

Jochen Hanebeck

Annual General Meeting 2025

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www.infineon.com



Jochen Hanebeck

Chief Executive Officer

- Check against delivery -

Dear shareholders,
Dear broadcast audience,
Welcome to Infineon's Annual General Meeting.

Thank you for joining us!

2025 marks a special year for Infineon: 25 years as a listed company. During this time, we've faced great challenges and have mastered difficult times. We reinvented ourselves again and again. We celebrated many successes. We've grown as a company and continued to develop over a quarter of a century. Infineon is a story of transformation. And that's exactly the reason why I look to the future with confidence. We've proven more than once that we recognize the signs of the times, and we don't rest on past successes. This is exactly what's important now. But more on that later.

Today, more than ever, our company stands for exceptional semiconductor solutions and innovative strength. We are well positioned in high-growth markets. And we're making a significant contribution to a better world by supporting the transformation of the economy and society with our solutions. I have some examples of what these solutions are today.

We are living in a time of upheaval. Markets, the economy, politics and society are changing. Digitalization, driven by artificial intelligence, is changing everything. The climate crisis and its effects make the restructuring of our energy system unavoidable. And in the face of climate impacts, geopolitical tensions and wars, the focus is on another topic: security. Security is the basis of democracy, growth, and prosperity.

These three cannot be taken for granted. Particularly now, when change is taking place so quickly and on so many levels at the same time, we need reason, determination and courage. The courage to act, but also the courage to change ourselves. In short: The ability to transform. In business, politics and society. Transformation holds huge challenges, but also huge opportunities.

Infineon is in an excellent position to help shape this change. We are at the forefront of the green and digital transformation. Our innovations will be needed more than ever in the coming years. Decarbonization and digitalization are anchors in our strategy. These two global trends offer us great opportunities for growth.

To harness them, we are also making great strides in the further development of Infineon itself. I will report to you today on what these strides are. We are setting the course today to be successful tomorrow – with 25 years of transformation experience, with a clear strategy and with ambitious goals.

We are a driving force behind the energy transformation

The restructuring of our energy system is a central part of the transformation. Energy is a prerequisite for growth and prosperity. The challenge: To emit less CO_2 and protect the climate, we need more green energy. At the same time however, energy demand is growing worldwide. And despite all efforts to use it more efficiently, electricity consumption is rising. Moreover, the security of energy supplies is coming into focus. This example also makes it clear that transformation and innovation go hand in hand. Providing sustainable, safe and affordable energy is a key task. Optimizing existing solutions is not enough. New types of energy supply are needed.

Infineon is making important contributions: We are driving the expansion of renewable energy generation forward with our products. We support our customers in the electrification of everything that will be important in the future. And we deliver a powerful and highly efficient power supply for all application areas that are crucial to the transformation.

Our products already create a considerable net ecological benefit. During their service lives, they enable emissions savings of 130 million tons of CO_2 equivalent. That's 45 times as much as is generated during the manufacture of our products. With ever more energy-efficient and intelligent semiconductor solutions, we will continue to increase our company's positive contribution to climate protection.

We are also creating a new level of transparency in the semiconductor industry with comprehensive product carbon footprint data. The ecological footprint of our main product categories can be tracked quickly and easily with just a few clicks on our website. Our customers can compare the climate impact of different products. This empowers them to make informed decisions on reducing their own CO_2 emissions. We actively support our customers in achieving their climate goals. This makes Infineon a pioneer in the semiconductor industry when it comes to sustainability.

Of course, climate protection starts with us. That's why we've been consistently reducing our own carbon footprint for years. We've reduced emissions by two thirds since 2019 already. Our interim target of 70 percent fewer emissions compared to 2019 by the end of this fiscal year is within reach. We are well on track to make Infineon CO_2-neutral by 2030.

We want to continue to lead the way and set new standards. Because one thing is clear: There is still a lot to do. Indirect CO_2 emissions now account for by far the largest share of Infineon's total emissions. These are, for example, emissions from the provision of raw materials by our suppliers. We want to reduce CO_2 along the entire value chain! We are tackling this together with our suppliers and are strengthening our collaboration. At our first sustainability summit in October, we brought together one hundred of the semiconductor industry's most important suppliers. We honored the best in terms of sustainability with the Infineon Green Awards. In this way, we motivate others to follow suit. Good examples set a precedent!

CO_2 is one key sustainability issue. In addition, water consumption in our industry plays an important role. Semiconductor production uses large quantities of water to cool systems and clean chips. This makes efficient water management all the more important, especially in regions of the world that suffer from water shortages. This is where we come in. In this fiscal year, we want to implement projects and measures with an annual recycling potential of 15 million cubic meters of water. To put this into perspective: That's as much water as a city of more than 300,000 inhabitants uses per year.

We use Artificial Intelligence as a lever to create added value

Ladies and gentlemen,

The sustainable use of resources and the restructuring of our energy system are key tasks in the transition to a carbon-neutral world. Digitalization is a driving force on the way to achieving this. And Artificial Intelligence (AI) is providing additional acceleration, a true transformation turbo boost.

At Infineon, we're convinced that Artificial Intelligence can improve people's lives:

- In the energy sector, AI can control the flow of electricity in the grid more efficiently by optimizing the use of energy sources and storage facilities. AI also helps us use electricity more efficiently.
- In road traffic, AI on board vehicles can independently detect obstacles and make safe driving decisions. AI is also an important tool for better managing traffic flows in large cities. Less congestion, less CO_2!
- In the healthcare sector, AI supports the early detection of diseases, letting doctors make faster and more precise diagnoses.

These are just three examples of how AI – when applied to the right tasks – can make a positive contribution to society.

At Infineon, we harness Artificial Intelligence on three levels and create added value:

- First, we supply the AI with electricity, that is: We power AI.
- Second, we enable our customers to use AI.
- Third, we also use AI within our company.

Let me explain all three aspects in more detail:

We power AI

The speed and bandwidth with which AI can be used depend on two factors in particular: Super-fast processors and a high-performance energy supply. The processors are like the brains of AI, extremely powerful. But just as humans need a cardiovascular system, AI needs a powerful and reliable energy supply. Only then can it use the processor's full potential.

We work together closely in this area with an important partner, Advanced Micro Devices, or AMD for short. For many years the US company has been known for its high-performance processors used in computers and data centers. And AMD is investing heavily in the development of super-fast AI chips. AMD has been led by Lisa Su for around a decade. The renowned Time Magazine recently named Lisa CEO of the Year 2024 in recognition of the remarkable transformation AMD has undergone in recent years. I am delighted that Lisa took the time to make a video for our Annual General Meeting. In it, she explains what her vision of Artificial Intelligence looks like and how our two companies work together. See for yourself:

[Video message by Dr. Lisa Su, CEO of AMD]

AMD develops AI chips. We supply these AI chips with power by delivering solutions for the special requirements of AI data centers.

The fact is: AI requires a lot of computing power. A single processor consumes up to 2,000 watts of electrical power. That's about as much as an iron. Do you know how many of these processors are working simultaneously in an AI data center? In the most powerful data centers, there are already millions of processors. That requires an enormous amount of energy! Our solutions deliver the high performance called for at the very low electrical voltage required. From the power grid all the way to the AI processor. In other words, along the entire energy chain of the data center.

Now you could argue: AI's hunger for energy is growing rapidly. Infineon is benefiting from the increasing demand for data centers. But doesn't AI leave a huge CO_2 footprint? That's bad for the climate! This objection is justified: Artificial Intelligence is indeed energy-intensive. But it is also a lever with which we can improve our tools in the fight against the climate crisis decisively. AI can help us overcome major and complex sustainability challenges. The goal has to be leveraging the potential of AI to reduce CO_2 emissions in the long term. In other words, Artificial Intelligence must contribute to solving the climate crisis.

Our solutions help build a bridge between technological progress and sustainability. We make sure that as little electricity as possible is lost as waste heat in data centers. This is not just about efficiency and lower cooling efforts. After all, waste heat also inhibits computing power. Our teams are working hard to minimize power loss at every stage of the energy conversion. We have calculated the added value this can bring: If all data centers worldwide used our solutions already today, we could save around 22 million tons of CO_2 per year. That's about as much CO_2 as 7.5 million combustion engine cars emit every year.

Our revenue potential with specialized power supply solutions for AI data centers is considerable. In the current fiscal year, we expect to more than double our revenues to around 600 million euros. Within two years, we want to break the one-billion-euro revenue threshold. A single AI server rack of the latest generation requires power semiconductors worth up to 15,000 US dollars. We're working together closely with all leading customers to develop future solutions.

The basis of our business success in attractive markets such as AI data centers is on the one hand that we bring innovations to our customers quickly. On the other hand, we have a significant competitive advantage: We've mastered all three materials that are essential for power semiconductors: silicon, silicon carbide and gallium nitride. We combine them in our power supply solutions and make use of their different advantages. This lets us offer our customers an optimum price-performance ratio. Not only in AI data centers, but also, for example, with our solutions for electric vehicles.

Infineon sets the pace in the industry for power semiconductors. I would like to illustrate this with two special innovative achievements by our teams:

First, there are our ultra-thin power semiconductor wafers. Infineon is the first company ever to succeed in manufacturing and qualifying them. The silicon wafers are only 20 micrometers thick, only half as thick as the most advanced wafers currently available from competitors. One fourth the thickness of a human hair!

Now, you may be thinking: Fine, but what's the point? Well, when the wafer thickness is cut in half, the electrical resistance of the material is reduced by half, too. This is a big development step towards even more efficient power supply solutions: We can reduce power loss by more than 15 percent. The advantages of thin-wafer technology can be put to excellent use in AI data centers in particular. And that's exactly what we're going to do!

The second technological breakthrough will also give us a strong tailwind in the market for power semiconductors: We're the first company in the world to transfer gallium nitride technology to wafers with a diameter of 300 millimeters.

Chip production on 300-millimeter wafers is more advanced and much more efficient than on 200-millimeter wafers. We can manufacture more than twice as many chips on the larger wafer. Economies of scale are very important in the semiconductor industry.

Now we want to scale up gallium nitride production to 300 millimeters. This will help reduce the manufacturing costs of gallium nitride products – to the level of comparable silicon products. 300-millimeter technology is the ace up our sleeve. In addition, we acquired the company GaN Systems in 2023. This not only expanded our portfolio of gallium nitride products for energy conversion, the acquisition also brought us first-class application expertise. The market for gallium nitride is still small. But it is growing strongly. And as a technology leader, we want to shape this market with our solutions.

We enable AI

Artificial intelligence is not only a driving force for the construction of high-performance data centers. It's also increasingly being used in devices such as smartphones. Data processing is taking place closer to the source of the data. Intelligent decisions are made right there instead of at distant, energy-hungry data centers. Experts call this trend "Edge AI". The advantages: AI applications can be executed faster, more securely, and more efficiently. Edge AI is changing many industries and areas of life, for example, the automotive and manufacturing industries, as well as the healthcare sector and applications in the smart home.

Infineon is predestined to support this trend with the corresponding solutions. We offer all the necessary building blocks: specialized microcontrollers, sensors, connectivity, and security solutions. And we have the necessary know-how for complete system solutions. More and more of our customers are developing specialized AI applications for end devices. We support these customers with suitable semiconductors, software, and tools. This is how we make using AI possible, quickly, and easily. For example, in the car. My colleague Christian Feldmann will now explain exactly how. Welcome, Christian!

[Dialog on stage with Christian Feldmann, Vice President Technical Marketing Automotive Microcontrollers, Automotive Division]

Dear viewers,

Greater safety, efficiency and lower costs – these are tangible benefits. It's exciting what's possible with AI! And the development is only beginning. Edge AI will shape our automotive business in the coming years. And Infineon is also the semiconductor partner of choice in many other application areas.

We use AI

Christian showed us a practical example: Infineon opens up the potential of artificial intelligence to its customers with concrete solutions. However, AI also offers us a wide range of opportunities within the company. We use it in our research and development, for example:

[Video with Dr. Sophie Vandré, Senior Vice President Development, Digital Security & Identity Solutions im Geschäftsbereich Connected & Secure Systems]

Many thanks to Sophie Vandré and her team! We can use AI tools to drastically increase productivity and quality in our development work, but also in many other areas of the company: For example, when interacting with our customers. Did you know that Infineon offers around 40,000 different products? A huge selection. We can answer detailed questions from our customers much more easily, quickly, and precisely with the help of AI.

AI and other digitalization tools are an important lever for Infineon's competitiveness. We will use them systematically. This is a central goal of our digitalization strategy "Infineon Digital 2030" under the leadership of my Management Board colleague Elke Reichart. Our investments in digitalization will bring quick benefits: We want to create three euros in value with every euro we spend.

We are structurally improving our competitiveness

Ladies and gentlemen,

Decarbonization and digitalization are key trends in our corporate development, and strong growth drivers for Infineon. At the same time, attractive markets are like magnets: They attract competitors. New players, for example from China, are entering the playing field. Competition is getting tougher. Infineon's future success will depend on two factors in particular. First of all: How quickly do we succeed in converting innovations into customer benefits? And second: How competitive are we in terms of our costs?

In May, we launched the company-wide structural improvement program Step Up. We're concentrating on four areas that are central to our competitiveness:

- First: Our manufacturing productivity. We want to further cut our manufacturing costs per unit.
- Second: Our portfolio management. We are focusing even more strongly on businesses that deliver great added value to our customers and contribute to Infineon's profitability.
- Third: We are optimizing our pricing. Our approach is to focus even more strongly on value-based pricing strategies and on optimizing our internal processes.
- And fourth: We are improving our operating costs by increasing efficiency in central and supporting corporate functions.

It's important to me that these measures mean we are being proactive. Because the market will punish those who are too late. There are currently some prominent examples in Europe of how this can lead to painful corporate consequences.

The majority of the Step Up measures have no impact on jobs. Nevertheless, certain positions are affected by Step Up. After years of company growth, this news came as a surprise to many colleagues. I understand that. Such measures should never be taken lightly. It was a difficult decision for us. But I am convinced that the measures are necessary in order to ensure Infineon's long-term competitiveness.

We are making good progress with the implementation. Step Up will have a noticeable positive effect on our Segment Result. We anticipate a high triple-digit-million euro amount per year. The full financial effect is expected to materialize in the 2027 fiscal year.

We are navigating through the ongoing low demand phase

Dear shareholders,

Demand for semiconductors is cyclical. If you've been with us for a while, you'll know that ups and downs are normal in our industry. At the beginning of 2020, there was a brief downturn at the start of the COVID pandemic. Then came a longer, strong upswing.

We are currently navigating through a low in demand. This low is lasting significantly longer than we expected in November 2023, when we issued our outlook for the 2024 fiscal year. We therefore had to lower our forecast twice over the course of the year. The results for the 2024 fiscal year are certainly nothing to celebrate. Revenues and profitability were lower than in the record 2023 fiscal year. But the figures are fully in line with our long-term financial targets through the semiconductor cycle.

Looking ahead, we anticipate a gradual recovery in demand in the second half of the 2025 fiscal year. To support our profitability, we are maintaining strict cost discipline. The expansion of AI infrastructure is a bright spot. In addition, high semiconductor demand for electric vehicles in China, the world's largest automotive market, is unabated. We are also benefiting greatly from this. Billions invested in data centers are driving our power supply solutions business. More on our forecast for the fiscal year from Sven Schneider.

We are preparing for the coming upswing

One thing is clear: The semiconductor cycle poses challenges. However, we also see an opportunity to enter the coming upswing with a head start on our competitors. In the race for attractive customer orders and market share, it's important to make the right investments at the right time, so that we can then be on the spot with pioneering innovations and can deliver on time.

Driven by the green and digital transformations, our customers' demand for semiconductors is set to rise sharply and permanently. We want to have the competitive manufacturing capacities necessary in the medium and long term. It is important to chart the course for this early on. It takes up to three years to build a new semiconductor factory.

In Dresden, we're right on schedule with our Smart Power Fab. The building will be completed as planned in the fall. We will then move the first manufacturing equipment into the premises. The factory will go into operation in 2026. State funding for the Dresden site totals around one billion euros. Our joint project with TSMC, Bosch, and NXP in Dresden is also taking shape: The European Semiconductor Manufacturing Company will start production in late 2027.

Other international semiconductor manufacturers have put their plans to build new plants in Europe on hold. We, on the other hand, are consistently implementing our plans because we are convinced of our long-term growth drivers. We are the ones moving the semiconductor ecosystem forward in Germany and Europe. This is how Infineon makes an important contribution to the future of Europe as a business location.

At the same time, we are expanding our global footprint. At our site in Kulim, Malaysia, we opened the first expansion phase of our new silicon carbide factory in August. A milestone for Infineon! Kulim will become the world's most competitive fab for silicon carbide power semiconductors on 200-millimeter wafers, designed to leverage considerable economies of scale. The factor costs are comparatively low. We will be able to meet foreseeable customer demand with production from the first expansion stage and the technology changeover from 150 millimeters to 200 millimeters.

In addition to chip production on wafers, known as front-end production, we are also increasing our capacities in back-end production. Back-end production covers the final stage in the semiconductor manufacturing process: The wafers are separated into chips. The chips are packaged in housings and tested.

In Thailand, we are building a new back-end fab south of Bangkok. This expansion is a logical step: It follows the expansion of our front-end capacities. We will need the additional production space to meet the growing demand for power modules in coming years, driven for example by industrial applications and renewable energy. We will also use the site as a test center for various products. The first building should be ready for operation in early 2026. The fab strengthens our competitiveness. And it increases delivery reliability. This is because the additional site will give us an even broader geographical base, making us even more resilient to disruptions in the supply chain.

Summary

Dear viewers,

Let me conclude by returning to my statement from the beginning: Infineon is shaping the transformation. We are using the levers that are available to us:

First, within the company. By leading the way in environmental sustainability. By structurally strengthening our competitiveness. By consistently exploiting the opportunities offered by digitalization.

Second: Hand in hand with strong partners like AMD. You saw Lisa Su in the video. We bring innovation to our customers faster.

Third: In attractive markets. We showcased our innovations for AI data centers and battery management in electric vehicles.

People are always at the heart of our quest for progress: Transformation as the key to a future worth living – this is a great motivation for our employees. Thanks to them, Infineon is on the right track. They work every day to open up new technological territory. In fact, the innovative strength of our teams never ceases to impress me. They drive Infineon forward with heart, mind, and a lot of energy. My heartfelt thanks to all our 58,000 colleagues around the world!

Change opens up opportunities. Opportunities for added value. Added value for our customers. Added value for Infineon. Added value for you, dear shareholders. In a rapidly changing world, decarbonization and digitalization remain our reliable growth drivers. We are firmly convinced that we can sustainably increase the value of your company.

Thank you for your trust and support!

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