

Annual General Meeting 2024

Key points speech Jochen Hanebeck, Chief Executive Officer

- **Infineon has set new records for revenue and profitability with a strong 2023 fiscal year.** After Infineon raised its long-term financial targets through the semiconductor cycle at the end of 2022, the results of the 2023 fiscal year are an initial confirmation of the more ambitious course we have taken.
- **We are consistently focusing Infineon on decarbonization and digitalization.** These two defining trends of our time offer huge potential for Infineon. Our focus is on five particularly promising key applications: Electromobility, renewable energies, automated driving, data centers – especially for Artificial Intelligence – and the IoT. They are all growing rapidly and are characterized by increasing semiconductor demand. We offer the right solutions and therefore expect strong and sustained profitable revenue growth in the medium and long term.
- **We are maintaining a balance in the current mixed market environment.** The market environment is currently very challenging for Infineon. However, it is not unusual for the global semiconductor market to go in cycles. Our target markets are developing differently. In the current mixed market environment, we are maintaining a balance: on the one hand, we are tightening our belts on less time-critical expenditures in order to achieve our financial targets for the current fiscal year. On the other hand, we are continuing to invest in the future in order to consistently exploit the long-term growth opportunities arising for Infineon from decarbonization and digitalization.
- **We are investing in customer-focused innovation, technology leadership and production capacities.** In the coming years, we want to expand our leading position in the areas of power systems and IoT. To this end, we are rapidly driving forward our research and development activities within the company.

- "From product thinking to system understanding" is our strategic approach. We introduced it more than a decade ago. Since then, Infineon has evolved from a purely technology- and product-driven company into a provider of system solutions. We score points with customers all over the world with these.
- In addition to our core business, we are also tapping into adjacent and new business areas. Here the IoT in particular offers Infineon many opportunities. This is where complete system solutions are crucial and we have all the important components. Artificial intelligence is being used in more and more IoT applications. AI is an especially exciting and key topic for Infineon.
- Decarbonization will rapidly increase specific demand for power semiconductors. Infineon is a technological leader and the clear number one in the market. In addition to silicon chips, we are supporting our customers with a new generation of power semiconductors based on silicon carbide and gallium nitride. The use of generative artificial intelligence is driving the demand for energy-efficient power solutions for data centers. The potential for Infineon and its customers is enormous.
- In October, Infineon completed the acquisition of GaN Systems. The Ottawa-based company contributes a broad portfolio of gallium nitride-based solutions for energy conversion. This is complemented by the first-class application know-how of more than 200 employees. The strengths of both companies complement each other perfectly. Infineon is significantly accelerating its development roadmap for gallium nitride solutions. We are improving our leading position in power systems.
- The market for silicon carbide chips is already much more developed than that for gallium nitride-based solutions. Large quantities of energy-saving silicon carbide chips will be needed for decarbonization in the foreseeable future. We want to remain permanently able to deliver. Accordingly, we announced another major investment at our Kulim site in Malaysia last summer. We are extending the current expansion of our production there to include a second phase. We intend to build the world's largest and most competitive silicon carbide power semiconductor factory based on 200-millimeter production technology. The production capacities from the first expansion stage will be ready for production in the second half of the year already. We are right on schedule. Our specific strengths give us an advantage in the global competition for the leading position in silicon carbide. We expect our silicon carbide chips to have an annual revenue potential of around 7 billion euros by the end of the decade.
- **We are strengthening the semiconductor ecosystem and our supply in Europe.** Microelectronics is a key technology. A competitive European semiconductor industry is important for value chains and prosperity in Europe. European companies are market leaders in power semiconductors, sensors and microcontrollers. To build on these strengths, science, industry and

politics must work together. European government support for the semiconductor industry in Europe is the right thing to do. We are building a sustainably successful European technology ecosystem.

- Infineon is participating in a joint venture together with the Taiwan Semiconductor Manufacturing Company (TSMC), Bosch and NXP. The European Semiconductor Manufacturing Company is to build a new factory for state-of-the-art chips in Dresden. TSMC is to operate the factory. This is a groundbreaking step for the entire European semiconductor industry. TSMC is the world's largest contract manufacturer of silicon chips and has been one of our most important and closest partners for many years. The company is a technology leader in the production of state-of-the-art digital chips. The planned factory is an ideal addition to our own production facilities.