

Jochen Hanebeck

Annual General Meeting 2023

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Chief Executive Officer

Jochen Hanebeck

- The spoken word applies -

Dear Shareholders,
Dear Broadcast Audience,
I would like to welcome you to the Infineon Annual General Meeting.

The world is facing pressing crises: The terrible war in Ukraine; the devastating earthquake in Turkey and in Syria; growing geopolitical tensions; high energy prices, and inflationary pressures; plus the immense challenges posed by climate change. Some crises are closely related and fuel each other. Many people are very worried about the future. These worries are well-founded. The challenges are huge.

And yet there are bright spots even in these times. No generation before us has had so much knowledge. Never before have our technological possibilities been as great as they are today. Using technology as an enabler in solving the climate crisis. Leveraging the great potential of digitalization. Innovations enabling growth and prosperity for billions of people in harmony with nature and our planet.

We at Infineon see global challenges as a strong motivation to contribute to a better future. Together with our partners, we are driving decarbonization and digitalization forward. For a future worth living for our own and future generations. This is how we create more value in a sustainable manner.

You, dear shareholders, are supporting us in this endeavor: Your investment in Infineon is a contribution to a sustainable future for our world. Microelectronics from Infineon can achieve great things.

Semiconductors are essential building blocks for a climate-neutral and digitalized world

Decarbonization is the crucial task of our time. We still emit far too much CO_2. In 2021, CO_2 emissions were 36.6 gigatons worldwide – more than ever before.

Is it already too late to turn the tide? Do we want to fold our hands in our laps and leave a broken planet to our children and grandchildren? Of course not! We all have a duty as decision-makers, citizens, consumers – as human beings.

As the father of two daughters, I don't want to stand on the sidelines and just watch. Infineon is a key player in tackling the climate crisis. Therefore, for me there is no better company at which to contribute to a more sustainable world as part of a great global team.

One thing is certain: We know what is causing global warming. We know its catastrophic consequences. And we have the technologies to limit it. Al Gore, the former U.S. Vice President and Nobel Peace Prize winner, said at the last climate conference in November, "We are now in the early stages of a sustainability revolution, that has the magnitude of the industrial revolution and the speed of the digital revolution. If we invest in it, (…) we can save ourselves."

I, too, am convinced that we can still make it. But only if we consistently use all the levers at our disposal:

- First, generating more green energy from renewable sources and creating storage capacities.
- Second, making the generation, transmission, and consumption of energy much more efficient.
- And thirdly: Consistently electrifying areas of application that have so far been dominated by fossil fuels. For example, the car. Or the heating system at home – think of heat pumps!

Decarbonization and digitalization go hand in hand. Digital technologies are a key factor for a sustainable world. One example: In the EU, buildings account for 40 percent of energy consumption. The lion's share of this is for heating and cooling. This generates a lot of CO_2. We can use digital technologies to control building technology more intelligently and thus significantly reduce energy consumption in the office and at home. Microelectronics makes it possible. Semiconductors are essential building blocks for a climate-neutral and digitalized world.

The great importance of semiconductors as a basic technology for entire economic sectors is now recognized everywhere. Attention paid to our industry has grown significantly. I sense great appreciation in talks in Berlin, Brussels, and Washington.

At Infineon, we welcome all political efforts aimed at strengthening the semiconductor industry and its complex ecosystems. However, we must not forget: Without globalization, the semiconductor industry would not be where it is today. The global division of labor has benefited the whole industry – in Europe, America, and Asia. Now we are at a turning point. Leading countries and regions of the world are focusing on their technological sovereignty and the security of supply for their domestic industries. Free and fair world trade is no longer the maxim. It must be clear to all of us: Less global division of labor means more expense. This means that the cost of semiconductor fabrication will increase.

Chip demand in the important markets for electromobility, driver assistance systems, renewable energies, data centers, and the Internet of Things will rise sharply in the coming years. Market researchers expect double-digit growth rates.

The good thing for Infineon and for you, dear shareholders, is that we are broadly positioned in all the key markets mentioned. We expect revenue growth in the double-digit percent range and a significant increase in profitability in the coming years.

As a leading provider of semiconductor solutions for power systems and IoT, we are making the transformation to a better world possible

Why are we so confident about Infineon's development? The company is in an excellent position. Infineon is the clear No. 1 in the market for power semiconductors. And we are a pioneer in the development of what are called power systems.

Power switches are at the heart of power systems. They convert electrical voltages and currents and make them usable in various applications, for example, in converters for solar power systems or in motors. The brain of a power system is the microcontroller. A third essential organ consists of what are called analog/mixed-signal chips. They are installed between the microcontroller and the power switch and translate the digital world of the microcontroller into the analog world of the power switch. Modern power systems show their full performance through perfect interaction of the various semiconductor components, brought to life by appropriate software and algorithms.

The advantages: Power systems reduce energy loss and lower CO_2 emissions. This is good for the environment and saves money. This makes power systems indispensable for taking green energy and energy efficiency to the next level. Infineon is the leading semiconductor supplier for renewable energy generation. Around half of the world's solar and wind power capacity is equipped with our semiconductors.

Wind and solar are now the cheapest ways to generate electricity in many regions of the world. A huge market! New wind and solar farms are being built at high speed almost everywhere. The global energy crisis is further boosting demand. The International Energy Agency expects the expansion of wind and solar power to proceed much faster than anticipated only a year ago. According to the forecast, more capacity will be added in the next five years than in the last twenty.

More and more of our power systems are being used in data centers as well. Digitalization is driving the demand for energy. More and more data is being collected, processed, stored, and connected. The major cloud providers are increasingly using artificial intelligence – AI for short – to make the data usable for various applications. More data, more computing power, more AI – consequently the number and value of semiconductors needed in data center servers is increasing significantly as well. Energy-efficient power stages are more in demand than ever to reduce power loss and cooling efforts in data centers. “Green computing” is an ideal application field for our researchers and developers.

Energy efficiency is also playing a growing role in consumer electronics. There are more and more smartphones and notebooks with more and more functions. This increases the need for fast and energy-efficient charging solutions. You know the situation: Many common chargers are slow and get warm or even hot. Energy is lost as waste heat at the power supply unit.

The company Anker Innovations is a global leader in charging technologies, with whom we at Infineon collaborate successfully. Anker has developed this charger [Presentation of Anker Charger]. It uses our digital power controller and our gallium nitride-based power switch. This combination enables outstanding efficiency and saves about one-fifth of the amount of energy compared to common solutions. Thanks to the high power performance, you can fully charge typical smartphones that already support extra-fast charging in less than 30 minutes – and without burning your fingers on the charger.

Another advantage: Thanks to multiple ports, you can charge two smartphones and a notebook at the same time with this charger. I find that very practical, especially when I’m on the road. That’s why I like to have the charger with me when traveling.

The EU recently decided that new mobile devices will soon have to be equipped with a universal USB-C port for charging via cable. One charger fitting everything – and less electronic waste in the drawer. This will further fuel the demand for such solutions. Infineon will benefit from this development as No. 1 in the market for charger and adapter system solutions.

In electric vehicles, our power systems are used in several places: in the inverter, i.e. the heart of the electric drive train; in the vehicle's onboard charger; and in the battery management system. We supply 17 of the 20 most successful electric vehicle brands and are thus driving the transition to clean and safe mobility. By the way, in the 2022 fiscal year we were the first company to break the one-billion-euro annual revenue mark with semiconductor solutions for electric vehicles.

Decarbonization and digitalization are fundamentally changing the car and the way we use it. It is becoming cleaner, safer, and smarter. The automotive industry is experiencing the biggest transformation in its history. New players are entering the market. Infineon is working with all the established manufacturers, but also with up-and-coming ones.

One example is REE Automotive. The Israeli company has developed a completely new electric vehicle platform. Because of its shape, it is also called a "skateboard". What's revolutionary about it is that the platform integrates batteries, power electronics, and a central control unit, making the frame much more flexible. The drive, steering, and brakes are controlled electronically rather than mechanically. As a result, the steering wheel and pedals can be freely positioned on the platform. With this chassis concept, automakers can build electric vehicles of all kinds – from cars to delivery vehicles to shuttle buses.

You can build on a ready-made chassis, including steering, brakes, and safety components, and concentrate fully on other functions, for example, driver assistance or infotainment systems. New manufacturers in the electric vehicle market in particular can thus put new models on the road much more quickly.

Eleven of our AURIX™ microcontrollers are installed in the REE platform. Two are located in each corner module to control all driving functions such as steering and braking. Two more are in the central module, where they collect and monitor data and synchronize the four corner modules. Another microcontroller is responsible for chassis management in a separate control unit. The platform also includes numerous other automotive products from Infineon, including power semiconductors, security controllers, and magnetic sensors.

The digital transformation is increasing demand for intuitive, secure, and intelligent devices in all areas of life. The car is the best example, but there are many others.

The Internet of Things simplifies the way we live, work, produce, and consume. This is because it connects billions of devices, links huge amounts of data, and enables their intelligent use. What used to require huge human effort and a multitude of machines can now be achieved by the smallest devices. They process information independently, make decisions, and set chains of action in motion. This creates ever more and entirely new possibilities and benefits.

Some examples:

- Smart vehicles and better traffic management in big cities are making the commute to work faster, cleaner, and safer for millions of people.
- Smart robots are giving people a hand in factories and in the home.
- Smart health devices monitor physical activities and thus support an active, healthy lifestyle. These devices make it possible for many older people to live safely and independently in their own homes.
- In agriculture, machines use fertilizer in a much more targeted and metered manner and produce higher yields.

Every device in the Internet of Things needs powerful microelectronics. Semiconductors from Infineon bring them to life. Our sensors capture environmental information. Microcontrollers process this data and generate control signals. Power semiconductors convert the signals into actions. Our connectivity solutions link devices to each other and to the cloud. Our security solutions protect data transmission and ensure the integrity of devices and networks. In other words: We make the Internet of Things work. As a leading technology partner, we offer smart, energy-efficient, and secure IoT solutions from a single source. And we have a deep understanding of our customers' applications. That's how we score points.

We are implementing our strategy even more rigorously and we are developing Infineon further

Our key markets are developing dynamically. We want to make the best possible use of this momentum for Infineon. How? By focusing even more strongly on consistently implementing our proven strategy. We are strengthening our strengths, building new competencies, and investing. To this end, we have defined clear strategic guidelines and instruments. An overview:

First: **We are extending our lead in power systems and IoT.** To achieve this, we build on our "From Product Thinking to System Understanding" approach – P2S for short. Derived from our application knowledge, we are translating what is technologically possible into marketable products that create the greatest possible benefit for our customers. Software is a component that will increasingly make the difference, since the interaction of hardware and software is the only way to optimize energy efficiency, performance, and the safety of our products at system level.

We are increasingly hiring programmers and further expanding our software portfolio. We now have a complete software ecosystem of our own. It consists of software components, a development environment, and reference designs. In addition, we have a developer community. This brings major benefits, especially for smaller customers: We help them use our products for their needs more easily, faster, and in a more targeted way. In the Internet of Things in particular, this is often the decisive criterion in the developer's choice of Infineon as a partner. In the coming years, we expect to grow four times faster in terms of revenue with software-enabled hardware than with hardware alone.

Second: **We bring semiconductor innovations to our customers faster.** Digitalization opens up many opportunities for us in this respect. We use digital interfaces to support our customers from initial contact to project implementation and beyond. This enables us to reach existing customers better. And we reach more customers. Buying our products is getting easier. With every digital interaction, we learn and can further improve what we offer.

In addition, we invest consistently in technology leadership. Of particular importance to us are the compound semiconductors silicon carbide and gallium nitride. In many applications, the silicon chips commonly used now will remain the technically suitable and economically viable solution in the long term. But compound semiconductors complement and expand the possibilities of silicon-based solutions. They enable particularly powerful, fast-switching, and compact system solutions with lower power consumption. We see growing demand for this, particularly in electric cars, charging stations, and solar power systems. And also, as just shown, in chargers for mobile devices.

We want to set the tone across the entire spectrum of power semiconductors – in silicon chips and in technologies based on silicon carbide and gallium nitride. That is why we are constantly expanding our portfolio for different application areas.

Third: **We want to generate sustainable profitable growth and are creating the conditions to do so.** As the demand for semiconductors grows, so does the need for skilled workers. We need talented individuals to develop the next technology generations, products, and software to remain competitive. In the last two fiscal years, we have gained a total of almost 10,000 new colleagues. Currently, there are around 1,500 open positions worldwide. In this search, Infineon competes with well-known heavyweights in the tech industry. We place a special focus on developing talent within the company and attracting the best young talent in the market to Infineon. We want to inspire young people to shape decarbonization and digitalization with us.

In order to broaden the basis for our accelerated profitable growth path, our ability to deliver is critical. It is another strategic focus. We are systematically expanding our manufacturing capacities in those areas where we have a sustainable differentiating factor. In doing so, we think big!

You may remember: In late summer 2021, we opened an additional factory for power semiconductors at the Villach site in Austria. The timing could not have been better given the boom phase of the market. Together with the plant in Dresden, Villach is part of a closely coordinated, highly flexible manufacturing network. However, our current 300-millimeter clean room capacity will be fully utilized towards the middle of the decade.

That's why we are investing 5 billion euros in an additional plant in Dresden. This is the biggest single investment in the history of our company to date. These additional capacities will meet rising demand from our customers in the second half of the decade. We are also strengthening our position as a globally leading supplier of power systems.

The expansion strengthens our manufacturing base, both in analog/mixed-signal technologies and in power semiconductors. Combining power semiconductors, analog/mixed-signal chips, microcontrollers, and software enables particularly energy-efficient and intelligent system solutions. The new plant therefore combines the two growth themes of decarbonization and digitalization. That is why we call it the "Smart Power Fab". The factory will make a significant contribution to driving the green and digital transformation in Europe and beyond.

We are seeking public funding of around 1 billion euros under the European Chips Act and a strategic funding program of the European Commission, the "Important Project of Common European Interest". A few days ago, we received approval from the German Ministry for Economic Affairs and Climate Action for what is called a "vorzeitiger Maßnahmenbeginn" (early start of measures). The team is now working at full speed on preparations for the start of construction this fall. Production is scheduled to start in fall 2026 and we will then ramp it up gradually depending on market developments. We can therefore minimize the risk of temporarily weaker market phases for Infineon.

As early as last summer, we laid the cornerstone for the first phase of a third production module for compound semiconductors at our Malaysian site in Kulim. Work is progressing well, and we are completely on schedule. The new module will go into operation in the fall of 2024 and marks a first major step into volume production of silicon carbide and gallium nitride products. Compared with today, we will increase our revenue capacity with silicon carbide products tenfold by 2027, to 3 billion euros per year.

Fourth: **We are prepared for short-term market downturns.** In all growth, we maintain a balance. Our key markets are driven by different factors and have different business cycles. We monitor the leading indicators for our business constantly and very closely, and we can act quickly and flexibly if demand weakens in submarkets. Infineon is able to stay on course even in rough seas.

Fifth: **We are pioneers in sustainability by conviction.** This has long been a central component of our strategy. Today, our products and solutions already avoid 33 times more CO_2 over the lifetime of our customers' applications than is generated in the production of the required semiconductors. We therefore create a significant net ecological benefit. With ever more efficient manufacturing, this benefit continues to increase. The new plant in Dresden will be one of the most resource-efficient power semiconductor factories in the world.

We want to further reduce our own carbon footprint. We are making good progress toward our goal of making Infineon carbon-neutral by 2030. We completely converted the power supply of all North American sites to renewable sources of energy by the end of 2022. Our European sites have already been running on green power since the 2021 fiscal year.

Sixth: **We continue to develop our corporate culture.** In addition to "what we do", "how we do it" is crucial. I have now been working for Infineon for over 28 years. In my various roles during my journey at Infineon, one thing above all has struck me: It is the people who make the difference! It is important to us to create a working environment in which employees feel comfortable and make their contribution to the company's success out of conviction. Our corporate culture was and is the basis of our business success.

Infineon has grown strongly in recent years. As a result, our business has also become more complex. That is why we are continuing to develop our corporate culture. After I assumed the position of CEO, I initiated the culture project "SPIRIT". It promotes three behaviors:

- First: We set ourselves ambitious targets
- Second: We take ownership based on clear responsibilities
- Third: We make timely decisions and implement them rigorously.

I am delighted with the great support for this approach. The spirit of optimism in the company is great. In addition, we can build on high levels of employee satisfaction. Our customers value us as a reliable partner. We have also received very positive feedback on "SPIRIT" from capital market representatives. After all, an even more value-oriented way of thinking and working gives us additional tailwind on our profitable growth course.

Infineon is moving into new dimensions

The strategy is clear. The course is set. Infineon has started to move into new dimensions. We have the confidence to achieve even more ambitious targets in the future. In November, we significantly raised our long-term financial targets through the semiconductor cycle. We will be measured against these targets. My colleague Sven Schneider will explain them to you in more detail shortly.

We are on a promising path. Infineon has completed a record 2022 fiscal year and has made a successful start to the new fiscal year. Nevertheless, the challenging business environment will place high demands on us in the coming quarters. On behalf of the Management Board, I would like to sincerely thank Infineon's approximately 56,000 employees for their outstanding commitment and great mutual support in challenging times.
That is just fantastic!

I would like to thank you, our shareholders, for your confidence in our company. We want you to participate appropriately in the good results of the past fiscal year and are proposing a dividend increase. More on this from Dr. Schneider in a moment.

In conclusion, I would also like to thank you, Dr. Eder, on behalf of the Management Board, for your collaboration over the past years. In particular, I would like to highlight three key decisions made last year: first, the reorganization of the Management Board team; second, the increase in our long-term financial targets; and third, the preparations to make the largest single investment in the company's history, the expansion at the Dresden site. You have accompanied and supported our work in a spirit of trust at all times. I would also like to thank you personally for this. You have been a great help to me!

I would also like to thank Mr. Holdenried for his many years of commitment to the Supervisory Board and his loyalty to Infineon. You have been with Infineon through thick and thin over the past ten years.

I wish you both all the best for your future paths.

I am very much looking forward to our continued collaboration with the Supervisory Board and to the candidacies of Dr. Diess and Mr. Helmrich for the Board. Both bring with them a wealth of experience that can be of great benefit to our company in its next development steps.

Dear viewers,
Let me summarize:

Infineon is driving decarbonization and digitalization. As a global leader in power systems and IoT, we have everything we need to benefit from the high structural semiconductor demand in the coming years. We expect sustainable and more profitable growth through the cycle.

To achieve our goals, we are consistently developing Infineon as a company. And with our solutions, we continue to develop the world. In this way, we create more value for all stakeholders: Customers, shareholders, employees, society, and the environment. We make life easier, safer, and greener. That is why we are successful.

Thank you for listening!

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