,88	127.743.895,87
Transfers from equity	791/2		
from contributions	791		
from reserves	792		
Appropriations to equity	691/2		3.798.779,50
to contributions	691		
to legal reserve	6920		
to other reserves	6921		3.798.779,50
Profit (loss) to be carried forward(+)/(-)	(14)	828.205.096,74	854.886.103,88
Shareholders' contribution in respect of losses	794		
Profit to be distributed	694/7	88.877.679,50	52.517.679,50
Compensation for contributions	694	88.877.679,50	52.517.679,50
Directors or managers	695		
Employees	696		
Other beneficiaries	697		

	Codes	Period	Preceding period
CONCESSIONS, PATENTS LICENSES, KNOW-HOW, BRANDS AND SIMILAR RIGHTS			
Acquisition value at the end of the period	8052P	xxxxxxxxxxxxxxxx	3.841.270,84
Movements during the period			
Acquisitions, including produced fixed assets	8022	96.194,46	
Sales and disposals	8032		
Transfers from one heading to another(+)/(-)	8042		
Acquisition value at the end of the period	8052	3.937.465,30	
Amortisations and amounts written down at the end of the period	8122P	xxxxxxxxxxxxxxxx	3.569.430,68
Movements during the period			
Recorded	8072	154.727,23	
Written back	8082		
Acquisitions from third parties	8092		
Cancelled owing to sales and disposals	8102		
Transfers from one heading to another(+)/(-)	8112		
Amortisations and amounts written down at the end of the period	8122	3.724.157,91	
NET BOOK VALUE AT THE END OF THE PERIOD	211	<u>213.307,39</u>	

STATEMENT OF TANGIBLE FIXED ASSETS

	Codes	Period	Preceding period
LAND AND BUILDINGS			
Acquisition value at the end of the period	8191P	xxxxxxxxxxxxxx	22.253.700,13
Movements during the period			
Acquisitions, including produced fixed assets	8161	459.797,46	
Sales and disposals	8171	374.500,00	
Transfers from one heading to another(+)/(-)	8181		
Acquisition value at the end of the period	8191	22.338.997,59	
Revaluation surpluses at the end of the period	8251P	xxxxxxxxxxxxxx	
Movements during the period			
Recorded	8211		
Acquisitions from third parties	8221		
Cancelled	8231		
Transferred from one heading to another(+)/(-)	8241		
Revaluation surpluses at the end of the period	8251		
Amortisations and amounts written down at the end of the period	8321P	xxxxxxxxxxxxxx	7.455.694,11
Movements during the period			
Recorded	8271	971.042,91	
Written back	8281	49.933,32	
Acquisitions from third parties	8291		
Cancelled owing to sales and disposals	8301		
Transferred from one heading to another(+)/(-)	8311		
Amortisations and amounts written down at the end of the period	8321	8.376.803,70	
NET BOOK VALUE AT THE END OF THE PERIOD	(22)	13.962.193,89	

	Codes	Period	Preceding period
PLANT, MACHINERY AND EQUIPMENT			
Acquisition value at the end of the period	8192P	xxxxxxxxxxxxxx	117.383.680,58
Movements during the period			
Acquisitions, including produced fixed assets	8162	677.108,46	
Sales and disposals	8172	1.658.649,72	
Transfers from one heading to another(+)/(-)	8182	408.039,12	
Acquisition value at the end of the period	8192	116.810.178,44	
Revaluation surpluses at the end of the period	8252P	xxxxxxxxxxxxxx	
Movements during the period			
Recorded	8212		
Acquisitions from third parties	8222		
Cancelled	8232		
Transferred from one heading to another(+)/(-)	8242		
Revaluation surpluses at the end of the period	8252		
Amortisations and amounts written down at the end of the period	8322P	xxxxxxxxxxxxxx	88.137.779,79
Movements during the period			
Recorded	8272	10.228.967,16	
Written back	8282		
Acquisitions from third parties	8292		
Cancelled owing to sales and disposals	8302	1.494.279,37	
Transferred from one heading to another(+)/(-)	8312		
Amortisations and amounts written down at the end of the period	8322	96.872.467,58	
NET BOOK VALUE AT THE END OF THE PERIOD	(23)	19.937.710,86	

	Codes	Period	Preceding period
FURNITURE AND VEHICLES			
Acquisition value at the end of the period	8193P	xxxxxxxxxxxxxxx	5.714.376,92
Movements during the period			
Acquisitions, including produced fixed assets	8163	813.222,85	
Sales and disposals	8173	110.493,23	
Transfers from one heading to another(+)/(-)	8183		
Acquisition value at the end of the period	8193	6.417.106,54	
Revaluation surpluses at the end of the period	8253P	xxxxxxxxxxxxxxx	
Movements during the period			
Recorded	8213		
Acquisitions from third parties	8223		
Cancelled	8233		
Transfers from one heading to another(+)/(-)	8243		
Revaluation surpluses at the end of the period	8253		
Amortisations and amounts written down at the end of the period	8323P	xxxxxxxxxxxxxxx	4.078.641,66
Movements during the period			
Recorded	8273	878.071,52	
Written back	8283		
Acquisitions from third parties	8293		
Cancelled owing to sales and disposals	8303	110.017,78	
Transfers from one heading to another(+)/(-)	8313		
Amortisations and amounts written down at the end of the period	8323	4.846.695,40	
NET BOOK VALUE AT THE END OF THE PERIOD	(24)	1.570.411,14	

	Codes	Period	Preceding period
ASSETS UNDER CONSTRUCTION AND ADVANCE PAYMENTS			
Acquisition value at the end of the period	8196P	xxxxxxxxxxxxxxx	397.546,42
Movements during the period			
Acquisitions, including produced fixed assets	8166	625.219,92	
Sales and disposals	8176	21.000,00	
Transfers from one heading to another(+)/(-)	8186	-408.039,12	
Acquisition value at the end of the period	8196	593.727,22	
Revaluation surpluses at the end of the period	8256P	xxxxxxxxxxxxxxx	
Movements during the period			
Recorded	8216		
Acquisitions from third parties	8226		
Cancelled	8236		
Transferred from one heading to another(+)/(-)	8246		
Revaluation surpluses at the end of the period	8256		
Amortisations and amounts written down at the end of the period	8326P	xxxxxxxxxxxxxxx	
Movements during the period			
Recorded	8276		
Written back	8286		
Acquisitions from third parties	8296		
Cancelled owing to sales and disposals	8306		
Transferred from one heading to another(+)/(-)	8316		
Amortisations and amounts written down at the end of the period	8326		
NET BOOK VALUE AT THE END OF THE PERIOD	(27)	593.727,22	

STATEMENT OF FINANCIAL FIXED ASSETS

	Codes	Period	Preceding period
AFFILIATED COMPANIES - PARTICIPATING INTERESTS AND SHARES			
Acquisition value at the end of the period	8391P	xxxxxxxxxxxxxx	1.292.667.979,43
Movements during the period			
Acquisitions	8361		
Sales and disposals	8371		
Transfers from one heading to another(+)/(-)	8381		
Acquisition value at the end of the period	8391	1.292.667.979,43	
Revaluation surpluses at the end of the period	8451P	xxxxxxxxxxxxxx	
Movements during the period			
Recorded	8411		
Acquisitions from third parties	8421		
Cancelled	8431		
Transferred from one heading to another(+)/(-)	8441		
Revaluation surpluses at the end of the period	8451		
Amounts written down at the end of the period	8521P	xxxxxxxxxxxxxx	4.671.708,12
Movements during the period			
Recorded	8471		
Written back	8481		
Acquisitions from third parties	8491		
Cancelled owing to sales and disposals	8501		
Transferred from one heading to another(+)/(-)	8511		
Amounts written down at the end of the period	8521	4.671.708,12	
Uncalled amounts at the end of the period	8551P	xxxxxxxxxxxxxx	
Movements during the period(+)/(-)	8541		
Uncalled amounts at the end of the period	8551		
NET BOOK VALUE AT THE END OF THE PERIOD	(280)	1.287.996.271,31	
AFFILIATED COMPANIES - AMOUNTS RECEIVABLE			
NET BOOK VALUE AT THE END OF THE PERIOD	281P	xxxxxxxxxxxxxx	
Movements during the period			
Appropriations	8581		
Repayments	8591		
Amounts written down	8601		
Amounts written back	8611		
Exchange differences(+)/(-)	8621		
Other movements(+)/(-)	8631		
NET BOOK VALUE AT THE END OF THE PERIOD	(281)		
ACCUMULATED AMOUNTS WRITTEN DOWN ON AMOUNTS RECEIVABLE AT END OF THE PERIOD	8651		

	Codes	Period	Preceding period
OTHER COMPANIES - PARTICIPATING INTERESTS AND SHARES			
Acquisition value at the end of the period	8393P	xxxxxxxxxxxxxxx	
Movements during the period			
Acquisitions	8363		
Sales and disposals	8373		
Transfers from one heading to another(+)/(-)	8383		
Acquisition value at the end of the period	8393		
Revaluation surpluses at the end of the period	8453P	xxxxxxxxxxxxxxx	
Movements during the period			
Recorded	8413		
Acquisitions from third parties	8423		
Cancelled	8433		
Transferred from one heading to another(+)/(-)	8443		
Revaluation surpluses at the end of the period	8453		
Amounts written down at the end of the period	8523P	xxxxxxxxxxxxxxx	
Movements during the period			
Recorded	8473		
Written back	8483		
Acquisitions from third parties	8493		
Cancelled owing to sales and disposals	8503		
Transferred from one heading to another(+)/(-)	8513		
Amounts written down at the end of the period	8523		
Uncalled amounts at the end of the period	8553P	xxxxxxxxxxxxxxx	
Movements during the period(+)/(-)	8543		
Uncalled amounts at the end of the period	8553		
NET BOOK VALUE AT THE END OF THE PERIOD	(284)		
OTHER COMPANIES - AMOUNTS RECEIVABLE			
NET BOOK VALUE AT THE END OF THE PERIOD	285/8P	xxxxxxxxxxxxxxx	40.882,86
Movements during the period			
Appropriations	8583	3.462,06	
Repayments	8593		
Amounts written down	8603		
Amounts written back	8613		
Exchange differences(+)/(-)	8623		
Other movements(+)/(-)	8633		
NET BOOK VALUE AT THE END OF THE PERIOD	(285/8)	44.344,92	
ACCUMULATED AMOUNTS WRITTEN DOWN ON AMOUNTS RECEIVABLE AT END OF THE PERIOD.....	8653		

PARTICIPATING INTERESTS INFORMATION

PARTICIPATING INTERESTS AND OTHER RIGHTS IN OTHER COMPANIES

The following list mentions the companies in which the company holds a participating interest (recorded in headings 280 and 282 of assets), as well as the companies in which the company holds rights (recorded in headings 284 and 51/53 of assets) for an amount of at least 10% of the capital, the equity or a class of shares of the company.

NAME, full address of the REGISTERED OFFICE and, for an entity governed by Belgian law, the COMPANY REGISTRATION NUMBER	Rights held				Data extracted from the most recent annual accounts			
	Nature	Directly		Subsidiaries	Annual accounts as per	Currency code	Equity	Net result
		Number	%				(+) or (-) (in units)	
Melexis Inc Trafalgar Sq 15 NH03063 Nashua United States of America	kapitaalsaandelen	100.000	100,00	0,00	31/12/2019	USD	10.713.391	797.113
Melexis GmbH Konrad-Zuse-Strasse 15 99099 Erfurt Germany	kapitaalsaandelen	3	100,00	0,00	31/12/2019	EUR	134.790.705	53.632.448
Melexis Ukraine Ltd Kotelnikova street 4 03115 Kiev Ukraine	kapitaalsaandelen	0	100,00	0,00	31/12/2019	UAH	45.223.783	16.394.986
Melexis Bulgaria EOOD Samokovsko Shosse 2 1138 Sofia Bulgaria	kapitaalsaandelen	15.646	100,00	0,00	31/12/2019	BGN	43.293.796	5.440.513
Sentron AG Baarerstrasse 73 6300 Zug Switzerland	kapitaalaandelen	5.000	100,00	0,00	31/12/2019	CHF	122.669.415	4.652.261
Melefin NV Transportstraat 1 3980 Tessenderlo Belgium 0878.292.438	kapitaalsaandelen	10.000	100,00	0,00	31/12/2019	EUR	206.167.929	21.972.950
Melexis Technologies SA Chemin de Buchaux 38 2022 BEVAIX Switzerland	gewone aandelen	1.000	100,00	0,00				

PARTICIPATING INTERESTS INFORMATION

PARTICIPATING INTERESTS AND OTHER RIGHTS IN OTHER COMPANIES

NAME, full address of the REGISTERED OFFICE and, for an entity governed by Belgian law, the COMPANY REGISTRATION NUMBER	Rights held				Data extracted from the most recent annual accounts			
	Nature	Directly		Subsidiaries	Annual accounts as per	Currency code	Equity	Net result
		Number	%				(+) or (-) (in units)	
K.K. Melexis Japan Technical Research Center Yokohama Heiwa bldg 9F, 3-30-7 Honcho, Naka-ku 9F 2310005 Yokohama Japan Melexis Electronic Technology (Shanghai) Co., Ltd room 607, Building B, SOHO, DanShui Road, HuanPu 277 Shanghai China Melexis Technologies NV Transportstraat 1 3980 Tessenderlo Belgium 0467.222.076 Melexis (Malaysia) Sdn Bhd Silicon Drive 1 93350 Kuching Malaysia Melexis Dresden GmbH Zur Wetterwarte 50 01109 Dresden Germany Melexis France SAS Boulevard john kennedy 224 91105 corbeil essonnes France FR838333193 Melexis Korea Yuhan Hoesa Pangyo-ro Bundamg-gu Innovalley 255 13486 Seongnam-si, Gyeonggi-do South Korea	kapitaalsaandelen	1.000	100,00	0,00	31/12/2019	JPY	137.924.208	22.462.645
	kapitaalsaandelen	0	100,00	0,00	31/12/2019	CNY	13.507.375	3.302.704
	kapitaalsaandelen	3.969.129	75,00	25,00	31/12/2019	EUR	490.507.924	60.547.219
	kapitaalsaandelen	5.000.000	99,99	0,00	31/12/2019	MYR	9.225.616	1.896.712
	gewone aandelen	25.000	100,00	0,00	31/12/2019	EUR	727.315	307.070
	gewone aandelen	25.000	100,00	0,00	31/12/2019	EUR	2.526.184	-25.691
	gewone aandelen	1.000	100,00	0,00	31/12/2019	KRW	422.447.381	172.447.381
	gewone aandelen	25.000	100,00	0,00				
	gewone aandelen							

STATEMENT OF CAPITAL AND SHAREHOLDERS' STURCTURE

STATEMENT OF CAPITAL

Capital

Issued capital at the end of the period

Issued capital at the end of the period

Codes	Period	Preceding period
100P	XXXXXXXXXXXXXX	564.813,86
(100)	564.813,86	

Modifications during the period

Composition of the capital
Share types

gewone aandelen zonder nominale waarde

Registered shares

Shares dematerialized

Codes	Period	Number of shares
	564.813,86	40.400.000
8702	XXXXXXXXXXXXXX	22.104.943
8703	XXXXXXXXXXXXXX	18.295.057

Unpaid capital

Uncalled capital

Called up capital, unpaid

Shareholders that still need to pay up in full

Codes	Uncalled amount	Called up amount, unpaid
(101)		XXXXXXXXXXXXXX
8712	XXXXXXXXXXXXXX	

Own shares

Held by the company itself

Amount of capital held

Number of shares

Held by a subsidiary

Amount of capital held

Number of shares

Codes	Period
8721	21.376,43
8722	1.785
8731	3.796.459,00
8732	344.356
8740	
8741	
8742	
8745	
8746	
8747	
8751	

Commitments to issuing shares

Owing to the exercise of conversion rights

Amount of outstanding convertible loans

Amount of capital to be subscribed

Corresponding maximum number of shares to be issued

Owing to the exercise of subscription rights

Number of outstanding subscription rights

Amount of capital to be subscribed

Corresponding maximum number of shares to be issued

Authorised capital not issued

Shares issued, non-representing capital

Distribution

Number of shares

Number of voting rights attached thereto

Allocation by shareholder

Number of shares held by the company itself

Number of shares held by its subsidiaries

Codes	Period
8761	
8762	
8771	
8781	

ADDITIONAL NOTES REGARDING CONTRIBUTIONS (INCLUDING CONTRIBUTIONS IN THE FORM OF SERVICES OR KNOW-HOW)

Period

STATEMENT OF AMOUNTS PAYABLE AND ACCRUALS AND DEFERRED INCOME (LIABILITIES)

BREAKDOWN OF AMOUNTS PAYABLE WITH AN ORIGINAL TERM OF MORE THAN ONE YEAR, ACCORDING TO THEIR RESIDUAL MATURITY

Current portion of amounts payable after more than one year falling due within one year

Financial debts	8801
Subordinated loans	8811
Unsubordinated debentures	8821
Leasing and other similar obligations	8831
Credit institutions	8841
Other loans	8851
Trade debts	8861
Suppliers	8871
Bills of exchange payable	8881
Advance payments on contracts in progress	8891
Other amounts payable	8901

Total current portion of amounts payable after more than one year falling due within one year (42)

Amounts payable with a remaining term of more than one year, yet less than 5 years

Financial debts	8802
Subordinated loans	8812
Unsubordinated debentures	8822
Leasing and other similar obligations	8832
Credit institutions	8842
Other loans	8852
Trade debts	8862
Suppliers	8872
Bills of exchange payable	8882
Advance payments on contracts in progress	8892
Other amounts payable	8902

Total amounts payable with a remaining term of more than one year, yet less than 5 years 8912

Amounts payable with a remaining term of more than 5 years

Financial debts	8803
Subordinated loans	8813
Unsubordinated debentures	8823
Leasing and other similar obligations	8833
Credit institutions	8843
Other loans	8853
Trade debts	8863
Suppliers	8873
Bills of exchange payable	8883
Advance payments on contracts in progress	8893
Other amounts payable	8903

Amounts payable with a remaining term of more than 5 years 8913

Codes	Period

AMOUNTS PAYABLE GUARANTEED *(included in accounts 17 and 42/48 of liabilities)*

Amounts payable guaranteed by the Belgian government agencies

Financial debts	8921
Subordinated loans	8931
Unsubordinated debentures	8941
Leasing and other similar obligations	8951
Credit institutions	8961
Other loans	8971
Trade debts	8981
Suppliers	8991
Bills of exchange payable	9001
Advance payments on contracts in progress	9011
Remuneration and social security	9021
Other amounts payable	9051
Total of the amounts payable guaranteed by the Belgian government agencies	9061

Amounts payable guaranteed by real securities given or irrevocably promised by the company on its own assets

Financial debts	8922
Subordinated loans	8932
Unsubordinated debentures	8942
Leasing and other similar obligations	8952
Credit institutions	8962
Other loans	8972
Trade debts	8982
Suppliers	8992
Bills of exchange payable	9002
Advance payments on contracts in progress	9012
Taxes, remuneration and social security	9022
Taxes	9032
Remuneration and social security	9042
Other amounts payable	9052
Total amounts payable guaranteed by real securities given or irrevocably promised by the company on its own assets	9062

TAXES, REMUNERATION AND SOCIAL SECURITY

Taxes *(headings 450/3 and 178/9 of liabilities)*

Outstanding tax debts	9072	
Accruing taxes payable	9073	778.245,21
Estimated taxes payable	450	

Remuneration and social security *(headings 454/9 and 178/9 of liabilities)*

Amounts due to the National Social Security Office	9076	
Other amounts payable in respect of remuneration and social security	9077	2.900.010,66

ACCRUALS AND DEFERRED INCOME

Allocation of heading 492/3 of liabilities if the amount is significant

Provisie intresten
Management vergoedingen
Financiele diensten
Onroerende voorheffing
Nutsvoorzieningen
Overige

Period
1.318.912,53
188.365,00
378.110,00
93.000,00
26.432,00
345.874,00

OPERATING RESULTS

OPERATING INCOME

Net turnover

Allocation by categories of activity

Ontwikkeling en productie van halfgeleiders

Allocation by geographical market

Europa

Other operating income

Operating subsidies and compensatory amounts received from public authorities

OPERATING CHARGES

Employees for whom the company submitted a DIMONA declaration or who are recorded in the general personnel register

Total number at the closing date

Average number of employees calculated in full-time equivalents

Number of actual hours worked

Personnel costs

Remuneration and direct social benefits

Employers' contribution for social security

Employers' premiums for extra statutory insurance

Other personnel costs

Retirement and survivors' pensions

Codes	Period	Preceding period
	55.691.188,27	61.589.110,37
	55.691.188,27	61.589.110,37
740	22.841,64	22.841,64
9086	298	311
9087	301,5	306,9
9088	390.630	428.970
620	16.880.087,60	17.503.327,00
621	5.783.217,95	5.839.671,00
622	568.820,95	557.103,30
623	838.445,51	500.838,35
624	289.513,76	209.235,28

	Codes	Period	Preceding period
Provisions for pensions and similar obligations			
Appropriations (uses and write-backs) (+)/(-)	635		
Depreciations			
On stock and contracts in progress			
Recorded	9110		
Written back	9111		
On trade debtors			
Recorded	9112		
Written back	9113		
Provisions for liabilities and charges			
Appropriations	9115		
Uses and write-backs	9116		
Other operating charges			
Taxes related to operation	640	232.526,65	132.154,41
Other	641/8	21.000,00	47.839,76
Hired temporary staff and personnel placed at the company's disposal			
Total number at the closing date	9096		
Average number calculated in full-time equivalents	9097	8,6	14,9
Number of actual hours worked	9098	15.151	27.279
Costs to the company	617	492.679,53	931.315,87

FINANCIAL RESULTS**RECURRING FINANCIAL INCOME****Other financial income**

Subsidies paid by public authorities, added to the profit and loss account

Capital subsidies 9125 22.841,64 22.841,64

Interest subsidies 9126

Allocation of other financial income

Exchange differences realized 754

Other

koersverschillen 89.539,72 64.618,01

RECURRING FINANCIAL CHARGES

Depreciation of loan issue expenses 6501

Capitalised interests 6502

Depreciations on current assets

Recorded 6510

Written back 6511

Other financial charges

Amount of the discount borne by the company, as a result of negotiating amounts receivable 653

Provisions of a financial nature

Appropriations 6560

Uses and write-backs 6561

Allocation of other financial costs

Exchange differences realized 654

Results from the conversion of foreign currencies 655

Other

koersverschillen 18.691,11 92.105,14

INCOME AND CHARGES OF EXCEPTIONAL SIZE OR FREQUENCY

	Codes	Period	Preceding period
NON-RECURRING INCOME	76	49.933,32	779.907.855,91
Non-recurring operating income	(76A)	49.933,32	
Write-back of depreciation and of amounts written off intangible and tangible fixed assets	760	49.933,32	
Write-back of provisions for extraordinary operating liabilities and charges	7620		
Capital profits on disposal of intangible and tangible fixed assets	7630		
Other non-recurring operating income	764/8		
Non-recurring financial income	(76B)		779.907.855,91
Write-back of amounts written down financial fixed assets	761		
Write-back of provisions for extraordinary financial liabilities and charges	7621		
Capital profits on disposal of financial fixed assets	7631		779.907.855,91
Other non-recurring financial income	769		
NON-RECURRING CHARGES	66		
Non-recurring operating charges	(66A)		
Non-recurring depreciation of and amounts written off formation expenses, intangible and tangible fixed assets	660		
Provisions for extraordinary operating liabilities and charges: appropriations (uses)	6620	(+)/(-)	
Capital losses on disposal of intangible and tangible fixed assets	6630		
Other non-recurring operating charges	664/7		
Non-recurring operating charges carried to assets as restructuring costs	6690	(-)	
Non-recurring financial charges	(66B)		
Amounts written off financial fixed assets	661		
Provisions for extraordinary financial liabilities and charges - appropriations (uses)	6621	(+)/(-)	
Capital losses on disposal of financial fixed assets	6631		
Other non-recurring financial charges	668		
Non-recurring financial charges carried to assets as restructuring costs	6691	(-)	

TAXES

INCOME TAXES

Income taxes on the result of the period	9134	302.800,14
Income taxes paid and withholding taxes due or paid	9135	302.800,14
Excess of income tax prepayments and withholding taxes paid recorded under assets	9136	
Estimated additional taxes	9137	
Income taxes on the result of prior periods	9138	
Additional income taxes due or paid	9139	
Additional income taxes estimated or provided for	9140	
Major reasons for the differences between pre-tax profit, as it results from the annual accounts, and estimated taxable profit		
DBI aftrek		-60.500.000,00
Octrooi aftrek		-1.680.610,00
Verworpen uitgaven		750.000,00
Investeringsaftrek		-438.571,00

Influence of non-recurring results on income taxes on the result of the period

Period

Sources of deferred taxes

Deferred taxes representing assets	9141	
Accumulated tax losses deductible from future taxable profits	9142	
Other deferred taxes representing assets		
Investeringsaftrek		3.649.821,00
Deferred taxes representing liabilities	9144	
Allocation of deferred taxes representing liabilities		

VALUE-ADDED TAXES AND TAXES BORNE BY THIRD PARTIES

Value-added taxes charged

To the company (deductible)	9145	3.198.536,48	5.245.027,48
By the company	9146	11.236.906,46	13.063.863,99
Amounts withheld on behalf of third party by way of			
Payroll withholding taxes	9147	5.783.217,95	5.839.671,14
Withholding taxes on investment income	9148	7.313.988,25	11.932.402,01

RELATIONSHIPS WITH AFFILIATED COMPANIES, ASSOCIATED COMPANIES AND OTHER COMPANIES LINKED BY PARTICIPATING INTERESTS

	Codes	Period	Preceding period
AFFILIATED COMPANIES			
Financial fixed assets	(280/1)	1.287.996.271,31	1.287.996.271,31
Participating interests	(280)	1.287.996.271,31	1.287.996.271,31
Subordinated amounts receivable	9271		
Other amounts receivable	9281		
Amounts receivable	9291		
Over one year	9301		
Within one year	9311		
Current investments	9321		
Shares	9331		
Amounts receivable	9341		
Amounts payable	9351	450.634.168,54	471.692.711,38
Over one year	9361		
Within one year	9371	450.634.168,54	471.692.711,38
Personal and real guarantees			
Provided or irrevocably promised by the company as security for debts or commitments of affiliated companies	9381		
Provided or irrevocably promised by affiliated companies as security for debts or commitments of the company	9391		
Other significant financial commitments	9401		
Financial results			
Income from financial fixed assets	9421	60.500.000,00	
Income from current assets	9431		
Other financial income	9441		
Debt charges	9461	5.594.575,11	6.902.937,77
Other financial charges	9471		
Disposal of fixed assets			
Capital profits realised	9481		
Capital losses realised	9491		

RELATIONSHIPS WITH AFFILIATED COMPANIES, ASSOCIATED COMPANIES AND OTHER COMPANIES LINKED BY PARTICIPATING INTERESTS

	Codes	Period	Preceding period
ASSOCIATED COMPANIES			
Financial fixed assets	9253		
Participating interests	9263		
Subordinated amounts receivable	9273		
Other amounts receivable	9283		
Amounts receivable	9293		
Over one year	9303		
Within one year	9313		
Amounts payable	9353		
Over one year	9363		
Within one year	9373		
Personal and real guarantees			
Provided or irrevocably promised by the company as security for debts or commitments of affiliated companies	9383		
Provided or irrevocably promised by affiliated companies as security for debts or commitments of the company	9393		
Other significant financial commitments	9403		
COMPANIES LINKED BY PARTICIPATING INTERESTS			
Financial fixed assets	9252		
Participating interests	9262		
Subordinated amounts receivable	9272		
Other amounts receivable	9282		
Amounts receivable	9292		
Over one year	9302		
Within one year	9312		
Amounts payable	9352		
Over one year	9362		
Within one year	9372		

TRANSACTIONS WITH AFFILIATED PARTIES BEYOND NORMAL MARKET CONDITIONS

Mention of these transactions if they are significant, including the amount of the transactions, the nature of the link, and all information about the transactions that should be necessary to get a better understanding of the financial situation of the company

Nihil

Period

FINANCIAL RELATIONSHIPS WITH

DIRECTORS AND MANAGERS, INDIVIDUALS OR LEGAL PERSONS WHO CONTROL THE COMPANY DIRECTLY OR INDIRECTLY WITHOUT BEING ASSOCIATED THEREWITH, OR OTHER COMPANIES CONTROLLED DIRECTLY OR INDIRECTLY BY THESE PERSONS

Amounts receivable from these persons

Principal conditions regarding amounts receivable, rate of interest, duration, any amounts repaid, cancelled or written off

Guarantees provided in their favour

Other significant commitments undertaken in their favour

Amount of direct and indirect remunerations and pensions, reflected in the income statement, as long as this disclosure does not concern exclusively or mainly, the situation of a single identifiable person

To directors and managers

To former directors and former managers

Codes	Period
9500	
9501	
9502	
9503	
9504	

THE AUDITOR(S) AND THE PERSONS WHOM HE (THEY) IS (ARE) COLLABORATING WITH

Auditors' fees.....

Fees for exceptional services or special assignments executed within the company by the auditor

Other audit assignments.....

Tax consultancy assignments

Other assignments beyondthe audit

Fees for exceptional services or special assignments executed within the company by people the auditor(s) is (are collaborating with

Other audit assignments.....

Tax consultancy assignments

Other assignments beyondthe audit

Codes	Period
9505	58.555,00
95061	10.500,00
95062	
95063	
95081	
95082	
95083	

Mentions related to article 3:64, § 2 and § 4 of the Belgian Companies and Associations Code

DECLARATION WITH REGARD TO THE CONSOLIDATED ANNUAL ACCOUNTS

INFORMATION TO DISCLOSE BY EACH COMPANY GOVERNED BY THE BELGIAN COMPANIES AND ASSOCIATIONS CODE ON THE CONSOLIDATED ANNUAL ACCOUNTS

The company has prepared and published consolidated annual accounts and a consolidated annual report*

~~The company has not prepared consolidated annual accounts and a consolidated annual report, because of an exemption for the following reason(s)*~~

~~The company and its subsidiaries exceed, on a consolidated basis, not more than one of the criteria mentioned in article 1:26 of the Belgian Companies and Associations Code*~~

~~The company only has subsidiaries that, considering the evaluation of the consolidated capital, the consolidated financial position or the consolidated result, individually or together, are of negligible interestError! Bookmark not defined. (article 3:23 of the Belgian Companies and Associations Code)~~

~~The company itself is a subsidiary of a parent company that prepares and publishes consolidated annual accounts, in which the annual accounts are integrated by consolidation**~~

INFORMATION TO BE PROVIDED BY THE COMPANY IN CASE IT IS A SUBSIDIARY OR A JOINT SUBSIDIARY

Name, full address of the registered office and, if it concerns companies under Belgian law, the company registration number of the parent company(ies) and the indication if this (these) parent company(ies) prepares (prepare) and publishes (publish) consolidated annual accounts, in which the annual accounts are included by means of consolidation**:

XTRION NV

Transportstraat 1

3980 Tessenderlo, Belgium

0878.389.438

The enterprise draws up consolidated annual accounts data for the major part of the enterprise

If the parent company(ies) is (are) (a) company(ies) governed by foreign law, the location where the abovementioned annual accounts are available**:

* Strike out what does not apply.

** Where the annual accounts of the company are consolidated at different levels, the information should be given, on the one hand at the highest and on the other at the lowest level of companies of which the company is a subsidiary and for which consolidated accounts are prepared and published.

FINANCIAL RELATIONSHIPS OF THE GROUP THE COMPANY IS IN CHARGE OF IN BELGIUM WITH THE AUDITOR(S) AND THE PERSONS WITH WHOM HE (THEY) IS (ARE) LINKED

Mentions related to article 3:65, § 4 and § 5 of the Belgian Companies and Associations Code

Fees to auditors according to the mandate at the group level led by the company publishing the information

Fees for exceptional services or special missions executed by the auditor(s) at this group

Other audit assignments

Tax consultancy assignments

Other assignments beyond the audit

Fees to people auditors are linked to according to the mandate at the group level led by the company publishing the information

Fees for exceptional services or special assignments executed at this group by people the auditor(s) is (are) linked to

Other audit assignments

Tax consultancy assignments

Other assignments beyond the audit

Codes	Period
9507	110.515,00
95071	10.500,00
95072	
95073	
9509	66.354,00
95091	
95092	
95093	

Mentions related to article 3:64, § 2 and § 4 of the Belgian Companies and Associations Code

VALUATION RULES

XX. VALUATION RULES

1. Formation expenses

The formation expenses are booked as an asset in the balance sheet at their purchase value less depreciation. Depreciation is applied under the straight line basis at 20% pro rata per annum.

2. Tangible and intangible fixed assets

The tangible fixed assets are booked as an asset in the balance sheet at their purchase value or production cost if it concerns assets under construction.

Depreciation is applied under the straight line basis at the following percentages pro rata per annum:

Land and buildings 5%

Plant, machinery and equipment 10% - 20%

Furniture and vehicles 10% - 20%

The intangible fixed assets are booked as an asset in the balance sheet at their purchase value or production cost if it concerns assets under construction. Licenses are depreciated under the straight line basis at 20% pro rata per annum.

3. Financial fixed assets

The participations are valued at the purchase value.

In the event of permanent loss or depreciation, justified by the situation, profitability and prospects of the company in which the shares are held, impairment will be applied.

4. Cash at bank and in hand

These assets are valued at their nominal value.

5. Amounts receivable after more than 1 year and amounts receivable within one year.

The amounts receivable are booked at their nominal value. The amounts receivable in foreign currency are recorded in EUR at a fixed transfer rate on the date of the transaction and valued at the latest exchange rate.

The exchange rate differences which result out of the valuation exercise are recorded in the income statement. Depreciation is applied when the realized value at the date of the financial year is less than the carrying amount.

6. Stocks

Raw materials and consumables are valued at the purchase value calculated according the FIFO method.

The work in progress and finished goods are valued at production cost which comprises of direct and indirect costs.

Depreciation is booked for unlisted items and when the realized value is less than the carrying amount.

7. Provisions for liabilities and charges

The Board of Directors, with care, sincerity and good faith decision, examines the year-end provisions to be formed in order to cover:

- major repair and maintenance works
- other risks, if necessary

8. Amounts payable after more then one year and amounts payable within one year

Amounts payable are booked at their nominal value. Amounts payable in foreign currency are recorded in EUR at a fixed transfer rate on the date of the transaction and valued at the latest exchange rate.

The exchange rate differences which result out of the valuation exercise are recorded in the income statement.

XXI. Related parties

1. Shareholders' structure and identification of major related parties

Melexis NV is the parent company of the Melexis group that includes following entities which have been consolidated:

Melexis Inc	US entity
Melexis GmbH	German entity
Melexis Bulgaria EOOD	Bulgarian entity
Melexis Ukraine Ltd	Ukraine entity
Melexis Technologies SA	Swiss entity
Melexis NV/Branch office France	French branch
Sentron AG	Swiss entity
Melefin NV	Belgian entity
Melexis Technologies NV	Belgian entity
Melexis NV/Branch office Philippines	Philippine branch
K.K. Melexis Japan Technical Research Center	Japanese entity
Melexis Electronic Technology Co. Ltd	Chinese entity
Melexis (Malaysia) Sdn Bhd	Malaysian entity
Melexis Technologies NV (Malaysian) branch	Malaysian branch

VALUATION RULES

Melexis Dresden GmbH German entity
Melexis France SAS
Melexis Korea Yuhan Hoesa

French entity
South-Korean entity

The shareholders of Melexis NV are as follows:

Xtrion NV owns 53.58% of the outstanding Melexis shares. The shares of Xtrion are controlled directly and/or indirectly by Mr. Roland Duchâtelet, Mr. Rudi De Winter and Mrs. Françoise Chombar .

Mr. Roland Duchâtelet and Mrs. Françoise Chombar, who are directorsat Melexis NV.

Elex NV is 99.9% owned by Mr. Roland Duchâtelet.

Xtrion NV owns 48.4% of the outstanding shares of X-FAB Silicon Foundries SE, producer of wafers, which are the main raw materials for the Melexis products.
The company sells the majority of its products also to third parties.

Melexis, as in prior years, purchases part of its test equipment from the XPEQT Group. The company develops, produces and sells test systems for the semiconductor industry.

XPEQT Group is owned by Xtrion NV for 99.99%.

As recommended by the Belgian Companies Code (Article 7:96 and 7:97) the Board of directors investigates all transactions in which, according to above articles, a possible conflict of interest can exist.

For all transactions occurred outside of “normal business transactions”, an independent expert will be appointed. The expert will present a report of these transactions towards the independent directors.

**OTHER DOCUMENTS TO BE FILED IN ACCORDANCE WITH THE
BELGIAN COMPANIES AND ASSOCIATIONS CODE****ANNUAL REPORT****Melexis**

Public limited liability company
Rozendaalstraat 12
8900 Ieper
VAT BE – 0435.604.729
Register Legal Entities Ieper
(the “Company”)

Annual Report concerning the financial year ended 31 December, 2020

According legal requirements, we have the honour of reporting to you on the economic situation of the Company concerning the financial year covering the period from January 1st, 2020 until December 31st, 2020.

This Annual Report and also the Annual Accounts will be made available to you.

1. COMMENTS ON THE ANNUAL ACCOUNTS

These comments are based on the balance sheet after appropriation and are consequently valid under reservation of approval of the proposed appropriation by the ordinary general meeting.

The draft of the annual accounts has been drawn up in accordance with the provisions of the Royal Decree of 29 April 2019 implementing the Code of Companies and Associations.

On a standalone basis, the Company realized a turnover of 55.7 million EUR. The total turnover decreased by 9.58% compared to 2019.

The operating profit in 2020 amounted to 7.5 million EUR, mainly as a result of the decrease in turnover.

The fixed assets have decreased in 2020 with 10,068 EUR.

The Group results can be found in the Melexis Group’s annual report, shared on the internet.

**OTHER DOCUMENTS TO BE FILED IN ACCORDANCE WITH THE
BELGIAN COMPANIES AND ASSOCIATIONS CODE**

ANNUAL REPORT



2. APPROPRIATION OF THE RESULT

The Board of Directors proposes to present the profit to be appropriated of EUR 917,082,776.24 as follows:

- dividends	EUR 88,877,679.50
- profit to be carried forward	EUR 828,205,096.74

3. IMPORTANT EVENTS AFTER THE CLOSING OF THE FINANCIAL YEAR

PRIVATE PLACEMENT

On 5 March 2021, Xtrion NV, Melexis NV and Melexis Technologies NV sold Melexis shares in a private placement. Xtrion NV sold a total of 1,444,398 existing shares, reducing its participation in Melexis from 53.6% to 50.0% + 1 share. Melexis and Melexis Technologies sold all treasury shares, a total of 346,141. The purpose of the sale was to increase the free float, to enhance the liquidity of the Melexis share and to support the representation in relevant indices. The net proceeds of the sale will be used by Melexis and Melexis Technologies to finance general corporate purposes, including the long-term shareholder remuneration practice.

COVID-19

Melexis has been closely monitoring and responding to the COVID-19 evolutions around the world and this since January 2020. More than ever, the health and safety of our people and our other stakeholders are our foremost concern. We have a Melexis COVID-19 taskforce in place which worked intensely to plan for and react to the outbreak in a timely fashion. Specific measures – such as working from home, social distancing and business continuity planning – are implemented in all facilities worldwide.

Business and financial impact on the Group results

With approximately 90% of its products sold in automotive, Melexis depends on the worldwide demand for vehicles. This demand was significantly impacted in 2020 by COVID-19 and the accompanying measures, such as quarantine measures and cities put on lockdown. Melexis content growth in vehicles softened the negative impact of lower car sales.

COVID-19 adversely impacted Melexis' supply chain, for example by causing a delay in delivery of equipment, wafers, packaging services, etc. due to mitigation measures taken by governments and bottlenecks in production, transportation and customs activities. Supply chain and business contingency planning ensured that our manufacturing sites kept running under the best achievable circumstances. These disruptions in the supply chain, arisen due to COVID-19, have been resolved to a large extent. The remaining issues are often linked to products where demand is high.

Melexis implemented technical unemployment due to COVID-19 in several countries. This resulted in cost savings of approximately EUR 1.8 million. The impact of specific COVID-19 related costs (mainly supplies and services related to hygienic measures) was minor.

Despite a solid start of the year, Melexis decided on **1 April 2020** to withdraw its full year 2020 outlook as the economic impact resulting from the COVID-19 pandemic could not be quantified at that moment. As a matter of prudence and in light of the extreme unpredictability of the situation at

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that time, the Board of Directors decided to propose to the annual shareholders' meeting to pay out over the result of 2019 a total dividend of 1.30 EUR gross per share, which was paid in October 2019 as interim dividend. A final dividend was not paid.

On **29 April 2020**, Melexis published its Q1 2020 results and was not able to provide a financial outlook for Q2 2020.

On **29 July 2020**, Melexis published its Q2 2020 results, stating in the business comment that despite the COVID-19 pandemic, it was able to post 1H2020 sales growth of 1% versus 1H2019. Supply and demand disruptions had been tackled in an efficient manner, and cost savings had been effectively implemented where possible.

On **28 October 2020**, Melexis published its Q3 2020 results. During the third quarter, we noticed an improvement of customer sentiment and, in the course of September, a substantial uptick in orders. Thanks to proactive supply chain and inventory management, Melexis was able to meet increased customer demand. Inventories at customers continued to be estimated at low levels.

Finally, on **3 February 2021**, Melexis published its full-year 2020 results, announcing a 4% year-over-year growth. Next to a continued launch of products in the automotive market, Melexis had also tapped into the adjacent markets that gained momentum with the COVID-19 outbreak. Part of Melexis' products like temperature sensors are critical components to many of the equipment to overcome the pandemic. The applications range from diagnostics, patient monitoring systems and respiratory devices to a variety of body thermometers. Increased traction in gaming applications, as a consequence of the globally increased consumer interest during lockdown, and spurred by the release of the next generation gaming GPUs, boosted the demand for our 1-coil fan drivers. In 2020, sales to adjacent markets represented 12% of total sales, a strong increase versus 2019.

Balance sheet*

On 31 December 2020, the cash position had increased to EUR 58,883,048 with an outstanding bank debt of EUR 62,000,000, stable compared to end 2019. Unused committed credit lines were 103 million EUR. Debt restructuring was not considered necessary. The inventory decreased with EUR 5 million compared with end 2019, offset by an increase in accounts receivable by EUR 7 million.

Deferred tax asset*

Based on the discounted cash flow analysis, as described in the paragraph below, there are no issues noticed in regard to the recoverability of the deferred tax asset on our balance sheet.

Expected credit losses*

Due to COVID-19, the credit control department increased their focus on the outstanding balances of customers. When there is a significant increase in the credit risk of a customer, an allowance for doubtful accounts 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.

(*) This applies to the Melexis Group.

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The amount of credit losses written of in our consolidated statement of financial position is negligible (less than EUR 220,000). An analysis of the expected credit losses booked in the current financial year is made on a yearly basis. The analyses done in 2020 did not show any material impact of the COVID-19 pandemic on expected credit losses. Furthermore, we did not see any impact on our customers' payment behavior that could lead to customer credit losses in the future. As a result, no provisions for future credit losses were foreseen. We will continue to monitor this in the future and accruals will be taken if material expected customer credit losses appear.

Outstanding receivables*

There is no impact of the COVID-19 pandemic on our outstanding receivables. On the contrary, the percentage of receivables outstanding for more than 30 days is lower than in previous years. We have increased our focus on outstanding receivables in light of the COVID-19 situation.

Our proactive follow up on the outstanding receivables and our actions taken to get receivables paid according to agreed terms resulted in no visible impact of the COVID-19 pandemic on our outstanding receivables.

Inventories*

There was no impact of the COVID-19 pandemic on our inventories. The company intentionally kept its chip inventories at a higher level in the past year in order to meet an elevated demand.

Impairment testing*

Following the outbreak of the COVID-19 pandemic, Melexis performed impairment testing in June 2020 under IAS 36. This exercise, which was performed on CGU level, compared the discounted expected future cash flows with the carrying amounts of the company's net assets. In this process, estimated future cash flows were discounted to their present values using discount rates reflecting the current market assessment of the time value of money. The time value of money was estimated based on the average weighted cost of capital of Melexis and a set of peers obtained from the Bloomberg Professional database. This exercise resulted in a discount rate of 7.9%. Future cash flows were estimated as follows: the first six years of future cash flows were estimated based on management's most recent business planning forecasts, which take into account the estimated impact of COVID-19. Subsequently, a terminal value was estimated based on the aforementioned business planning forecasts, the 7.9% WACC as detailed above and a long-term growth rate of 2% (which is commensurate with long-term inflation expectations as well as external analyst expectations). The aforementioned assumptions taken to perform the impairment analyses were tested for sensitivity. Based on the various scenarios considered in this exercise, there is significant headroom and any reasonable alternative assumption could not undermine the conclusion that no impairment is required. On top of the aforementioned sensitivity testing, the outcome of Melexis' discounted cash flow analysis was challenged against: Melexis' minimum and average share price over a time horizon of 3, 6, and 12 months prior to the moment of the impairment analysis and various recent valuation reports from external analysts covering Melexis. These additional tests confirmed the significant headroom and our conclusion that no impairment is required.

The exercise was updated at year end, using the same assumptions as in June 2020. The conclusions did not change and, as a result, no impairment was required.

(*) This applies to the Melexis Group.

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4. RESEARCH AND DEVELOPMENT

The research and development expenses made during the financial year by the Company amount to 7.2 million EUR (mainly capital expenditures and salary expenses).

5. BRANCH OFFICES

Melexis NV/BO France, Paris
Melexis NV/BO France, Grasse
Melexis NV/BO Philippines, Laguna

**6. INFORMATION ABOUT THE CIRCUMSTANCES THAT COULD HAVE A
CONSIDERABLE IMPACT ON THE DEVELOPMENT OF THE COMPANY**

We do not expect any circumstances that could have a considerable impact on the evolution of our Company.

**7. RISKS AND UNCERTAINTIES RELATED TO THE COMPANY AND ITS
SUBSIDIARIES**

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.

7.1. RISKS RELATED TO THE COMPANY

7.1.1. 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

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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 fulfill, 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.

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 fulfill, 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.

7.1.2. 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.

7.1.3. DEPENDENCE ON DATA AND IT SYSTEMS

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.

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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 US dollars of cash dividends and other distributions paid in euros on the shares.

Please refer to the foreign currency risk in chapter 8.9.5.AL of the Melexis Group's annual report for more information about the impact of foreign currencies.

7.1.5. CREDIT RISK ON SHORT-TERM INVESTMENTS

The company is subject to risks of financial losses on investments in marketable securities and short-term deposits.

7.1.6. 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.

7.1.7. 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.

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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.

7.1.9. 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.

7.1.10. 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.

7.1.11. 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

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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.

7.1.12. CLAIMS

Melexis receives, on a regular basis, claims from customers, and might receive claims from competitors as well. If justified from an accounting perspective, these claims are being 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 8.9.5.AE Litigation of the Melexis Group's annual report.

7.1.13. THE IMPORTANCE OF SIGNIFICANT CUSTOMERS

The Melexis Group's biggest customer accounts for 13% of total sales. No other customers have sales over 10% of total sales. For the year ended 31 December 2020, the 10 most important customers accounted for 45% of total sales (cfr. note 8.9.5.Y of the Melexis Group's annual report).

7.1.14. SIGNIFICANT SUPPLIER

The Melexis Group sources the majority of its wafers from X-FAB, a related party that is controlled by Melexis' largest shareholder, Xtrion NV (cfr. also Related Parties in Chapter 8). Conditions of the commercial relations between X-FAB and Melexis are in line with those that would have been agreed upon between independent parties in comparable circumstances. The arm's length character of these conditions are analyzed, determined, and tested in accordance with the principles and best practices in this respect as detailed in the OECD's 2017 Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations. Notwithstanding due care taken in the Group's transfer pricing analysis, there can be no assurance that the tax authorities or courts will not take a position contrary to the Group's position.

To reduce the risk of dependency on one supplier, Melexis also sources from two other Asian wafer fabs. For packaging services, Melexis sources from several Asian vendors.

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7.1.15. SIGNIFICANT SHAREHOLDERS

On 31 December 2020, the main shareholder holds 53.58% of the company's issued and outstanding ordinary shares. As a result, this shareholder, through the exercise of his voting rights, has the ability to significantly influence the company's management and affairs and all matters requiring shareholder approval, including the election of directors and approval of significant corporate transactions. In addition, some decisions concerning the company's operations or financial structure may present conflicts of interest between the company and this shareholder. For example, if the company is required to raise additional capital from public or private sources to finance its anticipated growth and contemplated capital expenditures, its interests might conflict with those of these shareholders with respect to the particular type of financing sought. In addition, the company may have an interest in pursuing acquisitions, divestitures, financings, or other transactions that, in management's judgment, could be beneficial to the company, even though the transactions might conflict with the interests of this shareholder. Likewise, this shareholder has contractual and other business relationships with the company from time to time. Although it is anticipated that any such transactions and agreements will be on terms no less favorable to the company than it could obtain in contracts with unrelated third parties, conflicts of interest could arise between the company and this shareholder in certain circumstances.

For the required information with respect to the potential conflicts of interest, please refer to the related parties in chapter 8.9 of the Melexis Group's annual report.

7.1.16. CLIMATE CHANGE

The main environmental risks that Melexis faces are linked primarily to climate change, such as natural hazards. Melexis is mapping, proactively and together with our suppliers, natural hazards at every stage of the supply chain and ensuring mitigation of such risks.

7.2. RISKS RELATED TO THE BUSINESS

7.2.1. 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.

7.2.2. 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 amount 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.

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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.

7.2.3. 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 volts). 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, Elmos, Honeywell, Infineon Technologies, TDK (Micronas), NXP, ST Microelectronics, On Semiconductor 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.

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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.

7.2.5. 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.

Alternatively, the company may have to incur unexpected costs to expedite orders in order to meet unforecasted customer demand. The company typically does not have supply contracts with its vendors that obligate the vendor to perform services and supply products for a specific period, in specific quantities, and at specific prices.

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.

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Melexis sources the majority of its wafers from a related party (cfr. also Related Parties in chapter 8 of the Melexis Group's annual report), but sources from two Asian wafer fabs as well, to reduce the risk of dependency on one supplier. For the packaging services, Melexis sources from several Asian vendors.

7.2.6. 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.

7.3. RISKS RELATED TO FUTURE TRADING ON EURONEXT

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.

8. FINANCIAL INSTRUMENTS

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 risk.

Risk management policies have been defined on Group level, and are carried out by the local companies of the Group. COVID-19 had no impact on the existing risk management procedures.

(1) Credit risks

Credit risk arises from the possibility that customers may not be able to settle obligations to the company within the normal terms of trade. To manage the risk, the company periodically assesses the financial viability of customers. The Group has no significant concentration of credit risk with any single counterparty or group of counterparties having similar characteristics. For more information on the impact of COVID-19 on credit risk we refer to note 8.9.5.AN of the Melexis Group's annual report.

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(2) Interest rate risk

At year end, the Group does not use derivatives to manage interest rate risks of the outstanding bank debt. The schedule of long-term-debt repayments is disclosed in note 8.9.5.M of the Melexis Group's annual report.

(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 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 at year end is taken up in note 8.9.5.C of The Melexis Group's annual report.

(5) Inflation risk

The inflation risk of the Group arises from the possibility that the salaries will increase due to inflation. At year end, the Group does not use derivative contracts to manage (part of) the inflation risk.

9. INDEPENDENCE AND EXPERTISE REGARDING ACCOUNTING AND AUDIT OF AT LEAST ONE MEMBER OF THE AUDIT COMMITTEE

According to article 7:99 of the Belgian Code of Companies and Associations, at least one independent member of the Audit Committee has to be experienced in accounting and audit. Both Procexcel BV, represented by Ms. Jenny Claes, and Mr. Shiro Baba comply with this requirement through their relevant work experience. In this respect we like to refer to the short biographies of the abovementioned members in chapter 10 of the Melexis Group's annual report.

10. CORPORATE GOVERNANCE STATEMENT

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 (www.corporategovernancecommittee.be/en/).

In the first quarter of 2020, Melexis aligned its Corporate Governance Charter with the Code 2020 on Corporate Governance. The Corporate Governance Charter can be consulted on the website of the company at: <http://www.melexis.com/en/investors/corporate-governance/corporategovernance-charter>.

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10.1. 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 Melexis' 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 Melexis' 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 Melexis' website after the meeting.

10.2. 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, Ms. Françoise Chombar, who can represent the company by her sole signature within the framework of the daily management. For actions that fall outside the scope of the 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. The Executive Management is also responsible for screening the various risks and opportunities that the company might encounter in the short, medium or longer term, as well as for ensuring that systems are in place to identify and address these risks and opportunities.

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As of 1 August 2021 onwards, Ms. Françoise Chombar, Melexis' Chief Executive Officer, will become chairwoman of the Board of Directors. Mr. Roland Duchâtelet, current chairman of the Board of Directors, will remain a member of the Board of Directors.

Mr. Marc Biron will replace Ms. Françoise Chombar as the new Chief Executive Officer of Melexis. Subject to the approval of the shareholders during the annual shareholders' meeting, he will also join the Board of Directors as from 1 August 2021.

10.3. 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 should be independent in accordance with article 7:87 of the Belgian Code of Companies and Associations.

The Board of Directors is composed of at least half 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 of 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 Chairman of the Board is Mr. Roland Duchâtelet.

The composition of the Board of Directors complies with 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.

Name	Age	Expiry mandate	Position
Roland Duchâtelet	74	2022	Chairman of the Board Non-executive director
Françoise Chombar	58	2022	Managing director, CEO
Procexcel represented by Jenny Claes	BV, Ms. 73	2021	Non-executive and independent director

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Shiro Baba	71	2021	Non-executive and independent director
Martine Baelmans	56	2022	Non-executive and independent director

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 is the co-founder of the parent company of Melexis NV. He holds a degree in electronic engineering, a degree in applied economics and an MBA from the University of Leuven.

Ms. Françoise Chombar has served as acting Chief Operating Officer since 1994. Prior to that date, she served as planning manager at Elmos GmbH (Germany) from 1986 to 1989. From 1989 she served as operations manager and director at several companies within the Elex group. Ms. Chombar became director in 1996. She holds a master's degree in interpreting in Dutch, English and Spanish from the University of Ghent. 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 has continued these functions. Ms. Chombar is currently a Board member at Umicore, a global materials technology and recycling group. On 26 July 2019, she was appointed as a member of the Board of Directors and the Strategy and Governance / Nomination Committees of Soitec, a company specialized in generating and manufacturing semiconductor materials. 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.

Ms. Jenny Claes has a long track record in three different companies and was mainly active in the field of logistics. This included responsibilities for commercial planning, production planning, warehousing, transport, international sales administration, ICT and quality management. She participated in the start-up of the European distribution center of SKF in Tongeren and held the position of General Manager of SKF Logistics Services Belgium from the end of 2003 until the end of 2008. Ms. Claes held the position of Manager Quality and Business Excellence of SKF Logistics Services worldwide. Ms. Jenny Claes holds a master's degree in international trade.

Mr. Shiro Baba has 38 years' professional and management experience in different fields related to the semiconductor business. He started his career in 1975 in 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 & 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.

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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 educational policy, innovation and entrepreneurship at this university. Ms. Baelmans holds a Master of Science in Mechanical Engineering and a PhD degree in Engineering Sciences from KU Leuven. Her research has been mainly focused on thermodynamics and heat transfer, particularly in applications for electronics cooling.

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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, the induction and the 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 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 2020, the Board convened ten (10) times and treated, among others, the following topics:

- ✔ Financial results of the Group
- ✔ Financial and legal risks to which the Group is exposed
- ✔ Possible acquisitions
- ✔ Strategic review
- ✔ Dividend policy
- ✔ Budget for the next financial year
- ✔ Recommendations of the Audit Committee and the Nomination and Remuneration Committee

Ms. Jenny Claes could not attend the meetings of the Board of Directors of 31 January and 17 August. Ms. Martine Baelmans could not be present at the meeting of the Board of Directors of 26 October.

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 2019, 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

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- ✓ The individual contribution of each member of the Board.

10.4. 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: Procexcel BV, represented by Ms. Jenny Claes, independent director and Chair, Mr. Roland Duchâtelet, and Mr. Shiro Baba, independent director.

The Audit Committee met three (3) times in 2020. Mr. Shiro Baba could not attend the meeting of the Audit Committee on 30 January.

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 auditor fees
- ✓ Reports of the statutory auditor and internal auditor
- ✓ Delegation of Authority

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. Martine Baelmans, independent director and Chair, Mr. Roland Duchâtelet, and Procexcel BV, represented by Ms. Jenny Claes, independent director. The committee has the relevant expertise regarding remuneration policy.

The Nomination and Remuneration Committee met four (4) times in 2020. Ms. Jenny Claes could not attend the meetings of the Nomination and Remuneration Committee of 31 January and 16 March.

In addition to the exercise of its legal powers and the duties listed in the Melexis Corporate Governance Charter, in 2019 the Nomination and Remuneration Committee reviewed, among others:

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- ✓ Remuneration and variable remuneration of Executive Management
- ✓ Assessment of the variable remuneration of the CEO
- ✓ Remuneration policy
- ✓ Executive Team assessment

10.5. EXECUTIVE MANAGEMENT

Composition

The Executive Management¹ is composed of the following members:

Name	Age	Function
Marc Biron	50	VP Sense & Drive
Françoise Chombar	58	Chief Executive Officer
Kristof Coddens	50	VP Artificial Intelligence
Karen van Griensven	50	Chief Financial Officer
Vincent Hiligsmann	50	VP Corporate Strategy – Global Sales, Brand & Communication
Veerle Lozie	47	Chief Operations and Information Officer
Damien Macq	54	VP Sense & Light
Nicolas Simonne	46	VP Development & Quality
Heidi Stieglitz	61	VP Human Resources & Sites

¹ Certain members are representatives of private companies with limited liability (BV/SRL).

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10.6. REMUNERATION REPORT

Introduction

2020 marks for Melexis a new formal approach to its director and executive remuneration. Although the remuneration elements did not change significantly, Melexis' shareholders' meeting approved, for the first time, a formal remuneration policy in line with the new provisions of the Belgian Companies and Associations Code (BCAC). This remuneration report has been established for the first time under the new provisions of article 3:6, §3 BCAC as introduced by the Law of 28 April 2020.

The remuneration of the directors and the Executive Management is governed by Melexis' remuneration policy which can be found under www.melexis.com/en/investors/corporate-governance/corporate-governance-charter. This remuneration policy was approved by the shareholders' meeting on 12 May 2020. The board of directors will present an updated version of the remuneration policy to the shareholders meeting in 2021. The changes are intended to further clarify and align the calculation of the variable pay of the entire executive management as well as correct for some redaction errors.

The formal approval of the remuneration policy by the shareholders' meeting and the new reporting obligations under article 3:6, §3 BCAC did not result in significant changes in the structure or the quantum of the director and executive remuneration, which during 2020 remained consistent with past practice.

The COVID crisis was the most important highlight of the 2020 remuneration. Because of the impact of the crisis on the financials of the company, the targets for variable remuneration of 2020 were not met.

Total remuneration

The application of the remuneration policy during 2020 for the directors and executives lead to the effective remuneration as shown in the table below:

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in EUR

Name, position	1. Fixed remuneration			2. Variable remuneration		3. Extra-ordinary items	4. Pension expense	5. Total remuneration	6. Proportion of fixed and variable remuneration
	Base salary	Fees	Other benefits*	One-year variable	Multi-year variable				
Roland Duchâtelet - Non-executive director	-	-	-	-	-	-	-	-	Fixed: - Variable: -
Procexcel BV, permanently represented by Jenny Claes - Independent director	20,000.00	-	-	-	-	-	-	20,000.00	Fixed: 100% Variable:-
Shiro Baba - Independent director	20,000.00	-	4,046.00	-	-	-	-	20,000.00	Fixed: 100% Variable: -
Martine Baelmans - Independent director	20,000.00	-	-	-	-	-	-	20,000.00	Fixed: 100% Variable: -
Françoise Chombar - Executive director	-	-	-	-	-	-	-	-	Fixed: - Variable: -
Sensinnovat BV, permanently represented by Françoise Chombar - Executive, CEO	249,996.00	-	783.72	-	TBD**	-	-	250,779.72	Fixed: 100% Variable:-
Executive Management excl. Sensinnovat BV	1,788,712.12	-	15,776.41	286,160.22	-	-	-	1,804,488.63	Fixed: 100% Variable: -

* The 'Other benefits' comprise compensation for traveling and other expenses.

**At the time of publishing this annual report, the benchmark necessary to calculate the long-term cash bonus of the CEO (average automotive semiconductor market growth) is not yet available.

Application of the performance criteria

a. CEO

The variable remuneration for the CEO contains both a short, medium and long-term element:

- i. Short term: 25% is based on performance criteria measured over one financial year;

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- ii. Medium term: 12.5% is based on performance criteria measured over two financial years;
- iii. Long term: 12.5% is based on performance criteria measured over three financial years.

The cash bonus for the CEO is calculated on yearly established targets on the basis of the following global business performance criteria, which are measured on a Melexis Group consolidated basis, based on IFRS accounting standards:

- i. 75% of the cash bonus (the short and medium-term element) depends on the achievement of the target revenue growth and target EBIT growth of Melexis over the reference period as indicated in the table below. 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%

- ii. 25% of the cash bonus (the long-term element) depends on the outperformance of Melexis' automotive top line over the average automotive semiconductor market growth, the benchmark being rolling average based on the market data provided by a selected market intelligence provider.

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

The results for performance year 2020 are shown in the table below. Compared to 2019, the revenue growth was 4.2% while the EBIT growth was 6.9%. This means that 0% of the short-term cash bonus will be paid out.

Performance criteria	a)	Minimum threshold performance	a)	Maximum performance	a)	Measured performance
	b)	Corresponding remuneration	b)	Corresponding remuneration	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: 6.9% Revenue growth: 4.2%
	b)	€ 0	b)	€ 62,499.00	b)	€ 0
TOTAL BONUS		€ 0		€ 62,499.00		€ 0

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

The results for performance year 2020 are shown in the table below. Compared to 2018, the revenue growth was -10.9% while the EBIT growth was -45.5%. This means that 0% of the medium-term cash bonus will be paid out.

Performance criteria	a)	Minimum threshold performance	a)	Maximum performance	a)	Measured performance
	b)	Corresponding remuneration	b)	Corresponding remuneration	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: -10.9% Revenue growth: -45.5%
	b)	€ 0	b)	€ 31,249.50	b)	€ 0
TOTAL BONUS		€ 0		€ 31,249.50		€ 0

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

The three-year variable remuneration of the CEO depends on the outperformance over the past 3 years of Melexis' automotive top line over the average automotive semiconductor market growth, the benchmark being a 3 years rolling average based on the market data provided by a selected market intelligence provider.

At the time of publishing this annual report, the benchmark necessary to calculate the long-term cash bonus of the CEO (average automotive semiconductor market growth) is not yet available. Therefore, this information is omitted.

These amounts result from the following calculations:

Performance criteria	a)	Threshold performance	a)	Measured performance
	b)	Corresponding remuneration	b)	Actual remuneration outcome
Automotive growth over three financial years	a)	Unknown at the time of publication	a)	TBD
	b)	€ 31,249.50	b)	TBD
TOTAL BONUS		€ 31,249.50		TBD

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b. Other members of the Executive Management

The variable remuneration for the other members of the Executive Management contains both a short, medium and long term element:

- i. 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;
- ii. Medium term: 10% is based on performance criteria measured over two financial years;
- iii. 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:

- i. 50% based on the global business performance measured through the achievement of the target revenue growth and target EBIT growth of Melexis over the performance year as indicated in the table below. This KPI ensures a link between the bonus and the operational result of Melexis;
- ii. 50% based on the individual/team performance measured through achievement of pre-established targets;

An additional 20% (corresponds to max 5% (no business creation) or 6% (business creation) of ABS) was awarded to some members of the Executive Management on top of the short-term cash bonus at the discretion of the Board of Directors upon recommendation of the Nomination and Remuneration Committee.

For the medium and long-term cash bonus, Melexis' performance against approved financial targets regarding revenue growth and EBIT growth is taken into consideration. This 20% of the cash bonus is paid out subject to the verification of the global business performance over two (medium term) or three (long term) years.

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

The results for performance year 2020 are shown in the table below. Compared to 2019, the revenue growth was 4.2% while the EBIT growth was 6.9%. This means that the threshold value for the global business performance criterion was not met.

Performance criteria	Relative weighting	a) Minimum threshold performance	a) Maximum performance	a) Measured performance
		b) Corresponding remuneration	b) Corresponding remuneration	b) Actual remuneration outcome
Global business performance	50%	a) Revenue and EBIT growth <10%	a) Revenue and EBIT growth >15%	a) EBIT growth: 6.9% Revenue growth: 4.2%
		b) € 0	b) € 216,505.18	b) € 0
Individual/team performance (+ discretionary)	50% (+ 20%)			
		b) € 0	b) € 303,107.25	b) € 286,160.22
TOTAL BONUS		€ 0	€ 519,612.43	€ 286,160.22

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

The results for performance year 2020 are shown in the table below. Compared to 2018, the revenue growth was -10.9% while the EBIT growth was -45.5%. This means that 0% of the short-term cash bonus will be paid out.

Performance criteria	a) Minimum threshold performance	a) Maximum performance	a) Measured performance
	b) Corresponding remuneration	b) Corresponding remuneration	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: -10.9% Revenue growth: -45.5%
	b) € 0	b) € 157,768.14	b) € 0
TOTAL BONUS	€ 0	€ 157,768.14	€ 0

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

The results for performance year 2020 are shown in the table below. Compared to 2017, the revenue growth was -0.8% while the EBIT growth was -43.0%. This means that 0% of the short-term cash bonus will be paid out.

Performance criteria	a)	Minimum threshold performance	a)	Maximum performance	a)	Measured performance
	b)	Corresponding remuneration	b)	Corresponding remuneration	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: 43.0% Revenue growth: -0.8%
	b)	€ 0	b)	€ 157,768.14	b)	€ 0
TOTAL BONUS		€ 0		€ 157,768.14		€ 0

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.

	2016	2017	2018	2019	2020
Annual change in the developments and performances					
Performance criteria (EBIT)	6.3%	15.9%	4.4%	-49.0%	6.9%
Performance criteria (revenue)	14.0%	12.1%	11.3%	-14.5%	4.2%
Automotive revenue (3-year rolling average)	12.8%	9.7%	15.0%	3.5%	0.0%
Automotive benchmark (3-year rolling average)	7.3%	7.8%	8.4%	7.2%	TBD
Annual change in the average remuneration of employees*					
	1.2%	1.6%	-2.9%	0.7%	4.7%

*The average employee remuneration was calculated with the numbers as reported in note U (Wages and salaries) in the Melexis Group's annual report (Personnel expenses and average number of employees); including variable pay, social security, pension and benefit costs.

In 2020 the ratio between the highest and lowest remuneration was 39.3 to 1. The highest remuneration of a member of the Executive Management used for this comparison includes the base salary, pension, and other benefits paid in 2020.

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All figures are presented on a Melexis Group consolidated basis in the table above.

Severance payments

No severance payments took place as no management contract with a member of the Executive Management was terminated in 2020.

Use of claw-back provisions

In 2020, no claw-back occurred.

Deviations of the remuneration policy

Contrary to the CAGR that is mentioned in the remuneration policy, a simple growth rate is used to calculate the medium and long-term cash bonus. The reference to the CAGR was a redaction error.

Vote of the shareholder

The annual shareholders' meeting of 12 May 2020 has approved the remuneration report regarding the financial year ending on 31 December 2019 with an 86.56% majority of the 75.55% valid casted votes. A question was raised at the meeting with regard to the reasoning why Melexis does not grant shares as part of the Executive Management's remuneration. The Chairman clarified subsequently that (i) the CEO is already an important shareholder of Melexis and (ii) Melexis strongly believes in the self-determination theory (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. Melexis focuses on intrinsic value creation for Melexis; 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 Melexis. As such, we believe there is a clear alignment between shareholders on the one hand and Management and the Melexis community on the other.

10.7. 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, 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 may not participate in the deliberation and voting on this agenda item.

Pursuant to article 7:97 of the Belgian Code of Companies and Associations, companies listed on the stock exchange must follow a special procedure before decisions are taken or operations are executed concerning (i) the relations of the listed company with an affiliated company, except its subsidiaries, and (ii) the relations between a subsidiary of the listed company and an affiliated company of the subsidiary, other than a subsidiary of the subsidiary. Prior to the decision or transaction, a Committee composed of three independent directors, assisted by one or more independent experts, must prepare a written motivated advice for the Board of Directors. The auditor delivers an opinion regarding the accuracy of the information contained in the Committee advice and in the minutes of the Board of

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Directors' decision. The advice of the Committee, an excerpt from the minutes of the Board of Directors and the opinion of the auditor have to be recorded in the annual report of the company.

In 2020, there were no conflicts of interest for which the procedures of the above mentioned articles needed to be applied.

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 2020 however, 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 will be supported and verified by the Compliance Officer.

10.8. 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 make sure 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.

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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 initially prepared and reported 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 monthly reviewed 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.

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- ✔ In accordance with the 2009 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.

10.9. 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.

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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 23 April 2019 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 applies to a number of own shares that is at most equal to the number of shares as a result of which, due to the acquisition thereof, the limit of 20% referred to in Article 620, § 1, first section, 2° of the Belgian Companies Code would have been achieved;
- ✔ The acquisition of a share in the framework of this authorization must take place at a price per share between EUR 0.01 and EUR 100.00;
- ✔ The par value of the number of own shares to be acquired that the company wishes to purchase, including the previously acquired own shares held by the company, may not exceed twenty per cent (20%) of the share capital of the company;
- ✔ 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 Gazette (10 May 2019).

The existing authorizations of the Board of Directors for the alienation of own shares held in accordance with article 7:218, §1, of the Belgian Code of Companies and Associations and article 622, §2, 1° of the Belgian Companies Code were awarded for an indefinite period by the resolutions of the extraordinary general meeting of 22 April 2014:

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- ✔ The number of own shares disposed of may not exceed the number of shares in the company that a direct subsidiary of the company may hold as a legitimate cross-shareholding within the meaning of article 631, § 1 of the Companies Code;
- ✔ The disposal of a share under this authority shall take place at the last closing price at which the shares were quoted on the Brussels stock exchange at the moment of disposal;
- ✔ The shares concerned may only be transferred to Melexis Technologies NV, whose registered office is situated at 3980 Tessenderlo, Transportstraat 1, RPR Hasselt 0467.222.076, or to a company of which Melexis NV directly or indirectly holds more than 99% of the dividend entitled securities;
- ✔ The reserves the company has made unavailable for distribution due to the 'acquisition of own shares' are transferred back to reserves available for distribution for an amount equal to the acquisition value of the disposed shares.

The Board of Directors is also authorized for an indefinite period of time to dispose of purchased own shares in accordance with article 7:218, §2, section 2, 1° of the Belgian Code of Companies and Associations to the extent that the shares are disposed of on the regulated market on which they are quoted.

On 31 December 2020, the Melexis group was in possession of 346,141 shares out of 40,400,000 shares in the registered capital of the company, or 0.86% of the total outstanding share capital. In accordance with article 7:217 of the Belgian Code of Companies and Associations, the voting rights on these shares are suspended.

Termination of management agreements

All management agreements with the members of the Executive Management (except the CEO) provide for a severance payment 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.

10.10. AUDITOR

PwC Bedrijfsrevisoren BV, whose registered office is situated at 1932 Sint-Stevens-Woluwe, Woluwedal 18, listed in the Register for Legal Entities of Brussels with company number 429.501.944, was appointed as statutory auditor of the company. Ms. Sofie Van Grieken, auditor, and Mr. Koen Vanstraelen, auditor, are appointed as the permanent representatives of the auditor.

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BELGIAN COMPANIES AND ASSOCIATIONS CODE****ANNUAL REPORT****10.11. 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. The CEO is already an important shareholder of the company. Contrary to recommendation 7.9 of the Code 2020, the other 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 (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.

11. APPROVAL ANNUAL ACCOUNTS AND DISCHARGE

Herewith the Annual Accounts for your approval which give a fair, complete and faithful representation of the activities that took place during the year ended on December 31, 2020. This report, the auditors' report and financial statements for the year ended December 31, 2020 were at your disposal.

We suggest you to discharge the Directors and Auditors PwC Bedrijfsrevisoren BV, represented by Mrs. Sofie Van Grieken and Mr. Koen Vanstraelen, for any liability which arises from the exercise of his duties during the past year.

The Board proposes the profit to be divided as included in the accompanying financial data.

Done at Ieper on March 29, 2021

On behalf of the Board of Directors

Françoise Chombar
CEO

SOCIAL BALANCE SHEET

Numbers of the joint industrial committees competent for the company:

STATEMENT OF THE PERSONS EMPLOYED

EMPLOYEES FOR WHOM THE COMPANY SUBMITTED A DIMONA DECLARATION OR WHO ARE RECORDED IN THE GENERAL PERSONNEL REGISTER

During the period	Codes	Total	1. Men	2. Women
Average number of employees				
Full-time	1001	278,8	179,3	99,5
Part-time	1002	28,8	9,3	19,5
Total in full-time equivalents (FTE).....	1003	301,5	186,8	114,7
Number of actual hours worked				
Full-time	1011	358.008	237.033	120.975
Part-time	1012	32.622	11.107	21.515
Total	1013	390.630	248.140	142.490
Personnel costs				
Full-time	1021	22.262.170,80	15.740.384,69	6.521.786,11
Part-time	1022	1.808.401,21	699.004,43	1.109.396,78
Total	1023	24.070.572,01	16.439.389,12	7.631.182,89
Benefits in addition to wages	1033	381.207,04	242.891,52	138.315,52

During the preceding period	Codes	P. Total	1P. Men	2P. Women
Average number of employees in FTE	1003	306,9	189,1	117,8
Number of actual hours worked.....	1013	428.970	271.355	157.615
Personnel costs.....	1023	24.400.939,65	16.757.120,48	7.643.819,17
Benefits in addition to wages.....	1033	209.235,28	143.690,40	65.544,88

EMPLOYEES FOR WHOM THE COMPANY SUBMITTED A DIMONA DECLARATION OR WHO ARE RECORDED IN THE GENERAL PERSONNEL REGISTER (continuation)

	Codes	1. Full-time	2. Part-time	3. Total in full-time equivalents
At the closing date of the period				
Number of employees	105	267	31	291,8
By nature of the employment contract				
Contract for an indefinite period	110	267	31	291,8
Contract for a definite period	111			
Contract for the execution of a specifically assigned work	112			
Replacement contract	113			
According to gender and study level				
Men	120	173	10	181,2
primary education	1200	4	2	5,3
secondary education	1201	61	4	64,4
higher non-university education	1202	47	2	48,8
university education	1203	61	2	62,7
Women	121	94	21	110,6
primary education	1210	1	2	2,6
secondary education	1211	68	12	77,4
higher non-university education	1212	11	6	15,8
university education	1213	14	1	14,8
By professional category				
Management staff	130			
Salaried employees	134	187	17	201,1
Hourly employees	132	80	14	90,7
Other	133			

HIRED TEMPORARY STAFF AND PERSONNEL PLACED AT THE DISPOSAL OF THE COMPANY

	Codes	1. Hired temporary staff	2. Hired temporary staff and personnel placed at the company's disposal
During the period			
Average number of persons employed	150	8,6	
Number of actual hours worked	151	15.151	
Costs to the company	152	492.679,53	

LIST OF PERSONNEL MOVEMENTS DURING THE PERIOD

ENTRIES

Number of employees for whom the company submitted a DIMONA declaration or who have been recorded in the general personnel register during the period

By nature of the employment contract

Contract for an indefinite period

Contract for a definite period

Contract for the execution of a specifically assigned work ..

Replacement contract

Codes	1. Full-time	2. Part-time	3. Total in full-time equivalents
205	15		15,0
210	15		15,0
211			
212			
213			

DEPARTURES

Number of employees whose contract-termination date has been included in the DIMONA declaration or in the general personnel register during the period

By nature of the employment contract

Contract for an indefinite period

Contract for a definite period

Contract for the execution of a specifically assigned work ..

Replacement contract

By reason of termination of contract

Retirement

Unemployment with extra allowance from enterprise

Dismissal

Other reason

Of which: the number of persons who continue to render services to the company at least half-time on a self-employment basis

Codes	1. Full-time	2. Part-time	3. Total in full-time equivalents
305	27	1	27,8
310	26	1	26,8
311	1		1,0
312			
313			
340			
341			
342	6	1	6,8
343	21		21,0
350			

INFORMATION ON TRAINING PROVIDED TO EMPLOYEES DURING THE PERIOD

	Codes	Men	Codes	Women
Total of initiatives of formal professional training at the expense of the employer				
Number of employees involved	5801	6	5811	1
Number of actual training hours	5802	471	5812	87
Net costs for the company	5803	18.067,56	5813	3.989,96
of which gross costs directly linked to training	58031	13.575,79	58131	2.012,86
of which contributions paid and payments to collective funds	58032	4.491,77	58132	1.977,10
of which grants and other financial advantages received (to deduct)	58033		58133	
Total of initiatives of less formal or informal professional training at the expense of the employer				
Number of employees involved	5821		5831	
Number of actual training hours	5822		5832	
Net costs for the company	5823		5833	
Total of initial initiatives of professional training at the expense of the employer				
Number of employees involved	5841		5851	
Number of actual training hours	5842		5852	
Net costs for the company	5843		5853	