Annual Report 2023

Infineon Technologies AG

www.infineon.com

Contents

Navigation in the report per mouse click

- Last page viewed
- Search
- Main table of contents
- Previous page
- Next page

Further information

- Page reference
- Chart reference (Chart overview on p. 184)
- Reference (List of references on p. 87)
- Reference to external documents

This interactive pdf is optimized for use with Adobe Acrobat.

Infineon key data[1]

Fiscal year from 1 October to 30 September	2023		2022		
	€ in millions	in % of revenue	€ in millions	in % of revenue	Change in %
Revenue by segment	**16,309**		**14,218**		**15**
Automotive	8,242	51	6,516	45	26
Green Industrial Power	2,205	13	1,790	13	23
Power & Sensor Systems	3,798	23	4,070	29	(7)
Connected Secure Systems	2,046	13	1,822	13	12
Other Operating Segments	18	0	20	0	(10)
Corporate and Eliminations	–	–	–	–	–
Selected results of operations key data					
Gross profit/Gross margin	7,413	45.5	6,131	43.1	21
Research and development expenses	(1,985)	12.2	(1,798)	12.6	(10)
Selling, general and administrative expenses	(1,599)	9.8	(1,565)	11.0	(2)
Operating profit	3,948		2,845		39
Profit (loss) for the period	3,137		2,179		44
Segment Result/ Segment Result Margin	4,399	27.0	3,378	23.8	30
Basic earnings per share in €	2.38		1.65		44
Diluted earnings per share in €	2.38		1.65		44
Adjusted earnings per share in € – diluted[2]	2.65		1.97		35
Dividend per share in €[3]	0.35		0.32		9

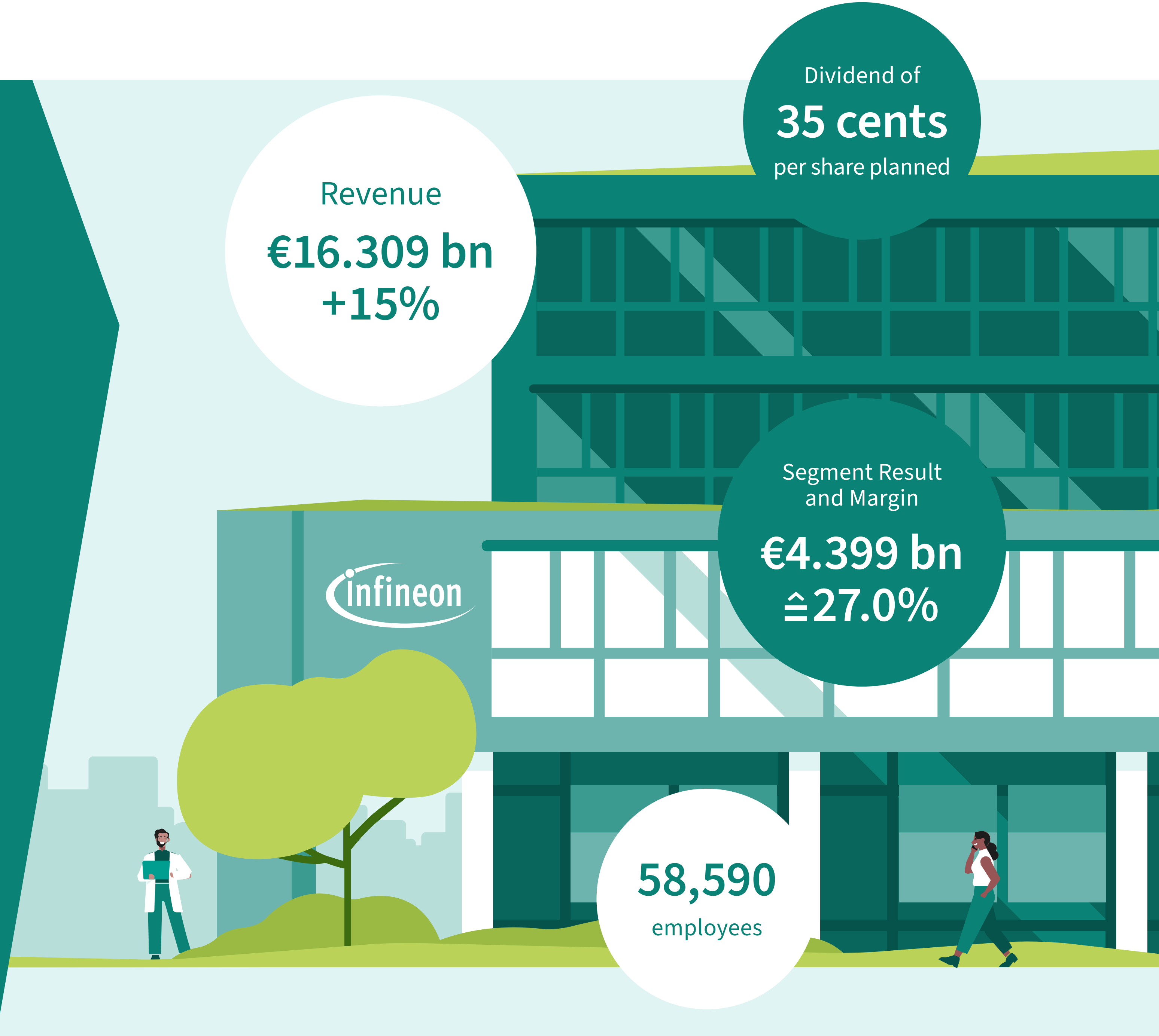
Fiscal year from 1 October to 30 September	2023	2022	
	€ in millions	€ in millions	Change in %
Selected liquidity key data			
Cash flows from operating activities from continuing operations	**3,962**	**3,986**	**(1)**
Cash flows from investing activities	(2,264)	(2,441)	7
Cash flows from financing activities	(1,301)	(1,869)	30
Free Cash Flow[4]	1,158	1,648	(30)
Adjusted Free Cash Flow[5]	1,638		
Adjusted Free Cash Flow as percentage of revenue	10.0%		
Depreciation and amortization	1,754	1,664	5
Investments[4]	2,994	2,310	30

€ in millions (unless otherwise stated)	As of 30 September 2023	As of 30 September 2022	Change in %
Gross cash position[4]	3,590	3,717	(3)
Net cash position[4]	(1,143)	(1,945)	41
Selected financial condition key data			
Total assets	28,439	26,912	6
Total equity	17,044	14,944	14
Equity ratio[6]	59.9%	55.5%	440 bp
Return on Capital Employed (RoCE)[4]	16.6%	12.6%	400 bp
Market capitalization[7]	**40,879**	**29,574**	**38**
Infineon employees (in total figures)	**58,590**	**56,194**	**4**

1 Percentage changes of more than +/–99.5% are shown as "+++" or "–––" in the tables in the Annual Report.
2 See the chapter "Review of results of operations" for definition. p. 52
3 A dividend per share of €0.35 for the 2023 fiscal year will be proposed to the Annual General Meeting on 23 February 2024.
4 See the chapter "Internal management system" for definition p. 37 ff.
5 See the chapter "Review of liquidity" for definition. p. 55 f.
6 Equity ratio = Total equity/Total assets.
7 The calculation is based on unrounded figures. Own shares were not taken into consideration for the calculation of market capitalization.

Infineon at a glance

Infineon Technologies AG is a world leader in semiconductor solutions that make life easier, safer and greener. Microelectronics from Infineon is the key to a better future. In the 2023 fiscal year (ending 30 September), the Company reported revenue of approximately €16.3 billion with some 58,600 employees worldwide. Infineon is listed on the Frankfurt Stock Exchange (ticker symbol: IFX) and in the USA on the over-the-counter market OTCQX International Premier (ticker symbol: IFNNY).



Letter to shareholders

Jochen Hanebeck
Chief Executive Officer

Neubiberg, November 2023

Dear readers,

Infineon can look back on a remarkable 2023 fiscal year. On the one hand, electromobility and renewable energy and the applications associated with them have ensured a continuing high level of demand. On the other hand, demand for consumer applications, such as PCs and smartphones, has fallen in the wake of the Covid pandemic. In this challenging market environment, your company has set new records for both revenue and profitability. Our revenue rose to €16.3 billion, and we achieved a Segment Result Margin of 27.0 percent.

Both figures exceeded our original annual forecast and are an initial confirmation on the more ambitious course we have adopted as a company. A year ago, we raised our long-term financial targets through the semiconductor cycle. Now we have proven that we are also delivering at this higher level of expectation.

In our target markets, we are expecting strong growth drivers to continue and we are anticipating big opportunities for Infineon. We want to grow and be sustainably profitable, advance at a rapid rate, and make full use of strategic investments to lay the important groundwork for Infineon's future.

I would like to express my gratitude to all the 58,600 people working for Infineon for their exceptional commitment in the past fiscal year. I would also like to thank you, our shareholders, for your continuing confidence in our company. At our forthcoming Annual General Meeting, we will propose an increase in the dividend payment to €0.35 per share. Thus, we would like to ensure that you participate appropriately in Infineon's success while at the same time retaining the financial headroom we need for the future development of your company.

Following the last Annual General Meeting, the Supervisory Board elected a new Chairman. On behalf of the Management Board, I would like to express my sincere thanks to the long-standing Chairman, Dr. Wolfgang Eder, for the good working relation we have enjoyed over the past few years. Particular highlights include reorganizing the Management Board team, setting higher financial targets and preparing for the expansion of our manufacturing facilities on our site in Dresden (Germany). Dr. Wolfgang Eder was always a trusted guide and support to the Management Board.

With Dr. Herbert Diess, his successor as Chairman of the Supervisory Board, Infineon has gained a proven expert in the major topics affecting the future of our business. Our working relation with Dr. Herbert Diess is also respectful, constructive and built on trust, which is very important to Infineon maintaining its successful course.

Having successfully established the Management Board position for Digital Transformation, our colleague Constanze Hufenbecher decided not to renew her expiring contract and has handed over the baton to Elke Reichart on 1 November 2023. Constanze Hufenbecher contributed significantly to the good progress made by Infineon in the areas of digitalization and sustainability. She has laid important foundations with the Digital Agenda and the Sustainability Strategy. Moreover, she established a culture of cross-departmental collaboration at Infineon. I would like to express my sincere personal gratitude for her achievements.

Digitalization is a crucial lever for our company. I am very much looking forward to working together with Elke Reichart. She will bring new perspectives and impetus to the Management Board team and use her extensive experience to help lead Infineon into an even more successful future.

We are driving decarbonization and digitalization with our partners

Efforts to tackle the climate crisis are being intensified worldwide. At the same time, we are seeing rapid development in the area of digitalization. Semiconductors are essential in order to overcome the energy challenges of our time and help shape the digital transformation. They are the building blocks of technological progress and the engine of sustainable global development. At Infineon, we are actively doing everything possible to drive forward decarbonization and digitalization. We are a global leader in power systems and IoT. Together with our partners, we enable game-changing solutions in three growth areas: green and efficient energy, clean and safe mobility, and a smart and secure IoT.

Five core applications are particularly strong drivers for our business: electromobility, renewable energy, automated driving, data centers – propelled by the ever-increasing use of artificial intelligence – and IoT. These applications will account for around 60 percent of our expected revenue growth over the coming years. So that Infineon can make the most of these major growth opportunities, we are setting the course and laying the groundwork early on.

Investments in manufacturing capacities and security of supply will set Infineon up for long-term growth

Our manufacturing strategy is based on clear principles. We focus on expanding our in-house manufacturing in those areas in which added value for our customers and differentiation for Infineon is created. This is the case, for example, for power semiconductors and sensors. However, in the case of highly integrated digital products such as microcontrollers and connectivity and security components, we prefer to work together with contract manufacturers, as the design and software are the main sources of differentiation in those areas. We also pursue this strategy when making our investment decisions.

The groundbreaking ceremony for our "Smart Power Fab" at the Dresden site took place at the beginning of May 2023. This factory will link our two major growth areas, decarbonization and digitalization. We are strengthening our manufacturing base for both analog mixed-signal technologies and power semiconductors. Analog mixed-signal components are used in power supply systems (such as those in energy-efficient chargers), in small motor control units for cars, in data centers and in IoT applications. The interaction between power semiconductors and analog mixed-signal components makes particularly energy-efficient and intelligent system solutions possible. We therefore want to use our in-house manufacturing to create some of these products in the future, from both a differentiation and a resilience perspective.

The great importance of the project for Infineon, the region, Germany and Europe has become clear, not least due to visits to the Dresden site by high-ranking politicians – especially the President of the European Commission and the German Federal Chancellor – and the resulting high level of media interest. Support provided by the German Federal Government as funding body and the European Chips Act is giving our project a tailwind. The additional capacity provided by the fab will enable us to meet increasing demand from our customers in the second half of the decade and will reinforce our position as a world-leading supplier of power systems.

Silicon chips of the type we make in Dresden will be the technically appropriate and economically viable solution in many applications in the long term. Compound semiconductors based on silicon carbide (SiC) and gallium nitride (GaN) expand the options presented by silicon-based solutions. They enable particularly efficient, fast-switching and compact system solutions that consume less power. We see rising demand for these, especially for use in electric cars, charging stations and solar systems.

We want to lead the way across the whole range of power semiconductors – for silicon chips as well as for technologies based on SiC and GaN. We are therefore constantly expanding our portfolio for different application areas. We are also increasing our manufacturing capacity for both types of technology, while adopting an entrepreneurial and long-term approach.

In August 2023, we therefore announced that we would be significantly increasing the scope of the ongoing expansion of our manufacturing facilities on our Kulim site (Malaysia). In a second expansion phase, we want to build the world's largest and most competitive SiC power semiconductor factory based on 200-millimeter manufacturing technology there. Together with the planned conversion to 200-millimeter production of our existing SiC manufacturing lines at the sites in Villach (Austria) and Kulim, this investment offers Infineon annual revenue potential of around €7 billion by the end of the decade.

Our investment decision is backed by numerous long-term agreements with high-profile customers in the automotive sector and in the field of renewable energy. Additional design wins worth €5 billion and associated advance payments of around €1 billion are evidence of the great confidence our customers place in Infineon as a reliable partner and driver of innovation.

In the global competition for the leading position in SiC technologies, certain strengths differentiate Infineon from its competitors. First of all, the trench architecture we use in chip manufacture has advantages in terms of performance and productivity. Second, we offer all markets the most comprehensive product and packaging portfolio. Third, we score with our excellent systems understanding and first-class access to customers.

However, we see few opportunities for differentiation in manufacturing the SiC base material used in chip production, so this we buy in. We ensure access to this material through a broad and regionally diversified supplier network. Infineon's own laser-based cold split technology enables particularly efficient use of the base material.

Your company has all the key factors at its disposal for sustainable success with SiC solutions. We are therefore very well placed to benefit from similar economies of scale with SiC as has previously been the case with silicon – both in manufacturing and in research and development. We are very confident that we will be able to achieve a market share in SiC of 30 percent by the end of the decade.

So that we are equipped to handle the expected increase in demand for semiconductors from our customers and are able to deliver in the long term, we are not only boosting our in-house manufacturing but also increasing the supply of semiconductors we purchase from contract manufacturers. Especially against the backdrop of geopolitical uncertainty, we want to make our supply chain even more resilient in the future.

Together with Taiwan Semiconductor Manufacturing Company (TSMC), the world's largest silicon contract manufacturer based in Taiwan, and the companies Bosch and NXP Semiconductors, we want to invest in a joint company. As we and our partners announced in August, the European Semiconductor Manufacturing Company (ESMC) in Dresden is to build an ultra-modern fab for semiconductors with small feature sizes of 12 to 28 nanometers. TSMC is to operate the fab for the entity. The project is planned under the framework of the European Chips Act.

The planned fab is an ideal complement to our own manufacturing landscape. Whereas the projects in Dresden and Kulim mentioned above are designed to expand capacity for power semiconductors and analog mixed-signal technologies, our participation in ESMC secures us access to capacity for our automotive microcontrollers and IoT semiconductors, further improving our ability to meet growing demand.

This investment will bring the first FinFET fab to Europe. FinFET is a transistor technology used in state-of-the-art digital chips. Even more transistors can be housed on the smallest three-dimensional structures. As a result, the semiconductors are even more powerful and energy-efficient. FinFET technology is becoming increasingly important for our high-performance microcontrollers. With this fab, we are ensuring Infineon will have direct access to this technology in Europe, and we are strengthening the European semiconductor ecosystem in the long term.

We are continuing to enhance our competence in power systems and IoT with targeted acquisitions

In addition to SiC, GaN is developing into a key material for power semiconductors. It has advantages especially at higher switching frequencies. In particular, for applications such as mobile charging, power supplies for data centers, solar inverters for private households, and onboard chargers for electric vehicles, GaN is on the brink of a breakthrough and promises very strong market growth. We therefore want to continue to enhance our technical skills in the field of GaN.

In October 2023, we completed the acquisition of the company GaN Systems. The company, which is headquartered in Ottawa (Canada), brings with it a broad portfolio of GaN-based solutions for power conversion as well as first-class application know-how. We are delighted that the team from GaN Systems, comprising more than 200 employees, is now part of Infineon.

The strengths of both companies in terms of intellectual property and application understanding ideally complement each other. Together, we now have over 450 GaN experts, as well as more than 350 GaN patent families and a large number of highly promising customer projects in the pipeline. This puts our company in an outstanding position, opening up huge opportunities in various high-growth markets. This will significantly accelerate our development roadmap for GaN solutions and further strengthen our leading position in power systems.

Another exciting key topic for Infineon is artificial intelligence (AI). Machine learning is being used in more and more IoT applications and enables new functionalities.

In May 2023, we acquired the company Imagimob. The startup, based in Stockholm (Sweden), is a leading platform provider for machine learning solutions for energy-efficient edge devices. Imagimob's platform enables a variety of applications, such as audio event detection, voice control, gesture recognition, predictive maintenance, signal classification and material detection.

With this acquisition, we are strengthening our position as a provider of machine learning solutions, complementing our range of embedded AI solutions. This will enable us to transfer the capabilities of machine learning, which have until now been used mainly in large server farms, to our microcontrollers.

Artificial intelligence also offers Infineon huge growth potential in the area of power systems. More and more data are being recorded, processed, stored and linked. To make the data usable for different applications, the major cloud computing providers are increasingly employing generative AI. As the example of ChatGPT shows, large language models (LLMs) have the potential to take digitalization to a completely new level.

In the coming years, AI will be used in more and more application areas. The volume of data to be processed and the computing power required as a result will mean a significant increase in the quantity and value of the semiconductors needed in the data center servers. Energy-efficient power stages help reduce power losses and cooling efforts This allows operators to significantly reduce their costs – and avoid CO_2. Demand is growing strongly. We offer highly energy-efficient power solutions for the entire supply chain, from the grid to the central processor (GPU), making a broader use of AI possible. Green computing is an ideal application area for Infineon. This is a good example of how decarbonization and digitalization are closely linked with one another.

Networks, data centers, servers and the IT infrastructure form the backbone of digitalization. Another crucial element of the IoT is wireless connectivity between end devices. In October 2023, we acquired the company 3db Access, a move designed to enhance our skills in this area as well. The startup based in Zurich (Switzerland) is a pioneer in energy-efficient ultra-wideband (UWB) technology. UWB technology can be used to precisely determine positions and distances while being robustly protected against signal interference. This makes it extremely attractive for many IoT applications. These include secure access to vehicles and buildings, indoor navigation and presence detection of people in rooms. UWB complements our connectivity technologies (Wi-Fi, Bluetooth®/ Bluetooth® Low Energy and NFC) and offers Infineon additional opportunities in an interesting growth market.

Besides the targeted enhancement of our technological skills through acquisitions, we are rapidly advancing with the company's research and development activities. The focus here is the benefit provided to customers. Our aim is to roll out differentiating solutions at an even faster rate. It is therefore crucial that we recognize product and customer requirements at an early stage and that we understand our customers' systems. Our "from product thinking to system understanding" approach, which we have applied for many years, has proved its worth. Given the growing number of applications served by Infineon, this approach is now more important than ever.

Particularly in application areas that are new to Infineon, we work closely together with key customers on development. Our teams develop new solutions in tandem with customers in an iterative process. By exchanging ideas directly, they learn to understand customer and market requirements even better and more quickly and can therefore offer tailor-made system solutions within a short period of time.

We are making Infineon CO_2-neutral by 2030

At Infineon, as a leading manufacturer of semiconductors, our objective is not only to be a technological leader but also a pioneer in sustainability. Infineon will become CO_2-neutral by the end of the 2030 fiscal year. Our target includes all direct emissions (scope 1) as well as indirect emissions from purchased electricity and heat (scope 2). By the end of the 2025 fiscal year, we want to have reduced our emissions by 70 percent compared with 2019. To achieve these targets, we are working in particular on avoiding direct emissions.

Here we are making good progress. At the end of the 2023 fiscal year, our scope 1 and scope 2 emissions were around 56.8 percent below the emissions of the base year 2019. The installation of new PFC abatement systems in our frontend manufacturing in Kulim (Malaysia) has already enabled us to reduce our scope 1 emissions by 21 percent. In the past fiscal year, we also launched a similar project at our site in Austin (Texas, USA). This means that we will have equipped all our prime manufacturing facilities with highly efficient PFC abatement systems. The new manufacturing facilities referred to above will of course be equipped with such systems right from the start, so that they are in line with our CO_2 neutrality goal.

In addition to avoiding direct emissions, other key levers for reducing CO_2 are energy conservation and the use of green electricity. In the 2023 fiscal year, we were able to use green electricity to meet over three quarters of our electricity requirements.

We are continuing to develop our corporate culture

Infineon is seeing strong growth. Over the past few years, our business has become bigger and, at the same time, more complex. We therefore make adjustments in the company, adapt our processes and, last but not least, continue to develop our corporate culture. Crucial to our success is not only **what** we do but **how** we do it.

When I assumed my role as CEO, we launched the SPIRIT project. This is designed to deliberately promote three behaviors in the company. We set ourselves ambitious targets at all levels. We are accountable for our results and clarify our responsibilities. We make timely decisions that are implemented consistently.

Whether you are setting ambitious targets or clarifying responsibilities, you need to begin at the corporate level. We therefore made a decision in the summer that, in the future, we would combine accountability with functional management roles across the Group. This will make us significantly faster, because it will reduce the complexity in our organization and create strong global functions – with local teams, where this is expedient. Furthermore, we promote a sense of responsibility and purposefulness as elements of our corporate culture. All this makes us even more attractive as an employer.

A challenging market environment in the 2024 fiscal year

At the beginning of the 2024 fiscal year, we are operating in an environment that continues to present challenges. The mobility of the future and renewable energies are currently the strongest growth drivers for our business. In all other areas, we see a temporarily difficult, cyclical market environment.

Overall, we are expecting revenue growth to continue in the 2024 fiscal year but at a lower rate. We are assuming an increase in revenue of 4 percent. Hence, after the two boom years of 2022 and 2023, we anticipate growth will be below the target we have set ourselves of average revenue growth of “more than 10 percent per year” over the semiconductor cycle. However, the sequence of different growth phases is nothing unusual in the semiconductor market and as a company we know how to deal with this situation.

With regard to structural growth opportunities, we are continuing to implement our strategy consistently and we are reinforcing our leading position in power systems and IoT with long-term investments in our manufacturing landscape and technological leadership. Decarbonization and digitalization remain the foundations of our business. With our solutions, we are driving forward the green and digital transformation, thus providing our customers and you, our shareholders, with tangible added value.

Neubiberg, November 2023

Sincerely
Jochen Hanebeck

Jochen Hanebeck
Chief Executive Officer

The Management Board

(From left to right)

Andreas Urschitz
Chief Marketing Officer

Dr. Sven Schneider
Chief Financial Officer

Jochen Hanebeck
Chief Executive Officer

Elke Reichart
Chief Digital Transformation Officer

Dr. Rutger Wijburg
Chief Operations Officer

The Management Board

Andreas Urschitz
Chief Marketing Officer

Andreas Urschitz has been a member of the Management Board and Chief Marketing Officer of Infineon Technologies AG since 2022 (appointed until 31 May 2025). He is responsible for Group Sales, Marketing & Distribution; Customer Engagement Strategy; Application Framework & Services; Organization and Strategy enablement/implementation of Regions Greater China, Asia Pacific and Japan; Marketing Communications.

Andreas Urschitz was born in 1972 in Klagenfurt, Austria. He obtained his master’s degree in commercial science at the Vienna University of Economics and Business, Austria. He has been with Infineon (Siemens AG until 1999) since 1995.

Dr. Sven Schneider
Chief Financial Officer

Sven Schneider has been Chief Financial Officer at Infineon Technologies AG since 2019 (appointed until 30 April 2027). He is responsible for Group Finance; Group Financial Controlling & Planning; Treasury; Taxes; Accounting, Consolidation & Reporting; Investor Relations; Compliance; Audit; Risk Management; Internal Controls.

Sven Schneider was born in 1966 in Berlin, Germany. After completing his studies in business administration (Diplom-Kaufmann), he received his doctorate in business administration from the University of Trier, Germany. From 1995 to 2019, he held several positions at Linde AG, most recently as Spokesman of the Executive Board, Chief Financial Officer and Labor Director.

Jochen Hanebeck
Chief Executive Officer

Jochen Hanebeck has been a member of the Management Board of Infineon Technologies AG since 2016. He has been CEO since 1 April 2022 (appointed until 31 March 2027). He is responsible for Divisions; Group Strategy; Mergers & Acquisitions; Organization and Strategy enablement/implementation of region Americas; Communications & Public Policy; Human Resources (Labor Director); Legal & Patents; Research & Development (CTO).

Jochen Hanebeck was born in 1968 in Dortmund, Germany. He received a degree in electrical engineering from RWTH Aachen University, Germany. He has been with Infineon since 1994 (Siemens AG until 1999).

Elke Reichart
Chief Digital Transformation Officer

Elke Reichart has been a member of the Management Board of Infineon Technologies AG and Chief Digital Transformation Officer since 2023 (appointed until 31 October 2026). She is responsible for Groupwide Digitalization Strategy, Information Technology, Digital Sales & Marketing Platforms and Services, Business Continuity, Business Excellence, Group Processes.

Elke Reichart was born in 1965 in Stuttgart, Germany. She received her diploma in Romance Languages and Economics as well as a postgraduate degree in Applied Computer Science from the University of Gießen, Germany. She began her career at Hewlett-Packard Inc. in 1991.

Dr. Rutger Wijburg
Chief Operations Officer

Rutger Wijburg has been a member of the Management Board of Infineon Technologies AG and Chief Operations Officer since 1 April 2022 (appointed until 31 March 2025). He is responsible for Group Manufacturing, Supply Chain, Procurement, Customs, Quality Management, Real Estate and Facility Management (Manufacturing Sites).

Rutger Wijburg was born in Nijmegen, Netherlands, in 1962. He studied Electrical and Electronics Engineering at the University of Twente, Netherlands, and received his PhD in 1990. He started his career in 1990 at the University of Twente. Before joining Infineon in 2018, he held various leading positions at Philips, NXP and Globalfoundries.

Report of the Supervisory Board to the Annual General Meeting

Dr. Herbert Diess
Chairman of the Supervisory Board

Ladies and Gentlemen,

The times we live in are being affected by so much change. What sets us apart at Infineon is that we see this as an opportunity and are actively working to shape that change. Our forward-looking technologies and products are making an important contribution towards halting (or at least slowing down) climate change and towards using digitalization with human beings in mind. I can see how Infineon employees around the world are playing their part with enthusiasm, skill and a positive mindset. This is not only making us an innovative high-tech company but also ensures sustainable economic success. The 2023 fiscal year has demonstrated this once again. We want you, dear shareholders, to be able to participate in this success in the usual way and will therefore submit a proposal jointly with the Management Board to the Annual General Meeting for another increase in the dividend to €0.35 per share entitled to a dividend. For many years, Infineon's success story has been built on outstanding technological and business performance combined with added value for society as a whole, and I would be delighted if you continued to accompany us on our way.

Main activities of the Supervisory Board

During the 2023 fiscal year, the Supervisory Board again performed its duties with utmost diligence in accordance with the law, Infineon's Articles of Association and the Supervisory Board's own rules of procedure. Its work was based in particular on reports presented by the Management Board at Supervisory Board and committee meetings regarding all issues relevant to Infineon. For the most part, the focus was again on corporate strategy, current business performance and the economic situation, financial and investment planning, and the risk profile, as well as issues relating to risk management and compliance. In addition, the Supervisory Board addressed the replacement of the Chairman of the Supervisory Board and other personnel changes on the Supervisory Board, as well as preparing for the appointment of a new Management Board member responsible for digital transformation. The Supervisory Board was provided with written quarterly reports on the economic environment, Infineon's business performance, including investment and acquisition activities, key financial data, risks and opportunities, and major areas of litigation, as well as other specific topics of relevance. Between quarterly reports, the Management Board also provided the Supervisory Board with additional information in the form of monthly reports on current business performance and developments.

As Chairman of the Supervisory Board, I was also in regular contact with both the Chief Executive Officer and other members of the Management Board between meetings. The CEO kept me well-informed at all times of other key events for Infineon. My working relationship with the CEO was respectful, constructive and based on trust.

In the 2023 fiscal year, the full Supervisory Board convened nine times, holding six ordinary meetings and three extraordinary meetings. Additionally, two resolutions were passed on the basis of written communication. The attendance rate at Supervisory Board meetings was just under 98 percent; Diana Vitale was excused from attending one meeting and Dr. Manfred Puffer from two meetings. The attendance rate at the Supervisory Board's committee meetings was 100 percent. Details of the individual attendance record of Supervisory Board members at full Supervisory Board and committee meetings are provided in a table in the Statement on Corporate Governance.
www.infineon.com/declaration-on-corporate-governance

The three extraordinary meetings of the full Supervisory Board were conducted virtually, and all the ordinary meetings were face-to-face meetings. Of the six meetings of the Executive Committee, two were virtual. One of the five meetings of the Investment, Finance and Audit Committee and four of the six meetings of the Nomination Committee were in a virtual format. All the meetings of the Strategy and Technology Committee, without exception, were face-to-face meetings.

In preparation for ordinary Supervisory Board meetings, separate preliminary meetings were held for both the shareholder representatives and the employee representatives. The Supervisory Board and the Investment, Finance and Audit Committee also convened regularly without the presence of the Management Board.

Corporate strategy

The 2023 fiscal year was characterized by a variety of strategic projects that were closely monitored and then all approved by the Supervisory Board:

- First, the Supervisory Board approved a more ambitious target operating model and thereby an upward revision of Infineon's long-term financial targets. Like the Management Board, the Supervisory Board is convinced that decarbonization and digitalization will ensure structurally increasing demand for semiconductors and that, thanks to its strategic focus, Infineon will benefit disproportionately from this development.

- In addition, the past fiscal year has involved major investment – the construction of a new factory in Dresden (Germany), significant expansion of manufacturing in Kulim (Malaysia) and, finally, the participation of Infineon in a joint venture with TSMC, Bosch and NXP to build a modern semiconductor fab, also in Dresden. Infineon is therefore creating the production capacity required to reliably meet growing demand from its customers over the long term. Moreover, the investment in Dresden is an important milestone that will reinforce the European semiconductor ecosystem and strengthen supply chain resilience in Europe. Accordingly, the Supervisory Board was satisfied that these investments were necessary for the business and made economic sense and approved the plans.

- Finally, the Supervisory Board examined measures relating to the Group's inorganic growth in promising new fields and granted its approval for the acquisition of the Canadian company GaN Systems, the technological leader in the development of GaN-based solutions for power conversion. The acquisition will significantly strengthen Infineon's leading position in power systems. The Supervisory Board also agreed on strategic portfolio management measures with the Management Board and endorsed the sale of its HiRel (High Reliability) DC-DC converter business to Micross Components, a transaction that enables Infineon to focus in the future on those HiRel business areas that benefit from its leading semiconductor technologies.

In the 2023 fiscal year, separately from the examination of specific strategic projects, the Supervisory Board also considered various aspects of Infineon's corporate strategy at a daylong strategy meeting that took place on the Dresden site. Topics discussed included strategic fundamentals, portfolio management, parameters for organic and inorganic growth, geopolitical issues, financial targets and, last but not least, Infineon's sustainability strategy.

Personnel matters relating to the Management Board

In the course of the fiscal year, Constanze Hufenbecher, Management Board member and Chief Digital Transformation Officer (CDTO), informed the Supervisory Board of her intention not to renew her contract which was due to expire in April 2024. The Supervisory Board accepted her decision with regret. Immediately thereafter, the Supervisory Board initiated the process of finding a replacement for the CDTO position on the Management Board. Based on the Supervisory Board's continuous succession planning and with the support of a human resources consultant, an extensive search process was launched. Infineon was eventually able to recruit Elke Reichart, an experienced digitalization expert. Elke Reichart was appointed as a member of the Management Board for three years with effect from 1 November 2023. Constanze Hufenbecher resigned from the Management Board with effect from 31 October 2023. The Supervisory Board thanks Constanze Hufenbecher for her achievements and personal commitment and wishes Elke Reichart a successful start in her new role.

Management Board remuneration

In November 2022, the Supervisory Board established a new remuneration system for the Management Board. This created a remuneration structure with higher variable remuneration components, whereby the Management Board remuneration will in the future be even more closely linked with the success of the business. Moreover, the maximum remuneration for longer-serving Management Board members will be increased, giving the Supervisory Board more scope to offer experienced Management Board members competitive remuneration. The restriction of the STI modifier to extraordinary developments brought the system more in line with the provisions set out in the German Stock Corporation Act (AktG) and the German Corporate Governance Code. Finally, the opportunity was provided to weight ESG targets in the long-term variable remuneration even more heavily in the future. At the Annual General Meeting in February 2023, this new remuneration system for the Management Board was approved by a large majority. It was thereupon implemented in all Management Board employment contracts as of 1 April 2023.

Further information on Management Board remuneration is available in the detailed Remuneration Report. As in the previous year, the Management Board and the Supervisory Board decided to ask the auditors to perform an additional review of the content of the Remuneration Report in addition to their formal audit of the report. KPMG issued an unqualified audit opinion on the Remuneration Report.

Litigation

The Supervisory Board was regularly provided during the 2023 fiscal year with in-depth information regarding major legal disputes, which it then discussed at length with the Management Board. These included, in particular, the legal dispute with the insolvency administrator of Qimonda AG pertaining to alleged residual liability claims, which has been ongoing for years.

Supervisory Board topics

Personnel matters relating to the Supervisory Board

Dr. Wolfgang Eder and Hans-Ulrich Holdenried resigned from the Supervisory Board with effect from the end of the Annual General Meeting on 16 February 2023. Based on a proposal by the Supervisory Board, Klaus Helmrich and I were newly elected to the Supervisory Board. At its meeting immediately after the Annual General Meeting, the Supervisory Board elected me as the new Chairman of the Supervisory Board, as a member and the Chairman of the Strategy and Technology Committee, and as the Chairman of the Nomination Committee. I am grateful for this vote of confidence from Infineon's Supervisory Board and would like to take the opportunity here to thank once again Dr. Wolfgang Eder and also Hans-Ulrich Holdenried for their successful work over the past years.

Following the resignation of Géraldine Picaud from the Supervisory Board at the beginning of 2023, Ute Wolf was appointed as a member of the Supervisory Board by court order in April 2023 and elected by the Supervisory Board as a member of the Investment, Finance and Audit Committee. Until shortly before her appointment by Infineon, Ute Wolf was the Chief Financial Officer of a public limited company listed in Germany. In addition, she has already spent several years as the Chair of audit committees of listed companies. She therefore increases the level of financial expertise on the Supervisory Board. At the Annual General Meeting to be held in February 2024, the Supervisory Board will propose that Ute Wolf be elected to the Supervisory Board for a regular four-year term of office.

Basic and ongoing training

Supervisory Board members are responsible for undertaking any basic or ongoing training considered necessary to perform their duties, and they receive appropriate support from Infineon to do so. In-house information events are held to provide targeted training. In the 2023 fiscal year, for example, events took place that covered the EU Taxonomy and governance topics as well as current regulatory developments affecting the Supervisory Board. As part of the onboarding process for new Supervisory Board members, Infineon also conducts comprehensive briefings covering a broad range of topics, including its individual operating segments, the principles and key elements of its corporate strategy, investment planning and its manufacturing strategy.

Committee work

The Supervisory Board's various committees are responsible for drawing up resolutions and preparing other major topics that need to be dealt with by the full Supervisory Board. Moreover, the Supervisory Board has delegated certain decision-making powers to its committees. The chairpersons of each committee are required to report on committee meetings at the next full Supervisory Board meeting.

Mediation Committee

The Mediation Committee did not need to convene during the reporting year.

Nomination Committee

The Nomination Committee held six meetings in total during the 2023 fiscal year. The topics discussed at the meetings included the replacements for Supervisory Board positions referred to above following the resignations of Dr. Wolfgang Eder, Hans-Ulrich Holdenried and Géraldine Picaud. Klaus Helmrich and I were elected at the 2023 Annual General Meeting and Ute Wolf was appointed by the court. The committee also prepared the nomination for election at the 2024 Annual General Meeting of Ute Wolf, as well as of Prof. Hermann Eul, an acknowledged expert in semiconductors.

Executive Committee

At its ordinary meetings, the Executive Committee focused primarily on preparing the Supervisory Board's resolutions to determine the level of variable remuneration to be paid to Management Board members. These included, firstly, determining the Short-Term Incentive (STI) target achievement levels for the 2022 fiscal year and setting new target values for the 2023 fiscal year and, secondly, determining the STI modifier criteria, confirming the ESG targets for limiting carbon emissions and increasing diversity that are relevant for the Long-Term Incentive (LTI) and confirming the composition of the TSR (Total Shareholder Return) peer group. The topics discussed at the extraordinary meetings were the personnel and remuneration issues referred to above.

Investment, Finance and Audit Committee

The Investment, Finance and Audit Committee held five ordinary meetings in the 2023 fiscal year. Its activities centered on monitoring the financial reporting process, reviewing the half-year and quarterly financial statements, conducting the preliminary audit of the Separate Financial Statements, Consolidated Financial Statements and Combined Management Report for Infineon Technologies AG and the Infineon Group, and discussing the audit reports with the auditor. The Committee also conducted an assessment of the quality of the audit. In addition, the Committee examined Infineon's financial and investment budget. It also received regular reports on the internal control, internal audit, risk management and compliance management systems and deliberated on their appropriateness and effectiveness. The Committee was also provided with continuous updates on additional risks and significant legal disputes.

The Committee's recommendation to the full Supervisory Board to propose to shareholders at the 2023 Annual General Meeting that KPMG AG Wirtschaftsprüfungsgesellschaft, Munich (KPMG) be elected for the last time as Company and Group auditor was based on a Declaration of Independence obtained from KPMG as well as an analysis of the non-audit services provided by KPMG. There were no indications of conflicts of interest, grounds for exclusion or other lack of independence on the part of the auditor. The Committee also considered the fee arrangements, issued contracts for the relevant audit engagements and defined supplementary areas for audit emphasis.

Representatives of the auditor attended all the meetings of the Investment, Finance and Audit Committee and reported in detail on the audit procedures performed. At each of the meetings, there was also a closed session involving the auditor and the members of the Investment, Finance and Audit Committee without the Management Board being present. This also applied to the full Supervisory Board meeting that considered the financial statements.

The Committee also devoted time to the Remuneration Report and the separate combined Non-Financial Report and, in this context, considered other sustainability issues, including the German Supply Chain Act (LkSG).

Strategy and Technology Committee

The Supervisory Board's Strategy and Technology Committee convened three times during the reporting year. The Management Board provided it with reports on a number of topics, including key aspects of the macroeconomic market and competitive environment and the progress of the Group's digital agenda. Other areas discussed at committee meetings were strategic considerations with regard to the expansion of manufacturing capacity and the value contribution of software at Infineon.

Corporate Governance

Declaration of Compliance 2023

In the Declaration of Compliance dated November 2023, the Management Board and Supervisory Board jointly declared that, since the submission of the last Declaration of Compliance in November 2022, all the recommendations of the German Corporate Governance Code contained in the version dated 28 April 2022 have been complied with and will continue to be complied with in the future.

The actual wording of the Declaration of Compliance 2023 and all previous Declarations of Compliance are available on Infineon's website.
www.infineon.com/declaration-of-compliance

Self-assessment by the Supervisory Board

The Supervisory Board regularly assesses how effectively it performs its duties. It conducted such a self-assessment in the 2023 fiscal year. Given that in the 2022 fiscal year, the self-assessment was carried out with the support of an external consultant (including personal interviews with all the members of the Management Board and the Supervisory Board), Infineon reverted in the 2023 fiscal year to the use of an internal questionnaire. The results of the questionnaire were discussed in the course of a Supervisory Board meeting in August 2023 and a full-day Supervisory Board workshop in November 2023. Issues discussed included reinforcing the expertise of the Supervisory Board in the area of semiconductors, which led to Prof. Hermann Eul being nominated to the Supervisory Board, cooperation between the committees and the full Supervisory Board, the framework for the Supervisory Board's engagement with strategic topics, and the parameters of the Supervisory Board's continuous succession planning for Management Board positions.

Skills and expertise profile and list of objectives for the Supervisory Board/qualifications matrix

The Supervisory Board decided to make a modification to the skills and expertise profile and list of objectives. One of the reasons for this was to make explicit reference in the skills and expertise profile to sustainability expertise. It was also decided to modify the age limit of 70 previously set for Supervisory Board members to the extent that, in the future, it will no longer be simply a rule but a strict limit. Moreover, the Supervisory Board looked in detail at the qualifications matrix published in the Statement on Corporate Governance.

Examination of potential conflicts of interest

The members of the Management Board and of the Supervisory Board are required to disclose any conflicts of interest to the Supervisory Board without delay. One Supervisory Board member disclosed a potential conflict of interest in respect of an M&A project. Thereafter, this Supervisory Board member was not given access to the relevant documents and also did not participate in the meetings and decision-making process of the Supervisory Board in this respect.

Prior to Management Board members assuming sideline activities, particularly supervisory board mandates outside the Company, the German Corporate Governance Code requires that permission be granted by the Supervisory Board. No conflicts of interest were discernible in any of the sideline activities performed. In fact, they were all in Infineon's best interests and were therefore approved by the Supervisory Board and/or Executive Committee.

Further information on the topic of corporate governance is available in the Statement of Corporate Governance.
www.infineon.com/declaration-on-corporate-governance

Rules of procedure for the Supervisory Board and the Management Board

All the rules of procedure for the Supervisory Board and the Management Board are available on the Infineon website.
www.infineon.com/cms/en/about-infineon/investor/corporate-governance/articles-of-association/

Related party transactions

Publicly listed companies such as Infineon require the approval of the Supervisory Board or one of its committees before entering into certain transactions with related parties. In order to identify related party transactions that require approval and to treat them in accordance with the law, Infineon has implemented a procedure based on guidelines that apply worldwide across the Group. The Supervisory Board has delegated responsibility in this area to the Investment, Finance and Audit Committee, particularly for resolutions requiring approval. There were no related party transactions requiring approval in the 2023 fiscal year.

Separate and Consolidated Financial Statements

KPMG audited the Separate Financial Statements of Infineon Technologies AG and the Consolidated Financial Statements as of 30 September 2023, as well as the Combined Management Report of Infineon Technologies AG and the Infineon Group, and issued unqualified opinions thereon.

The Half-Year Financial Report was also reviewed by KPMG. No issues were identified that might indicate that the condensed Interim Consolidated Financial Statements or the Interim Group Management Report were not prepared in accordance with the applicable provisions in all material respects.

KPMG has audited the Separate Financial Statements of Infineon Technologies AG and the Consolidated Financial Statements of the Infineon Group and reviewed the Interim Consolidated Financial Statements since the 1999 fiscal year (short fiscal year from 1 April 1999 to 30 September 1999). Martin Schmitt, the auditor responsible for the engagement, signed the auditor's report for the first time for the 2021 fiscal year (1 October 2020 to 30 September 2021) and Angelika Huber-Straßer, as co-signatory, for the first time for the 2023 fiscal year (1 October 2022 to 30 September 2023).

At the meeting of the Investment, Finance and Audit Committee held on 14 November 2023 and continued in a conference call on 21 November 2023, thorough discussions were held with the auditor regarding the Separate Financial Statements, the Consolidated Financial Statements, the Combined Management Report, the appropriation of profit and the auditor's findings. The Committee deliberated at length on the key audit matters disclosed in the auditor's report as well as on the related audit procedures. Based on the insights gained in the course of these deliberations, the Investment, Finance and Audit Committee resolved to suggest to the Supervisory Board that the financial statements drawn up and presented by the Management Board be approved and the proposed appropriation of profit agreed to.

The Separate Financial Statements, the Consolidated Financial Statements, the Combined Management Report, the Management Board's proposal for the appropriation of unappropriated profit (all prepared by the Management Board), and KPMG's long-form audit reports were all made available to the Supervisory Board at its meeting on 23 November 2023. At this meeting, the Chairman of the Investment, Finance and Audit Committee reported in depth on the corresponding recommendations of the Committee. In addition, all material issues relevant to the financial statements and the audit, including the key audit matters, were exhaustively discussed with the auditor and closely examined by the Supervisory Board. The examination also covered the proposal to pay a dividend of €0.35 per share entitled to dividend.

After detailed discussions, the Supervisory Board concluded that it had no objections to the financial statements and the audits performed by the auditor. In its opinion, the Combined Management Report complied with all legal requirements. The Supervisory Board also concurred with the assertions regarding Infineon's future development contained therein, as well as with the results of the audit of the financial statements. It therefore approved the Separate Financial Statements of Infineon Technologies AG and the Consolidated Financial Statements of the Infineon Group for the 2023 fiscal year. The Separate Financial Statements were adopted accordingly. The Supervisory Board also approved the Management Board's proposal for the appropriation of unappropriated profit.

Moreover, the Investment, Finance and Audit Committee and the full Supervisory Board deliberated on the combined separate Non-Financial Report for the year ended 30 September 2023 drawn up by the Management Board and the Remuneration Report prepared together with the Management Board. KPMG performed a reasonable assurance engagement for the Remuneration Report and a limited assurance engagement for some parts of the combined separate Non-Financial Report and a reasonable assurance engagement for other parts of that report. In both cases, KPMG issued an unqualified opinion thereon. The documents were carefully examined by the Investment, Finance and Audit Committee at its meeting on 14 November 2023, which was continued in a conference call on 21 November 2023, and by the Supervisory Board at its meeting on 23 November 2023. The Supervisory Board approved the Remuneration Report and positively acknowledged the combined separate Non-Financial Report prepared by the Management Board.

The Supervisory Board wishes to thank all Infineon employees and the Management Board for their great commitment and their excellent performance in the 2023 fiscal year, which has again been a challenging year.

Neubiberg, November 2023
On behalf of the Supervisory Board

Dr. Herbert Diess
Chairman of the Supervisory Board

Combined Management Report

This report combines the Group Management Report of Infineon ("Infineon" or "the Group") – comprising Infineon Technologies AG (hereafter also referred to as "the Company") and its consolidated subsidiaries – and the Management Report of Infineon Technologies AG.

The Combined Management Report contains forward-looking statements about the business, financial condition and earnings performance of Infineon. These statements are based on assumptions and projections on the basis of currently available information and present estimates. They are subject to a multitude of uncertainties and risks. Actual business development may therefore differ materially from what has been expected. Beyond disclosure requirements stipulated by law, Infineon does not undertake any obligation to update forward-looking statements.

With effect from 1 April 2023, the "Industrial Power Control" segment was renamed "Green Industrial Power". Decarbonization, electrification and energy efficiency are important drivers of the business in this segment. This focus and the significant contribution made by this segment to CO_2 reduction are reflected in its new name. The change of name has no impact on the organizational structure, strategy or scope of business.

The content of these sections is voluntary content that has not been checked by the auditor but only read critically. In the case of cross-references, the information to which the cross-references refer has not been checked either.

Business model

Overview

Semiconductors are essential to mastering the challenges of decarbonization and digital transformation. They make our everyday lives easier, safer and greener. With around 58,600 employees worldwide, Infineon is a leading global provider of semiconductor solutions that pave the way for green and efficient energy, clean and safe mobility, and intelligent and secure IoT. Infineon develops, manufactures and markets a large number of semiconductors and semiconductor-based solutions, focusing on the key markets in the automotive, industrial and consumer sectors. Its products range from standard components to special components for digital, analog and mixed-signal applications, all the way to customer-specific solutions and the appropriate software.

Our core business includes power semiconductors based on silicon (Si), silicon carbide (SiC) and gallium nitride (GaN) in the form of individual components, modules and system solutions. Over the years, Infineon has acquired in-depth knowledge about the use of power semiconductors in all applications and the specific challenges associated with them, developing a very broad portfolio. By adopting our strategic approach “Product to System”, we combine these power semiconductors with microcontrollers (including software and driver components), so that we can provide perfect solutions for energy conversion systems and enable decarbonization.

In the area of digitalization, we have a broad portfolio of microcontrollers with hardware-based security, sensors and connectivity products, such as Wi-Fi and Bluetooth, supplemented by software. These are used in the automotive, industrial and consumer sectors, as well as in end applications such as mobile payment and governmental identity documents.

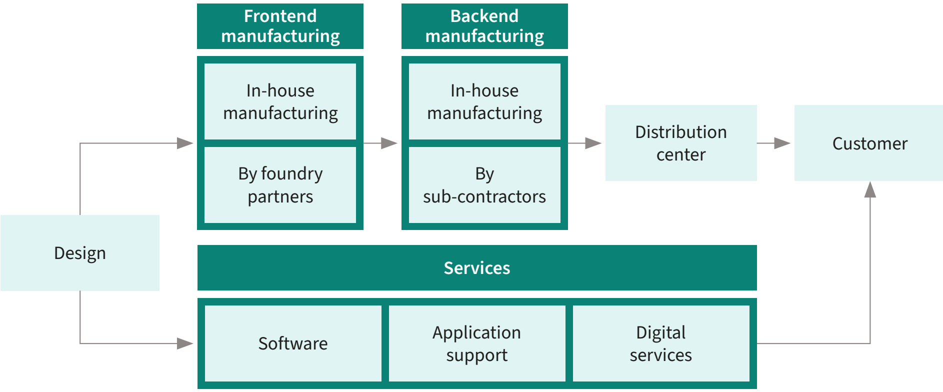
In addition to our established core business, we also service new and adjacent business areas. Links may arise between the different areas, not only in terms of products or technology but also in terms of markets or applications.

Value chain and manufacturing

Infineon covers the main stages of the semiconductor value chain: from development and design, via frontend and backend manufacturing and marketing, to delivery to customers (see C01). Increasingly, it also provides software and other services, such as application-specific support for the implementation of its solutions.

In frontend manufacturing, the wafers are processed. Optical, physical and chemical methods are used to create transistors and their interconnections, thus determining the function of the chip. The wafers are transferred from the frontend site to a back-end site, where the remaining processing steps take place in backend manufacturing.

C01 The main stages of the semiconductor value chain



These steps include sawing the wafer into individual chips as well as assembly and testing. Following the backend manufacturing, the chips are sold to customers via regional distribution centers.

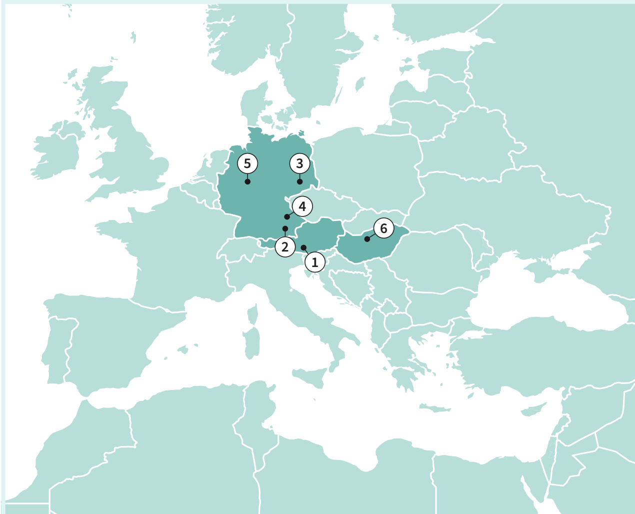
In order to optimize the use of capital and increase flexibility, we use external manufacturing partners in addition to our in-house manufacturing. In frontend manufacturing, this applies primarily to manufacturing processes with little potential for differentiation and, in backend manufacturing, to standardized package types. More information about our manufacturing strategy is given in the chapter "Group strategy". p. 27 ff.

Headquarters and manufacturing sites

Americas

Mexico
- 1 Tijuana

USA
- 2 El Segundo, CA
- 3 Austin, TX
- 4 Leominster, MA
- 5 Mesa, AZ
- 6 San José, CA



Europe, Middle East, Africa

Austria
- 1 Villach

Germany
- 2 Neubiberg near Munich
- 3 Dresden
- 4 Regensburg
- 5 Warstein

Hungary
- 6 Cegléd

Asia-Pacific

Indonesia
- 1 Batam

Korea
- 2 Cheonan

Malaysia
- 3 Kulim
- 4 Melaka

Philippines
- 5 Cavite

Singapore
- 6 Singapore

Thailand
- 7 Bangkok

Greater China

Mainland China
- 8 Shanghai
- 9 Wuxi

Japan

- 10 Tokyo

Corporate headquarters | Regional headquarters | Frontend manufacturing | Backend manufacturing

For the definition of frontend/backend manufacturing, see chapter "Value chain and manufacturing". p. 22

The segments

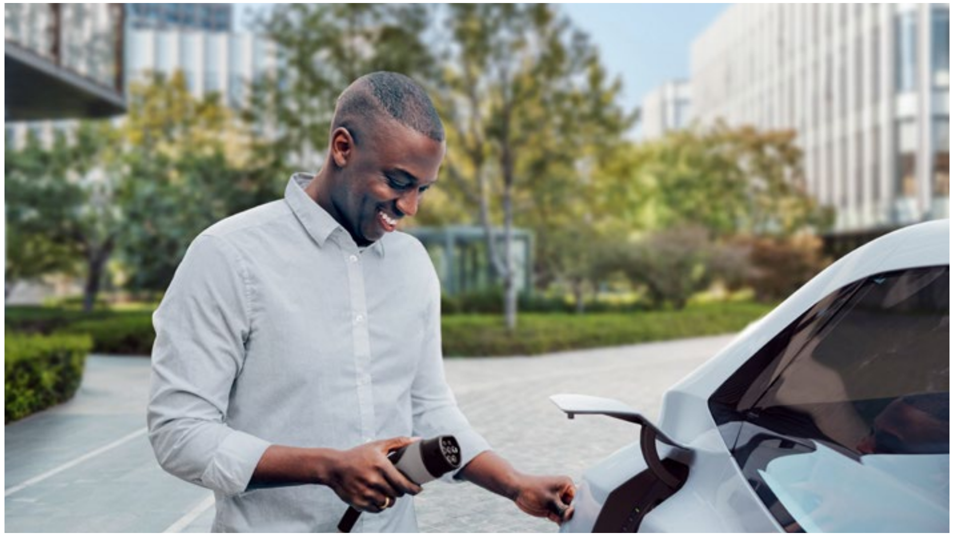
In addition to general areas within the Group, such as manufacturing and various corporate functions, Infineon comprises four segments (also known as divisions). Each segment focuses on the needs of its own target markets and customers and also has individual responsibility for specific areas that reflect its core competencies. The Automotive segment is responsible for the semiconductor business for automotive electronics. The Green Industrial Power segment concentrates on power semiconductors primarily used in industrial applications and renewable energy, while the Power & Sensor Systems segment addresses not only sensor technologies but also power supplies in general, including those for data centers, telecommunications networks and more consumer-oriented applications. Activities relating to IoT and traditional and new security applications are bundled within the Connected Secure Systems segment. The segments often cooperate with one another to ensure comprehensive coverage of the requirements of the various target markets. As a result, the sales activities of one segment are generally, but not always, focused on its own target market.

Chart C02 provides an overview of the core competencies of the individual segments.

C02 Core competencies in the segments

Core competencies	ATV Automotive	GIP Green Industrial Power	PSS Power & Sensor Systems	CSS Connected Secure Systems
Sensor technologies	✓		✓	
Radio frequency	✓		✓	
Embedded control	✓	✓		✓
Control of power semiconductors	✓	✓	✓	✓
Power semiconductors	✓	✓	✓	
Memories for specific applications	✓			
Connectivity			✓	✓
Security	✓			✓
Software	✓	✓	✓	✓

A detailed presentation of the applications and product range of the individual segments is given in the chapter “Applications and product range”. p. 180 ff.



ATV Automotive

The Automotive segment shapes the future of mobility with products and solutions to make cars clean, safe and smart. We cover all application areas in the vehicle: powertrain and energy management, connectivity and infotainment, body and comfort electronics, safety and data security. Infineon is the world market leader in semiconductor solutions for cars. Our range of products and solutions helps to navigate the transition from internal combustion engines to hybrid and electric drives, enabling an ever-increasing degree of automated driving, electric-electronic (E/E) vehicle architecture, greater connectivity and digitization, and a higher level of data security in vehicles. We also offer our customers innovative solutions in the areas of safety, digital cockpit, infotainment, comfort and lighting technology. In addition to sensors, microcontrollers, software solutions, a reliable power supply, memories for specific applications and power semiconductors based on Si and SiC, our product portfolio also comprises components for human-machine interaction and vehicle connectivity.

GIP Green Industrial Power

The Green Industrial Power segment specializes in semiconductor solutions for the intelligent management and efficient conversion of electric energy along the entire conversion chain, comprising the generation, transmission, storage and use of electricity. The product portfolio comprises mainly IGBT power transistors and the driver ICs to control them, as well as power semiconductors based on SiC. We offer products in the Green Industrial Power segment, whether Si-based or SiC-based, in various form factors and with different levels of functionality. The segment's broad application spectrum includes motor control units for industrial manufacturing and building technology, inverters for photovoltaic and wind power systems, major home appliances, traction, electric utility vehicles (such as buses and construction and agricultural vehicles), systems for high-voltage direct current transmission and energy storage, industrial power supplies and the charging infrastructure for electric vehicles.

PSS Power & Sensor Systems

The Power & Sensor Systems segment encompasses a wide selection of technologies relating to power semiconductors, radio frequency and sensors. We use these technologies to make electronic devices like power supplies, power tools, lighting systems, mobile devices and industrial and consumer applications smaller, lighter and more energy-efficient, as well as to develop new functionalities. We are drawing on the next generation of new, innovative solutions based on Si, SiC and GaN for applications in the areas of 5G, data centers, power supplies and adapters, battery-powered devices, and renewable energy. Our portfolio of products for power supplies, comprising control ICs, drivers and MOSFET power transistors, addresses the two key requirements of the market: efficiency and power density. Infineon is the clear market leader in the global Si MOSFET market. Our high-precision sensor solutions give IoT devices "human senses", enabling them to react intuitively to their surroundings. The portfolio is rounded off with USB controllers and radio frequency products such as RF antenna switches, RF power transistors and low-noise amplifiers.

CSS Connected Secure Systems

The Connected Secure Systems segment supplies comprehensive systems for a secure, connected world based on reliable, game-changing microcontrollers and wireless connectivity and security solutions. In particular, we offer microcontroller solutions, Wi-Fi and Bluetooth solutions and combined connectivity solutions (known as combo chips), along with hardware-based security technologies and an efficient software environment for the programming and configuration of the microcontrollers and connectivity components that cover many application areas. These include devices for IoT applications, connected home appliances and smart home appliances, IT equipment, consumer electronics, cloud security and connected vehicles, as well as credit and debit cards, electronic passports and national identity cards. With our technologies in the areas of computing, connectivity and security, we are contributing significantly towards ensuring that current and future connected systems are reliably protected.

Group strategy

Long-term growth trends

As a leading global provider of semiconductor solutions, Infineon focuses its business activities on two issues that are fundamental to society and where it sees major long-term growth trends: decarbonization and digitalization.

Decarbonization

Decarbonization is a necessity to contain global warming and therefore the key responsibility of humanity over the next decades. We will need to make drastic changes to the ways in which we generate, transport, store and use energy. To halt global warming, it is imperative that we waive the use of fossil fuels to a great extent and that we make a consistent transition to renewables and widely adopt electrification. Effecting this transition requires not only the use of wind and solar power but also of systems for the storage and efficient transportation of energy. We believe that one of the key tasks for Infineon is to provide semiconductor solutions for more efficient generation, conversion and use of electric energy. Our business operations are thereby making a significant contribution to the quality of life of generations to come.

Digitalization

Digitalization is another key trend. This involves connectivity between ever-smarter devices with an ability to perceive their environment; devices that make life easier, safer and more pleasant. The possibilities are huge: greater convenience and security in the smart home, more efficiency in manufacturing, higher productivity together with better environmental sustainability in farming, and new services to support older people. Infineon's products in these areas include microcontrollers with software and sensors that make it possible to produce connected and smart IoT devices with increasing performance in both the industrial sector and the end user sector.

Infineon sees itself as a trailblazer for a carbon-neutral and digital future: **"Driving decarbonization and digitalization. Together."** This applies to large parts of our portfolio. Sensors record mostly analog information from the world around us and transform it into digital data; microcontrollers process these data and generate control signals; memory ICs enable the microcontrollers to store data and program codes; actuators such as power semiconductors convert the control signals into actions and make the efficient generation and conversion of energy possible; security solutions protect the integrity of devices and data, while connectivity chips transfer these data within the digital world. Software enhances the benefit to customers of our semiconductor solutions, allowing for more flexible adjustment. We thereby establish a link between the real world and the digital world and enable a carbon-neutral future.

Strategic targets

To generate value from decarbonization and digitalization for our customers, the company, our shareholders and society with our semiconductor solutions, we pursue clear and measurable strategic targets.

Profitable growth

We want to continue to grow in the markets in which we operate and to increase our profitability. Our long-term financial targets reflect this aspiration and apply over the semiconductor cycle. At the beginning of the 2023 fiscal year, we revised our target operating model and significantly raised our long-term financial targets. This reflects Infineon's success over the past few years and, at the same time, is an expression of our greater ambitions, especially with regard to profitability and value generation. We want to create even more value by focusing consistently on the long-term growth trends of decarbonization and digitalization and implementing our strategic guidelines (see the chapter "Strategic guidelines", p. 29 ff.).

Target 1: Average annual revenue growth of more than 10 percent over the cycle

We hold leading positions in our core markets and have expanded systematically over the years into new and adjacent markets. Our four segments focus on the long-term growth trends of decarbonization and digitalization. With our strategic approach "Product to System", we use our extensive technological and product expertise to provide more comprehensive solutions and thus create more value for our customers. In the areas of electromobility, advanced driver assistance systems (ADAS), renewable energy, data center/AI and IoT in particular, we expect to achieve above-average growth, resulting in total average annual revenue growth for the Group over the cycle of more than 10 percent (">10%").

Target 2: Average Segment Result Margin of 25 percent over the cycle

A key criterion for our success is sustainable profitability. Infineon can consistently pursue its targets even in weaker market phases by engaging in economic activity that is sustainably profitable. We have set ourselves the target of achieving an average Segment Result Margin of 25 percent over the cycle. Key elements that will enable us to achieve our profitability target are our system solutions, which are based on our strategic approach "Product to System", and generate higher value and greater customer benefit. In the future, software will play a larger role. We enjoy economies of scale and cost advantages while continuing to develop our leading market position and innovative manufacturing technologies (such as those used to produce 300-millimeter thin wafers) and accelerating the expansion of silicon carbide manufacturing facilities. At the same time, we make sure that, if we consider our overall portfolio, all our businesses are making an adequate contribution to Infineon's success. We also aim to ensure that our research and development expenses as well as our selling, general and administrative expenses increase at a slower rate than the rate of growth in our revenue. This is supported by our digitalization strategy.

Target 3: Adjusted Free Cash Flow within a range of 10 to 15 percent of revenue over the cycle

Looking at value generation, we include a Free Cash Flow target in our target operating model. Free Cash Flow, adjusted for large investments in frontend buildings as well as large M&A transactions (acquisitions and disposals), should fall within a range of 10 to 15 percent of revenue over the cycle. This will be achieved by ensuring our operating cash flow grows at a faster rate in the long term than our investment expenditure.

Capital structure targets

Our capital structure targets link together the concepts of environmental and economic sustainability and ensure that Infineon remains a trusted partner in the long term. An investment grade rating is the key element of Infineon's conservative financial policy. From this cornerstone, we derive our long-term capital structure targets, which consist of a liquidity target and a leverage target.

Our liquidity target is €1 billion, plus at least 10 percent of revenue. The fixed base amount of €1 billion provides a solid liquidity reserve for contingent liabilities and pension liabilities, which are unrelated to revenue. The additional amount of at least 10 percent of revenue means that we always have access to sufficient cash to be able to finance our operating business and investment throughout all phases of the semiconductor cycle.

Our leverage target is expressed as an upper limit on gross financial debt of two times EBITDA. Infineon defines EBITDA as earnings from continuing operations before interest, taxes, depreciation and amortization.

Sustainable corporate governance

We are convinced that economic success must go hand in hand with environmental and social commitment. This includes contributing towards more sustainable development in society. With our products, solutions and systems, we are enabling greater efficiency and making an active contribution towards climate protection. Sustainability is of crucial importance both within the Group and in relation to our supply chains. We manage Infineon sustainably and are committed to acting sustainably for the benefit of society. Making a contribution towards containing global warming forms part of our mission. We have therefore set ourselves the target of becoming carbon-neutral by the end of the 2030 fiscal year; by 2025, our emissions are to be reduced by 70 percent compared with 2019. This target relates to Infineon's own greenhouse gas footprint and includes not only all direct emissions but also indirect emissions from electricity and heat. Already by the end of the 2023 fiscal year, our scope 1 and scope 2 emissions were 56.8 percent below the emissions for the base year 2019. The development of intelligent exhaust air abatement systems, the purchase of electricity from renewable sources and the implementation of energy efficiency schemes have all contributed to this reduction.

Our other sustainability activities are described in the separate report "Sustainability at Infineon". This report, including the summarized separate Non-Financial Report, which is based on the requirements set out in the German CSR Directive Implementation Act, can be downloaded from the internet at www.infineon.com/csr_reporting.

Strategic guidelines

To achieve our strategic targets, we rely on a number of strategic guidelines to ensure sustainable corporate governance and profitable growth.

"Product to System" (P2S) and software

With our approach "Product to System" (P2S), we are fostering our leading positions in the area of **power systems and IoT.** P2S helps us to better adapt our solutions and products to customer requirements. We understand new trends early on and can develop innovative approaches together with our customers. As a result, our customers can realize sustainable benefits, among others, in terms of systems performance, system costs and development time.

For this to succeed, we have to understand the environment in which our customers' products are used, how these products are embedded in larger systems, with which other devices the products interact, what requirements they have to fulfill and what function they are intended to perform. We also have to consider which other active and passive components and control concepts they use and what capabilities our customers themselves contribute to the value creation process. Equipped with this knowledge, we can make the most of our competencies. We want to translate the technologically possible into marketable products that provide the greatest possible benefit to our customers. This helps us to continue to develop leading positions in our markets.

In the context of P2S, software is playing an increasingly significant role. We have intensified our activities in this area in recent years through our own organic growth and strategic partnerships, as well as through the acquisitions of Cypress, Industrial Analytics and Imagimob. This means that we have at our disposal an entire ecosystem comprising software components and a development environment, as well as reference designs, product support, blogs, a developer community and online tutorials. An important element of this ecosystem is the ModusToolbox™ development environment. This includes reusable firmware that makes it easier for customers' developers to program microcontrollers and Wi-Fi and Bluetooth components. With software, we enable smaller customers in particular to make even better use of our products and thus increase our profitability.

Technology leadership and customer-focused innovation

In accordance with our strategic approach of thinking in application trends, our developers identify challenges early, together with our customers. This enables us to fulfill the promise of technological leadership. Through close cooperation, we learn to understand applications better, allowing us to identify future trends at an early stage and develop products that are tailored accordingly. In this way, we can offer our customers either individual components or complete solutions, including the necessary software, depending on their requirements.

We are continuing to enhance our leading technological position and expertise in our core markets through radical and customer-focused innovation. As a result, we are strengthening our core business and identifying long-term growth opportunities in adjacent business areas. As one of the market leaders in the field of power electronics, we began researching new materials such as silicon carbide and gallium nitride at an early stage, building up our expertise, and we are constantly broadening our product portfolio in order to generate added value for our customers.

From a technological perspective, compound semiconductors are of particular importance. Whereas most semiconductor components to date have been based on pure silicon, silicon carbide and gallium nitride are two chemical compounds with physical properties, in particular a wide band gap, that make it possible to produce semiconductors with even greater performance. These compounds allow for particularly efficient electric switches in the smallest space; for example, they make efficient charging stations for electric vehicles much more compact, allowing them to be installed in more places. We consider a strong position in compound semiconductors essential to reinforcing our leading position in power semiconductors and, thereby, in power systems. The acquisition of GaN Systems Inc., which was successfully completed after the end of the past financial year on 24 October 2023, will make a significant contribution to this. The Ottawa (Canada)-based company contributes a broad portfolio of GaN-based energy conversion solutions and first-class application expertise.

Value creation through differentiating in-house manufacturing and high quality

We are continuing to expand our in-house manufacturing in areas in which we create added value for the customer and differentiation for Infineon. Thus, we manufacture products in our own fabs when doing so means that our customers benefit from lower cost, higher performance or improved availability. This has been the case until now, for example, for power semiconductors and sensors. Customers are increasingly recognizing the competitive advantage offered by our in-house manufacturing by entering into long-term supply contracts and capacity reservation arrangements. Some customers make multi-year advance payments that support the cashflow during times of investments to expand production capacity. However, where manufacturing in our own fabs offers no additional customer benefit or opportunity to differentiate ourselves from the competition, we work together with contract manufacturers. This is predominantly the case for highly integrated digital products such as microcontrollers, connectivity components and security ICs, where the differentiation arises mainly from the design and the software. To ensure and improve our delivery capability, even in times of scarce production capacity in standard technologies, we have signed supply agreements with our contract manufacturers, sometimes covering a period of several years.

Our 300-millimeter thin wafer manufacturing technology for power semiconductors is a clear indication of the value of differentiating manufacturing in our own fabs: As pioneers of this technology, the scale of manufacturing we have now reached allows us to achieve significant economies of scale. Compared with manufacturing on 200-millimeter wafers, we benefit from significantly lower costs and lower capital investment. This has enabled us to maintain our lead: With the factory at the Villach site (Austria), together with our 300-millimeter manufacturing facility in Dresden (Germany), we have established a closely coordinated manufacturing network across the two sites. In line with our “One Virtual Fab” concept, we are using the same processes, equipment, and automation and digitalization concepts in Villach and in Dresden. This generates economies of scale, but it also benefits the customer, as we have the flexibility to shift production volumes between the sites. We are applying a similar concept in the area of compound semiconductors between our sites in Villach and Kulim (Malaysia). The third module under construction in Kulim is also able to generate synergies with the existing 200-millimeter production infrastructure.

Expanding our capacity in line with expected market trends over the cycle has proved very effective and forward-thinking. For this reason, we have now decided to extend the third module significantly beyond its original specifications, creating the world’s largest and most competitive manufacturing facility for silicon carbide semiconductors, reflected in a particularly efficient production landscape and substantial economies of scale. We are also expanding our site in Dresden as planned to include an additional 300-millimeter module for analog mixed-signal products as well as power semiconductors. These can be used in a wide variety of applications, such as data centers, automotive and IoT. The new factory combines the two growth areas, decarbonization and digitalization, and is designed to meet demand from our customers in the second half of the decade.

Our supply chains and our production are both particularly resilient. Our manufacturing facilities are spread across all major regions of the world, and our contract manufacturer and supplier base is broadly diversified. The investment in a production company in Germany (European Semiconductor Manufacturing Company, ESMC), which will be founded under the leadership of TSMC (Taiwan Semiconductor Manufacturing Company) and in which Infineon will hold a 10 percent stake, will play an important role in the geographical diversification of the supply chains.

High quality and reliability are key values for us, differentiating us from our competitors. Therefore, quality plays a key role in the lifecycle of an Infineon product – from its development and production to its supply and product-related services. Infineon is certified worldwide in accordance with the leading quality standards and has an efficient management system.

In addition, clearly defined quality principles provide guidance for our employees. These principles have the overriding aim of honoring the pledges we have made to our customers relating, among other things, to product functionality and reliability. To achieve this, we attach great importance to understanding our customers’ concerns and clearly defining their product requirements. Honoring our pledges is an essential guiding principle that is also reflected in the in-house cooperation we see at Infineon.

Tried-and-tested processes, methods and tools, together with continuous improvement programs, form the basis for the high priority Infineon attaches to quality. Our quality departments are embedded in the global organization. Regular events such as Quality Days at our global sites promote a greater awareness of quality, with the result that all Infineon employees are responsible for honoring our quality pledge within their own sphere of responsibility.

Portfolio management and inorganic growth

We conduct regular reviews to ascertain whether our operations, both individually and as part of our overall portfolio, make an appropriate contribution to the success of Infineon. This enables us to target the use of our financial resources and, as a result, to continue to improve our profitable growth. We consider individual operations from various points of view, such as value creation, current and expected market position, significance to the customer and risk assessment. On this basis, we decide the extent to which we will invest in or divest an operation. Growth prospects and profitability are mutually dependent here, with profitability enabling investment and ensuring sustainable innovation and growth as a result.

We will continue to supplement our organic growth in the future with selective acquisitions. These acquisitions will need to fulfill three criteria: a) be strategically beneficial based on the portfolio process, b) be financially advantageous and c) be a good cultural fit. A purchase must strengthen Infineon's market position in accordance with our strategic focus, usefully complementing our range of competencies. The corporate culture of any potential acquisition must be a good fit with Infineon's culture or must add valuable elements.

A pioneer of digitalization

An important topic for us is Infineon's digital transformation, which we are driving forward using a strategic roadmap. As a global semiconductor manufacturer, we benefit from the digital transformation in two ways: on the one hand, as a provider and, on the other, as a user of digital solutions. As a provider, we use digitization and efficient platforms to support our customers in the best possible way throughout the customer relationship and the development process. We are constantly optimizing and expanding our website and web content, and it is important for us that all product-related information and support services are easily accessible.

The accompanying software products and digital services are increasingly being provided using appropriate licensing models via our digital customer interfaces, such as the Infineon Developer Center. A major focus is on scaling up technical support, so that, even in fragmented markets, we can provide support to customers during their product choice and design-in. The Infineon Developer Community offers round-the-clock technical support to all customers and continues to expand and improve by learning from customer queries and customer experience. With the specific usage of AI-based methods, we enable even better support for our customers through the use of powerful generative language models. This makes access to our resources faster and easier. We will therefore continue to expand the AI-based portion in the next few years. This is a particularly efficient way for us to ensure that customers use our products and, indeed, use them in a more effective and targeted way.

As a user, we also use digitization to optimize our internal processes and make them as efficient and future-proof as possible. So, for example, we connect our sites and contract manufacturers in accordance with Industry 4.0 in a virtual manufacturing network. In sales and marketing, we use applications based on methods for analyzing big data that enable us to provide our customers with targeted personal and increasingly customized support via our digital platforms. In addition, we evaluate customer behavior and customer requirements in a structured way and incorporate these results into the development of our solutions and products. In manufacturing, we are focusing to a greater extent on a high level of automation and the increasing use of artificial intelligence methods in order to continue to improve our productivity and quality. In all of these areas, we systematically analyze which processes can be further improved and optimized through the use of generative AI language models.

As part of our digital roadmap, we are focusing on the rapid implementation of projects. When selecting projects, we are guided by the direct value contribution to improving the customer experience through efficiency or productivity gains and by their function as the necessary basis for future digitization initiatives.

Human resources strategy

Our human resources (HR) strategy is a key component of Infineon's success. It supports us in our efforts to achieve our growth and profitability targets and enables us to successfully navigate our way through varying economic phases and challenges. Our HR understanding is "People create value. Engagement drives people". Our overriding objective is to foster our employees' engagement and to take targeted measures to achieve this. When employees are enthusiastic about their job, have the relevant skill sets, and can take advantage of suitable opportunities for continuing professional development, the outcome is a higher level of creativity, productivity and innovation, as well as better results. We use regular pulse checks of our employees worldwide to measure their level of engagement and thus keep our finger on the pulse of their needs, enabling Infineon to make continuous progress.

We consider it our responsibility to contribute to addressing the key societal challenges. Decarbonization and digitalization are having an impact not only on our world but also on the future of work. From this, we derive the key action areas of our HR strategy. Our main focus is on

1) attracting the best talent in the market, optimizing the onboarding process, developing internal talent and keeping it loyal to Infineon,
2) continuing to drive digitalization and standardization forward in HR and positioning ourselves in a scalable way to support Infineon's growth,
3) strengthening hybrid working where possible and practical,
4) pushing ahead with leadership development programs as well as employee training and skill enhancement, and
5) strengthening the area of organizational development in order to be prepared for further growth and to promote the desired internal cultural change (SPIRIT).

People are the main focus of our activities, as dedicated, healthy, successful employees are key to maintaining and improving our market-leading position, thereby creating a successful future for us all.

Further information, including detailed statistics, is available in the HR Report 2023 and the 2023 Sustainability Report.

www.infineon.com/hrreport

www.infineon.com/csr_reporting

Research and development

Research and development expenses were €1,985 million in the 2023 fiscal year, compared with €1,798 million in the previous year. This increase of €187 million, or 10 percent, was less than the increase in revenue. Accordingly we invested 12.2 percent of revenue in research and development in the 2023 fiscal year, compared with 12.6 percent in the previous year. Capitalized development costs in the 2023 fiscal year were €214 million (previous year: €209 million). The amortization of capitalized development costs in the 2023 fiscal year was €93 million (previous year: €94 million). Subsidies and grants received for research and development increased from €113 million in the 2022 fiscal year to €130 million in the 2023 fiscal year.

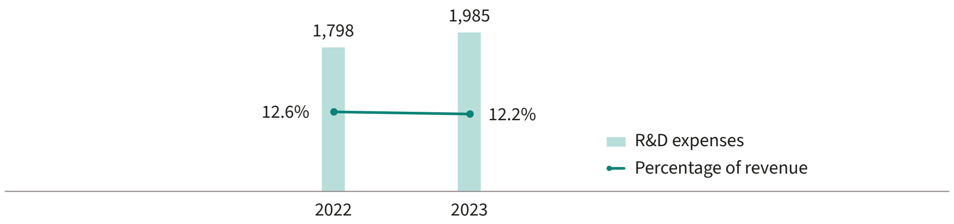
At the end of the 2023 fiscal year, Infineon employed 12,830 people (22 percent of the total workforce) in research and development worldwide. Of these, 1,645 worked on software. At the end of the 2022 fiscal year, 12,005 people were employed by Infineon in research and development worldwide (21 percent of the workforce). The number of research and development sites in the 2023 fiscal year was 69 (2022: 64) in 25 countries.

Infineon's research and development activities are in accord with its strategy of continuing to strengthen its leading technological position through customer-focused innovation. Research and development activities therefore concentrate on continuing to improve our power semiconductors, with a particular focus on the use of new materials such as silicon carbide and gallium nitride. Important development goals are to improve efficiency and increase power density while at the same time maintaining a high level of reliability.

Research and development activities are also focused on the digitization of products and solutions as an essential prerequisite for the implementation of our P2S strategic approach. The opportunity to offer customers all-in-one solutions is particularly important and provides them with benefits in terms of system performance, system costs and development time. The main development fields here are microcontrollers, connectivity and security solutions, and software.

C03 R&D expenses

€ in millions



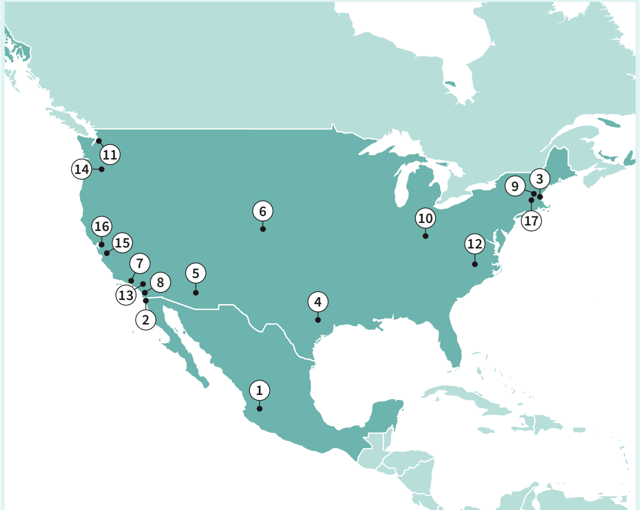
Artificial intelligence (AI) methods are being used in a wide variety of applications to improve products and processes. In the field of edge computing, for example, AI is used in combination with our smart sensors and microcontrollers to classify tone, key words or gestures to enable the adoption of new and innovative approaches in human-machine communication. In addition, AI supports many processes such as chip design, marketing and production.

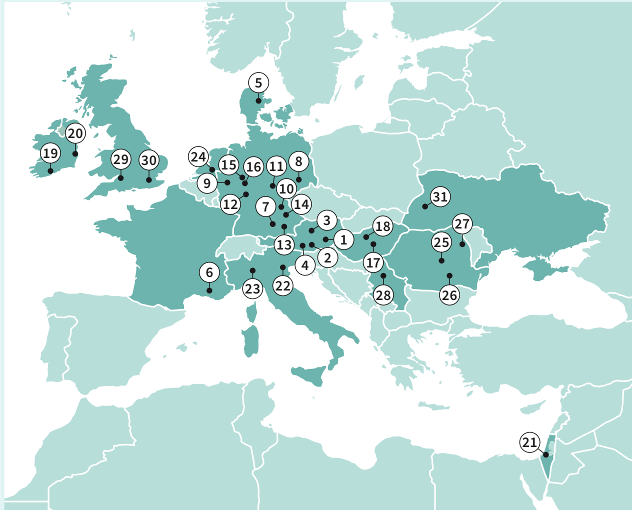
We are also addressing longer-term future-related topics in areas such as quantum computing and post-quantum cryptography.

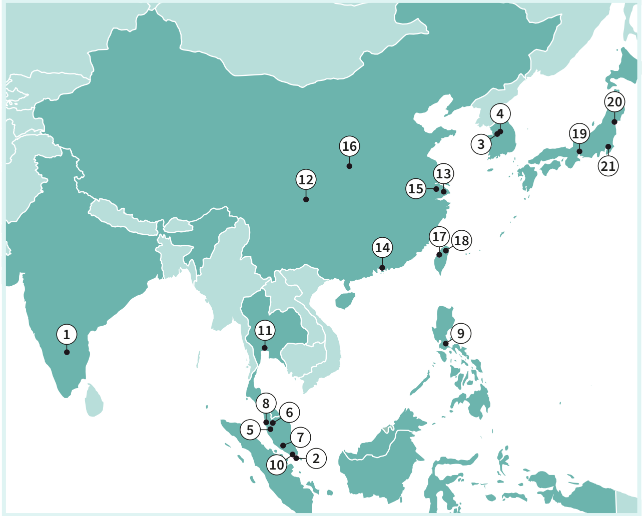
Patents

Another indication of Infineon's innovative power and long-term competitiveness is the number of our patents. In the 2023 fiscal year, we applied for around 1,850 patents worldwide (previous year: around 1,700). In addition to patent applications and expirations, there were changes in the portfolio due to regular strategic patent portfolio adjustments. Maintenance of the patent portfolio is carried out on a regular basis. This has resulted, along with new patent applications for inventions, in a significant increase in the relevance of the patents, as highlighted again by LexisNexis® and Clarivate® in their innovation reports. At the end of the 2023 fiscal year, the worldwide patent portfolio comprised around 29,700 patents and patent applications (previous year: around 29,600).

R&D sites and application centers







Americas

Mexico
1 Guadalajara
2 Tijuana

USA
3 Andover, MA
4 Austin, TX
5 Chandler, AZ
6 Colorado Springs, CO
7 El Segundo, CA
8 Irvine, CA
9 Leominster, MA
10 Lexington, KY
11 Lynnwood, WA
12 Morrisville, NC
13 Murrieta, CA
14 Portland, OR
15 San Diego, CA
16 San José, CA
17 Warwick, RI

Europe, Middle East, Africa

Austria
1 Graz
2 Klagenfurt
3 Linz
4 Villach

Denmark
5 Herlev

France
6 Le Puy-Sainte-Réparade

Germany
7 Augsburg
8 Dresden
9 Duisburg
10 Erlangen
11 Ilmenau
12 Langen
13 Neubiberg
14 Regensburg
15 Soest
16 Warstein

Hungary
17 Budapest
18 Cegléd

Ireland
19 Cork
20 Dublin

Israel
21 Netanya

Italy
22 Padua
23 Pavia

Netherlands
24 Nijmegen

Romania
25 Brașov
26 Bucharest
27 Iași

Serbia
28 Belgrad

UK
29 Bristol
30 Redhill

Ukraine
31 Lviv

Asia-Pacific

India
1 Bangalore

Indonesia
2 Batam

Korea
3 Cheonan
4 Seoul

Malaysia
5 Ipoh
6 Kulim
7 Melaka
8 Penang

Philippines
9 Muntinlupa

Singapore
10 Singapore

Thailand
11 Nonthaburi

Greater China

Mainland China
12 Chengdu
13 Shanghai
14 Shenzhen
15 Wuxi
16 Xi’an

Taiwan
17 Hsinchu
18 Taipeh

Japan

19 Nagoya
20 Sendai
21 Tokyo

Sites >10 employees.

Internal management system

The internal management system at Infineon is designed to help implement Group strategy and the related long-term financial targets. Accordingly, performance indicators are used that enable profitable growth and efficient employment of capital to be measured.

Overall, the achievement of our long-term financial targets will lead to a sustainable increase in the value of Infineon by generating a permanent premium on the cost of capital.

In this context, growth, profitability, liquidity and investments are all interdependent. Profitability is the prerequisite for being able to finance operations internally, which, in other words, means opening up potential opportunities for growth. Growth, in turn, requires continual investment in research and development as well as manufacturing capacities. Growing at a commensurate rate enables Infineon to achieve leading market positions and generate economies of scale that contribute to greater profitability. Employing financial resources efficiently is a critical factor in achieving these goals.

Infineon deploys a comprehensive controlling system to manage its business with respect to the strategic targets it has set itself. The system involves the use of financial and operating performance indicators. Information for controlling purposes is derived from annual long-term planning, quarterly outlooks, actual monthly data and information available with even greater frequency, such as the volume of orders received. This knowledge enables management to base its decisions in a timely manner on sound information about the current situation and future expected financial and operational developments.

Sustainable business practices and the consideration of forward-thinking qualitative factors are important for Infineon's long-term success. As an enterprise very much aware of its responsibilities towards society, Infineon also takes account of non-financial factors, mainly in relation to the environment and employee diversity. See the report "Sustainability at Infineon" on our website www.infineon.com/csr_reporting

As part of the process of managing business performance, management also attaches great importance to ensuring that Infineon acts in strict compliance with legal requirements and that it also complies with its internal corporate governance standards (see the chapter "Corporate Governance", p. 82 ff.).

Performance indicators

Principal performance indicators

In order to measure its success in implementing its strategy, Infineon uses the following three principal performance indicators:

- **Segment Result Margin**/Segment Result,
- **Free Cash Flow** from continuing operations, and
- **Return on Capital Employed (RoCE).**

These financial performance indicators are also the cornerstones of the system for variable remuneration. Most of the variable salary components pertaining to employees and management are directly linked to these performance indicators.

Segment Result Margin/Segment Result

Segment Result Margin/Segment Result is the key figure used by the Group to measure operating performance (for an analysis of the development of the Segment Result Margin/Segment Result of Infineon and of the individual segments in the 2023 fiscal year, see the chapter "2023 fiscal year" p. 42 ff.). The Segment Result Margin is the Segment Result expressed as a percentage of revenue and is a measure of the profitability of revenue and the success of Infineon's operating business. The activities of the segments are managed on the basis of the Segment Result Margin/Segment Result. Responsibility for optimizing the Segment Result Margin/Segment Result within the framework of the Group strategy (as approved by the Management Board) rests with the management teams of the relevant segments, acting, however, in close coordination with the Management Board.

Segment Result is defined as follows:

	Operating profit, adjusted for:
	Certain reversal of impairments (impairments) (in particular on goodwill)
	Gains (losses) on earnings of restructuring and closures
	Share-based payment
	Acquisition-related depreciation/amortization and other expenses
	Gains (losses) on sales of businesses, or interests in subsidiaries
	Other income and expenses
=	**Segment Result**

Free Cash Flow

Free Cash Flow measures the ability to generate sufficient cash flows to finance day-to-day operations and to fund required investments out of the ongoing business. It is Infineon's stated target to sustainably generate positive Free Cash Flow (for an explanation of changes in Free Cash Flow during the 2023 fiscal year, see the chapter "Review of liquidity", p. 55 f.). Free Cash Flow is managed by Infineon at Group level only and not at segment level.

The main factors influencing Free Cash Flow are a positive earnings trend combined with effective management of inventories, trade accounts receivable and payable, and capital expenditures.

Free Cash Flow at Infineon is defined as follows:

	Cash flows from operating activities from continuing operations
+	Cash flows from investing activities from continuing operations
+	Purchases of (proceeds from sales of) financial investments, net
=	**Free Cash Flow**

Return on Capital Employed (RoCE)

The performance indicator RoCE measures the return on capital and shows the correlation between profitability and the capital resources required to run the business (for the mathematical derivation and development of RoCE in the 2023 fiscal year, see the chapter "Review of financial condition", p. 54). RoCE describes how efficiently a company uses its resources and, through the comparison with cost of capital, serves as an instrument for value-based corporate management. It is also analyzed by Infineon at Group level only and not at segment level.

RoCE is defined as follows:

	Operating profit, plus/minus:
	Financial result excluding interest result
	Share of profit (loss) of associates and joint ventures accounted for using the equity method
	Income taxes
=	**Operating profit from continuing operations after tax ①**
	Assets, plus/minus:
–	Cash and cash equivalents
–	Financial investments
–	Assets classified as held for sale
–	Total current liabilities
+	Short-term financial debt and current maturities of long-term financial debt
+	Liabilities classified as held for sale
=	**Capital employed ②**
	RoCE ①/②

Selected supplementary performance indicators

The principal performance indicators are supplemented by the following additional performance indicators.

Growth and profitability indicators

Since the three principal performance indicators, especially Segment Result/Segment Result Margin, positively correlate with revenue growth, the latter is not used as a principal performance indicator in its own right but is covered by the three performance indicators indirectly.

In order to analyze operating profitability in detail, the result and cost block components of the Segment Result are considered. These are gross profit, research and development expenses, and selling, general and administrative expenses, as well as their relation to revenue.

These indicators are analyzed both at Group level and at segment level (for changes in these indicators for the Group in the 2023 fiscal year, see the chapter “Review of results of operations”, p. 49 ff.).

Liquidity performance indicators

A rolling cash flow forecast helps ensure that Infineon has appropriate levels of liquidity at its disposal and an optimal capital structure. Liquidity is managed only at Group level, and not at segment level, using the following performance indicators:

- **Gross cash position:** Cash and cash equivalents plus financial investments
- **Net cash position:** Gross cash position less short-term and long-term financial debt
- **Investments:** The total amount invested in property, plant and equipment and in other intangible assets, including capitalized development costs

For an analysis of changes in these performance indicators during the 2023 fiscal year, see the chapter “Review of liquidity”. p. 55 ff.

Non-financial performance indicators

Non-financial performance indicators at Infineon include CO_2 emissions and indicators relating to diversity.

Already at the 2020 Annual General Meeting, Infineon announced that it wanted to become carbon-neutral by 2030. By 2025, Infineon would like to reduce its CO_2 emissions by 70 percent compared to the 2019 calendar year.

The degree of target achievement for these non-financial performance indicators is also reflected in the remuneration of the Management Board (see the chapter “Remuneration Report”, p. 86).

Actual and target values for performance indicators

The chapter “Outlook”, p. 62, contains a table comparing the actual values achieved in the 2023 fiscal year for principal and selected supplementary performance indicators with the values forecasted and the expectations for the 2024 fiscal year.

Review of the semiconductor industry

Review of the global economy in the 2022 and 2023 calendar year

Following exceptionally strong growth in the global economy in the 2021 calendar year in the wake of the post-Covid recovery, growth returned to a more normal level in the 2022 calendar year of 3.0 percent (R01).

For the 2023 calendar year, experts at the International Monetary Fund (IMF) expect a global economic growth of 2.5 percent (R01). This would mean growth in the 2023 calendar year would be slightly below the long-term growth trend. The reasons for this include the impact of the energy crisis, high rates of inflation, sharp increases in interest rates, a drop in consumer and business confidence, and the unexpectedly slow recovery of the Chinese economy after the removal of pandemic-related restrictions.

The growth figures relate to market size, translated into US dollars at market exchange rates.

Review of the semiconductor market in the 2023 fiscal year

Worldwide semiconductor revenue totaled €480 billion in the 2023 fiscal year. This was 13 percent lower than the figure for the 2022 fiscal year of €550 billion. Expressed in US dollars, the decrease was 14 percent (R02). This was mainly due to the significant fall in demand in the computing, smartphone and consumer market segments, with a double-digit contraction in revenue in some areas (R03).

Revenue in Infineon's reference market (i.e., the market for semiconductors excluding DRAM and NAND flash memory chips and microprocessors) was €364 billion in the 2023 fiscal year, 1 percent less compared with €367 billion in the 2022 fiscal year. Expressed in US dollars, the decrease was 2 percent (R02). The relatively steady performance in the Infineon reference market was primarily due to the automotive and industrial market segments, in which growth was driven by the decarbonization and digitalization trends. Semiconductor content in vehicles increased, partly as a result of growing demand for electric vehicles, comfort features and efficient driver assistance systems. Growing demand for semiconductors was also evident again in the renewable energy sector (R03).

Market position

In the 2022 calendar year, Infineon was ranked in 13th place in the global semiconductor market, with a market share of 2.6 percent. In the Infineon reference market, Infineon ranked in seventh place worldwide in the 2022 calendar year, with a market share of 4.0 percent. This puts Infineon in second place among European semiconductor manufacturers in both markets (R04).

In the first nine months of the 2023 fiscal year, Infineon achieved a market share of 3.4 percent in the global semiconductor market and was ranked in 11th place. In the Infineon reference market, Infineon achieved a market share of 4.7 percent in the first nine months of the 2023 fiscal year and was ranked in sixth place. In the first nine months of the fiscal year, Infineon was ranked in second place among European semiconductor manufacturers in both markets (R04). Data for the full 2023 fiscal year was not yet available at the time this report was prepared.

2023 fiscal year

Group performance

In the 2023 fiscal year, Infineon has set new records for revenue and profitability. The results are an initial confirmation of our more ambitious course we embarked on as a company a year ago. Nevertheless, we find ourselves in an environment that continues to present challenges. We are seeing different trends in our target markets. Structural semiconductor growth in the areas of renewable energy, electromobility (especially in China) and microcontrollers for the automotive industry remains unabated. In contrast, consumer, communication, computing and IoT applications are experiencing a temporary period of low demand. Details about the performance of the segments can be found in the chapter “Segment performance”. p. 44 ff.

Group revenue up by 15 percent

Infineon generated Group revenue of €16,309 million in the 2023 fiscal year, a 15 percent increase on the previous year’s figure of €14,218 million. Around half the growth in revenue was due to price increases and around half to higher volumes and product mix adjustments. Continuing high levels of demand for semiconductors in the automotive and renewable energy sectors, in particular, had a positive impact here. At the same time, manufacturing capacity is continually being expanded. This was also the case in the 2023 fiscal year at our sites in Villach (Austria), Dresden (Germany) and Kulim (Malaysia). Production corridors of contract manufacturers also contributed to the increase in revenue.In addition, there were positive exchange rate effects during the reporting period.

Segment Result Margin of 27.0 percent achieved

Infineon improved its Segment Result by 30 percent from €3,378 million in the 2022 fiscal year to €4,399 million in the 2023 fiscal year. The main reasons for this were price increases, higher volumes and improvements in the product mix. Moreover, operating expenses rose at a lower rate than revenue. This was offset by higher idle costs and write-downs on increased inventories.

Taking all this into account, the Segment Result Margin of 27.0 percent was significantly higher than the figure for the previous fiscal year of 23.8 percent.

Details about Infineon’s two other principal performance indicators, Free Cash Flow and RoCE, and about its other performance indicators can be found in the chapters “Review of results of operations”, p. 49 ff., “Review of financial condition”, p. 53 f., and “Review of liquidity”, p. 55 ff..

ATV GIP PSS CSS

Segment performance

ATV

Review of the Automotive segment in the 2023 fiscal year

In the Automotive segment, Infineon generated revenue in the 2023 fiscal year of €8,242 million, an increase of 26 percent compared with the figure for the previous fiscal year of €6,516 million. The segment contributed 51 percent of Infineon's Group revenue.

Electromobility, driver assistance systems, software-defined vehicle architecture and the trend towards higher levels of electronic features in vehicles continued to be the main drivers of our growth in the 2023 fiscal year. Electromobility benefited not only from purchase incentive schemes but also from the increasing availability of charging stations, the wider range of models being produced by almost all vehicle manufacturers and a change in attitude in society towards sustainable mobility.

Our business with microcontrollers developed particularly well. These include the AURIX™, TRAVEO™ and PSoC™ families. The transition to new vehicle architectures by many manufacturers, expanded driver assistance systems and the electrification of vehicles ensured above-average demand. Our AURIX™ family was developed specifically for embedded control systems with the highest safety requirements and is therefore used in addition to driver assistance systems for engine control, security and in high-speed onboard networks. Real-time capability, high computing power and low power consumption are the decisive characteristics. The TRAVEO™ family benefited from the trend towards digital instrument and display systems. In addition, the delivery situation at our manufacturing partners continued to improve in the past financial year, which also had a positive impact on sales development.

Infineon was also able to benefit from the fact that electromobility, automated driving and mobility services are increasingly requiring more powerful software. This software needs to be updatable throughout the lifecycle of the vehicle. This flexibility, as well as higher safety requirements for automated driving, require a new architecture for onboard networks used for data transmission and power distribution. For the latter, in particular, special safety-certified semiconductor solutions are used, replacing existing fuses and relays. With PROFET™, Infineon offers an extensive portfolio of smart semiconductor switches. They enable decentralized configurable power distribution that at the same time complies with the highest safety standard.

Moreover, during the reporting period, there was a further increase in comfort features across all vehicle segments. Examples of these include retractable door handles, electrically controlled seat adjustment, sun visors and tailgates. All these functions require power switches, sometimes several per function, around a hundred on average per vehicle. As Infineon has an extensive portfolio of semiconductor switches, it achieved above-average growth in this area in the past fiscal year.

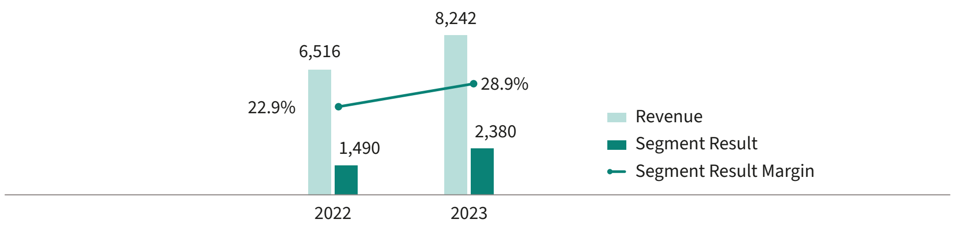
Higher prices also contributed to the increase in revenue.

We were able to win additional contracts worldwide for our microcontrollers and power semiconductors, particularly for silicon carbide both in the power train and onboard chargers as well as in DC-DC converters. We therefore anticipate achieving significant increases in revenue in this area over the next few years.

The Segment Result in the 2023 fiscal year was €2,380 million, an increase of 60 percent compared with the Segment Result for the previous fiscal year of €1,490 million. Based on revenue, the Segment Result Margin was 28.9 percent (previous year: 22.9 percent), see C04. The increase in the Segment Result Margin was mainly due to positive price effects, the higher level of revenue and improvements in the product mix.

C04 Revenue and Segment Result of the Automotive segment

€ in millions



GIP Review of the Green Industrial Power segment in the 2023 fiscal year

In the Green Industrial Power segment, Infineon generated revenue in the 2023 fiscal year of €2,205 million, an increase of 23 percent compared with the figure for the previous fiscal year of €1,790 million. The revenue growth was the result of higher volumes as well as positive price effects. The segment contributed 13 percent to Infineon's Group revenue.

Demand in the area of renewable energy remained high. The generation of clean energy is an essential prerequisite for the achievement of global carbon emission targets. Thanks to its strong market position in the area of renewable energy, Infineon was able to benefit directly from this megatrend.

There was an increase in revenue from products for wind power as well as from PV inverter products. In many regions of the world, solar and wind power are now the cheapest way of generating electricity. Capacity is therefore being expanded accordingly, especially in the form of utility-scale installations.

As the proportion of renewable energy in the energy mix continues to grow, so too does the importance of storage solutions to stabilize the grids. The energy infrastructure business comprises the transmission, distribution and storage of energy, as well as the charging infrastructure for electromobility and enjoyed strong demand.

Revenue in the fields of automation and electric drives benefited from demand in the area of factory equipment and automation.

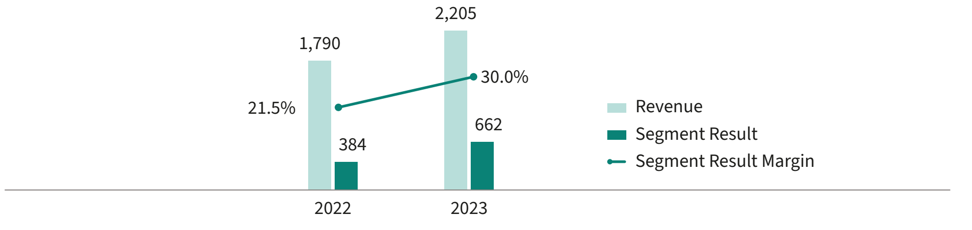
Revenue in transportation grew strongly from a weak basis. Besides the recovery in trains, new business areas such as the electrification of buses, trucks and farm machinery contributed to the improved result.

In home appliances, the revenue declined due to the weak construction activity in China. The trend towards inverterized motor control systems continued but could not compensate for the weak demand.

In the 2023 fiscal year, the Segment Result was €662 million, an increase of 72 percent compared with the figure for the previous fiscal year of €384 million. As a result of the growth in volumes and positive price effects, the Segment Result Margin improved from 21.5 percent in the 2022 fiscal year to 30.0 percent in the 2023 fiscal year, see C05.

C05 Revenue and Segment Result of the Green Industrial Power segment

€ in millions



PSS Review of the Power & Sensor Systems segment in the 2023 fiscal year

In the Power & Sensor Systems segment, Infineon generated revenue in the 2023 fiscal year of €3,798 million, a decrease of 7 percent compared with the figure for the previous fiscal year of €4,070 million, see C06. In the first quarter of the fiscal year, weak demand in the consumer business was still partially offset by increasing demand for semiconductors used in servers and industrial applications. In the following quarters, demand for semiconductors used in servers also declined significantly, following high growth rates in previous years. Combined with continuing weak demand for semiconductors for computers, consumer electronics and telecommunications infrastructure, this led to a decrease in revenue in the 2023 fiscal year. The segment contributed 23 percent of Infineon's Group revenue.

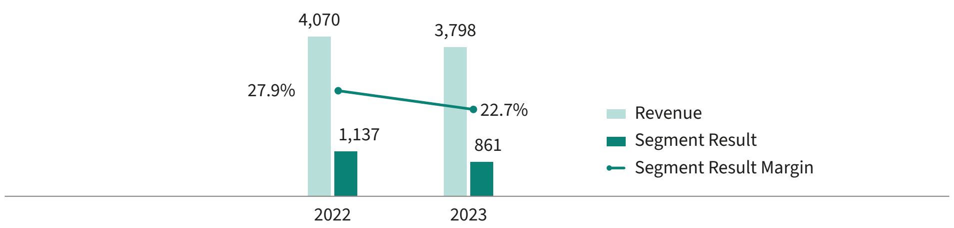
In past years, there was significant growth in demand in the server market, mainly driven by high levels of investment from cloud computing service providers. However, this growth slowed considerably in the course of the 2023 fiscal year. Furthermore, investment in cloud servers was deferred, and more AI accelerators were ordered instead. AI accelerators are special parts of servers that significantly accelerate artificial intelligence (AI) learning. In principle, this deferral should be seen as a positive development for semiconductor demand, as the power supply of an AI accelerator processor has a significantly higher semiconductor content than that required for the power supply of a processor for standard servers. The increase in demand for semiconductors for AI was not yet sufficient in the 2023 fiscal year to offset the decline in revenue in the area of traditional servers. Demand for power semiconductors in the area of telecommunications infrastructure also slowed in the 2023 fiscal year.

Demand for products in the consumer market also remained weak in the 2023 fiscal year. Sales figures for consumer electronic devices of all types (e.g., smartphones, PCs, laptops and notebooks, games consoles, as well as television) rose sharply during the Covid pandemic before returning to more normal levels, which led to a decrease in revenue in this area. Bucking the generally weak trend, interest in chargers, adapters and power supplies based on the new material GaN is continuing to grow. This led to an increase in revenue in this market segment, even if this was from a relatively low base. As a result of the acquisition of GaN Systems, the number of GaN specialists in our Group has virtually doubled. We are therefore now in a position to gain even faster access to the market of various GaN applications.

Demand in our industrial business and for applications in the automotive sector continued on an upward trend. The growing number of electric vehicles being sold resulted in steadily increasing demand for charging stations and onboard chargers. In addition, the number of vehicles with in-cabin USB-C ports for charging mobile devices is continuing to rise. Good revenue growth was also to be seen in the components business for light electric vehicles such as eBikes, eScooters and forklift trucks. Demand for microinverters for roof-top solar systems remained steady, although it began to weaken towards the end of the fiscal year.

C06 Revenue and Segment Result of the Power & Sensor Systems segment

€ in millions



As a result of the decline in demand for smartphones and other mobile devices, there was a decrease in revenue from MEMS microphones, TVS (transient voltage suppressor) diodes, as well as antenna tuners and RF antenna switches in the 2023 fiscal year.

Our software business becomes more important year to year. For a variety of products, software offers an additional benefit and helps us to differentiate via the enhancement of our product portfolio. We provide software either directly to complement the firmware already integrated into the end product or as an additional service. In both cases, software enables us to augment our revenue, either by selling a greater number of higher-quality products at correspondingly higher prices or by producing additional revenue with our software services. In the 2023 fiscal year, we generated increasing revenue from software, primarily related to USB-C chargers. Turnkey products that can still subsequently be configured and programmed by the customer were particularly in demand in this product area.

In the 2023 fiscal year, we generated our first revenue from ion traps for quantum computing. Together with the German firm eleQtron GmbH, a pioneer in quantum computers, Infineon is now manufacturing quantum processors based on ion-trap technology and supplies continuously improved generations of ion traps for eleQtron to incorporate into its quantum computers. Several other partnerships have already been established with regard to the manufacture of quantum computers. One example of these is the English company Oxford Ionics. These collaborations with partners in the quantum industry will continue to be expanded in the future.

As a result of the decrease in revenue described above, there was also a decline in the Segment Result and the Segment Result Margin. The Segment Result in the 2023 fiscal year was €861 million, compared with €1,137 million in the 2022 fiscal year, a decrease of 24 percent. The Segment Result Margin was 22.7 percent, compared with 27.9 percent in the 2022 fiscal year, see C06.

CSS Review of the Connected Secure Systems segment in the 2023 fiscal year

In the Connected Secure Systems segment, Infineon generated revenue in the 2023 fiscal year of €2,046 million, an increase of 12 percent compared with the figure for the previous fiscal year of €1,822 million. The segment contributed 13 percent of Infineon's Group revenue.

The growth in revenue was driven by higher prices, an improved product mix and volume growth in dedicated applications. The security solutions business in particular benefited from the stabilization of the supply situation in the past fiscal year, which meant it was possible to meet the outstanding demand, especially for payment and ID solutions. Moreover, demand for eSIM solutions for automotive and industrial applications remained high.

Demand for connectivity solutions and microcontrollers was adversely impacted by a worsening macroeconomic climate, which had a dampening effect on consumer spending. Despite macroeconomic obstacles, the digitalization of applications in the context of IoT remains one of our principal long-term growth areas. This growth is driven primarily by an increase in the penetration rate of end devices, especially in the area of industrial and consumer applications.

The trend towards cashless and contactless payment is continuing. There was strong demand for our solutions across all regions.

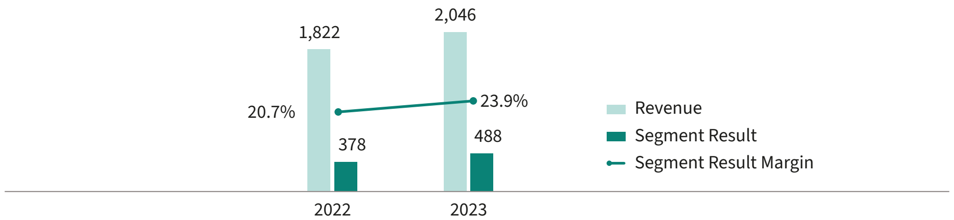
Around the world, there was a significant increase in travel in the past fiscal year. In addition to this trend, other major ID projects contributed significantly to strong revenue growth in this business area.

There was an increase in revenue from embedded SIMs (eSIMs), which are used in vehicles with an automatic emergency call function as well as in the industrial sector. Progress with Industry 4.0 applications is also leading to growing demand for eSIMs. Manufacturing machinery, tools and other technical devices are becoming more and more connected and can therefore be monitored, serviced and maintained remotely.

Given the growth in revenue, both the Segment Result and Segment Result Margin were higher than in the 2022 fiscal year. Higher prices, a better product mix and volume growth in dedicated applications led to this improvement. The Segment Result in the 2023 fiscal year was €488 million, an increase of 29 percent compared with the prior-year figure of €378 million. Based on revenue, the Segment Result Margin was 23.9 percent (previous year: 20.7 percent), see C07.

C07 Revenue and Segment Result of the Connected Secure Systems segment

€ in millions



Review of results of operations

€ in millions, except earnings per share	2023	2022	Change absolute	Change in %
Revenue	16,309	14,218	2,091	15
Gross profit	**7,413**	**6,131**	**1,282**	**21**
Research and development expenses	(1,985)	(1,798)	(187)	(10)
Selling, general and administrative expenses	(1,599)	(1,565)	(34)	(2)
Other operating income and expenses, net	119	77	42	55
Operating profit	**3,948**	**2,845**	**1,103**	**39**
Net financial result (financial income and expenses, net)	(54)	(161)	107	66
Share of profit (loss) of associates and joint ventures accounted for using the equity method	27	39	(12)	(31)
Income tax	(782)	(537)	(245)	(46)
Profit (loss) from continuing operations	**3,139**	**2,186**	**953**	**44**
Profit (loss) from discontinued operations, net of income taxes	(2)	(7)	5	71
Profit (loss) for the period	**3,137**	**2,179**	**958**	**44**
Basic earnings per share (in euro)	2.38	1.65	0.73	44
Diluted earnings per share (in euro)	2.38	1.65	0.73	44
Adjusted earnings per share (in euro) – diluted	2.65	1.97	0.68	35

High demand and positive price and exchange rate effects have resulted in an increase in revenue

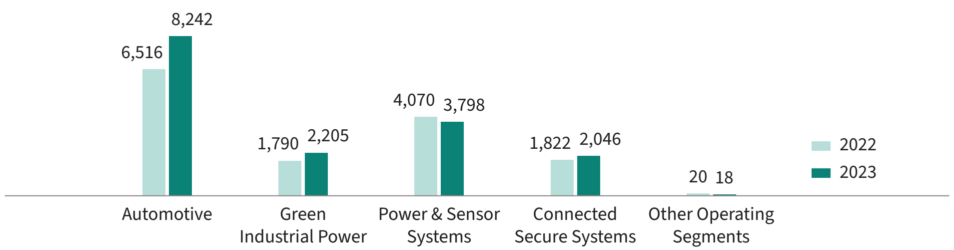
Revenue grew by €2,091 million or 15 percent in the 2023 fiscal year to €16,309 million (previous year: €14,218 million). Around half the growth in revenue was due to price increases and around half to higher volumes and product mix adjustments. Continuing high levels of demand for semiconductors in the automotive and renewable energy sectors, in particular, had a positive impact here. At the same time, manufacturing capacity is continually being expanded. This was also the case in the 2023 fiscal year at our sites in Villach (Austria), Dresden (Germany) and Kulim (Malaysia). Production corridors released by contract manufacturers also contributed to the increase in revenue.

In addition, there were positive exchange rate effects during the reporting period. A significant proportion of revenue in the 2023 fiscal year was earned in foreign currencies, primarily in US dollars. The average euro/US dollar exchange rate was around 1.08 in the 2022 fiscal year and 1.07 in the 2023 fiscal year.

Revenue by segment is disclosed below:

C08 Revenue by segment

€ in millions



Details on the performance of the segments can be found in the chapter "Segment performance". p. 44 ff.

Slight shifts in the regional distribution of revenue

€ in millions, except percentages	2023		2022	
Europe, Middle East, Africa	4,360	27%	3,399	24%
therein: Germany	2,017	12%	1,594	11%
Asia-Pacific (excluding Japan, Greater China)	2,594	16%	2,343	16%
Greater China[1]	5,275	32%	5,204	37%
therein: Mainland China, Hong Kong	4,124	25%	4,063	29%
Japan	1,706	10%	1,415	10%
Americas	2,374	15%	1,857	13%
therein: USA	1,982	12%	1,564	11%
Total	**16,309**	**100%**	**14,218**	**100%**

1 Greater China comprises Mainland China, Hong Kong and Taiwan.

The decrease in the proportion of revenue generated in the Greater China region is primarily due to the decline in revenue from consumer applications such as PCs and smartphones.

Disproportionately low increase in cost of goods sold; significant improvement in gross margin

€ in millions, except percentages	2023	2022	Change absolute	Change in %
Cost of goods sold	8,896	8,087	809	10
As percentage of revenue	54.5%	56.9%	(240 bp)	
Gross profit	7,413	6,131	1,282	21
Gross margin	45.5%	43.1%	240 bp	

At €8,896 million, cost of goods sold during the reporting year was €809 million or 10 percent higher than the previous year's figure of €8,087 million. The increase in the cost of goods sold was therefore less than the increase in revenue. This was primarily due to positive price effects and improvements in the product mix. The increase in idle costs and inventory write-downs had an opposite effect.

Cost of goods sold also includes expenses of €276 million incurred mainly in connection with the acquisition of Cypress (previous year: €288 million). These expenses include the amortization of fair value adjustments of €250 million (previous year: €278 million) identified in the course of purchase price allocations and other acquisition-related expenses.

Gross profit (revenue less cost of goods sold) in the 2023 fiscal year was €7,413 million, 21 percent higher than the prior-year figure of €6,131 million. The gross margin improved accordingly, from 43.1 percent in the 2022 fiscal year to 45.5 percent in the 2023 fiscal year.

Operating expenses have fallen as a percentage of revenue

Operating expenses (research and development expenses, and selling, general and administrative expenses) rose at a lower rate than revenue by €221 million in the 2023 fiscal year to €3,584 million (previous year: €3,363 million), corresponding to 22.0 percent of revenue (previous year: 23.7 percent).

Research and development expenses

			Change	
€ in millions, except percentages	2023	2022	absolute	in %
Research and development expenses, gross	2,329	2,120	209	10
Minus:				
Grants received	(130)	(113)	(17)	(15)
Capitalized development costs	(214)	(209)	(5)	(2)
Research and development expenses	1,985	1,798	187	10
As percentage of revenue	12.2%	12.6%	(40 bp)	

Research and development expenses increased by €187 million or 10 percent, from €1,798 million in the 2022 fiscal year to €1,985 million in the 2023 fiscal year. The increase reflects the higher volume of business and results mainly from the intensification of research and development activities and the higher headcount in this area. A total of 12,830 employees were engaged in research and development as of 30 September 2023, an increase of 7 percent over the figure for 30 September 2022 of 12,005.

Expressed as a percentage of revenue, research and development expenses comprised 12.2 percent of revenue in the 2023 fiscal year, which was lower than the prior-year figure of 12.6 percent.

Selling, general and administrative expenses

			Change	
€ in millions, except percentages	2023	2022	absolute	in %
Selling, general and administrative expenses	1,599	1,565	34	2
As percentage of revenue	9.8%	11.0%	(120 bp)	

Despite the 15 percent increase in its revenue, Infineon was able to keep its selling, general and administrative expenses at a stable level of €1,599 million. Expressed as a percentage of revenue, selling, general and administrative expenses comprised 9.8 percent of revenue in the 2023 fiscal year, which was lower than the prior-year figure of 11.0 percent. The impact on earnings of the purchase price allocations and acquisition-related expenses included in Infineon's selling, general and administrative expenses in the 2023 fiscal year was €168 million (previous year: €177 million).

Increase in net amount of other operating income and expenses

The net amount of other operating income and expenses improved in the course of the 2023 fiscal year to €119 million (previous year: €77 million). This includes income from the sale of Infineon's HiRel DC-DC converter business to Micross Components, Inc. and from the sale of the Temecula site (USA).

Improvement in financial result

The financial result in the 2023 fiscal year was a net loss of €54 million (previous year: net loss of €161 million). The improvement in the financial result arose mainly from higher interest income due to increased interest rates and from positive valuation effects. In contrast, interest expenses relating to financial liabilities were subject to almost no fluctuations due to contractually agreed fixed interest rates. In addition, in June 2023, a bond with a nominal volume of €750 million was repaid on schedule. Further information is provided in note 4 to the Consolidated Financial Statements. p. 110

Effective tax rate of 19.9 percent

The income tax expense in the 2023 fiscal year increased to €782 million (previous year: €537 million). Based on the profit from continuing operations before income taxes of €3,921 million (previous year: €2,723 million), the tax rate for the reporting year was 19.9 percent (previous year: 19.7 percent).

Further details regarding the income tax expense are provided in note 6 to the Consolidated Financial Statements. p. 111 ff.

Profit for the period and earnings per share up on previous year

After deducting income taxes and adjusting for the profit/loss from discontinued operations, Infineon recorded a profit for the period of €3,137 million in the 2023 fiscal year (previous year: €2,179 million).

The higher profit for the period resulted in a corresponding increase in earnings per share.

Both basic and diluted earnings per share stood at €2.38 for the 2023 fiscal year (previous year: €1.65).

The calculation of earnings per share in accordance with IFRS is presented in detail in note 8 to the Consolidated Financial Statements. p. 115

Increase in adjusted earnings per share

Earnings per share in accordance with IFRS is influenced by amounts relating to purchase price allocations for acquisitions (in particular Cypress) and other exceptional items. To enable better comparability of operating performance over time, Infineon calculates adjusted earnings per share (diluted). Adjusted profit (loss) for the period and adjusted earnings per share (diluted) should not be seen as a replacement or as superior performance indicators, but rather as additional information to the profit (loss) for the period and earnings per share (diluted) determined in accordance with IFRS.

Adjusted earnings per share (diluted) increased from €1.97 in the 2022 fiscal year to €2.65 per share in the 2023 fiscal year and is calculated as follows:

			Change	
€ in millions (unless otherwise stated)	2023	2022	absolute	in %
Profit (loss) from continuing operations – diluted	**3,139**	**2,186**	**953**	**44**
Compensation of hybrid capital investors[1]	(29)	(29)	–	–
Profit (loss) from continuing operations attributable to shareholders of Infineon Technologies AG – diluted	**3,110**	**2,157**	**953**	**44**
Plus/minus:				
Certain impairments (reversal of impairments) (in particular on goodwill)	–	(6)	6	+++
Losses (gains) on earnings of restructuring and closures	(4)	–	(4)	---
Share-based payment	92	62	30	48
Acquisition-related depreciation/amortization and other expenses	464	484	(20)	(4)
Losses (gains) on sales of businesses, or interests in subsidiaries	(30)	–	(30)	---
Other income and expenses	(71)	(7)	(64)	---
Acquisition-related expenses within financial result	–	4	(4)	---
Tax effect on adjustments	(95)	(116)	21	18
Revaluation of deferred tax assets resulting from the annually updated earnings forecast	–	(15)	15	+++
Adjusted profit (loss) for the period from continuing operations attributable to shareholders of Infineon Technologies AG – diluted	**3,466**	**2,563**	**903**	**35**
Weighted-average number of shares outstanding (in millions) – diluted	1,306	1,304	2	0
Adjusted earnings per share (in euro) – diluted[2]	**2.65**	**1.97**	**0.68**	**35**

1 Including the cumulative tax effect.
2 The calculation of the adjusted earnings per share is based on unrounded figures.

Review of financial condition

Increase in property, plant and equipment due to expansion in frontend manufacturing facilities

Property, plant and equipment increased by €1,500 million to €7,045 million as of 30 September 2023. Additions of €2,729 million significantly exceeded depreciation of €1,143 million. The main focus of Infineon's investing activities in the 2023 fiscal year was on the expansion of its frontend manufacturing facilities in Villach (Austria) and Dresden (Germany), as well as the development of the frontend manufacturing site in Kulim (Malaysia).

€ in millions	30 September 2023	30 September 2022	Change absolute	Change in %
ASSETS				
Cash and cash equivalents and financial investments	3,590	3,717	(127)	(3)
Trade receivables	1,991	1,887	104	6
Inventories	3,974	3,081	893	29
Property, plant and equipment	7,045	5,545	1,500	27
Goodwill	6,547	7,083	(536)	(8)
Other intangible assets	2,977	3,483	(506)	(15)
Remaining current and non-current assets	2,315	2,116	199	9
Total assets	**28,439**	**26,912**	**1,527**	**6**
LIABILITIES AND EQUITY				
Trade payables	2,765	2,260	505	22
Financial debt	4,733	5,662	(929)	(16)
Pensions and similar commitments	268	297	(29)	(10)
Remaining current and non-current liabilities	3,629	3,749	(120)	(3)
Equity	17,044	14,944	2,100	14
Total liabilities and equity	**28,439**	**26,912**	**1,527**	**6**

Increase in business volume results in a rise in inventories

Inventories, and in particular work in progress, rose by €893 million to €3,974 million as of 30 September 2023. This increase is mainly attributable to our Automotive segment, where delivery reliability is a key factor in winning and retaining orders.

Currency-related decrease in goodwill

Goodwill decreased by €536 million to €6,547 million as of 30 September 2023. The decline was almost exclusively due to currency effects, in particular the weaker US dollar compared to the euro as of the reporting date.

Decrease in other intangible assets

Other intangible assets decreased by €506 million to €2,977 million as of 30 September 2023. Amortization of €531 million significantly exceeded additions of €255 million. Currency effects of €208 million also contributed to the decline.

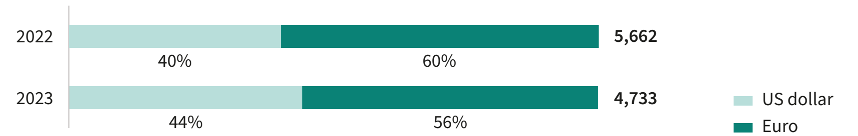
Repayment of financial debt

Financial debt decreased by €929 million to €4,733 million, mainly as a result of the repayment of a €750 million bond. Exchange rate effects of €182 million arising from financial debt denominated in US dollars also contributed to the reduction in financial debt.

More detailed information on financial debt is provided in note 16 to the Consolidated Financial Statements. p. 123 f.

C09 Financial debt by currency

€ in millions



Increase in trade payables

The increase in trade payables of €505 million to €2,765 million resulted mainly from the increase in investments and in the business volume.

Equity up mainly due to profit for the period

Equity increased by €2,100 million to €17,044 million as of 30 September 2023. The main contributory factor was the profit for the period of €3,137 million. Exchange rate effects recognized in other comprehensive income of €718 million and the dividend of €417 million paid out for the 2022 fiscal year had an opposite effect.

The equity ratio as of 30 September 2023, based on total assets of €28,439 million, was 59.9 percent (30 September 2022: 55.5 percent).

Improvement in RoCE due to higher operating profit

In the 2023 fiscal year, operating profit from continuing operations after tax increased significantly by €920 million to €3,237 million (previous year: €2,317 million) and therefore at a faster rate than capital employed. Adjustments made to volumes, prices and the product mix, as well as exchange rate effects, contributed to the increase in operating profit (see the chapter "Review of results of operations", p. 49 ff.). Capital employed rose by €1,151 million to €19,510 million as of 30 September 2023.

Consequently, Return on Capital Employed (RoCE) increased from 12.6 percent to 16.6 percent.

RoCE for the 2023 and 2022 fiscal years is calculated as follows:

€ in millions, except percentage	2023	2022	Change absolute	Change in %
Operating profit	**3,948**	**2,845**	**1,103**	**39**
Plus/minus:				
Financial result	(54)	(161)	107	66
Less interest result	98	131	(33)	(25)
Financial result excluding interest result[1]	44	(30)	74	+++
Share of profit (loss) of associates and joint ventures accounted for using the equity method	27	39	(12)	(31)
Income tax	(782)	(537)	(245)	(46)
Operating profit from continuing operations after tax ①	**3,237**	**2,317**	**920**	**40**
Assets	**28,439**	**26,912**	**1,527**	**6**
Plus/minus:				
Cash and cash equivalents	(1,820)	(1,438)	(382)	(27)
Financial investments	(1,770)	(2,279)	509	22
Assets classified as held for sale	–	–	–	–
Total current liabilities	(5,669)	(5,588)	(81)	(1)
Short-term financial debt and current maturities of long-term financial debt	330	752	(422)	(56)
Liabilities classified as held for sale	–	–	–	–
Capital employed ②	**19,510**	**18,359**	**1,151**	**6**
RoCE ①/②	**16.6%**	**12.6%**	**400 bp**	

1 The financial result for the 2023 and 2022 fiscal years amounted to negative €54 million and negative €161 million, respectively, and included negative €98 million and negative €131 million, respectively, of net interest result.

Review of liquidity

Cash flow

€ in millions	2023	2022	Change absolute	Change in %
Cash flows from operating activities from continuing operations	3,962	3,986	(24)	(1)
Cash flows from investing activities	(2,264)	(2,441)	177	7
Cash flows from financing activities	(1,301)	(1,869)	568	30
Net change in cash and cash equivalents from discontinued operations	(2)	(6)	4	67
Cash-relevant change in cash and cash equivalents	**395**	**(330)**	**725**	**+++**
Currency effects on cash and cash equivalents	(13)	19	(32)	---
Change in cash and cash equivalents	**382**	**(311)**	**693**	**+++**

Cash flows from operating activities from continuing operations decreased by €24 million to €3,962 million. Set against a significant improvement in profit from continuing operations before income taxes of €1,198 million were negative effects, principally in relation to the change in other assets and other liabilities and the change in working capital.

Cash outflows from investing activities decreased by €177 million compared with the previous fiscal year to €2,264 million. The improvement resulted mainly from the €643 million increase in net cash inflow from the purchase and sale of financial investments. Cash inflows totaling €200 million from the sale of the HiRel DC/DC converter business and the sale of the Temecula site (USA) also contributed to the improvement. This was offset by the €686 million increase in payments for property, plant and equipment. Further information about investments made in the 2023 fiscal year can be found in the chapter "Review of financial condition". p. 53 f.

Cash outflows from financing activities decreased by €568 million compared with the previous fiscal year. The main effects for this decline are the reduction of €640 million in net repayment of financial debt which was offset by a €66 million higher dividend payment. The net cash outflows from financing activities thus amounted to €1,301 million in the 2023 fiscal year.

More information about financial debt is provided in note 16 to the Consolidated Financial Statements. p. 123 f.

Decrease in Free Cash Flow; adjusted Free Cash Flow at 10.0 percent of revenue

Infineon reports the **Free Cash Flow** figure, defined as cash flows from operating activities and cash flows from investing activities, both from continuing operations, after adjusting for cash flows from the purchase and sale of financial investments. Free Cash Flow serves as an additional performance indicator since Infineon holds part of its liquidity in the form of financial investments. This does not mean that the Free Cash Flow calculated in this way is available to cover other disbursements, because dividends, debt-servicing obligations and other fixed disbursements have not been deducted.

Since the 2023 fiscal year, **adjusted Free Cash Flow** has become part of Infineon's target operating model (see the chapter "Group strategy", p. 28) and is defined as Free Cash Flow adjusted for cash outflows for investments in large frontend buildings, for cash inflows for related investment subsidies and for major M&A transactions (acquisitions and disposals) adjusted for cash acquired or disposed of.

Both figures should not be seen as a replacement or as superior performance indicators, but rather as useful information in addition to the disclosure of the cash flow reported in the Consolidated Statement of Cash Flows, and as a supplementary disclosure to other liquidity performance indicators and other performance indicators determined in accordance with IFRS. Free Cash Flow and adjusted Free Cash Flow are derived as follows from the Consolidated Statement of Cash Flows:

€ in millions	2023	2022	Change absolute	Change in %
Cash flows from operating activities[1]	3,962	3,986	(24)	(1)
Cash flows from investing activities[1]	(2,264)	(2,441)	177	7
Purchases of (proceeds from sales of) financial investments, net	(540)	103	(643)	---
Free Cash Flow	**1,158**	**1,648**	**(490)**	**(30)**
Plus:				
Cash outflows for investments in large front-end buildings after deduction of cash inflows for related investment subsidies	480			
Adjusted Free Cash Flow	**1,638**			
Percentage of revenue	10.0%			

1 From continuing operations.

Gross cash position and net cash position

The following table shows the gross cash position and the net cash position. Since some liquid funds are held in the form of financial investments, which for IFRS purposes are not classified as cash and cash equivalents, Infineon reports on its gross and net cash positions in order to provide investors with a better understanding of its overall liquidity situation. The gross and net cash positions are determined as follows from the Consolidated Statement of Financial Position:

€ in millions	30 September 2023	30 September 2022	Change absolute	Change in %
Cash and cash equivalents	1,820	1,438	382	27
Financial investments	1,770	2,279	(509)	(22)
Gross cash position	**3,590**	**3,717**	**(127)**	**(3)**
Minus:				
Short-term financial debt and current portion of long-term financial debt	330	752	(422)	(56)
Long-term financial debt	4,403	4,910	(507)	(10)
Gross financial debt	**4,733**	**5,662**	**(929)**	**(16)**
Net cash position	**(1,143)**	**(1,945)**	**802**	**41**

Taking into account the financial resources available to Infineon – including internal liquidity on hand, net cash that will be generated, and currently available credit facilities amounting to €69 million (previous year: €80 million, see note 16 to the Consolidated Financial Statements, p. 123) – Infineon assumes that it will be able to cover those capital requirements for the 2024 fiscal year that are currently expected. These include the repayment of financial debt on its due date. Forecast capital requirements also include other financial obligations, such as orders already placed for initiated or planned investments in property, plant and equipment (see note 23 to the Consolidated Financial Statements, p. 135 f.). Investments planned for the 2024 fiscal year are described in the chapter "Outlook". p. 62 ff.

Infineon is party to two financing agreements that contain a number of standard covenants, including a debt coverage ratio that provides for a certain relationship between the size of debt (adjusted) and earnings (adjusted) (see note 21 to the Consolidated Financial Statements, p. 132).

Principles and structure of Infineon's treasury

Infineon treasury's stated objective is to ensure financial flexibility based on a solid capital structure. Its primary goal is to ensure that sufficient funds are available to finance operating activities and planned investments throughout all phases of the business cycle. We aim to achieve a gross liquidity level of €1 billion, plus at least 10 percent of revenue.

As a general rule, debt should only constitute a modest proportion of the financing mix to ensure that sufficient headroom is available at all times. The key objective is to maintain an investment grade rating. In February 2023, S&P Global Ratings confirmed Infineon's BBB investment grade rating and changed the outlook from "stable" to "positive". For further information on the nature, maturity, currency and interest rate structure of Infineon's gross financial debt, see note 16 to the Consolidated Financial Statements. p. 123 f.

The abovementioned treasury principles cover all liquidity and financing topics, such as banking policy and strategy, the execution of financing agreements, global liquidity and investment management, the management of currency, interest rate and some commodity price risks, and the handling of external and intragroup cash flows.

In accordance with our treasury principles, we adopt a highly centralized approach. Group Finance & Treasury is the department responsible for all major tasks and processes worldwide relating to financing and treasury matters.

In the context of centralized liquidity management and, to the extent that this is permitted by law and economically justifiable, cash pooling structures are in place to ensure the best possible allocation of liquid funds within the Group and reduce its external financing requirements. Liquidity accumulated at Group level is invested centrally by the Group Finance & Treasury department based on a conservative investment strategy, in which preserving capital is prioritized over maximizing returns. Group Finance & Treasury is also responsible for managing currency and interest rate risks and hedging against commodity price risks. For hedging purposes, we employ the following derivative financial instruments in our current operations: forward foreign currency contracts to reduce the impact of exchange rate exposure (to the extent foreign currency cash flows are not offset within the Group) and commodity swaps to reduce price risks for expected purchases of gold. Derivative financial instruments are not used for trading or speculation purposes. To hedge against most of the foreign currency risk relating to the purchase price obligation arising from the acquisition of GaN Systems, Infineon concluded a contingent (transaction-dependent) euro/US dollar forward foreign currency contract (a deal contingent forward) and a transaction-dependent euro/US dollar foreign currency option contract (a deal contingent option). Further information regarding derivative financial instruments and the management of financial risks is provided in notes 27, p. 142 ff., and 28, p. 150 ff., to the Consolidated Financial Statements.

Furthermore, to the extent permitted by law, all financing activities and credit lines worldwide are arranged, structured and managed, either directly or indirectly, by the Group Finance & Treasury department in accordance with our treasury principles.

A Treasury Committee is in place to deliberate on current financial market developments and their potential impact on Infineon and to agree upon key liquidity, hedging and financing topics. The Committee, which meets on a quarterly basis, comprises the CFO and representatives from the Finance & Treasury, Accounting, Controlling and Tax departments.

Infineon on the capital market

Basic information on shares

Share types	Ordinary registered shares in the form of shares or American Depositary Shares (ADS) with a notional value of €2 each (ADS : shares = 1 : 1)
Share capital	€2,611,842,274 (as of 30 September 2023), €2,611,842,274 (as of 30 September 2022)
Shares issued[1]	1,305,921,137 (as of 30 September 2023), 1,305,921,137 (as of 30 September 2022)
Own shares	2,171,026 (as of 30 September 2023), 3,689,901 (as of 30 September 2022)
ISIN WKN	DE0006231004 623100
Ticker symbol	IFX (share), IFNNY (ADS)
Bloomberg Nasdaq IR Insight	IFX GY (Xetra trading system), IFNNY US IFX-XE, IFNNY-PK
Listings	Shares: Frankfurt Stock Exchange (FSE)
Market capitalization[2]	€40,879 million (based on closing price of €31.36 as of 30 September 2023)
Daily average shares traded on Xetra	3,829,653 (in the 2023 fiscal year)
Trading in the USA	ADS, over-the-counter trading on the OTC market (OTCQX International)
Market capitalization[2]	US$43,245 million (based on closing price of US$33.17 as of 30 September 2023)
Daily average ADS traded	199,504 (in the 2023 fiscal year)
Index membership (selected)	DAX 40 TecDAX EURO STOXX 50 Dow Jones STOXX Europe 600 Dow Jones Euro STOXX TMI Technology Hardware & Equipment Dow Jones Germany Titans 30 MSCI Germany S&P Europe 350 Dow Jones Sustainability World Index

1 The number of shares issued includes own shares.
2 Calculation of market capitalization: ("shares issued" – "own shares") x share price. The calculation is based on unrounded figures.

A full overview of other major indices in which the Infineon share is represented can be found on Infineon's website at www.infineon.com/cms/en/about-infineon/investor/infineon-share/#5

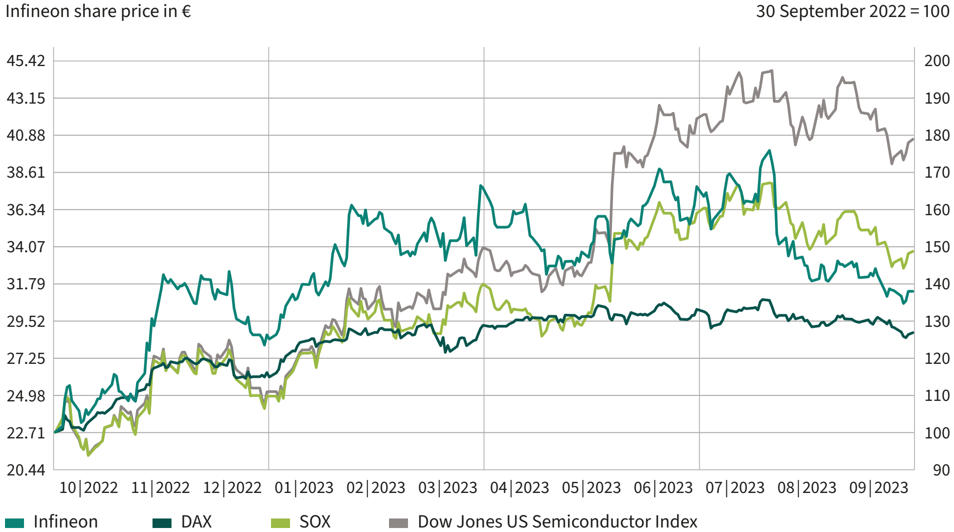
Basic information on bonds and other financing instruments

0.625% Bond from 17 February 2022	€500 million	due on 17 February 2025, ISIN: XS2443921056
1.125% Bond from 24 June 2020	€750 million	due on 24 June 2026, ISIN: XS2194283672
1.625% Bond from 24 June 2020	€750 million	due on 24 June 2029, ISIN: XS2194283839
2.000% Bond from 24 June 2020	€650 million	due on 24 June 2032, ISIN: XS2194192527
2.875% Hybrid Bond from 1 October 2019	€600 million	first call date 1 January 2025, ISIN: XS2056730323
3.625% Hybrid Bond from 1 October 2019	€600 million	first call date 1 January 2028, ISIN: XS2056730679
US Private Placement from 5 April 2016	US$350 million	due on 5 April 2024
US Private Placement from 5 April 2016	US$350 million	due on 5 April 2026
US Private Placement from 5 April 2016	US$235 million	due on 5 April 2028
US Private Placement from 16 June 2021	US$350 million	due on 16 June 2027
US Private Placement from 16 June 2021	US$350 million	due on 16 June 2029
US Private Placement from 16 June 2021	US$350 million	due on 16 June 2031
US Private Placement from 16 June 2021	US$250 million	due on 16 June 2033
Rating of S&P Global Ratings		since 15 February 2023: "BBB", Outlook: "positive"

Share price performance

The closing price for Infineon shares at the end of the 2023 fiscal year was €31.36. This was up 38 percent on the closing price of €22.71 at the end of the 2022 fiscal year.

C10 Development of the Infineon share compared to Germany's DAX Index, the Philadelphia Semiconductor Index (SOX) and the Dow Jones US Semiconductor Index for the 2023 fiscal year (daily closing prices)

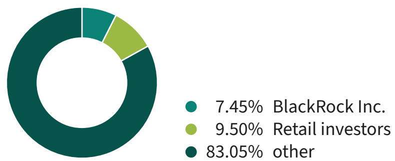


On 3 October 2022, right at the beginning of the fiscal year, Infineon shares fell to their lowest price for the year of €23.09. Subsequently, the share price climbed relatively steadily, reaching its year high for the 2023 fiscal year of €40.00 on 31 July 2023. With an increase in value of 38 percent during the fiscal year, Infineon shares rose at a faster rate than the DAX, which was up 27 percent. The US benchmark indices, the Philadelphia Semiconductor Index (SOX) and Dow Jones US Semiconductor Index, rose even faster, mainly as a result of a surge in the price of some technology shares at the end of May due to a wave of interest in artificial intelligence. The SOX improved by 49 percent compared with the previous year and the Dow Jones US Semiconductor Index by 79 percent. With a closing price for Infineon shares of €31.36, its market capitalization as of 30 September 2023 was €40,879 million, compared with €29,574 million at the end of the 2022 fiscal year when the share price was €22.71.

Shareholder structure

As of 30 September 2023, the company BlackRock Inc. held more than 5 percent of the Infineon shares issued. The share capital held by retail investors increased slightly to 9.50 percent at the end of the 2023 fiscal year, compared with 9.47 percent at the end of the 2022 fiscal year.

C11 Shareholder structure as of the end of the 2023 fiscal year

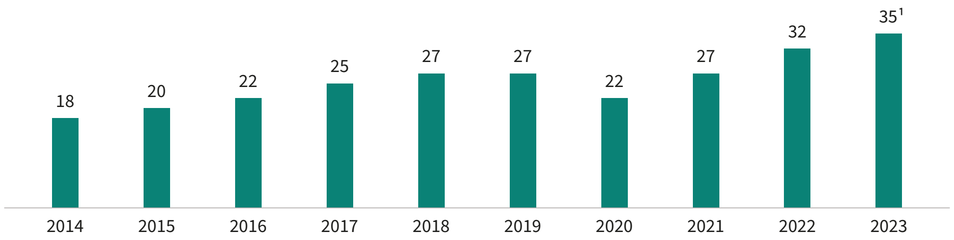


Dividend

Our dividend policy is aimed at letting shareholders adequately participate in Infineon's economic development and, in general, at paying out at least an unchanged dividend even in the event of stagnating or declining earnings. The dividend payout for the 2021 fiscal year was increased by €0.05 per share compared with the previous year. The dividend payout for the 2022 fiscal year was then increased again by €0.05, to €0.32 per share. It is now planned to put forward a proposal at the Annual General Meeting in February 2024 for a further increase in the dividend of €0.03. The reason for this is Infineon's even better business performance in the 2023 fiscal year compared with the previous year while at the same time retaining the financial headroom of the Company for profitable growth. If the planned proposal is approved at the Annual General Meeting, the dividend for the 2023 fiscal year would rise to €0.35 per share. The number of shares issued remained unchanged as of 30 September 2023 at 1,305,921,137. This figure now includes 2,171,026 shares owned by the Company that are not entitled to a dividend. The total amount to be distributed to shareholders is therefore anticipated to rise to €456 million, compared with €417 million one year earlier.

C12 Dividend per share for the 2014 to 2023 fiscal years

in € cents



1 Proposal to the Annual General Meeting to be held on 23 February 2024.

Interested parties may participate in telephone conferences via a webcast broadcast in the Investor Relations section of the Infineon website.

www.infineon.com/investor

Retail investors can contact us by email (investor.relations@infineon.com) and by telephone (+49 89 234-26655).

Overall statement on Infineon's financial condition

Geopolitical and macroeconomic disruptions once again led to a volatile market environment in the past fiscal year. Our target markets developed correspondingly differently.

On a positive note, structural demand for many of our semiconductors for electromobility applications remains unbroken. We saw a similarly healthy demand picture for renewable energy applications as well as for power and charging infrastructure, supported by government decarbonization initiatives. By contrast, demand for end consumer applications such as PCs and smartphones declined following the coronavirus pandemic. Consumers and companies were reluctant to spend in a persistently inflationary and uncertain environment.

Despite the challenging conditions, Infineon was very successful in the 2023 fiscal year. This is also reflected in our current figures, see the chapters “Group performance”, p. 42 f., “Review of results of operations”, p. 49 ff., “Review of financial condition”, p. 53 f., and “Review of liquidity”, p. 55 ff..

Report on outlook, risk and opportunity

Outlook

Actual and target values for performance indicators

The following table and subsequent comments compare the actual and forecast values of Infineon's key performance indicators for the 2023 fiscal year (FY) and show the outlook for the 2024 fiscal year.

€ in millions, except percentages	Actuals FY 2022	Outlook for FY 2023[1]	Actuals FY 2023	Outlook for FY 2024
Principal performance indicators				
Segment Result Margin	23.8%	Around 27% (at a revenue level of around €16.2 billion	27.0%	Around 24% (at a revenue level of around €17 billion)
Free Cash Flow from continuing operations	1,648	Around €1.2 billion	1,158	Around €0.4 billion
RoCE	12.6%	Around 15%	16.6%	Around 13%
Selected supplementary performance indicators				
Revenue respectively change in revenue compared to previous year	14,218	Revenue increase to around €16.2 billion	16,309	Revenue increase to €17 billion plus or minus €500 million
Investments	2,310	Around €3.0 billion	2,994	Around €3.3 billion

1 The forecast presented here corresponds to the forecast last finalized in the second and third quarters of the 2023 fiscal year.

Comparison of original outlook with actual figures for the 2023 fiscal year

Revenue for the 2023 fiscal year was originally forecast in November 2022 to be €15.5 billion, plus or minus €500 million. In light of Infineon's positive business performance, this outlook was raised incrementally in the following quarters to an expected revenue of around €16.2 billion. The actual amount of revenue generated in the 2023 fiscal year was €16,309 million. This figure was within the projected range of the final forecast on 3 August 2023 and significantly above the original forecast in November 2022. The good level of demand and price increases both had a positive impact on revenue.

In conjunction with the adjustments to the revenue forecast, the expected Segment Result Margin was also adjusted upwards in the course of the fiscal year. Originally, a Segment Result Margin of around 24 percent was forecast for the 2023 fiscal year. The most recent forecast was a figure of around 27 percent. The actual figure was 27.0 percent, so the forecast was met.

According to the original forecast in November 2022, Free Cash Flow was expected to reach around €0.8 billion. As a result of the ongoing adjustments to the revenue and earnings forecasts, adjustments were also made on a regular basis to the expected figure for Free Cash Flow. The final forecast for Free Cash Flow of around €1.2 billion was made in August 2023. The actual figure for Free Cash Flow in the 2023 fiscal year was €1,158 million. This was in line with the most recent forecast and was significantly higher than the figure originally forecast of €0.8 billion.

As a result of Infineon's positive earnings performance, the actual figure for Return on Capital Employed (RoCE) in the 2023 fiscal year was 16.6 percent, exceeding the forecast made in November 2022 of "around 12 percent" respectively in March 2023 of "around 15 percent".

The actual figure for investments in the 2023 fiscal year of €2,994 million was in line with the forecast figure of €3.0 billion.

Explanatory comments on the outlook for the 2024 fiscal year

Assumed euro/US dollar exchange rate

As a globally operating organization, Infineon generates revenue not only in euros, but also in foreign currencies, predominantly in US dollars. It also incurs expenses in US dollars and, to some extent, in currencies correlated with the US dollar, such as the Singapore dollar, the Malaysian ringgit and the Chinese renminbi. The impact of non-euro-denominated revenue and expenses does not always balance out. For this reason, fluctuations in exchange rates, particularly between the euro and the US dollar, influence the amounts reported for revenue and earnings. A stronger US dollar against the euro has a positive effect, whereas a weaker US dollar against the euro has an adverse effect on revenue and earnings. Excluding the effect of currency hedging instruments, the impact of a deviation of 1 US cent in the actual exchange rate of the US dollar against the euro compared to the forecast rate would amount to a change in Segment Result of around €10 million per quarter or around €40 million per fiscal year compared to the forecast value. These figures are calculated on the assumption that the exchange rates of currencies – in which costs arise for Infineon – change in line with the euro/US dollar exchange rate. In terms of revenue, the impact of exchange rates is limited primarily to the euro/US dollar rate, where a deviation of 1 US cent in the actual exchange rate compared to the forecast rate would have an impact on revenue of around €25 million per quarter or around €100 million per fiscal year. Planning for the 2024 fiscal year is based on an assumed exchange rate of US$1.05 to the euro.

External growth prospects for the global economy and the semiconductor market

In the course of the 2023 fiscal year, the global economy continued to be affected by the consequences of the Russian invasion of Ukraine and high inflation. Due to significant rises in interest rates and difficult financing conditions as a result, economic activity slowed down considerably compared with the previous year. However, most countries have so far avoided going into recession. According to the forecasts of the International Monetary Fund (IMF), global economic growth in the 2023 calendar year will be around 2.5 percent, a somewhat higher figure than the 2.1 percent forecast in autumn 2022. Growth of 2.4 percent is forecast for the 2024 calendar year (R01). This means that current growth rates for the global economy are remaining more or less stable, although they are below their historical average. Risks of a further weakening in the global economy also remain.

Market analysts at Omdia expect Infineon's reference market (i.e., the semiconductor market excluding DRAM and NAND flash memory chips and microprocessors) to see a slight decline of 1 percent in revenue in US dollar terms in the 2023 calendar year (R03). Demand for semiconductors for automotive and industrial applications is again higher than average, whereas revenue from semiconductors in the consumer market segment and in the area of cellular infrastructure will decrease significantly.

The experts at Omdia expect the Infineon reference market to grow by 6 percent in the 2024 calendar year (R03). The long-term trends decarbonization and digitalization are continuing to drive demand for semiconductors, especially in the automotive and industrial sectors. In the areas of consumer electronic goods and cellular infra-structure, the forecast is for a noticeable recovery in revenue in the 2024 calendar year following the decline in revenue in the 2023 calendar year.

Outlook for the 2024 fiscal year

The following outlook is based on current business developments and internal forecasts.

Revenue of €17 billion plus or minus €500 million expected

Based on the forecasts for the growth of the global economy and the semiconductor market segments relevant for Infineon described above and an assumed exchange rate of US$1.05 to the euro, Infineon forecasts that Group revenue will grow in the 2024 fiscal year to €17 billion, plus or minus €500 million. This is equivalent to a 4 percent increase in revenue compared with the prior year. Revenue growth in the Automotive segment is expected to be in the low double-digit percentage range. Revenue in the

Green Industrial Power segment should remain more or less stable compared with the 2023 fiscal year. The Power & Sensor Systems and Connected Secure Systems segments are each forecast to see a decline in revenue in the high single-digit percentage range, due to weak demand for semiconductors for computers and consumer electronics as well as relatively high inventory levels still held by customers.

Segment Result Margin of around 24 percent of revenue expected

If the middle of the range for the revenue forecast is reached, the Segment Result Margin is expected to be around 24 percent in the 2024 fiscal year.

Free Cash Flow from continuing operations

For the 2024 fiscal year, Infineon is forecasting Free Cash Flow of around €0.4 billion. This figure includes net cash outflows for investments in the expansion of frontend manufacturing facilities in Dresden (Germany) and Kulim (Malaysia) and net cash outflows for the acquisition of GaN Systems.

RoCE

For the 2024 fiscal year, Return on Capital Employed (RoCE) is forecast to reach around 13 percent.

Investments and depreciation/amortization

Investments (defined by Infineon as the sum of investments in property, plant and equipment, investments in other intangible assets and capitalized development costs) are planned at around €3.3 billion for the 2024 fiscal year.

Most of the investment relates to the construction and expansion of frontend manufacturing facilities. The main focus is on the completion of Phase 1 and the commencement of Phase 2 of the third fabrication facility at the Kulim site, which is designed to manufacture compound semiconductors, as well as on the construction of the fourth module in Dresden.

Considerable funds are also being invested in acquiring equipment for the production of products based on silicon carbide and gallium nitride. Further amounts invested in frontend facilities will be used to implement structural measures, optimize product quality, increase the degree of automation and promote innovation.

A significant amount of investment is also planned in order to expand capacity and implement structural measures at backend facilities, albeit at a much lower level than for frontend facilities.

In the 2023 fiscal year, investments totaled €2,994 million, comprising €2,739 million for property, plant and equipment and €255 million for capitalized development costs and other intangible assets. In the 2024 fiscal year, investments in capitalized development costs and other intangible assets are expected to be at a slightly higher level than in the 2023 fiscal year.

Depreciation and amortization are predicted to be around €2.1 billion in the 2024 fiscal year. Approximately €0.4 billion relates to the amortization of purchase price allocations, mainly in connection with the acquisition of Cypress.

Overall statement on expected developments at Infineon

Based on forecasts for the development of the global economy and the semiconductor market in the 2024 calendar year, Infineon expects Group revenue to grow to €17 billion, plus or minus €500 million. The Segment Result Margin is forecast, at the middle of the range for the revenue forecast, to be around 24 percent of revenue. Investments are expected to be at around €3.3 billion. Depreciation and amortization are expected to total about €2.1 billion. Free Cash Flow from continuing operations should reach around €0.4 billion. Return on Capital Employed (RoCE) is forecast to be around 13 percent.

Risk and opportunity report

Risk policy: Basis of our risk and opportunity management

Effective risk and opportunity management is an important element of our business activities and supports the implementation of our strategy to achieve our strategic goals. Infineon's risk and opportunity situation continues to be characterized by the dynamic market environment in the semiconductor industry, a substantial need for capital investment to achieve and sustain its market position, extraordinarily rapid technological change, decarbonization and digitalization. Competition to gain an innovative edge also occurs at the legal level, as evidenced, for example, by patents. Against this background, Infineon's risk policy is aimed at quickly realizing the opportunities that arise in a way that increases its enterprise value. It also focuses on identifying risks early and actively mitigating them – particularly those risks that might pose a threat to Infineon's going-concern status – by adopting appropriate countermeasures. Risk management at Infineon is therefore closely linked to corporate planning and the implementation of our strategy. The ultimate responsibility for risk management lies with the Infineon Management Board.

Coordinated risk management and control system elements are in place that enable us to implement our risk policy. In addition to the Risk and Opportunity Management System (ERM) and the Internal Control System (ICS) described below, these elements include, in particular, the related forecasting, management and internal reporting processes as well as our Compliance Management System (CMS).

ERM and ICS systems

The new IDW Auditing Standard 340 on the audit of the early risk detection system came into force on 1 January 2021. We therefore adapted our Risk and Opportunity Management System in the 2022 fiscal year to the methodology of the new standard. Significant changes involved implementing a risk-bearing capacity concept based on shareholders' equity and improving risk aggregation by using Monte Carlo simulations. Furthermore, in addition to categorizing risks (classifying risk events into various thematic blocks) and setting threshold levels for risk tolerance, the review period for risk reporting (with regard to the degree of impact of the risks and opportunities) was amended. The review period is divided into three time segments: the impact in the current fiscal year, in the coming fiscal year, and a trend statement for years three to five. This adjustment of the risk assessment now enables us to calculate the risk-bearing capacity for the individual fiscal years.

Infineon's centralized ERM system is based on a Group-wide, management-oriented ERM approach, which aims to cover all relevant risks and opportunities. This approach is based on the "Enterprise Risk Management – Integrating with Strategy and Performance" (2017) framework developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The objective of the system is the early identification, assessment and management of risks and opportunities that could have a significant influence on Infineon's ability to achieve its strategic, operational, financial, legal and compliance targets. Infineon's Internal Control System is also based on a framework developed by COSO ("Internal Control – Integrated Framework" (2013)). This framework describes the various elements in a control system (the control environment, risk assessment, control activities, information and communication, and monitoring) and sets out the basis for the evaluation of the appropriateness and effectiveness of the ICS.

The responsibility for processes and systems relating to the ICS and the ERM rests with the Risk Management and ICS function within the Group Finance department as well as with designated Risk and Control Officers working at divisional, corporate function and regional levels. Responsibility for the identification, measurement, management and reporting of risks and opportunities, as well as for their mitigation and control, lies with the management of the organizational unit concerned.

In organizational terms, implementation of the ICS and ERM is via a closed-loop, multiple-stage process that stipulates the manner and criteria to be applied to identify, measure, manage, mitigate, control and report on risks and opportunities and defines how the system is to be monitored as a whole. Major components of the system are a quarterly analysis of risks and opportunities, a reporting of all units included, an analysis of the overall situation at divisional and Group levels, and reporting to the Management Board on the risk and opportunity situation, the results of tests of the controls, and the major management and control measures undertaken. The Management Board, in turn, reports regularly to the Supervisory Board's Investment, Finance and Audit Committee on the developments and results of the ICS and ERM. Where necessary, standard processes are supplemented by ad hoc reporting of any major risks identified between the regular reporting dates.

We define a risk or an opportunity as the occurrence of future uncertainties that could result in either a negative or a positive variance from the business plan. We incorporate all relevant organizational units within the Group in this analysis, thus covering all divisions, significant corporate functions and regions.

Risks and opportunities under ERM are measured on a net basis by taking into account any existing management and mitigation measures. The time periods and measurement categories used are closely linked to our short-term and medium-term business planning and entrepreneurial targets.

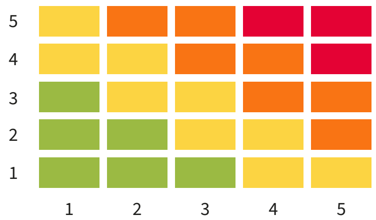
All relevant risks and opportunities are assessed uniformly across the Group in quantitative or qualitative terms, based on two factors: **degree of impact** on the Segment Result and/or on business objectives, reputation, compliance, and **likelihood of occurrence.**

The scales used to measure these two factors (degree of impact and likelihood of occurrence) and the resulting risk assessment matrix for the presentation of risks for impact years 1 and 2 are depicted in chart C13. The scale used to measure the degree of impact on the Segment Result has been adjusted in comparison with the previous year for the measurement of risks in the coming years to take account of the profitable growth and the increased size of Infineon's business.

Based on the potential degree of impact as well as the estimated likelihood of occurrence, a risk is classified as "very high", "high", "medium" or "low".

C13 Risk assessment matrix

Degree of impact



Likelihood of occurrence

Degree of impact on Segment Result[1]

1	<€40 million	Marginal
2	€40–100 million	Minor
3	€100–200 million	Moderate
4	€200–400 million	Significant
5	>€400 million	Major

Likelihood of occurrence

1	<10%	Very unlikely
2	10–40%	Unlikely
3	40–60%	Possible
4	60–90%	Probable
5	>90%	Virtually certain

Low risk   Medium risk   High risk   Very high risk

1 Relating to a planning year.

All risks and opportunities reported for Infineon are reviewed for possible cumulative effects and analyzed using an Infineon-specific categorization model that also takes non-financial and sustainability-related risks into account. Interdisciplinary workshops held at division, corporate and regional levels support our risk and opportunity analysis and enhance our risk and opportunity management culture. Important information relevant for Infineon's ICS and ERM is available to all employees via our intranet system, including access to our guidelines containing job descriptions for all functions involved in the process as well as all the information required for reporting purposes.

Risk and Opportunity Managers are designated at appropriate hierarchy levels to manage and monitor identified risks and opportunities according to their relevance. They are responsible for formally determining a set of appropriate risk and opportunity management strategies (in the case of risks: avoidance, mitigation, control, transfer or acceptance). Working closely with corporate functions and individual managers responsible for measures, the Risk and Opportunity Managers are also responsible for defining and monitoring the measures aimed at implementing the management/control strategy. The active and specific management and monitoring of risks and opportunities are critical to the success of our system.

Compliance with the ICS and ERM approaches is monitored by the corporate function responsible for risk management and ICS using procedures incorporated into business processes. Group Internal Audit also performs tests for compliance with certain legal requirements and Infineon guidelines and, where appropriate, rules relating to the ICS and ERM and recommends corrective measures.

The Supervisory Board's Investment, Finance and Audit Committee monitors the appropriateness and effectiveness of both systems (ICS and ERM).

As part of the group audit, the external Group auditor also examines the early risk detection system pursuant to section 91, paragraph 2 of the German Stock Corporation Act (AktG) to ascertain its suitability to detect risks at an early stage that could pose a threat to Infineon's going-concern status in accordance with IDW Auditing Standard 340 and reports thereon annually to the Chief Financial Officer (CFO) and to the Investment, Finance and Audit Committee of the Supervisory Board.

Compliance Management System

We have implemented a Group-wide Compliance Management System (CMS) to manage compliance-related risks in a systematic, comprehensive and sustainable manner. We are continuously enhancing the key elements of our CMS to prevent, detect and respond to compliance-related incidents. The Corporate Compliance Officer reports to the Chief Financial Officer and, on a quarterly basis, to the Management Board and the Investment, Finance and Audit Committee of the Supervisory Board.

In structuring its CMS, Infineon has for years complied with IDW Auditing Standard 980 and has engaged an external auditing firm to confirm the appropriateness, implementation and effectiveness of its CMS globally in the areas of "antitrust law" and "corruption prevention" (last time in the 2018/2019 fiscal year). Since that time, adherence to the CMS in the respective legal entities has been monitored by regular internal audits.

As part of the CMS, a formal annual assessment of our risks is conducted with a particular emphasis on corruption and antitrust laws. Any necessary measures derived from this assessment are summarized in Infineon's compliance program.

Internal Control System with respect to the financial reporting process

The overriding objective of our "Internal Control System with respect to the financial reporting process" as part of the general ICS and ERM described above is to monitor and ensure the correctness, appropriateness and effectiveness of our accounting and financial reporting. The ICS with respect to the financial reporting process, aims to minimize the risk of misstatement in Group accounting and external reporting and to provide reasonable assurance that the Consolidated Financial Statements comply with all relevant regulations. For this to be the case, Group-wide compliance with legal and internal regulations must be ensured. Clear responsibilities are assigned to each of the processes.

The ICS with respect to the financial reporting process is also based on the framework developed by the COSO "Internal Control – Integrated Framework" (2013) and is part of the accounting process in all relevant legal entities and corporate functions.

The system monitors compliance with policies and procedures using preventive and detective controls. Among other things, we regularly check that

- Group-wide financial reporting, measurement and accounting guidelines are continually updated and adhered to;
- intragroup transactions are fully accounted for and properly eliminated;
- issues relevant for financial reporting and disclosures in connection with agreements entered into are recognized and appropriately presented;
- processes and controls are in place to explicitly guarantee the completeness and correctness of the financial reporting in the Separate and Consolidated Financial Statements; and
- processes are in place for the segregation of duties and for the four-eye principle in the context of preparing financial statements, as well as for authorization and access rules for relevant IT accounting systems.

Assessment of appropriateness and effectiveness

We systematically assess the appropriateness and effectiveness of the ICS with respect to the financial reporting process. An annual risk analysis is initially performed, and the defined controls are revised as and when required. The assessment involves identifying and updating significant risks relating to accounting and financial reporting in the relevant legal entities and corporate functions. The controls defined for identifying risks are documented in accordance with Group-wide guidelines. Regular random tests are performed to assess the appropriateness and effectiveness of these controls. The tests constitute the basis for assessing the appropriateness of the design and effectiveness of the controls. The results are documented and reported in a global IT system. Any deficiencies identified are remedied, with due consideration given to their potential impact.

Furthermore, all legal entities, divisions and relevant corporate functions confirm in a Representation Letter that all business transactions, all assets and liabilities, and all income and expense items have been duly recognized in the financial statements.

At the end of the annual cycle, the main legal entities review and confirm the appropriateness and effectiveness of the ICS with respect to the financial reporting process. The Management Board and the Investment, Finance and Audit Committee of the Supervisory Board are regularly informed about any significant control deficiencies identified in the ICS with respect to the financial reporting process and about the effectiveness of the internal controls in place.

In the semi-annual meetings of the Risk Committee, the Group-wide risk and opportunity situation is evaluated, and the results of the internal control process are discussed. In addition, an overall statement on the appropriateness and effectiveness of our general ICS and ERM is produced once a year. This overall statement is based on reviews conducted by Internal Audit, voluntary external reviews and audits, and self-assessments. The evaluation here was conducted inter alia on the basis of the following criteria:

- Appropriate organizational coverage of the ICS and ERM processes of Infineon
- Availability of clear Group-wide guidelines about the ICS and ERM processes
- Timeliness of regular risk inventory, risk reporting processes and testing of the controls
- Timeliness and regular monitoring of ICS and ERM mitigation activities
- Discussion of new risk topics with the managers responsible and with the Risk Committee

On the basis of the findings of reviews by Internal Audit and external reviews and audits, we make continual improvements to our ICS and ERM.

In all material respects, on the basis of the ICS and ERM activities conducted in the 2023 fiscal year, no factors came to our attention that would give rise to doubt as to the appropriateness and effectiveness of the ICS and ERM system.

Both the general ICS and ERM and the ICS with respect to the financial reporting process are continuously being developed and expanded to ensure compliance with internal and external requirements. Improvements made to these systems contribute to the ongoing monitoring of the relevant risk areas, including the responsible organizational units.

Significant risks

In the following section, we describe risks that could have a significant or material adverse impact on Infineon's Segment Result and/or its business objectives, reputation or compliance. We divide these risks into four main risk categories: "Strategic risks", "Operational risks", "Financial risks" and "Legal and compliance risks". Within these main risk categories are risk sub-categories. The order in which the various risk sub-categories are presented reflects their materiality to Infineon. This means that the most material risk sub-category is mentioned at the beginning, and the risk sub-categories are mentioned thereafter in descending order of materiality. The materiality of each risk is determined on the basis of the total risk score for impact in years 1 and 2. The risk score of an individual risk for impact in years 1 and 2 is calculated in each case by multiplying the likelihood of occurrence (on a scale of 1–5) by the degree of impact of the risk (on a scale of 1–5). Unless otherwise stated, the risks described within the risk sub-categories apply across the divisions.

The additional classification in "A", "B" or "C" in brackets behind the respective title of the risk sub-category results from the described materiality for Infineon and enables a ranking of the risk sub-categories across the main risk categories. The risk sub-categories with the bracketed addition "A" represent the first quartile of materiality (highest risk sub-categories), "B" describes the second and third quartiles and "C" the fourth quartile. The classification in the quartiles represents a change compared to the classification in the previous year (high, medium, low).

Strategic risks

Risks arising from cyclical market and sector trends (A)

General market risks

The worldwide semiconductor market is dependent on global economic growth and hence subject to fluctuations. Our target markets are therefore exposed to the risk of short-term market fluctuations. As a result, our forecasts of Infineon's future business performance are subject to uncertainties. The absence of hitherto projected market growth or an unforeseen decline in market growth (related, for example, to the expansion of renewables or electromobility) would make it considerably more difficult to attain our own growth target. We are countering this by entering into long-term sales contracts as well as service contracts that are not dependent on the cycle. We also address the fluctuations in economic conditions and customer demand that are typical of the semiconductor business by continuously monitoring vital early warning indicators and, as far as possible, by adopting specific mitigation strategies. Examples of these strategies include making systematic adjustments to capacity and inventories at an early stage, introducing cost-cutting measures and making flexible use of external production facilities for both frontend and backend manufacturing.

If we were unprepared for market fluctuations or the mitigation strategy we had adopted proved to be inappropriate, this could have a sustained adverse impact on Infineon's financial condition, liquidity and results of operations.

Risks arising from increased market competition and commoditization of products

The spread of new technological developments in a global market also results in greater replaceability of products. Due to the resulting price competition, we may be unable to achieve our long-term strategic goals of gaining and/or maintaining market share and of product pricing. Moreover, accelerating M&A (merger and acquisition) activities within the semiconductor industry or government subsidies restricted to specific regions could result in even tougher competition. Potential benefits for competitors in this market include improved cost structures and more effective sales channels. There is also the risk that an increased volume of previously imported semiconductors will be manufactured in China and that a greater volume of those made in that country will be exported. Overall, this situation could have an adverse impact on Infineon's results of operations.

Corporate strategy risks (B)

Risks arising from an uncertain political and economic environment

As a globally operating company, our business is highly dependent on global economic developments. A worldwide economic downturn – particularly in the markets we serve – may result in not achieving our forecasted revenue and contribution to earnings. Risks could also arise due to political and social changes, particularly when those changes occur in countries in which we manufacture and/or sell our products.

Geopolitical risks in the 2023 fiscal year continue to be seen as very high, especially as a result of the ongoing war in Ukraine, the conflict over Taiwan and the tensions in the Middle East, which has significantly reduced the predictability of economic development. The war in Ukraine is giving rise to risks and adverse impacts, such as price increases and scarcity of energy and raw materials. Any escalation of the conflict beyond Ukraine would further increase the risk of a global economic downturn. Rising inflation and increases in interest rates may also lead to a significant decline in consumption.

Furthermore, customs disputes, export controls and export bans for advanced technology and/or critical basic materials, as well as trade restrictions such as those between the USA and China, may constrain global trade, thereby dampening global economic growth. This includes the risk of a decline in foreign demand from a Chinese perspective and hence a decline in China's gross domestic product. All of this may have a significant impact on Infineon's liquidity and results of operations.

Macroeconomic risks

In addition to the risks mentioned above, the government debt situation worldwide, which has changed very little in the 2023 fiscal year, continues to present a risk that, regardless of our assessment of scenarios and potential outcomes within this complex set of risks, may have an adverse impact on Infineon's financial condition, liquidity and results of operations.

Risks arising from acquisitions and cooperation arrangements (C)

In order to develop or expand our existing business, it may be appropriate for us to make further acquisitions or enter into other forms of partnership with external companies. In the case of acquisitions, there is a risk that we may be unsuccessful, particularly regarding the integration of employees and products in existing business structures. These issues could adversely impact Infineon's financial condition and results of operations.

Operational risks

Purchasing and logistical risks (B)

We cooperate with numerous suppliers who provide us with materials and services or manage parts of our supply chain for whom there are not always multiple alternatives. We therefore partly depend on the delivery capability of our suppliers and the quality of their supplies. At the same time, we face price increases from our suppliers, and there is a risk that it will not be possible to pass on these increases in full to our customers. In addition, the current conflict over Taiwan may affect the supply situation for our Taiwanese partners. Any failure of one or more of these suppliers to meet their obligations to Infineon could have an adverse impact on Infineon's liquidity and results of operations.

Another risk is the limited global availability of renewable energy, which could jeopardize Infineon's declared goal of becoming carbon-neutral by 2030. Infineon has adopted a variety of measures to counter this risk (such as adopting its own efficiency measures, evaluating the construction of its own solar plants, and forming partnerships with local solar and wind farm operators).

In general, we seek to minimize procurement-related risks through our purchasing strategies and the use of appropriate product and cost analyses ("Best Cost Country Sourcing" and "Focus on Value"), as well as through geographical diversification. These programs include cross-functional teams of experts who are responsible for standardizing procurement processes for materials and technical equipment.

To take account of the growing importance of Infineon's ecosystem partners (enterprises with which Infineon shares a significant long-term economic interest and which represent added value for Infineon's products), we have implemented a partner risk evaluation system for Go2Market and IP/R&D partners (intellectual property/research and development). This partner risk assessment addresses Infineon's dependence on its ecosystem partners. As a result, the high-risk ecosystem partners throughout the Group are identified and continuously assessed. Additionally, corrective risk mitigation measures are implemented to avoid an adverse impact on Infineon's financial condition, liquidity and results of operations and/or on its business objectives, reputation and compliance.

Risks arising from manufacturing (B)

Our South-East Asian and European manufacturing sites are of great importance for our production. If, for example, political upheavals, natural disasters or pandemic outbreaks in one of these regions were to restrict or completely obstruct our ability to manufacture at these sites at the planned scale or to export products manufactured at the sites, this would have an adverse impact on our financial condition, liquidity and results of operations.

Furthermore, our medium-term and long-term forecasts are based on expected manufacturing cost trends for our products. In this context, measures aimed at optimizing manufacturing costs for raw materials and supplies, energy, labor and automation, as well as for bought-in services from external partners, may not be feasible to the extent envisaged. The dynamic markets and the increasing customer need for flexibility, combined with short-term adjustments to order quantities, could result in rising costs due to the underutilization of manufacturing capacities, higher inventory levels and unfulfilled commitments to suppliers.

Thus, despite the fact that our manufacturing processes and sites have become even more flexible due to cross-location production optimization, fluctuations in capacity utilization levels or purchase commitments that have been entered into, coupled with idle costs at the manufacturing sites, nevertheless continue to pose a cost risk.

In addition, frontend and backend manufacturing processes need to be optimally synchronized to enable Infineon to develop and manufacture competitive, high-quality products designed to provide new technological solutions. In view of the rapid pace of technological change and the dynamics of customer requirements, we consider this coordination needs to be increasingly sophisticated. Failure to make the required progress in this area could result in quality problems, delays in product development or market rollout, as well as higher research and development expenses, and hence adversely impact Infineon's liquidity and results of operations.

Risks that semiconductor companies operating in-house manufacturing facilities typically face is that of construction delays at new manufacturing sites and delays in the ramping up of production volumes at those sites, or delays in the transfer of technology. One good example is the Automotive division, where customers' product approval and testing processes can be conducted over an extended period of time, thus influencing our global manufacturing strategy as well as our short-term and medium-term capacity utilization. Failure to anticipate these changes in the manufacturing process in good time may result in capacity shortages and hence lower revenue or lead to idle costs due to underutilized capacity and therefore have an adverse impact on earnings.

Moreover, our dependence on energy supplies for our production, as well as on various components (such as wafers), raw materials (including gold and copper) and specialty gases, exposes us to substantial price and supply risks. Price risks are also attributable in part to the prevailing rate of inflation. In such a situation, if we are unable to offset cost increases or pass them on to our customers, it could have an adverse impact on our liquidity and results of operations.

In particular, a restriction of or interruption in the supply of natural gas for manufacturing sites in Europe could lead to significant disruptions to production. In the event of an interruption to the natural gas supply and associated production disruptions, we have secured in 2023 the supply of alternative energy sources for the operation of the combined heat and power plants at selected locations and implemented further energy-saving measures (such as heat recovery).

In some cases, we have used derivatives to hedge price risks with respect to the amount of gold wire and electricity required for the 2024 fiscal year.

Risks relating to the areas of cyber security, information security and IT security (C)

The reliability and security of Infineon's data, systems and networks are of crucial importance. At the same time, the world has seen a rise in threats in cyberspace. This increasingly applies to the use of IT systems to support business processes as well as supporting internal and external communications. Despite the array of precautionary measures put in place, any major disruption to these systems could result in risks relating to the confidentiality, availability and integrity of data used in research and development, manufacturing, selling or administration functions, which, in turn, could have an adverse impact on our reputation, production capability, competitiveness and operations.

Potential cyber-attacks on data, systems and networks used in our manufacturing processes present risks that could result in production downtime and supply bottlenecks. In addition, cyber-attacks with industrial espionage intent and any related potential loss of intellectual property or patents pose risks that could jeopardize our investment in research and development and impair our long-term competitiveness.

Infineon has had a global cyber security program in place for many years now to ensure that it is suitably protected and prepared for the constantly changing cyber security threat situation. A key element of this program is our Cyber & Information Security Management System (CISMS). This system, which takes a structured approach, aims to identify and evaluate risks to our data, information systems, networks, products, solutions and services, to constantly improve our protective measures, processes and tools and to adapt them to the threat situation. Our CISMS covers all areas of Infineon's business and is certified in accordance with international standards (including TISAX). The effectiveness of the CISMS is continuously monitored in the course of regular internal and external audits.

Risks relating to the development process and product lifecycle (C)

The ever-increasing complexity of technologies and products, shorter development cycles and dynamic customer demands can cause a great deal of tension in the field of product development. Buffer times built into processes to compensate for potential delays are reduced accordingly. If we are unable to execute our development plans, this could result in delays and increased development costs.

This situation is exacerbated by the fact that some of our products are highly dependent on the degree of commercial success achieved by individual customers in their own markets. Furthermore, there is the risk of losing future business and design wins if we are unable to deliver volumes above our contractual obligations if called upon by customers to do so. These factors could have an adverse impact on Infineon's liquidity and results of operations.

A structured project management system is in place to handle development projects, including those of a customer-specific nature. To help us identify potential project risks at an early stage and use specific measures to counter these risks, we require projects to have clear project milestones, ongoing verification procedures and clearly defined limits of approval authority.

Product quality assurance is of crucial importance. Shortfalls in product quality can lead to product recalls at our customers and related potential costs for liability claims. In addition, quality risks could also damage Infineon's reputation and thus have a significant adverse impact on its future business, liquidity and results of operations.

To avoid quality risks, we have adopted various quality management strategies such as "FMEA" (Failure Mode and Effects Analysis) and "Six Sigma" in order to prevent or solve problems and to continue to improve all our business processes. Our Group-wide quality management system has been certified for a number of years in accordance with ISO 9001 and ISO/TS 16949 and also encompasses the development processes of our suppliers.

Our processes and initiatives to ensure continuous improvement are aimed, among other things, at identifying and eliminating the causes of quality-related problems at an early stage.

Risks relating to the availability of qualified employees (C)

One of the key factors in our success is qualified employees. There is a general risk of not being able to recruit enough people or people who are sufficiently qualified to work at Infineon, of losing existing qualified staff or failing to provide them with adequate training, and of not retaining people in the business. A lack of technical or management personnel could, among other things, restrict future growth and hence adversely impact Infineon's liquidity and results of operations.

To counter these risks, Infineon has set up its own work group. The specific remit of this work group is employee recruitment, retention and training.

Business continuity risks (C)

An increasing number of events, such as extreme weather conditions (e.g., floods, drought, storms) and other damaging events (e.g., earthquake, fire, chemical accidents, power failures) could pose a threat at any time to our production facilities and office buildings in all the main operating segments and thus have an adverse impact on our business success.

We counter these risks on an individual site basis with appropriate mitigation measures, business interruption insurances and other business continuity structures, all of which are reviewed regularly by conducting stress tests to ensure their appropriateness and effectiveness.

Financial risks

Currency risks (C)

The international orientation of our business activities creates cash flows in a number of currencies other than the euro, primarily in US dollars. A significant share of revenue, operating costs and capital expenditures is denominated in US dollars and correlated currencies. For the most part, Infineon generates a US dollar surplus from these transactions.

Specified currencies are hedged Group-wide by means of derivative financial instruments. These hedges are based on forecasts of future cash flows, the occurrence of which is uncertain. Under these circumstances and despite hedging measures, exchange rate fluctuations could adversely impact Infineon's results of operations.

Risk of default of banks and financing partners (C)

The relatively high level of our holdings of liquid funds (gross cash position) exposes us to the potential risk of a default of one or more of the banking and financing partners with whom we do business. We mitigate this risk – which could still arise despite various state-insured deposit protection mechanisms – by a combination of risk avoidance analyses and risk-spreading measures. The failure of these measures could have a materially adverse impact on Infineon's financial condition and liquidity.

Further information regarding the management of financial risks is provided in note 28 to the Consolidated Financial Statements. p. 150 ff.

Other financial risks (C)

In principle, there is a risk that a breach in the financial covenants of capital market instruments (such as the net debt ratio) might lead to a credit event (default) and potentially to a cross-default, resulting in possible changes to existing or outstanding debts. However, this risk is currently considered to be very low. Nonetheless, regular monitoring of our projected Segment Result and of our liquidity and debt enables us to identify any aggravation of this risk at an early stage and to apply appropriate countermeasures.

Tax risks (C)

Infineon could be exposed to tax risks arising from prior assessment periods and changes in tax legislation or jurisdiction. Unforeseen tax expenses might occur relating to prior assessment periods that have not yet been the subject of a tax audit or are currently the subject of a tax audit in the various countries in which Infineon operates. The realization of any of these risks could result in fines and penalties and therefore have an adverse impact on the Group's financial condition, liquidity and results of operations.

Infineon adopts a number of strategies to mitigate these risks. These include, among others, regular employee training, a Tax Compliance Management System for selected sites, and internal audits to ensure adherence to important compliance regulations in all legal entities of the Group (Framework for Internal Controls in the Tax Process).

Legal and compliance risks

Regulatory risks (B)

Compliance risks

There is a risk that, due to inappropriate business conduct by employees, Infineon could violate antitrust regulations or laws combating bribery and corruption. Potential consequences might include heavy financial penalties, compensation claims, the cost of external support (such as lawyers' fees), damage to Infineon's reputation and exclusion from tendering for public contracts.

We have therefore introduced a Group-wide Compliance Management System (CMS) to manage these compliance-related risks in a systematic, comprehensive and sustainable manner. We continue to refine the key elements of our CMS. One of the ways we are doing this is by providing specific employee training designed to prevent, detect and react to compliance-related incidents. The Corporate Compliance Officer reports on a regular basis to the Chief Financial Officer, the Management Board as a whole and the Investment, Finance and Audit Committee of the Supervisory Board.

Export control risks

As a result of the increasing complexity and frequent changes to export control regulation in all the countries in which Infineon operates, there is a risk of not complying fully with all applicable national and international export control laws and regulations, which might result in fines and penalties. This could have an impact on Infineon's results of operations or could influence the availability of export permits.

The central Export Control department is responsible for the implementation of effective measures relating to export control legislation and foreign trade to avoid sanctions and fines being imposed on Infineon. To prevent divergence from the relevant regulations, Infineon has introduced organizational measures (such as appointing local managers responsible for export control) and implemented training measures for all the employees concerned. It is also using Group-wide approval routines in all relevant processes, conducting internal audits of export control and implementing other control measures.

Data protection risks

In principle, there is a risk that there could be a violation of laws and regulations relating to the processing and use of personal data, which could lead to data breaches, resulting in severe penalties and/or reputational damage. The Data Protection Management System (DPMS) established by Infineon to mitigate this risk sets out rules and standards for the Group-wide processing of personal data and monitors compliance with these rules and standards.

Other legal risks (C)

Risks arising from the Qimonda insolvency

The insolvency proceedings relating to Qimonda and the resulting actions of the insolvency administrator expose Infineon to potential risks, which are described in detail in note 24 to the Consolidated Financial Statements. p. 136 ff.

Provisions are recognized in connection with these matters as of 30 September 2023. The provisions reflect the amount of those liabilities that management believes are probable and can be estimated with reasonable accuracy as of that date. There can be no assurance that these provisions will be sufficient to cover all liabilities that may be incurred in conjunction with the insolvency proceedings relating to Qimonda.

Risks relating to intellectual property rights and patents

As with many other companies in the semiconductor industry, allegations are made against us from time to time that we have infringed upon other parties' protected rights. Regardless of the prospects of success of such claims, substantial legal defense costs can arise.

We cannot rule out that patent infringement claims will be upheld in a court of law, thus resulting in significant claims for damages or restrictions on selling the products concerned. Any such outcome could, in turn, have an adverse impact on Infineon's financial condition, liquidity and results of operations.

One of the ways in which we counter patent-related risks is by adopting a specific patent strategy. This includes patent searches in relation to development projects, the systematic registration of our own patents and patent cross-licensing arrangements with major competitors. However, no such opportunities exist to safeguard against risks of this nature in the case of companies specializing in the exploitation of patent rights.

Further information regarding litigation and government inquiries is provided in note 24 to the Consolidated Financial Statements. p. 136 ff.

Risks arising from our global operations

Our global business strategy requires the maintenance of research and development locations and manufacturing sites throughout the world. The location of such facilities is determined by market entry hurdles and by technology and cost factors. Risks could therefore arise if economic and geopolitical crises were to impact our regional markets and if country-specific legislation and regulations were to influence investment activities and the ability to trade freely. Differing practices in the way tax, judicial and administrative regulations are interpreted could also restrict business activities. In addition, we could also be exposed to the risk of fines, sanctions and reputational damage.

Asian markets are particularly important to our long-term growth strategy. Our operations in China are influenced by a legal system that may be subject to change. One example is the fact that local regulations could make it mandatory to enter into partnerships with local companies. These circumstances could lead to Infineon's intellectual property no longer being sufficiently protected or to intellectual property developed by Infineon in China not being freely transferable to other countries and locations, thus impairing Infineon's financial condition and results of operations.

Overall statement by Group management on the risk situation

The overall risk assessment is based on a consolidated view of all significant individual risks. The risk situation as a whole remains essentially unchanged from the previous year. We are currently not aware of any individual risks capable of jeopardizing Infineon's going-concern status.

Significant opportunities

Opportunities arising from decarbonization, digitization and the strategic approach "Product to System" have already been included in the forecast report and are described here as additional overarching opportunities.

The classification into "A", "B" or "C" in brackets after the respective title of the opportunity is carried out in the same way as the classification for the risks.

Opportunities arising from decarbonization and the acceleration of the energy transition

With a constantly growing world population and increasing industrialization, global demand for energy is rising. Electric power is becoming the most important energy form of the 21st century, while renewables are playing a key role in curbing carbon emissions. The long-term objective is to achieve global decarbonization by the end of the century, as resolved at the Climate Change Conference held in Paris (France) in December 2015. As part of its Green Deal concept, the European Union intends to become carbon-neutral by 2050.

To achieve this target, it will be necessary to develop renewable sources of energy at a faster rate than originally envisaged. This should lead to an increase in demand for our products, as Infineon's semiconductors enable electric power to be generated more efficiently from renewable energy sources. Indeed, they offer efficiency gains at all stages of the energy industry's conversion chain, whether in generation, transmission, storage or, above all, in the use of electric power. They form the basis for the intelligent and efficient use of electric power, for instance, in industrial applications, power supplies for computers, consumer electronics and vehicles.

Opportunities arising from digitalization

The trend towards digitalization offers substantial business potential for Infineon. This is reflected in the optimization of internal processes, such as for our interconnected manufacturing lines on a global scale, as well as in sales and administration. Furthermore, our portfolio of sensors, microcontrollers, power semiconductors, security chips and security solutions, as well as specific software, puts us in an excellent position to successfully exploit growing market potential. The strategic approach “Product to System” we have already implemented makes us very well prepared to penetrate and develop the markets involved. Good examples already apparent today include automated driving, the smart home and the advancing development of the IoT.

Additional opportunities are arising from accelerated and/or broader market penetration by digital products. In this context, the issue of “security and data integrity” plays a very important role. We are able to address this issue by offering our customers appropriate security chips and security solutions.

Opportunities arising from our strategic approach “Product to System”

With the strategic approach “Product to System”, we seek to identify additional benefits for our customers at a system level from within our broad portfolio of technologies and products. This strategy enables us to exploit further revenue growth potential, reduce customers’ development costs and shorten the lead times required to bring their products to market and thereby support our growth and margin targets.

The principal opportunities are described in the following section, divided into “Strategic opportunities”, “Operational opportunities” and “Financial opportunities”, which are to be seen in addition to the future business prospects mentioned in the forecast report. However, these represent only a selection of the opportunities available to Infineon. Our assessment of opportunities is also subject to continual change. This reflects the fact that our business, our markets and the technologies we deploy are constantly subject to new developments, bringing with them fresh opportunities and causing others to become less relevant or otherwise changing the significance of an opportunity from our perspective.

Strategic opportunities

Opportunities arising from cyclical market and sector trends (A)

Growth opportunities relating to data centers and mobile applications

The ongoing trends in the areas of artificial intelligence (AI) training and machine learning (ML) are reflected in the high level of demand for solutions that will ensure efficient and effective power management (high-voltage and low-voltage power transistors, driver ICs and control ICs) for data centers.

Opportunities arising from the growth of semiconductor content in vehicles

We expect semiconductor content per vehicle to continue growing. The primary driving force behind this trend is the rising demand for electromobility, active safety and comfort features, and driver assistance systems.

We are convinced that current global carbon emissions targets cannot be achieved without further electrification. The need for increased efforts in this field is relevant not only for electromobility (i.e., hybrid, plug-in hybrid and all-electric vehicles) but also for power units in vehicles with combustion engines. Moreover, the trend towards automated and assisted driving offers great potential for our sensors and microcontrollers.

Opportunities arising from new technologies and materials

We are constantly striving to develop new technologies, products and solutions and to improve on existing ones, both separately and in collaboration with customers. We therefore continually invest in areas such as research and development into the use of new technologies and materials. Those in current use may well lose their predominance in the foreseeable future (such as Si, which is reaching its physical limits in some applications).

We therefore see numerous opportunities for working with new materials, such as SiC and GaN, to develop more powerful and/or lower-cost products. These materials could well have a positive influence on our ability to attain our strategic growth and profitability targets.

Opportunities relating to market access and activities in China

China is one of the world's largest automotive markets, and its growth potential remains high. In particular, high rates of growth for electric-powered vehicles make China one of the largest markets for electromobility.

The expansion of renewable energy sources in China has also become hugely important. Our presence in this market, alongside our collaboration with leading companies in the wind and solar power sectors, will create further opportunities for long-term growth.

Operational opportunities

Opportunities relating to our ability to meet supply requirements with available capacity (C)

Our in-house manufacturing capacities, together with those of our external partners, provide us with a degree of flexibility to meet demand. In particular, the further expansion of 300-millimeter production and the planned new investment in the fourth manufacturing module in Dresden (Germany), the second fully automated 300-millimeter factory at the Villach site (Austria), the third manufacturing module in Kulim Phase 1 (Malaysia) currently under construction, and the new planned expansion of wide band gap capacity in Kulim Phase 2 (Malaysia) will strengthen our ability to meet the growing demand for power semiconductors. Furthermore, additional production capacity, including external capacity, can help to meet future customer demand.

Financial opportunities

Currency opportunities (B)

Just as there are risks arising from currencies, as described in the risk section above, there are also opportunities for Infineon in this area if exchange rates move in a way that is favorable to the Group. This may have a positive impact on Infineon's financial condition, liquidity and results of operations.

Other opportunities arising from Infineon's liquidity situation (C)

Our current liquidity position, which is described in detail in the chapter "Review of liquidity", p. 55 ff., provides us with the financial headroom for organic growth and growth by acquisition and enables us to make use of favorable refinancing conditions, if necessary.

Infineon Technologies AG

In addition to reporting on Infineon as a whole, in the following section we also provide information on the performance of Infineon Technologies AG.

Infineon Technologies AG is the parent company of Infineon and performs the Group's management and corporate functions. It is responsible for key Group-wide functions such as Finance and Accounting, Treasury Management, Investor Relations, Corporate Compliance, Internal Audit, Business Continuity, Business Excellence, Information Technology, Strategy, Mergers and Acquisitions, Legal and Patents, Human Resources, strategic and production-oriented research and development activities and Corporate and Marketing Communication worldwide. Furthermore, it manages supply chain processes throughout the Group. Infineon Technologies AG also has its own manufacturing facilities, located in Regensburg and Warstein (both in Germany).

Unlike the Consolidated Financial Statements, which are prepared in accordance with International Financial Reporting Standards (IFRS), the Separate Financial Statements of Infineon Technologies AG are prepared in accordance with the provisions of the German Commercial Code (HGB). The complete Separate Financial Statements are published separately.
www.infineon.com/cms/en/about-infineon/investor/reporting/financial-statements-hgb/

Earnings position

Continuing high demand for semiconductor products (which had an impact on both volumes and prices) led to an increase in revenue for Infineon Technologies AG of 25 percent to €9,865 million (2022: €7,920 million). Gross profit rose accordingly by 23 percent to €3,971 million (2022: €3,238 million). Operating expenses (research and development expenses, selling, general and administrative expenses) increased in the 2023 fiscal year at a lower rate than revenue, by €226 million to €2,453 million (2022: €2,227 million), thus comprising 24.9 percent of revenue (2022: 28.1 percent).

The net figure for other income/expenses improved, primarily as a result of currency fluctuations, especially with regard to the US dollar exchange rate. There was also an improvement in the interest result, due in particular to the positive performance of the plan assets for pensions and similar commitments. The improvement in earnings before tax of €928 million resulted in an increase in the income tax expense of €154 million.

The net profit of Infineon Technologies AG in the 2023 fiscal year was €1,420 million, following a net profit of €646 million in the previous fiscal year. After transferring a total of €710 million to retained earnings, unappropriated profit amounted to €710 million.

Statement of income of Infineon Technologies AG in accordance with the German Commercial Code (condensed)

			Change	
€ in millions	2023	2022	absolute	in %
Revenue	9,865	7,920	1,945	25
Cost of goods sold	(5,894)	(4,682)	(1,212)	(26)
Gross profit	**3,971**	**3,238**	**733**	**23**
Research and development expenses	(1,599)	(1,394)	(205)	(15)
Selling expenses	(550)	(533)	(17)	(3)
General and administrative expenses	(304)	(300)	(4)	(1)
Other income (expense), net	132	(119)	251	+++
Result from investments, net	43	67	(24)	(36)
Interest result	(14)	(201)	187	93
Other financial result	4	(3)	7	+++
Income tax	(263)	(109)	(154)	---
Income after taxes/net profit	**1,420**	**646**	**774**	**+++**
Transfers to retained earnings	(710)	(228)	(482)	---
Unappropriated profit	**710**	**418**	**292**	**70**

Net assets and financial position

Total assets increased by 11 percent, from €20,766 million as of 30 September 2022 to €22,990 million as of 30 September 2023. Non-current assets rose by €1,041 million, mainly due to an increase in loans to affiliated companies. Current assets increased by €1,186 million as a result of the higher volume of business. Receivables and other assets rose by €627 million and inventories by €614 million. Offsetting these increases was the decrease in cash and cash equivalents and marketable securities of €55 million to €3,347 million (30 September 2022: €3,402 million). Cash and cash equivalents and marketable securities accounted for 39 percent of current assets.

The increase in equity of €1,048 million was mainly due to the net profit for the 2023 fiscal year of €1,420 million, offset by the dividend paid out for the 2022 fiscal year of €417 million.

Provisions for pensions and similar commitments decreased by a total of €14 million, due to an increase in the value of the plan assets that exceeded the increase in the settlement amount. Other provisions rose by €203 million, mainly due to the increase of €128 million in tax provisions. Liabilities increased in the 2023 fiscal year by €988 million to €10,608 million, mainly due to the development of liabilities to affiliated companies as a result of the higher volume of business.

The equity ratio at 30 September 2023 was 47.2 percent, the same figure as of the end of the previous year.

For information on Infineon's own shares, please see the comments relating to section 160, paragraph 1, no. 2 of the German Stock Corporation Act (AktG) provided in the Separate Financial Statements of Infineon Technologies AG.
www.infineon.com/cms/en/about-infineon/investor/reporting/financial-statements-hgb/

Statement of financial position of Infineon Technologies AG in accordance with the German Commercial Code (condensed)

€ in millions	30 September 2023	30 September 2022	Change absolute	Change in %
Intangible assets, property, plant and equipment	680	620	60	10
Financial assets	13,663	12,682	981	8
Non-current assets	**14,343**	**13,302**	**1,041**	**8**
Inventories	2,215	1,601	614	38
Receivables and other assets	2,950	2,323	627	27
Cash and cash equivalents, marketable securities	3,347	3,402	(55)	(2)
Current assets	**8,512**	**7,326**	**1,186**	**16**
Prepaid expenses	**135**	**137**	**(2)**	**(1)**
Active difference resulting from offsetting	**–**	**1**	**(1)**	**–––**
Total assets	**22,990**	**20,766**	**2,224**	**11**
Share capital	2,608	2,605	3	0
Capital reserves	3,581	3,545	36	1
Retained earnings	3,958	3,241	717	22
Unappropriated profit	710	418	292	70
Shareholders' equity	**10,857**	**9,809**	**1,048**	**11**
Provisions for pensions and similar commitments	386	400	(14)	(4)
Other provisions	1,138	935	203	22
Provisions	**1,524**	**1,335**	**189**	**14**
Bonds	3,881	4,632	(751)	(16)
Loans payable to banks	–	1	(1)	–––
Advance payments received	52	–	52	+++
Trade payables	657	464	193	42
Liabilities to affiliated companies	5,060	3,627	1,433	40
Other liabilities	958	896	62	7
Liabilities	**10,608**	**9,620**	**988**	**10**
Deferred income	**1**	**2**	**(1)**	**(50)**
Total liabilities and shareholders' equity	**22,990**	**20,766**	**2,224**	**11**

Dividend

In accordance with the German Stock Corporation Act (AktG), the amount of the dividend available for distribution to shareholders is based on the level of unappropriated profit recorded by the ultimate parent company, as determined in accordance with the provisions of the German Commercial Code (HGB).

The ultimate parent company Infineon Technologies AG, after making a transfer to other retained earnings, reported unappropriated profit of €710 million in its financial statements for the fiscal year ended 30 September 2023. With regard to the 2023 fiscal year, a proposal will be made to pay a dividend of €456 million, or €0.35 per dividend-entitled share, out of the unappropriated profit of Infineon Technologies AG. The disbursement of the proposed dividend is subject to approval by the shareholders.

The Company paid a dividend of €0.32 per share (€417 million in total) for the 2022 fiscal year.

For information regarding Infineon's long-term dividend policy, see the "Dividend" paragraph in the chapter "Infineon on the capital market". p. 60

Expected developments and associated significant risks and opportunities

Expected developments at Infineon Technologies AG and the associated significant risks and opportunities are essentially identical to those of the Group as a whole. As a general rule, Infineon Technologies AG participates in the risks of its subsidiaries and equity investments on the basis of the extent of its shareholding. As the parent company of the Group, Infineon Technologies AG is integrated into the Group-wide risk management and internal control systems. For more information on this topic, expected developments and associated significant risks and opportunities, see the chapter "Risk and opportunity report". p. 65 ff.

Most transactions within the Group involving derivative financial instruments are handled by Infineon Technologies AG. The comments provided in "Principles and structure of Infineon's treasury" within the chapter "Review of liquidity", p. 57, regarding the nature and scope of transactions with derivative financial instruments and hedged risks also apply to Infineon Technologies AG. Information on this subject is also provided in the Notes to the Separate Financial Statements of Infineon Technologies AG.
www.infineon.com/cms/en/about-infineon/investor/reporting/financial-statements-hgb/

Corporate Governance

Information pursuant to section 289a, paragraph 1 and section 315a, paragraph 1 of the German Commercial Code (HGB)

Structure of the subscribed capital

The share capital of Infineon Technologies AG stood at €2,611,842,274 as of 30 September 2023. This sum is divided into 1,305,921,137 no par value registered shares, each of which represents a notional portion of the share capital of €2 per share. Each share carries one vote and gives an equal right to the profit of the Company based on the profit appropriation resolved by the shareholders at the Annual General Meeting.

The Company held 2,171,026 of the abovementioned issued shares as own shares as of 30 September 2023 (30 September 2022: 3,689,901). Own shares held by the Company on the date of the Annual General Meeting do not carry a vote and are not entitled to participate in profit.

Restrictions on voting rights or the transfer of shares

Restrictions on the voting rights of shares may, in particular, arise as a result of the regulations set out in the German Stock Corporation Act (Aktiengesetz – "AktG"). For example, pursuant to section 136 AktG, shareholders are prohibited from voting under certain circumstances and, pursuant to section 71b AktG, Infineon Technologies AG has no voting rights on its own shares. Furthermore, non-compliance with the notification requirements pursuant to section 33, paragraphs 1 or 2 of the German Securities Trading Act (Wertpapierhandelsgesetz - "WpHG") and section 38, paragraph 1, or section 39, paragraph 1 WpHG can, pursuant to section 44 WpHG, have the effect that certain rights (including the right to vote) may, at least temporarily, not exist. We are not aware of any contractual restrictions on voting rights or on the transfer of shares.

Pursuant to section 67, paragraph 2 AktG, rights and obligations arising from shares in relation to Infineon Technologies AG exist only for and from the parties entered in the share register. In order to be recorded in the share register, shareholders are required to submit to Infineon Technologies AG the number of shares held by them and their name or company name, their postal and electronic address and, where applicable, their registered office and their date of birth. Pursuant to section 67, paragraph 4 AktG, Infineon Technologies AG is entitled to request information from the party listed in the share register regarding the extent to which the shares relating to the entry in the share register are actually owned by the registered party and, if not, to receive the information necessary for the maintenance of the share register in relation to the party for whom the shares are held. Section 67, paragraph 2 AktG stipulates that the shares concerned do not confer voting rights until such time as the information requested has been supplied in the appropriate manner.

Direct or indirect shareholdings exceeding 10 percent of the voting rights

Section 33, paragraph 1 WpHG requires each shareholder whose voting rights reach, exceed or, after exceeding, fall below 3, 5, 10, 15, 20, 25, 30, 50 or 75 percent of the voting rights of a listed corporation to notify such corporation and the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – "BaFin") immediately. As of 30 September 2023, we have not been notified of any direct or indirect shareholdings reaching or exceeding 10 percent of the voting rights. The shareholdings notified to us as of 30 September 2023 are presented in the Notes to the Separate Financial Statements of Infineon Technologies AG under the information pursuant to section 160, paragraph 1, number 8 AktG.

Shares with special rights that confer control rights

No shares conferring special control rights have been issued.

Nature of control over voting rights when employees participate in the Company's capital and do not exercise their control rights directly

Employees who participate in the capital of Infineon Technologies AG exercise their control rights directly in accordance with the applicable laws and the Articles of Association, just like other shareholders.

Statutory regulations and Articles of Association provisions governing the appointment and dismissal of members of the Management Board and amendments to the Articles of Association

Section 5, paragraph 1 of the Articles of Association stipulates that the Management Board of Infineon Technologies AG is required to consist of at least two members. With effect from 15 April 2021, the Management Board comprises five members (previously four members). Management Board members are appointed and dismissed by the Supervisory Board pursuant to section 84, paragraph 1 AktG. As Infineon Technologies AG falls within the scope of the German Co-Determination Act (Mitbestimmungsgesetz – "MitbestG"), the appointment or dismissal of Management Board members requires a two-thirds majority of the votes of the Supervisory Board members (section 31, paragraph 2 MitbestG). If the required majority is not achieved at the first ballot, the appointment may be approved on the recommendation of the Mediation Committee at a second ballot by a simple majority of the votes of the Supervisory Board members (section 31, paragraph 3 MitbestG). If the required majority is still not achieved, a third ballot is held in which the chairman of the Supervisory Board has two votes (section 31, paragraph 4 MitbestG).

In urgent cases, if the Management Board does not have the required number of members, the local court ("Amtsgericht" of Munich) makes the necessary appointment upon the petition of a party concerned pursuant to section 85, paragraph 1 AktG.

Pursuant to section 84, paragraph 1, sentence 1 AktG, the maximum term of appointment for Management Board members is five years. Re-appointment or an extension of the term of office, in each case for a maximum of five years, is permitted (section 84, paragraph 1, sentence 2 AktG). Section 5, paragraph 1 of the Articles of Association and section 84, paragraph 2 AktG stipulate that the Supervisory Board may appoint a chairman and a deputy chairman to the Management Board. The Supervisory Board may revoke the appointment of a Management Board member and the chairman of the Management Board for good cause (section 84, paragraph 4 AktG).

Pursuant to section 179, paragraph 1 AktG, responsibility for amending the Articles of Association rests with the Annual General Meeting. However, section 10, paragraph 4 of the Articles of Association gives the Supervisory Board the authority to amend the Articles of Association insofar as any such amendment relates merely to the wording, such as changes in the share capital amount resulting from a capital increase out of conditional or authorized capital or a capital decrease by means of cancellation of own shares. Unless the Articles of Association provide for another majority, section 179, paragraph 2 AktG stipulates that resolutions of the Annual General Meeting regarding the amendment of the Articles of Association require a majority of at least three-quarters of the share capital represented. Section 17, paragraph 1 of the Articles of Association of Infineon Technologies AG provides in principle for resolutions to be passed with a simple majority of the votes cast and, when a capital majority is required, with a simple majority of the capital, unless a higher majority is required by law or in accordance with other stipulations contained in the Articles of Association.

Powers of the Management Board, particularly with respect to issuing or buying back of shares

The power of the Management Board to issue shares derives from section 4 of the Articles of Association of the Company, in conjunction with applicable legal provisions. Further information relating to the Company's existing Authorized and Conditional Capital can be found in note 20 to the Consolidated Financial Statements, p. 129 ff..

Authorization to issue convertible bonds and/or bonds with warrants

The Annual General Meeting held on 20 February 2020 authorized the Management Board, in the period through 19 February 2025, either once or in partial amounts, to issue convertible bonds and/or bonds with warrants (referred to collectively as “bonds”) of an aggregate nominal amount of up to €4,000,000,000, to guarantee such bonds issued by subordinated Group companies of the Company and to grant bond creditors and/or bondholders conversion or option rights to up to 130,000,000 no par value registered Company shares, representing a notional portion of the share capital of up to €260,000,000 in accordance with the relevant terms of the bonds. With the approval of the Supervisory Board, the Management Board is authorized to exclude the right of shareholders to subscribe to the bonds

- if the issue price is not substantially lower than the bonds’ theoretical market value as determined in accordance with accepted valuation methods, particularly those based on financial mathematics. However, this right of exclusion only applies insofar as the aggregate value of the shares to be issued to service the conversion or option rights established on this basis does not exceed 10 percent of the share capital, neither at the time the resolution concerning this authorization was passed by the Annual General Meeting, at the time of this authorization becoming effective, nor at the time it is exercised;

- in order to exclude fractional amounts resulting from a given subscription ratio from the subscription rights of the shareholders to the bonds or insofar as any such action is necessary in order to grant holders of conversion or option rights arising from bonds that have already been or will in future be issued by the Company or its subordinated Group companies subscription rights to that extent to which they would be entitled after exercising their rights, or after the fulfillment of any conversion or option obligations; or

- insofar as bonds are issued in return for a capital contribution in kind, provided that the value of any such capital contribution in kind is appropriate in relation to the market value of the bonds.

Even if the dilution protection regulations are applied, the conversion or option price must equal at least 80 percent of the arithmetic mean of the closing prices of the Company’s share in Xetra trading on the Frankfurt Stock Exchange (or a comparable successor system). Further details – including the conditions under which the conversion or option price may be reduced – are set out in the authorization.

Subject to the requirements resolved by the shareholders at the Annual General Meeting, the Management Board is authorized to determine the further details of the bond issue, including its terms and conditions.

Authorization to acquire own shares

A resolution passed by the Annual General Meeting on 16 February 2023 authorized Infineon Technologies AG, in the period through 15 February 2028, to acquire its own shares, within the statutory boundaries, in an aggregate amount not exceeding 10 percent of the share capital at the time the resolution was passed or – if the latter amount is lower – of the share capital in existence at the time the authorization is exercised. The Company may not use the authorization for the purpose of trading in its own shares. The Management Board decides whether own shares are acquired through the stock exchange, by means of a public offer to purchase addressed to all shareholders, a public invitation to submit offers for sale, or via a bank or other entity that meets the requirements of section 186, paragraph 5, sentence 1 AktG. The authorization includes differentiating requirements – in particular with regard to the permissible purchase price – for each method of acquisition.

Infineon shares acquired or being acquired on the basis of this or an earlier authorization may – if not sold either via the stock exchange or by means of a public offer to purchase addressed to all shareholders – be used for all legally permissible purposes. The shares may also be canceled or offered to third parties in conjunction with business combinations or the acquisition of companies, parts of companies or participations in companies, as well as being offered and transferred to other depositable assets related to such an acquisition project. Under specified circumstances, subject to the approval of the Supervisory Board, the shares may also be sold to third parties in return for cash payment (including by means other than through the stock exchange or through an offer to all shareholders); used to meet the Company's obligations under convertible bonds and bonds with warrants; offered for sale or granted as a remuneration component to members of the Company's Management Board, members of the management boards and other boards of affiliated companies, and employees of the Company or of its affiliated companies; and, finally, used to repay securities-backed loans. The subscription right of shareholders is excluded in the cases mentioned above. In addition, the subscription rights of shareholders are excluded in respect of fractional amounts in instances in which the shares are sold through a public offer addressed to all shareholders.

According to a resolution passed by the Annual General Meeting on 16 February 2023, shares in Infineon Technologies AG may also be acquired using equity derivatives. The total number of shares that can be acquired using derivatives may not exceed 5 percent of the Company's share capital, either at the time of this authorization becoming effective or at the time of its exercise through the use of the derivatives. The shares acquired through the exercise of this authorization are to be counted toward the acquisition threshold for the shares acquired in accordance with the authorization to acquire own shares as described above. The authorization stipulates other restrictions when derivatives are deployed, including with regard to their execution, term, servicing and price.

If own shares are acquired using derivatives in accordance with the requirements stipulated in the authorization, any right of the shareholders to conclude such derivative transactions with the Company will be excluded in the analogous application of section 186, paragraph 3, sentence 4 AktG. Shareholders have no right to conclude derivative transactions with the Company.

Shareholders have a right to sell their Infineon shares in this connection only insofar as the Company is required to accept the shares under the derivative transactions. No other right to sell shares shall apply in this connection.

The use of own shares acquired through derivatives is governed by the same rules as those applicable for the direct acquisition of own shares.

Significant agreements of the Company that are subject to the condition of a change of control as a result of a takeover bid and remuneration agreements with Management Board members or employees in the event of a takeover bid

Various financing agreements with lending banks and capital market creditors contain defined change-of-control clauses that give creditors the right to demand early repayment; these clauses reflect standard market practice.

Furthermore, certain patent cross-licensing agreements, development agreements, subsidy agreements and approvals, supply contracts, joint venture agreements and license agreements contain customary change-of-control clauses, which, in the event of a change of control at Infineon Technologies AG, make the continuation of the agreement dependent on the consent of the contracting party, grant special rights to the contracting party that may be unfavorable for Infineon, or even entitle the contracting party to terminate the agreement.

If a Management Board member leaves their position in connection with a defined change of control, that member is entitled to continued payment of the relevant annual remuneration for the remaining contract term up to a maximum period of 24 months. Further details are contained in the Remuneration Report (see the chapter "Remuneration Report").

The change-of-control clauses agreed to by Management Board members are intended to provide financial security to those members in the event of a change of control, with a view to preserving their independence in this situation.

The conditions of both the Performance Share Plan and the Restricted Stock Unit Plan, in which Infineon managers and other selected employees worldwide participate, contain rules that are triggered in the event of a defined change of control. For the most part, these rules specify that the vesting periods that are envisaged by the relevant plans are aborted in the event of a change of control. Although Management Board members also participate in the Performance Share Plan, the rules therein relating to a change of control do not apply to Management Board members, given that their service contracts take precedence.

Statement on Corporate Governance pursuant to sections 289f and 315d of the German Commercial Code (HGB)

The Statement on Corporate Governance pursuant to sections 289f and 315d of the German Commercial Code (HGB) is publicly available.

www.infineon.com/declaration-on-corporate-governance

Remuneration Report

The Remuneration Report is publicly available.

www.infineon.com/remuneration-report

The references to the Remuneration Report are not audited as part of the audit of the financial statements. The Remuneration Report was subjected to a separate substantive audit by the auditor in accordance with IDW PS 490. This audit also includes the formal audit required by section 162, paragraph 3 of the German Stock Corporation Act (AktG).

List of references

R01 International Monetary Fund (IMF):
World Economic Outlook. October 2023.

R02 World Semiconductor Trade Statistics (WSTS):
Semiconductor Industry Blue Book History. October 2023.

R03 Based on or includes research from Omdia:
Application Market Forecast Tool – 3Q23. September 2023.

R04 Based on or includes research from Omdia:
Competitive Landscaping Tool CLT Quarterly – 2Q23. August 2023.

Neubiberg, 21 November 2023

Management Board

Jochen Hanebeck Elke Reichart Dr. Sven Schneider

Andreas Urschitz Dr. Rutger Wijburg

Consolidated Financial Statements

Consolidated Statement of Profit or Loss

€ in millions	Notes	2023	2022	Change absolute	Change in %
Revenue	4, 29	16,309	14,218	2,091	15
Cost of goods sold	4	(8,896)	(8,087)	(809)	(10)
Gross profit		**7,413**	**6,131**	**1,282**	**21**
Research and development expenses	4	(1,985)	(1,798)	(187)	(10)
Selling, general and administrative expenses	4	(1,599)	(1,565)	(34)	(2)
Other operating income		192	129	63	49
Other operating expenses		(73)	(52)	(21)	(40)
Operating profit		**3,948**	**2,845**	**1,103**	**39**
Financial income	4	105	7	98	+++
Financial expenses	4	(159)	(168)	9	5
Share of profit (loss) of associates and joint ventures accounted for using the equity method	5	27	39	(12)	(31)
Profit (loss) from continuing operations before income taxes		**3,921**	**2,723**	**1,198**	**44**
Income taxes	6	(782)	(537)	(245)	(46)
Profit (loss) from continuing operations		**3,139**	**2,186**	**953**	**44**
Profit (loss) from discontinued operations, net of income taxes	7	(2)	(7)	5	71
Profit (loss) for the period		**3,137**	**2,179**	**958**	**44**
Attributable to:					
Shareholders and hybrid capital investors of Infineon Technologies AG		3,137	2,179	958	44
Basic earnings per share (in euro) attributable to shareholders of Infineon Technologies AG:[1]					
Basic earnings per share (in euro) from continuing operations	8	2.39	1.66	0.73	44
Basic earnings (loss) per share (in euro) from discontinued operations	8	(0.01)	(0.01)	–	–
Basic earnings per share (in euro)	8	**2.38**	**1.65**	**0.73**	**44**
Diluted earnings per share (in euro) attributable to shareholders of Infineon Technologies AG:[1]					
Diluted earnings per share (in euro) from continuing operations	8	2.38	1.65	0.73	44
Diluted earnings (loss) per share (in euro) from discontinued operations	8	–	–	–	–
Diluted earnings per share (in euro)	8	**2.38**	**1.65**	**0.73**	**44**

1 The calculation of earnings per share is based on unrounded figures.

Consolidated Statement of Comprehensive Income

€ in millions	Notes	2023	2022	Change absolute	Change in %
	20				
Profit (loss) for the period		**3,137**	**2,179**	**958**	**44**
Actuarial gains (losses) on pensions and similar commitments		17	310	(293)	(95)
Total items that will not be reclassified subsequently to profit or loss		**17**	**310**	**(293)**	**(95)**
Currency effects		(718)	1,369	(2,087)	---
Gains (losses) resulting from hedge accounting		9	4	5	+++
Cost of hedging		(4)	–	(4)	---
Total items that may be reclassified subsequently to profit or loss		**(713)**	**1,373**	**(2,086)**	**---**
Other comprehensive income (loss), net of tax		**(696)**	**1,683**	**(2,379)**	**---**
Total comprehensive income (loss), net of tax		**2,441**	**3,862**	**(1,421)**	**(37)**
Attributable to:					
Shareholders and hybrid capital investors of Infineon Technologies AG		2,441	3,862	(1,421)	(37)

Consolidated Statement of Financial Position

€ in millions	Notes	30 September 2023	30 September 2022	Change absolute	Change in %
ASSETS					
Cash and cash equivalents		1,820	1,438	382	27
Financial investments	9	1,770	2,279	(509)	(22)
Trade receivables	10	1,991	1,887	104	6
Inventories	11	3,974	3,081	893	29
Current income tax receivables		63	58	5	9
Contract assets		115	85	30	35
Other current assets	12, 27	959	625	334	53
Total current assets		**10,692**	**9,453**	**1,239**	**13**
Property, plant and equipment	13	7,045	5,545	1,500	27
Goodwill	14	6,547	7,083	(536)	(8)
Other intangible assets	13	2,977	3,483	(506)	(15)
Right-of-use assets	15	405	405	–	–
Investments accounted for using the equity method	5	114	100	14	14
Non-current income tax receivables		2	2	–	–
Deferred tax assets	6	268	527	(259)	(49)
Other non-current assets	27	389	314	75	24
Total non-current assets		**17,747**	**17,459**	**288**	**2**
Total assets		**28,439**	**26,912**	**1,527**	**6**

€ in millions	Notes	30 September 2023	30 September 2022	Change absolute	Change in %
LIABILITIES AND EQUITY					
Short-term financial debt and current portion of long-term financial debt	16	330	752	(422)	(56)
Trade payables		2,765	2,260	505	22
Current provisions	17	799	983	(184)	(19)
Current income tax payables		418	356	62	17
Current lease liabilities	15	72	76	(4)	(5)
Other current liabilities	18, 27	1,285	1,161	124	11
Total current liabilities		**5,669**	**5,588**	**81**	**1**
Long-term financial debt	16	4,403	4,910	(507)	(10)
Pensions and similar commitments	19	268	297	(29)	(10)
Deferred tax liabilities	6	254	371	(117)	(32)
Other non-current provisions	17	300	289	11	4
Non-current lease liabilities	15	309	310	(1)	–
Other non-current liabilities	27	192	203	(11)	(5)
Total non-current liabilities		**5,726**	**6,380**	**(654)**	**(10)**
Total liabilities		**11,395**	**11,968**	**(573)**	**(5)**
Equity:	20				
Ordinary share capital		2,612	2,612	–	–
Additional paid-in capital		6,684	6,579	105	2
Retained earnings		6,204	3,506	2,698	77
Other reserves		354	1,067	(713)	(67)
Own shares		(13)	(23)	10	43
Hybrid capital		1,203	1,203	–	–
Total equity		**17,044**	**14,944**	**2,100**	**14**
Total liabilities and equity		**28,439**	**26,912**	**1,527**	**6**

Consolidated Statement of Cash Flows

€ in millions	Notes	2023	2022	Change absolute	Change in %
	26				
Profit (loss) for the period		**3,137**	**2,179**	**958**	**44**
Plus: profit (loss) from discontinued operations, net of income taxes		2	7	(5)	(71)
Adjustments to reconcile profit (loss) for the period to cash flows from operating activities:					
Depreciation and amortization	13, 15	1,754	1,664	90	5
Income tax	6	782	537	245	46
Interest result	4	98	131	(33)	(25)
Gains on disposals of property, plant and equipment		(99)	(12)	(87)	---
Dividends received	5	7	6	1	17
Impairments (reversals of impairments)	13, 14, 29	18	24	(6)	(25)
Losses (gains) from sales of businesses, interests in subsidiaries and investments		(30)	–	(30)	---
Share-based payment	22	92	62	30	48
Other non-cash result		(46)	(45)	(1)	(2)
Change in trade receivables	10	(185)	(307)	122	40
Change in inventories	11	(1,014)	(766)	(248)	(32)
Change in trade payables		547	640	(93)	(15)
Change in provisions	17	(138)	89	(227)	---
Change in other assets and other liabilities		(359)	266	(625)	---
Interests received	4	57	10	47	+++
Interests paid	4	(128)	(149)	21	14
Income taxes paid	6	(533)	(350)	(183)	(52)
Cash flows from operating activities from continuing operations		**3,962**	**3,986**	**(24)**	**(1)**
Cash flows from operating activities from discontinued operations		**(2)**	**(6)**	**4**	**67**
Cash flows from operating activities		**3,960**	**3,980**	**(20)**	**(1)**
Purchases of financial investments	9	(5,198)	(5,605)	407	7
Proceeds from sales of financial investments	9	5,738	5,502	236	4
Acquisitions of businesses, net of cash acquired	3	(22)	(36)	14	39
Proceeds from sales of businesses and interests in subsidiaries, net of cash disbursed		91	–	91	+++
Investments in related companies		(2)	(8)	6	75
Purchases of other intangible assets and other assets	13	(255)	(257)	2	1
Purchases of property, plant and equipment	13	(2,739)	(2,053)	(686)	(33)
Proceeds from sales of property, plant and equipment and other assets		123	16	107	+++
Cash flows from investing activities		**(2,264)**	**(2,441)**	**177**	**7**
Net change in related party financial receivables and payables	25	19	–	19	+++
Proceeds from issuance of long-term financial debt	16	–	500	(500)	---
Repayments of long-term financial debt	16	(753)	(1,893)	1,140	60
Payments for lease liabilities	15	(86)	(84)	(2)	(2)
Change in cash deposited as collateral		–	(2)	2	+++
Payments for other financial liabilities		(25)	–	(25)	---
Dividend payments	20	(417)	(351)	(66)	(19)
Cash outflow to hybrid capital investors	20	(39)	(39)	–	–
Cash flows from financing activities		**(1,301)**	**(1,869)**	**568**	**30**
Net change in cash and cash equivalents		395	(330)	725	+++
Currency effects on cash and cash equivalents		(13)	19	(32)	---
Cash and cash equivalents at beginning of period		1,438	1,749	(311)	(18)
Cash and cash equivalents at end of period		**1,820**	**1,438**	**382**	**27**

Consolidated Statement of Changes in Equity

for the fiscal year ended 30 September 2023

€ in millions	Notes	Share capital	Capital reserves	Retained earnings	Other reserves: Currency effects	Other reserves: Hedges	Other reserves: Cost of hedging	Own shares	Equity attributable to shareholders of Infineon Technologies AG	Equity attributable to hybrid capital investors	Total equity
Balance as of 1 October 2022		**2,612**	**6,579**	**3,506**	**1,060**	**7**	**–**	**(23)**	**13,741**	**1,203**	**14,944**
Total comprehensive income (loss), net of tax											
Profit (loss) for the period		–	–	3,098	–	–	–	–	3,098	39	3,137
Other comprehensive income (loss), net of tax		–	–	17	(718)	9	(4)	–	(696)	–	(696)
Total comprehensive income (loss), net of tax		**–**	**–**	**3,115**	**(718)**	**9**	**(4)**	**–**	**2,402**	**39**	**2,441**
Transactions with owners											
Contributions by and distributions to owners											
Dividends	20	–	–	(417)	–	–	–	–	(417)	–	(417)
Share-based payment	20, 22	–	82	–	–	–	–	–	82	–	82
Disposal (purchase) of own shares	20	–	–	–	–	–	–	10	10	–	10
Other contributions and distributions	20	–	23	–	–	–	–	–	23	–	23
Total contributions by and distributions to owners		**–**	**105**	**(417)**	**–**	**–**	**–**	**10**	**(302)**	**–**	**(302)**
Total transactions with owners		**–**	**105**	**(417)**	**–**	**–**	**–**	**10**	**(302)**	**–**	**(302)**
Transactions with hybrid capital investors											
Compensations to hybrid capital investors	20	–	–	–	–	–	–	–	–	(39)	(39)
Total transactions with hybrid capital investors		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(39)**	**(39)**
Balance as of 30 September 2023		**2,612**	**6,684**	**6,204**	**342**	**16**	**(4)**	**(13)**	**15,841**	**1,203**	**17,044**

Consolidated Statement of Changes in Equity

for the fiscal year ended 30 September 2022

€ in millions	Notes	Share capital	Capital reserves	Retained earnings	Other reserves: Currency effects	Other reserves: Hedges	Other reserves: Cost of hedging	Own shares	**Equity attributable to shareholders of Infineon Technologies AG**	Equity attributable to hybrid capital investors	**Total equity**
Balance as of 1 October 2021		**2,612**	**6,513**	**1,407**	**(309)**	**3**	**–**	**(28)**	**10,198**	**1,203**	**11,401**
Total comprehensive income (loss), net of tax											
Profit (loss) for the period		–	–	2,140	–	–	–	–	2,140	39	2,179
Other comprehensive income (loss), net of tax		–	–	310	1,369	4	–	–	1,683	–	1,683
Total comprehensive income (loss), net of tax		**–**	**–**	**2,450**	**1,369**	**4**	**–**	**–**	**3,823**	**39**	**3,862**
Transactions with owners											
Contributions by and distributions to owners											
Dividends	20	–	–	(351)	–	–	–	–	(351)	–	(351)
Share-based payment	20, 22	–	57	–	–	–	–	–	57	–	57
Disposal (purchase) of own shares	20	–	–	–	–	–	–	5	5	–	5
Other contributions and distributions	20	–	9	–	–	–	–	–	9	–	9
Total contributions by and distributions to owners		**–**	**66**	**(351)**	**–**	**–**	**–**	**5**	**(280)**	**–**	**(280)**
Total transactions with owners		**–**	**66**	**(351)**	**–**	**–**	**–**	**5**	**(280)**	**–**	**(280)**
Transactions with hybrid capital investors											
Compensations to hybrid capital investors	20	–	–	–	–	–	–	–	–	(39)	(39)
Total transactions with hybrid capital investors		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(39)**	**(39)**
Balance as of 30 September 2022		**2,612**	**6,579**	**3,506**	**1,060**	**7**	**–**	**(23)**	**13,741**	**1,203**	**14,944**

Notes to the Consolidated Financial Statements

The Infineon Group ("Infineon"), comprising Infineon Technologies AG (hereafter also referred to as "the Company") and its direct and indirect subsidiaries, develops, manufactures and markets a wide variety of semiconductors and semiconductor-based solutions. The focus is on the key markets: automotive as well as industrial and consumer-related segments. The product portfolio ranges from standard components, to special components for digital, analog and mixed-signal applications, as well as customer-specific solutions, together with the appropriate software. Research and development sites, manufacturing facilities, investments and customers are located mainly in Europe, Asia and North America.

Infineon Technologies AG is a listed company under German law and the ultimate parent company of Infineon. The principal office of the Company is Am Campeon 1–15, 85579 Neubiberg (Germany). The Company is registered in the Commercial Register of the local court of Munich (Germany) under the number HRB 126492.

1 Basis of the Consolidated Financial Statements

The Consolidated Financial Statements for the year ended 30 September 2023, prepared by Infineon Technologies AG as the ultimate parent company, have been prepared in accordance with International Financial Reporting Standards ("IFRS") and related interpretations effective as of 30 September 2023 as issued by the International Accounting Standards Board ("IASB") to the extent to which the IFRS and interpretations have been endorsed by the European Union ("EU"). The Consolidated Financial Statements also comply with the supplementary requirements set out in section 315e, paragraph 1 of the German Commercial Code ("Handelsgesetzbuch" or "HGB"). The aforementioned standards were complied with in full.

The Consolidated Statement of Profit or Loss is presented using the cost of sales method.

The fiscal year-end for both Infineon and the Company is 30 September of each year.

The Group's reporting currency is the euro ("€").

Deviations between amounts presented are possible due to rounding. Negative amounts are presented in parentheses.

The Company's Management Board presented the Consolidated Financial Statements on 21 November 2023.

Financial reporting rules applied for the first time

The IASB has issued the following Standards or amendments to Standards, which are required to be applied in the Consolidated Financial Statements for the year ended 30 September 2023:

Standard/amendment/interpretation		Effective date	Impact on Infineon
IAS 16	Property, plant and equipment – income before intended use (amendments to IAS 16)	1 January 2022	none
IAS 37	Onerous contracts – costs of fulfilling a contract (amendments to IAS 37)	1 January 2022	immaterial
IFRS 3	References to the conceptual framework (amendments to IFRS 3)	1 January 2022	none
	Annual IFRS improvement cycle 2018 – 2020	1 January 2022	none

Financial reporting rules issued not yet applied

The following new or amended Standards have been issued by the IASB and will be relevant to Infineon from today's perspective. They have not been applied in the Consolidated Financial Statements as of 30 September 2023 since they are not yet mandatory or, alternatively, have not yet been endorsed by the EU. The new or amended Standards are applicable for fiscal years beginning on or after their respective effective date. As a general rule, they are not applied before their effective date, even if this is permitted for certain Standards.

Standard/amendment/interpretation		Effective date	Impact on Infineon
IAS 1	Classification of liabilities as current or non-current (amendments to IAS 1)	1 January 2024	none
IAS 1	Disclosure of accounting policies (amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023	immaterial
IAS 7 and IFRS 7	Supplier finance arrangements (amendments to IAS 7 and IFRS 7)	1 January 2024	none
IAS 8	Definition of accounting estimates (amendments to IAS 8)	1 January 2023	none
IAS 12	Deferred tax relating to assets and liabilities arising from a single transaction (amendments to IAS 12)	1 January 2023	none
IAS 12	International tax reform – pillar two model rules (amendments to IAS 12)	1 January 2023	immaterial
IFRS 16	Lease liability in a sale and leaseback (amendments to IFRS 16)	1 January 2024	none
IFRS 17	Insurance contracts including amendments to IFRS 17	1 January 2023	none
IAS 21	Lack of exchangeability (amendments to IAS 21)	1 January 2025	none

Individual provisions of the amendments to IAS 12 (International tax reform – pillar two model rules) published on 23 May 2023 are in principle applicable retrospectively for the prior fiscal year as a result of the adoption by the EU on 8 November 2023. No deferred taxes in connection with pillar two income taxes were recorded.

2 Summary of significant accounting policies

Basis of consolidation

The Consolidated Financial Statements presented here include the individual financial statements of Infineon Technologies AG and its direct and indirect subsidiaries on a consolidated basis. A subsidiary is defined as an entity, that is directly or indirectly, controlled by Infineon Technologies AG.

Control exists when Infineon is subjected to variable returns arising from its engagement with the subsidiary or has a right to such and has the ability to influence these returns as a result of its power over the subsidiary. Power means that Infineon has existing rights that give Infineon the ability to direct the relevant activities of the subsidiary, that is the activities that significantly affect the aforementioned returns.

An entity is included in the Consolidated Financial Statements from the date on which Infineon acquires control. Upon first-time consolidation of an entity, the acquired assets and assumed liabilities are basically measured on the basis of their fair value at the acquisition date. Any excess of consideration paid (purchase price) over the share of the fair value of acquired assets, liabilities and contingent liabilities is recognized as goodwill. Any excess of Infineon's share of the fair value of items acquired over consideration paid is, after re-examination, recognized as a gain.

The financial statements of entities included in the Consolidated Financial Statements are prepared using uniform valuation and accounting policies.

The balance sheet effects of intragroup transactions as well as gains and losses arising from intragroup business relationships are eliminated on consolidation.

A list of subsidiaries of Infineon Technologies AG is provided in note 30. p. 165 ff.

In the absence of control over an entity, but where the entity is a joint venture or an associated company, this is included in the Consolidated Financial Statements using the equity method (see note 5, p. 110 f.). Where objective indications of impairment in the carrying amount of an equity-based investment are present, an impairment test is carried out. If the carrying amount exceeds the recoverable amount, an impairment loss is recognized in financial expenses.

Functional currency and foreign currency translation

The functional and reporting currency of Infineon Technologies AG is the euro.

Foreign currency transactions of subsidiaries are translated into the functional currency of the relevant entity using the spot rate prevailing at the transaction date. Monetary foreign currency assets and liabilities are translated at the spot rate prevailing at the reporting date. Exchange rate gains and losses from the translation of foreign currency transactions are recognized in the Consolidated Statement of Profit or Loss.

The assets and liabilities of subsidiaries with functional currencies other than the euro are translated into euros for consolidation purposes using the spot rate at the end of the reporting period. Income and expenses of these entities are translated using the average spot rate of the reporting period. All currency translation differences are recognized directly in equity and presented as “Other reserves”.

Recognition and measurement principles

Cash and cash equivalents

Cash and cash equivalents represent cash and all financial resources with a maturity at acquisition date of three months or less. Cash equivalents partly include investments in money market funds. The valuation is recorded at amortized acquisition cost or at fair value through profit or loss.

Financial instruments

Financial instruments are initially recognized at their fair value. Transaction costs directly attributable to the acquisition or issuance of financial instruments are only included in the carrying amount if the financial instruments are not measured at fair value through profit or loss.

Trade receivables are recognized based on the amount to which Infineon has an unconditional right to receive. With the exception of matters that result in a partial refund of the purchase price to the customer, this corresponds to the transaction price determined in accordance with IFRS 15. The subsequent measurement of trade receivables is carried out at amortized cost.

Purchases and sales of financial assets are recognized on the settlement date.

Financial assets are derecognized when the rights to receive payments from the investments have expired or have been transferred and Infineon has transferred all risks and rewards associated with ownership. Financial liabilities are derecognized when they are extinguished, that is, when the contractual obligation is discharged, canceled, or expired.

Financial assets

› Classification and measurement of financial assets

Upon initial recognition, financial assets are classified for subsequent measurement either as at amortized cost, fair value through other comprehensive income or fair value through profit or loss. This classification depends on the characteristics of the contractual cash flows of the financial assets and Infineon's business model for managing its financial assets.

Infineon's business model for managing financial asset portfolios reflects how the company controls its financial assets in order to generate cash flows. Depending on the business model, cash flows arise from the receipt of contractual cash flows, the sale of financial assets or both.

In order for a financial asset in the form of a debt instrument to be classified and measured at amortized cost or at fair value through other comprehensive income, cash flows may only arise from the repayment of principal and interest payments on the outstanding principal amount. This assessment is referred to as a cash flow or SPPI test ("solely payments of principal and interest") and is carried out at the level of the individual financial instrument.

On this basis, Infineon's financial asset measurement categories are as follows:

Financial assets measured at amortized cost include all assets whose contractual provisions result in cash flows at fixed times that represent only interest and repayments of the outstanding principal amount, provided that those assets are held with the intention of collecting the contractual cash flows expected over their respective duration. In subsequent periods, financial assets measured at amortized cost are measured using the effective interest method. Interest income, currency gains and losses, impairments, and gains or losses from the derecognition of such financial assets are recognized through profit or loss.

As of the reporting date, Infineon did not hold any financial assets with the intention to collect contractual cash flows and sell them. Therefore, there was no allocation of financial assets in the form of debt instruments to the category "fair value through other comprehensive income".

Financial assets in the form of debt instruments that are measured at fair value through profit or loss include all financial assets of Infineon whose cash flows are not solely payments of principal and interest.

At Infineon, financial assets in the form of equity instruments are consistently measured at fair value through profit or loss.

Net gains and losses, including interest and dividend income, from financial assets that are measured at fair value through profit or loss (debt and equity instruments) are recognized in the Consolidated Statement of Profit or Loss.

"Designated hedging instruments (cash flow hedges)" also belong to financial assets.

› Impairment of financial assets

Infineon determines an allowance for expected credit losses for financial assets in the form of debt instruments that are measured at amortized cost or at fair value through other comprehensive income. The calculation of the expected future credit losses is generally determined by multiplying the probability of default by the carrying amount of the financial asset (exposure at default) and the expected loss ratio (loss given default).

Infineon determines allowances for expected credit losses primarily for cash and cash equivalents, financial investments, trade receivables, and contract assets. The expected credit losses are adjusted at each reporting date to reflect changes in credit risk since the instrument was first recognized.

For cash and cash equivalents and financial investments measured at amortized cost, Infineon determines credit losses expected in the next twelve months (twelve-month expected credit loss) in accordance with the general approach. Due to their short-term maturity, this corresponds to the lifetime expected credit losses. Infineon rates the credit risk for cash and cash equivalents and financial investments as low. Infineon assumes that a financial asset has a low credit risk if it has an investment grade rating or a corresponding internal investment grade rating. In order to assess whether there has been a significant increase in credit risk since initial recognition, Infineon considers appropriate and robust information that is relevant and available without disproportionately high levels of effort. This includes both quantitative and qualitative information and analyses, which are based on the company’s historical experience and a sound credit assessment as well as forward-looking information. Macroeconomic information is taken into account in the internal rating model (information on Infineon’s financial risk management is included in note 28, p. 150 ff.). Irrespective of the above analysis, a significant increase in credit risk is assumed if a debtor is more than 30 days overdue with the settlement of a contractual payment.

For trade receivables and contract assets, Infineon recognizes lifetime expected credit losses using a simplified approach. The estimate of expected credit losses on trade receivables and contract assets is based primarily on the analysis of customer financial data, ratings, credit default spreads, past payment behavior of customers and forward-looking information.

In the case of objective indications that expected future cash flows are affected, a financial asset is classified as credit-impaired and adjusted to its individual value. As a rule, this is the case for financial assets (unless it is a trade receivable) no later than 90 days after the due date. Trade receivables are not automatically determined as credit-impaired in the event of a payment overdue by more than 90 days but always on the basis of the individual assessment of credit management.

A default event occurs when Infineon concludes that the other party would most likely not be able to meet the payment obligations, or not in full.

Financial assets are partly or completely written off, together with previously recognized impairments, if there is no reasonable expectation of repayment. This is generally the case when Infineon finds that the debtor does not have assets or revenue sources that could generate sufficient cash flows to repay the amounts subject to derecognition. Even when financial assets are written off, Infineon continues to conduct enforcement measures to recover them. Amounts recovered are recognized in profit or loss.

Financial liabilities

Infineon classifies financial liabilities into the following categories: “Financial liabilities measured at fair value through profit and loss” and “Other financial liabilities”. Furthermore, “Designated hedging instruments (cash flow hedges)” belong to financial liabilities.

Liabilities measured at fair value through profit or loss by Infineon include derivatives to hedge currency risks for which hedge accounting is not applied.

Upon initial recognition, other financial liabilities are measured at fair value after the deduction of transaction costs. In subsequent periods, they are measured at amortized cost using the effective interest method. The liabilities are derecognized when the contractual obligations are discharged, canceled or expired.

Designated hedging instruments (cash flow hedges)
Certain derivative financial instruments are used to hedge foreign currency and interest risks or risks of commodity price changes (such as gold prices) for firm commitments as well as expected and highly probable future transactions in order to minimize the associated risk (cash flow hedges).

Derivative financial instruments are measured at their fair value and included in "other current assets" or "other current liabilities".

The effective portion of changes in the fair value of derivative financial instruments, determined in accordance with IFRS 9, that are designated as cash flow hedges and are part of hedging relationships that meet the criteria for hedge accounting is recognized directly in equity. The gain or loss relating to the ineffective portion is recognized in profit or loss. Amounts accumulated in equity are recycled in profit or loss in the periods in which the underlying hedged item affects profit or loss, or, if the expected transaction subsequently results in the recognition of a non-financial asset, included in the acquisition cost upon initial recognition.

When a hedging instrument expires or is sold, or when a hedging relationship no longer meets the criteria for hedge accounting, any cumulative gain or loss existing at that time remains in equity until the underlying transaction actually occurs. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss.

Hybrid bonds
The recognition of a hybrid bond depends on the specific form of the instrument. A hybrid bond is measured and recognized in equity when certain conditions are jointly met. These include, but are not limited to, the fact that the hybrid bond has no final maturity date, the investors have no rights of termination, and the distributions are made at Infineon's discretion. In this case, discounts, transaction costs, tax effects and the remuneration of hybrid investors are deducted directly from equity.

Inventories
Inventories are measured at the lower of historical acquisition or fully absorbed production cost – calculated using the weighted-average method – and net realizable value. Net realizable value corresponds to realizable sale proceeds under normal business conditions less estimated expected costs to complete and sell. Production cost comprises costs of material, production wages and an appropriate portion of attributable overheads, along with attributable depreciation and amortization on property, plant and equipment and other intangible assets. Overhead mark-ups are determined on the basis of normal capacity utilization levels.

Write-downs to net realizable value are recorded on inventories using a consistent approach throughout Infineon and are determined at product level for technically obsolete and slow-moving inventories on the basis of the amount of revenues expected to be generated by the relevant product.

Inventories include an asset resulting from sales with a right of return, representing Infineon's right to recover products from customers upon payment of the reimbursement obligation (see "Revenue recognition", p. 104 f.). The valuation is made by reference to the previous book value of the products.

Contract assets

Contract assets are recognized if Infineon has fulfilled its performance obligations arising from contracts with customers and an unconditional entitlement to customer consideration does not yet exist.

At Infineon, contract assets result from revenue arising from over time revenue recognition for certain types of contracts, as well as from sales to some customers for whom Infineon maintains a consignment warehouse and where revenue is recorded at the time of delivery to the consignment warehouse, whereas the invoice is only issued at the time of withdrawal of the product by the customer.

Loss allowances for expected credit losses on contract assets are determined in accordance with the measurement method for trade receivables (see "Financial instruments", p. 97).

Property, plant and equipment

Property, plant and equipment are measured at amortized acquisition or construction cost, and their value is reduced by depreciation and considering any impairment.

Depreciation on property, plant and equipment is recorded using the straight-line method. Land, property rights and construction in progress are not depreciated on a scheduled basis. Depreciation on property, plant and equipment is based on the following useful lives, as applied consistently throughout Infineon:

	Years
Buildings	25
Technical equipment and machinery	3 – 10
Other plant and office equipment	1 – 10

Other intangible assets

Other intangible assets consist of capitalized development costs and purchased intangible assets, for example licenses, technologies and customer relationships. These assets have finite useful lives and are valued at their amortized acquisition or production costs, with amortization recorded using the straight-line method over their expected economic life.

Amortization of other intangible assets is based on the following useful lives:

	Years
Capitalized development costs	3 – 10
Customer relationships	1 – 12
Technologies	1 – 12
Licenses and similar rights	3 – 5
Remaining other intangible assets	3 – 12

Infineon did not hold any intangible assets with indefinite useful lives in either the 2023 or the 2022 fiscal year.

Recoverability of property, plant and equipment and intangible assets (including goodwill)

Infineon reviews non-current assets, including property, plant and equipment, goodwill and other intangible assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Regardless of whether an indication of impairment exists, goodwill and other intangible assets, including capitalized development costs not yet subject to amortization, undergo an annual impairment test (see also "Research and development expenses", p. 105). The impairment test for goodwill is carried out annually at the operating segment level.

The recoverability of an asset is measured by comparing its carrying amount with its recoverable amount. To the extent it is not possible to determine the recoverable amount of an individual asset, the book value of the cash generating unit to which the asset is allocated is compared to its recoverable amount.

A cash generating unit ("CGU") represents the smallest identifiable group of assets that generates cash inflows from continuing activities and that are largely independent of the cash inflows from other assets or group of assets.

Goodwill arising in connection with a business combination is allocated to the CGUs or groups of CGUs that will benefit from the synergies generated by the business combination and the going concern element of the business operations acquired.

The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and its value in use. The value in use is calculated based on discounted future cash flows. Considerable management judgment is necessary to estimate future cash flows.

If an asset or CGU is considered to be impaired, the impairment recognized is measured as the amount by which the carrying value exceeds the recoverable amount.

Goodwill is impaired when the carrying amount of the operating segment to which goodwill is allocated exceeds the recoverable amount of that unit.

If the carrying amount of the respective operating segment to which goodwill is allocated exceeds the recoverable amount of this CGU, the goodwill is impaired accordingly.

In the case of property, plant and equipment or other intangible assets, if the recoverable amount of a CGU is less than its carrying value, the impairment loss is allocated pro rata to the assets within the scope of IAS 36. An impairment loss recognized in prior periods for property, plant and equipment or other intangible assets is reversed insofar as, since the last impairment, a change in the underlying assumptions has occurred, which leads to a lower impairment requirement. The maximum possible reversal of an impairment loss is that which would lead to the carrying amount that would have been determined (net of scheduled depreciation and amortization) if no impairment loss had been recognized for that asset in prior years. The reversal of impairments recognized on goodwill in subsequent periods is not permitted.

Leased assets
IFRS 16 defines a lease as a contract that conveys the right to use an identifiable asset over a specified period of time in exchange for consideration.

At the beginning of a lease, Infineon capitalizes a right-of-use asset at amortized acquisition cost and recognizes as a liability a corresponding lease liability, using the present value of the outstanding lease payments. Right-of-use assets are amortized on a straight-line basis over the expected useful life (see "Property, plant and equipment", p. 101), or over the duration of the contract if shorter. In subsequent valuations, lease liabilities are measured at the current value of the outstanding lease payments using the effective interest method and are presented as lease liabilities (current and non-current).

The costs associated with leasing agreements with a term of not more than twelve months (provided they do not contain an option to purchase), as well as leasing agreements in which the value of the underlying asset in the leasing contract is low, are recorded in the profit or loss on a straight-line basis in the functional costs. As a general rule, leased assets with an acquisition cost of up to €5,000 are defined as low-value assets.

Defined benefit pension plans

The net pension obligation recognized with respect to defined benefit pension plans comprises the present value of the defined benefit obligation (DBO) at the end of the reporting period less the fair value of the plan assets. The present value of the DBO and the resulting pension expense are determined annually in accordance with IAS 19 “Employee Benefits” for each separate plan by independent, qualified actuaries using the projected unit credit method. The calculation is subject to, among other things, assumptions on increases in salaries, future developments in pensions as well as the life expectancy of the beneficiaries. As of the balance sheet date, the obligations are discounted using discount rates determined primarily on the basis of market yields of high-grade, fixed-interest corporate bonds from issuers carrying a very high credit rating.

All items of income and expense relating to defined benefit plans, with the exception of the net interest result, are recognized on a net basis in the functional costs within the operating result. The net interest result arising from the multiplication of the net pension obligation (pension obligation less plan assets) by the discount rate is presented as a financial expense. Actuarial gains and losses arising from changes to actuarial assumptions and estimates as well as the difference between the normalized and actual return on plan assets are recognized directly in equity and recorded in the Consolidated Statement of Comprehensive Income in the periods in which they arise. Past service costs are recognized immediately in profit or loss.

Other provisions

Other provisions are recognized for present legal and/or constructive obligations arising from past events that are likely to result in a future outflow of resources, the amount of which can be reliably estimated.

With regard to legal proceedings and litigation, for example, those connected with the Qimonda insolvency, Infineon regularly assesses the probability of an unfavorable outcome. Infineon records provisions and liabilities, including provisions for significant legal costs, for those obligations and risks relating to legal disputes which it assesses at the relevant reporting date are likely to occur. That is where, from Infineon’s perspective as of the date of assessment, there is compelling evidence that indicates an obligation or risk, and the obligation or risk can be quantified with reasonable accuracy at the time of assessment. As soon as additional information is available, the affected estimates are reviewed and, where necessary, provisions for these proceedings are revised.

Other provisions are measured at their expected settlement amount. The amount recognized for a provision is the best estimate of the expenditure required to settle the present obligation. Estimates of outcomes and financial effects are dependent upon the judgment of management, supplemented by experience gained from similar transactions and, where appropriate, the assessment of independent experts. If the circumstances to be assessed encompass a large number of possible outcomes, the obligation is estimated by weighting all possible outcomes by their associated probabilities (expected value method).

Where cash flows are expected to arise after the next twelve months, the expected settlement amount corresponds to the present value of the expected cash outflows. Discounting is only carried out if the interest effect is significant.

If the obligation decreases because of a change in the estimate, the provision is adjusted accordingly and the resulting income recognized in the same functional cost area of the Consolidated Statement of Profit or Loss in which the original charge was recognized.

Contingent liabilities

Contingent liabilities are either possible obligations whose actual existence is dependent on the occurrence of one or more uncertain future events not wholly within Infineon's control, or they are present obligations that will probably not result in the outflow of resources or whose outflow of resources cannot be quantified reliably. Contingent liabilities are not recognized in the Statement of Financial Position, instead they are disclosed in the Notes to the Consolidated Financial Statements (see note 23, p. 135 f., and note 24, p. 136 ff.).

Revenue recognition

Infineon generates revenues mainly from the sale of semiconductor products, related system solutions and relevant software. Revenue is recognized when control over the products is transferred to the customers in accordance with IFRS 15 (power of disposal), and where the receipt of consideration from the customer is probable. Typically, Infineon's customer contracts only contain one performance obligation which is fulfilled either over a period of time or at a specific point in time, with fulfillment at a specific point in time being the far more common case. For sales of customer-specific products with no alternative use for Infineon, for which Infineon has a legal right to payment for services rendered prior to delivery, revenue is recognized over time. Performance progress is determined using an input-based method and is based on the ratio of costs already incurred to the estimated total cost. If product revenue is not recognized over time, then it is generally recognized upon delivery. The recognition of revenue for deliveries into consignment warehouses depends on the individual contractual arrangement. Revenue recognition at the point of delivery into the consignment warehouse takes place in cases where the customers gain contractual power of control over the products at the point of delivery. Accordingly, in such cases, a contract asset is recorded. Otherwise, revenue is recognized when the products are withdrawn by the customer.

Invoices for sales of products are issued at the time of delivery or withdrawal by the customer from the consignment warehouse and have a short payment term. The amount of revenue corresponds to the expected transaction price to be settled by the customer.

The transaction price can include variable components such as rebates or discounts. Infineon can reliably estimate these in accordance with the contractual agreements and historical experience. Variable consideration is only taken into account in so far as it is highly probable that there will be no significant reversal of the revenue. If Infineon expects that the consideration received from the customer is to be partially reimbursed due to subsequent discounts, a reimbursement obligation is recognized as a reduction to revenue, and is disclosed within other current liabilities.

Infineon recognizes revenue for deliveries to distributors by using the “sell in” method, that is, when a product is delivered, to the extent that revenue has not already been recognized over time. The transaction price for sales to distributors, in particular, contains variable components. In accordance with established business practices in the semiconductor industry, distributors can request price adjustments under certain circumstances. This allows distributors to receive a credit (debit) note for unsold products held in inventory, where Infineon has reduced (increased) the standard list price of certain products. In addition, in certain cases and for certain products, distributors may request what is referred to as a ship and debit credit note. As with all product sales, Infineon recognizes revenue based on the transaction price and records an obligation for the estimated consideration to be reimbursed to the customer during the period in which the relevant revenue is recognized. In the case of price adjustments and ship and debit, the determination of the transaction price, and thus also the refund obligation, is based on rolling historical price trends in the difference between contract prices and standard list prices to the distributors. The refund liability is disclosed as part of other current liabilities.

Distributors can, subject to certain conditions, return a limited amount of inventory (stock return) or request scrap allowances. The estimation of the transaction price is based on the expected stock returns in accordance with the contractual agreement, combined with historical experience. Distributor scrap allowances are taken into account based on the contractual agreement when determining the transaction price and, upon submission of a valid claim, are granted up to a certain maximum based on turnover in a given period. Infineon monitors such product returns on an ongoing basis and adjusts estimate assumptions accordingly. In the case of stock returns and scrap allowances, the consideration to be refunded to the customer is recognized as a reimbursement obligation within other current liabilities. Other returns are only permitted for quality defects within the ordinary warranty period. These obligations are taken into consideration through corresponding warranty provisions.

The additional costs to obtain a contract are immediately recognized as an expense as soon as they arise, providing the otherwise resulting depreciation period would not exceed one year. Costs to fulfill a contract are capitalized at the earliest when an expected, specifically identifiable contract exists.

Cost of goods sold

Cost of goods sold includes the manufacturing costs of products sold during the reporting period. In addition, cost of goods sold contains idle costs, inventory risks, the cost of warranty cases, as well as the amortization of capitalized development costs. Recognized currency translation effects, as well as changes in the fair value of undesignated derivative financial instruments that are connected to the operating business, are recognized in cost of goods sold.

Research and development expenses

Costs of research activities are expensed as incurred. Costs for development activities are capitalized if the results lead to a plan or design for the production of new or substantially improved products or for improved production processes. Capitalization requires that the development costs can be measured reliably, the product or process is technically and commercially feasible, and future economic benefits are probable. In addition, Infineon must intend, and have the ability, to complete development and use or sell the asset. The costs capitalized include the cost of materials, direct labor and directly attributable general overhead expenses that serve to prepare the asset for use. Such capitalized costs are presented as internally generated intangible assets within “Other intangible assets” (see note 13, p. 118 f.). Development costs, that do not fulfill the criteria for capitalization, are expensed as incurred. Capitalized development costs are stated at cost less accumulated amortization and impairment charges.

Grants

Grants are recognized when it is reasonably assured that Infineon will comply with the conditions attached to the grant, and it is reasonably assured that the grant will be received. Investment-related grants are deducted from the purchase and production cost of the related asset and thereby reduce depreciation and amortization expense in future periods.

Grants that are related to expenses are presented as a reduction of the related expense in the Consolidated Statement of Profit or Loss (see note 4, p. 109 f.).

Current and deferred taxes

The current tax expense is calculated in accordance with taxation provisions in force at the end of the reporting period.

Deferred taxes are calculated on temporary differences between the tax base and the book value of assets and liabilities and on tax losses available for carry-forward and tax allowances. By contrast, generally no deferred tax is recognized on initial recognition of goodwill arising in connection with a business combination. Similarly, deferred taxes are not recognized on the initial recognition of an asset or liability in connection with a transaction that is not a business combination and which, at the time of the transaction, affects neither the pre-tax income according to IFRS nor taxable profit. Deferred tax assets and liabilities are measured using applicable tax rates and laws that have been enacted by the end of the reporting period or are about to be enacted and are to be applied when the related deferred tax asset is realized, or the deferred tax liability is settled.

Deferred tax assets with respect to deductible temporary differences, tax loss carry-forwards and tax allowances that exceed deferred tax liabilities in respect of taxable temporary differences, are only recognized to the extent that it is probable that the relevant Group entity can generate sufficient taxable profit to realize the corresponding benefit. Infineon reviews deferred tax assets for impairment at every reporting date. The assessment requires management to make assumptions about future taxable profits as well as other positive and negative influencing factors. This assessment also takes into account insights from the company's five-year plan as approved in the fiscal year just ended.

Deferred tax assets and liabilities are netted to the extent they relate to the same tax authority and to the same taxpayer or a group of different taxpayers who are jointly assessed for income tax purposes.

Taxes are recognized in the Consolidated Statement of Profit or Loss, with the exception of taxes relating to items recognized directly in equity or in other comprehensive income.

Tax liabilities are recognized as short-term as they are due immediately, and Infineon generally has no option of deferring their due date.

For uncertain tax positions, a current tax liability is recorded; in the case of a tax loss carried forward or a tax allowance, the respective deferred tax asset is reduced accordingly. Estimates and assumptions must be made for the recognition and valuation, for example, whether an assessment is made separately or together with other uncertainties, whether a probable or expected value is used for the uncertainty, and whether changes have occurred compared to the previous period. The detection risk for the recognition of uncertain tax positions is not relevant. Recognition assumes that the tax authorities investigate the matters in question and that they have all relevant information.

Estimates and assumptions

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that have an impact on the presented amounts and the associated disclosures.

Estimates and assumptions are subject to regular review and must be adjusted where appropriate. Climate risks and opportunities are also analyzed, reported, and evaluated for their potential financial and accounting impact as part of the quarterly risk management process. They are regularly included in the review of estimates and assumptions for accounting purposes. Furthermore, in the case of valuations based on longer-term planning assumptions for business development, sensitivity analyses of the valuation results are carried out, which appropriately reflect the potential impact of climate change on the valuation results. For a detailed explanation of climate-related risks and opportunities, we refer you to the risk and opportunity report in the Combined Management Report as well as to the report “Sustainability at Infineon” which can be found under the following link: www.infineon.com/cms/en/about-infineon/sustainability/csr-reporting. The reference to the report “Sustainability at Infineon” is not audited as part of the audit of the Consolidated Financial Statements but is subject to a separate audit to obtain limited assurance and for certain non-financial information reasonable assurance.

Assumptions and estimates regarding cyclical market, industry, and geopolitical risks are made to the best of management’s knowledge based on current events and actions. Actual results may deviate from these estimates. This is especially true against the backdrop of the geopolitical risks that continue to exist, particularly due to the ongoing war in Ukraine, the conflict over Taiwan, and tensions in the Middle East. The war in Ukraine can lead to further price increases and shortages of energy and raw materials. An extension of the conflict situation beyond Ukraine would further increase the risk of a global economic downturn. Rising inflation and higher interest rates could also lead to a significant decline in consumption. Both customs disputes and trade restrictions, for example between the USA and China, can affect global trade and thus global economic growth, and include the risk of a decline in foreign demand from the Chinese perspective and an accompanying decline in the Chinese gross domestic product. There is also the risk that semiconductors previously supplied to China will increasingly be replaced by locally manufactured products, and of growing exports of such semiconductors produced in China. Developments in the wake of the geopolitical risks are dynamic, so it cannot be ruled out that the actual results deviate significantly from the estimates and assumptions made in the preparation of these Consolidated Financial Statements, or that the estimates and assumptions made will have to be adjusted in future periods. These could have a significant impact on Infineon’s financial position, results of operations and cash flows.

Areas containing estimates and assumptions and that are consequently most likely to be affected when actual results vary from estimates and assumptions are the following:

- valuation of inventory (see “Inventories”, p. 100, and note 11, p. 117),
- recoverability of non-financial assets, in particular property, plant and equipment (see note 13, p. 118 f.) and goodwill (see note 14, p. 120 f.),
- recognition and valuation of provisions (see “Other provisions” notes 17, p. 124, and 24, p. 136 ff.) and
- revenue where the transaction price contains a variable element (see “Revenue recognition”, p. 104 f.).

All assumptions and estimates are based on the circumstances and assessments as of the balance sheet date, taking into account the knowledge gained up to the approval by the Management Board of the Consolidated Financial Statements on 21 November 2023.

3 Acquisitions

Acquisition of 100 percent of the shares in GaN Systems Inc.

On 24 October 2023, Infineon acquired all of the shares in GaN Systems Inc. (“GaN Systems”), which is based in Ottawa (Canada). GaN Systems develops GaN-based power conversion solutions. With this acquisition, Infineon strengthens its leading position in the power systems sector. The provisional purchase price is €828 million, of which €825 million resulted in a cash outflow at the time of acquisition, and a further €3 million will be paid later to former shareholders under a terminated stock option program. According to the preliminary opening balance sheet, the net assets acquired by the Company amounted to €57 million. The acquired assets mainly relate to cash, inventories, rights of use under leasing arrangements, and property, plant and equipment. Acquired liabilities primarily relate to trade payables and leasing liabilities. The estimated excess of purchase price over assets acquired is around €771 million. The purchase price allocation was not yet completed at the time of preparing the Consolidated Financial Statements, so the preliminary results are not yet available. The excess purchase price is expected to be primarily attributable to goodwill and, downstream, to technologies and customer relationships. Due to the proximity of the acquisition to the date of preparation of the Consolidated Financial Statements and the resulting insufficient information, other disclosures required by IFRS 3 cannot be made.

Acquisition of Imagimob AB and 3db Access AG

On 15 May 2023, Infineon acquired Imagimob AB in full. The startup, based in Stockholm (Sweden), is a platform provider for Machine Learning solutions for edge devices. Infineon further advances its position as a provider of machine learning solutions with this acquisition and, once again, significantly supplements its artificial intelligence offering.

On 4 October 2023, Infineon also acquired all shares in the startup 3db Access AG, based in Zurich (Switzerland). The startup is a pioneer in secured low power ultra-wideband technology. The acquisition strengthens Infineon's portfolio of secure and intelligent access control, precise localization and enhanced sensing.

The last two acquisitions mentioned have only minor or no financial impacts during the reporting period, therefore no further disclosures in accordance with IFRS 3 are required.

4 Notes to the Consolidated Statement of Profit or Loss

Revenue

Breakdowns of revenue by segments, product groups and geographic areas are disclosed in note 29. p. 156 ff.

The aggregate amount of the transaction prices of the unsatisfied and partially unsatisfied performance obligations, arising from contracts with customers within the meaning of IFRS 15 with original expected durations of more than one year, was as follows as of 30 September 2023 and 2022:

Revenue expected in (€ in millions)	Total	Less than 1 year	1 year and after
As of 30 September 2023	**4,111**	**1,804**	**2,307**
As of 30 September 2022	1,257	488	769

The increase in expected revenue is mainly due to capacity reservation agreements.

Infineon refrains from disclosing the remaining performance obligations arising from contracts with customers within the meaning of IFRS 15 with original expected durations of one year or less.

Cost of materials and purchased services as well as personnel expenses

The Consolidated Statement of Profit or Loss includes the following expenses for materials, purchased services, and personnel:

			Change	
€ in millions	2023	2022	absolute	in %
Cost of raw materials, supplies and purchased goods	3,372	2,788	584	21
Cost of purchased services	3,749	3,433	316	9
Total	**7,121**	**6,221**	**900**	**14**

			Change	
€ in millions	2023	2022	absolute	in %
Wages and salaries	3,684	3,544	140	4
Social insurance levies and employee benefits	600	555	45	8
Expenses for pensions	69	71	(2)	(3)
Total	**4,353**	**4,170**	**183**	**4**

The average number of employees by geographic region was as follows for the 2023 and 2022 fiscal years:

			Change	
	2023	2022	absolute	in %
Europe	23,536	21,703	1,833	8
therein: Germany	14,609	13,687	922	7
Asia-Pacific (excluding Japan, Greater China)	25,191	23,762	1,429	6
Greater China[1]	3,024	2,698	326	12
therein: Mainland China, Hong Kong	2,611	2,313	298	13
Japan	670	653	17	3
Americas	5,241	5,470	(229)	(4)
therein: USA	3,734	3,908	(174)	(4)
Total	**57,662**	**54,286**	**3,376**	**6**

1 Greater China comprises Mainland China, Hong Kong and Taiwan.

Grants

Infineon has received grants from various governmental institutions under government business development programs, including grants for the construction of manufacturing facilities, research and development activities and employee development. Grants included directly in profit or loss in the Consolidated Financial Statements during the 2023 and 2022 fiscal years were as follows:

			Change	
€ in millions	2023	2022	absolute	in %
Included in the Consolidated Statement of Profit or Loss in:				
Cost of goods sold	75	61	14	23
Research and development expenses	130	113	17	15
Selling, general and administrative expenses	3	2	1	50
Total	**208**	**176**	**32**	**18**

Of the grants included in profit or loss in the 2023 fiscal year, €3 million relate to expenses incurred in the prior year (prior year: €0 million).

In the 2023 fiscal year, investment grants of €45 million (adjusted previous fiscal year amount: €22 million) were deducted from acquisition or construction costs for property, plant and equipment and intangible assets. In the 2023 fiscal year, Infineon received investment grants of €27 million (2022: €22 million).

For compliance with the conditions attached to the grants received and potential repayment requirements in case of nonfulfillment, see note 23. p. 135 f.

Financial income and expenses

Financial income comprised the following in the 2023 and 2022 fiscal years:

€ in millions	2023	2022	Change absolute	Change in %
Interest income	60	11	49	+++
Other financial income[1]	45	(4)	49	+++
Total	**105**	**7**	**98**	**+++**

1 The negative amount in other financial income in the 2022 fiscal year arose from the negative change in the fair value of the derivative financial instruments, recorded as a reversal of unrealized gains recognized in previous fiscal years.

Financial expenses comprised the following in the 2023 and 2022 fiscal years:

€ in millions	2023	2022	Change absolute	Change in %
Interest expenses	(158)	(142)	(16)	(11)
Other financial expenses	(1)	(26)	25	96
Total	**(159)**	**(168)**	**9**	**5**

Further information on Infineon's financial income and expenses is contained in note 27. p. 146 f.

5 Investments accounted for using the equity method

The investments accounted for using the equity method comprise shares in joint ventures and in associated companies.

Summarized financial information for joint ventures

As of 30 September 2023 and 2022, the carrying amounts of joint ventures accounted for using the equity method were €74 million and €56 million, respectively.

For the 2023 and 2022 fiscal years, Infineon's proportion of selected items from the statement of comprehensive income of the joint ventures accounted for using the equity method were aggregated as follows:

€ in millions	2023	2022	Change absolute	Change in %
Profit (loss) for the period	28	29	(1)	(3)
Other comprehensive income (loss), net of tax	–	3	(3)	---
Total comprehensive income (loss), net of tax	**28**	**32**	**(4)**	**(13)**

The pro rata result of the joint ventures accounted for using the equity method is not part of the Segment Result (see note 29, p. 159).

Summarized financial information for associated companies

As of 30 September 2023 and 2022, the carrying amount of the associated companies accounted for using the equity method was €40 million and €44 million, respectively.

For the 2023 and 2022 fiscal years, Infineon's proportion of selected items from the statement of comprehensive income of the associated companies accounted for using the equity method were aggregated as follows:

			Change	
€ in millions	2023	2022	absolute	in %
Profit (loss) for the period	(1)	10	(11)	---
Other comprehensive income (loss), net of tax	–	–	–	–
Total comprehensive income (loss), net of tax	**(1)**	**10**	**(11)**	**---**

The pro rata result of the associated companies accounted for using the equity method is not part of the Segment Result (see note 29, p. 159).

6 Income tax

Income tax from continuing operations for the fiscal years ending 30 September 2023 and 2022 amounted to:

			Change	
€ in millions	2023	2022	absolute	in %
Current tax expense	(626)	(393)	(233)	(59)
Deferred tax income	(156)	(144)	(12)	(8)
Income tax	**(782)**	**(537)**	**(245)**	**(46)**

The German combined statutory tax rate for Infineon Technologies AG was 28 percent for both the 2023 and 2022 fiscal years. This is based on a corporate income tax rate of 15 percent, plus a solidarity surcharge of 5.5 percent and a trade tax rate of 12 percent.

Taxable income earned by foreign subsidiaries is determined on the basis of the tax laws applicable in the relevant countries and is taxed based on the respective country-specific tax rates.

The reconciliation of income taxes from continuing operations for the fiscal years ended 30 September 2023 and 2022, based on the German combined statutory income tax rate of 28 percent for the 2023 and 2022 fiscal years, is as follows:

			Change	
€ in millions	2023	2022	absolute	in %
Expected income tax expense	(1,098)	(760)	(338)	(44)
Tax rate differential	136	93	43	46
Effects due to changes in tax rates	(1)	13	(14)	---
Effects from the difference between local and functional currency	(28)	8	(36)	---
Previous year taxes	86	77	9	12
therein: current tax income	69	73	(4)	(5)
Non-deductible expenses	(47)	(52)	5	10
Tax-exempt income	96	73	23	32
Change in permanent balance sheet effects	(10)	(43)	33	77
Change in valuation allowance on deferred tax assets	25	(43)	68	+++
Change in available tax credits	71	96	(25)	(26)
Other	(12)	1	(13)	---
Actual income taxes	**(782)**	**(537)**	**(245)**	**(46)**

"Change in valuation allowances on deferred tax assets" consisted of the following: In the 2023 fiscal year, amounts recognized in profit or loss included valuation allowances or non-recognition of deferred tax assets for tax loss carry-forwards of €0 million (2022: €27 million) and tax credits of €20 million (2022: €67 million). A write-up of deferred tax assets for tax loss carry-forwards of €10 million was recorded (2022: €0 million). Within tax credits, the write-up of deferred tax assets amounted to €35 million in the 2023 fiscal year (2022: €10 million) and temporary differences amounted to €0 million (2022: €41 million).

The utilization of tax loss carry-forwards, tax credits and temporary differences for which deferred tax assets had not previously been recorded resulted in current tax income of €61 million in the 2023 fiscal year (2022: €1 million).

Deferred tax assets and liabilities as of 30 September 2023 and 2022 comprised the following:

	30 September 2023		Change 2023		30 September 2022		Change 2022	
€ in millions	Deferred tax assets	Deferred tax liabilities	Total	Therein through profit or loss	Deferred tax assets	Deferred tax liabilities	Total	Therein through profit or loss
Intangible assets	23	(511)	219	177	44	(751)	(15)	74
Property, plant and equipment	166	(207)	(32)	(39)	156	(165)	(13)	(2)
Inventories	35	(28)	(7)	(6)	39	(25)	8	6
Provisions, pensions and similar commitments	213	(22)	(113)	(81)	339	(35)	24	21
Other	50	(47)	13	14	29	(39)	(5)	(6)
Total deferred taxes on temporary differences	**487**	**(815)**	**80**	**65**	**607**	**(1,015)**	**(1)**	**93**
Tax loss carry-forwards	156	–	(238)	(240)	394	–	(183)	(197)
Unused tax credits and excess foreign tax credits	186	–	16	19	170	–	(31)	(40)
Total deferred taxes	**829**	**(815)**	**(142)**	**(156)**	**1,171**	**(1,015)**	**(215)**	**(144)**
Netting	(561)	561	–	–	(644)	644	–	–
Total	**268**	**(254)**	**(142)**	**(156)**	**527**	**(371)**	**(215)**	**(144)**

Infineon assessed the need for a valuation allowance of its deferred tax assets. Based on the results of this assessment, considering all positive and negative factors and information relating to the foreseeable future based on business plans, Infineon recognized deferred tax assets, after netting, of €268 million as of 30 September 2023 (30 September 2022: €527 million).

Taxable losses brought forward and tax credits amount to the following:

€ in millions	2023	2022	Change	
			absolute	in %
Corporate tax loss carry-forwards – Germany	–	716	(716)	---
Trade tax loss carry-forwards – Germany	982	1,940	(958)	(49)
Corporate tax loss carry-forwards and local tax loss carry-forwards (particularly US state tax loss carry-forwards) – foreign	509	625	(116)	(19)
Tax credits	632	714	(82)	(11)

No deferred taxes were recorded for the following items (gross amounts):

€ in millions	2023	2022	Change	
			absolute	in %
Corporate tax loss carry-forwards and local tax loss carry-forwards (particularly US state tax loss carry-forwards) – foreign	345	412	(67)	(16)
Thereof expire within the next five years	53	87	(34)	(39)
Tax credits	446	544	(98)	(18)
Thereof expire within the next five years	–	–	–	–
Deductible temporary differences	45	36	9	25

The change in the net amount of deferred tax assets and liabilities is as follows:

€ in millions	2023	2022
Deferred taxes, net as of the end of the previous fiscal year	**156**	**371**
Deferred tax income (expense), recognized through profit or loss:		
From continuing operations	(156)	(144)
From discontinued operations	–	–
Change of deferred taxes, recognized directly in equity:		
Deferred tax arising from business acquisitions	–	(1)
Deferred taxes recognized directly in equity	5	5
Deferred taxes recognized in other comprehensive income	(13)	(26)
Currency effects	22	(49)
Deferred taxes, net as of the end of the fiscal year	**14**	**156**

In connection with investments in subsidiaries, there were temporary taxable differences of €299 million (2022: €242 million) for which no deferred taxes have been recognized because the timing of the reversal can be controlled, and it is not probable that the temporary differences will reverse in the foreseeable future.

Including the items recognized directly in equity and in other comprehensive income and the expense/benefit from continuing and discontinued operations, the income tax consisted of the following:

€ in millions	2023	2022	Change absolute	Change in %
Income taxes from continuing operations, recognized in profit or loss	(782)	(537)	(245)	(46)
Income taxes from discontinued operations, recognized in profit or loss	1	–	1	+++
Income taxes recognized directly in equity	22	9	13	+++
Income taxes recognized in other comprehensive income	(12)	(26)	14	54
Income taxes	**(771)**	**(554)**	**(217)**	**(39)**

As in the previous fiscal year, income taxes recognized directly in equity in the 2023 fiscal year were the result of tax effects in connection with the compensation for hybrid capital and with share-based compensation.

The income taxes recognized in other comprehensive income in the 2023 fiscal year comprise mainly actuarial gains and losses arising from pension commitments of €15 million (2022: €25 million).

7 Disposals and discontinued operations

Qimonda – discontinued operations

On 23 January 2009, Qimonda AG ("Qimonda"), a majority-owned company, filed an application at the Munich local court to commence insolvency proceedings. On 1 April 2009, the insolvency proceedings formally opened. Insolvency proceedings were also opened for further domestic and foreign subsidiaries of Qimonda. Some of these insolvency proceedings have already been completed. The impacts of these proceedings are reported as discontinued operations in Infineon's Consolidated Statement of Profit or Loss and Consolidated Statement of Cash Flows to the extent that the underlying events occurred before the commencement of insolvency proceedings.

The current risks and provisions relating to Qimonda's insolvency are described in note 24 "Proceedings in relation to Qimonda". p. 136 ff.

In the 2023 and 2022 fiscal years, adjustments to individual provisions arose as a result of recent developments in connection with the insolvency of Qimonda, which resulted in a loss from discontinued operations, net of income taxes of €2 million and €7 million, respectively.

8 Earnings per share

Basic earnings per share are calculated by dividing profit (loss) for the period by the weighted-average number of shares outstanding during the reporting period. The calculation of the diluted earnings per share is based on the assumption that all potentially dilutive instruments are converted into ordinary shares, resulting in a corresponding increase in the number of shares.

The hybrid bond issued in the 2020 fiscal year is classified as equity (see note 20, p. 130 f.). The related hybrid investors' remuneration (after tax) represents payments for a component of equity that reduces the earnings available to shareholders for distribution and was therefore taken into account in determining earnings per share (basic and diluted).

Basic and diluted earnings per share are calculated as follows for the fiscal years ended 30 September 2023 and 2022:

			Change	
€ in millions (unless otherwise stated)	2023	2022	absolute	in %
Profit (loss) for the period – basic and diluted	**3,137**	**2,179**	**958**	**44**
Remuneration of hybrid capital investors[1]	(29)	(29)	–	–
Profit (loss) for the period attributable to shareholders of Infineon Technologies AG – basic and diluted	**3,108**	**2,150**	**958**	**45**
thereof from continuing operations	3,110	2,157	953	44
thereof from discontinued operations	(2)	(7)	5	71
Weighted-average number of shares outstanding (in millions):				
Ordinary share capital	1,305.9	1,305.9	–	–
Adjustment for own shares	(2.9)	(4.1)	1.2	29
Weighted-average number of shares outstanding – basic	**1,303.0**	**1,301.8**	**1.2**	**0**
Adjustments for:				
Effect of share-based payment	2.8	1.8	1.0	56
Weighted-average number of shares outstanding – diluted	**1,305.8**	**1,303.6**	**2.2**	**0**
Basic earnings per share (in euro):[2]				
Earnings per share (in euro) from continuing operations	2.39	1.66	0.73	44
Earnings (loss) per share (in euro) from discontinued operations	(0.01)	(0.01)	–	–
Earnings per share (in euro) – basic	**2.38**	**1.65**	**0.73**	**44**
Diluted earnings per share (in euro):[2]				
Earnings per share (in euro) from continuing operations	2.38	1.65	0.73	44
Earnings (loss) per share (in euro) from discontinued operations	–	–	–	–
Earnings per share (in euro) – diluted	**2.38**	**1.65**	**0.73**	**44**

1 Including the cumulative tax effect.
2 The calculation of earnings per share is based on unrounded figures.

9 Financial investments

Financial investments comprise fixed-term deposits with banks and investment funds. Fixed-term deposits with banks are categorized as financial assets and measured at amortized cost. Investment funds are categorized as financial assets and measured at fair value through profit or loss (see also note 2, p. 98 f., and note 27, p. 142 ff.).

Financial investments as of 30 September 2023 and 2022 comprised the following:

€ in millions	30 September 2023	30 September 2022	Change absolute	Change in %
Fixed-term bank deposits	–	240	(240)	---
Investment funds	1,770	2,039	(269)	(13)
Financial investments, gross	**1,770**	**2,279**	**(509)**	**(22)**
Loss allowances	–	–	–	–
Financial investments, net	**1,770**	**2,279**	**(509)**	**(22)**

The loss allowances on financial investments that are measured at amortized cost changed as follows during the 2023 and 2022 fiscal years:

€ in millions	2023	2022	Change absolute	Change in %
Loss allowances as of the beginning of the fiscal year	–	1	(1)	---
Revaluation of loss allowances, net	–	(1)	1	+++
Loss allowances as of the end of the fiscal year	**–**	**–**	**–**	**–**

Information on Infineon's credit risk management is contained in note 28. p. 153 f.

10 Trade receivables

Trade receivables result from contracts with customers that are due within one year. As of 30 September 2023 and 2022, they consisted of the following:

€ in millions	30 September 2023	30 September 2022	Change absolute	Change in %
Trade receivables, third parties	1,977	1,883	94	5
Trade receivables, related parties	19	10	9	90
Trade receivables, gross	**1,996**	**1,893**	**103**	**5**
Loss allowances	(5)	(6)	1	17
Trade receivables, net	**1,991**	**1,887**	**104**	**6**

Changes in the loss allowances for trade receivables in the 2023 and 2022 fiscal years were as follows:

€ in millions	2023	2022	Change absolute	Change in %
Loss allowances as of the beginning of the fiscal year	6	5	1	20
Current year's loss allowance, net of reversals	(1)	1	(2)	---
Loss allowances as of the end of the fiscal year	**5**	**6**	**(1)**	**(17)**

Information about Infineon's credit risk management is contained in note 28. p. 153 f.

11 Inventories

Inventories as of 30 September 2023 and 2022 consisted of the following:

€ in millions	30 September 2023	30 September 2022	Change absolute	Change in %
Raw materials and supplies	612	470	142	30
Work in progress	2,593	1,949	644	33
Finished goods and merchandise	769	662	107	16
Total	**3,974**	**3,081**	**893**	**29**

Cost of goods sold consisted mainly of inventory-related expenses in the 2023 and 2022 fiscal years.

As of 30 September 2023 and 2022, finished goods and merchandise included an asset of €22 million and €16 million, respectively, which resulted from sales with a right of return.

Inventory write-downs as of 30 September 2023 and 2022 amounted to €414 million and €282 million, respectively.

12 Other current assets

Other current assets as of 30 September 2023 and 2022 consisted of the following:

€ in millions	30 September 2023	30 September 2022	Change absolute	Change in %
Prepayments	347	58	289	+++
VAT and other receivables from tax authorities	204	244[1]	(40)	(16)
Grants receivables	186	145[1]	41	28
Prepaid expenses	150	131	19	15
Derivative financial instruments (see note 27, p. 147 ff.)	10	5	5	+++
Other	62	42	20	48
Total	**959**	**625**	**334**	**53**

1 The previous year's figures for "VAT and other receivables from tax authorities" and "Grants receivables" have been adjusted.

Further information on Infineon's financial assets can be found in note 27. p. 142 ff.

13 Property, plant and equipment and other intangible assets

The development of property, plant and equipment, as well as other intangible assets for the years ended 30 September 2023 and 2022, was as follows:

	Cost						Depreciation/amortization						Carrying amount	
€ in millions	1 October 2022	Additions	Disposals	Reclassification	Currency effects	30 September 2023	1 October 2022	Depreciation/amortization	Disposals	Impairments/reversals of impairments	Currency effects	30 September 2023	30 September 2023	30 September 2022
Property, plant and equipment														
Land, land rights and buildings	2,565	109	(37)	28	(39)	2,626	(1,080)	(80)	22	–	14	(1,124)	1,502	1,485
Technical equipment and machinery	12,540	829	(286)	623	(79)	13,627	(9,600)	(916)	279	–	57	(10,180)	3,447	2,940
Other plant and office equipment	1,560	135	(93)	64	(18)	1,648	(1,338)	(147)	93	–	12	(1,380)	268	222
Payments on account and construction in progress	904	1,656	(6)	(715)	(4)	1,835	(6)	–	–	(1)	–	(7)	1,828	898
Total	**17,569**	**2,729**	**(422)**	**–**	**(140)**	**19,736**	**(12,024)**	**(1,143)**	**394**	**(1)**	**83**	**(12,691)**	**7,045**	**5,545**
Other intangible assets														
Capitalized development costs	1,444	214	(10)	–	(8)	1,640	(547)	(93)	10	(13)	–	(643)	997	897
Customer relationships	1,545	–	(14)	–	(107)	1,424	(841)	(152)	9	–	50	(934)	490	704
Technologies	2,618	–	(11)	–	(204)	2,403	(892)	(245)	7	–	68	(1,062)	1,341	1,726
Licenses and similar rights	338	41	(5)	–	(3)	371	(261)	(31)	5	–	3	(284)	87	77
Remaining other intangible assets	126	–	–	–	(10)	116	(47)	(10)	–	–	3	(54)	62	79
Total	**6,071**	**255**	**(40)**	**–**	**(332)**	**5,954**	**(2,588)**	**(531)**	**31**	**(13)**	**124**	**(2,977)**	**2,977**	**3,483**

€ in millions	Cost: 1 October 2021	Cost: Additions	Cost: Additions through business combination	Cost: Disposals	Cost: Reclassification	Cost: Currency effects	Cost: 30 September 2022	Depreciation/amortization: 1 October 2021	Depreciation/amortization: Depreciation/amortization	Depreciation/amortization: Disposals	Depreciation/amortization: Reclassification	Depreciation/amortization: Impairments/reversals of impairments	Depreciation/amortization: Currency effects	Depreciation/amortization: 30 September 2022	Carrying amount: 30 September 2022	Carrying amount: 30 September 2021
Property, plant and equipment																
Land, land rights and buildings	2,302	69	3	(6)	136	61	2,565	(989)	(83)	5	–	6	(19)	(1,080)	1,485	1,313
Technical equipment and machinery	11,129	972	6	(130)	455	108	12,540	(8,822)	(829)	127	(8)	–	(68)	(9,600)	2,940	2,307
Other plant and office equipment	1,457	131	–	(85)	38	19	1,560	(1,279)	(138)	83	8	–	(12)	(1,338)	222	178
Payments on account and construction in progress	645	889	–	(1)	(629)	–	904	–	–	1	–	(6)	(1)	(6)	898	645
Total	**15,533**	**2,061**	**9**	**(222)**	**–**	**188**	**17,569**	**(11,090)**	**(1,050)**	**216**	**–**	**–**	**(100)**	**(12,024)**	**5,545**	**4,443**

€ in millions	Cost: 1 October 2021	Cost: Additions	Cost: Additions through business combination	Cost: Disposals	Cost: Reclassification	Cost: Currency effects	Cost: 30 September 2022	Depreciation/amortization: 1 October 2021	Depreciation/amortization: Depreciation/amortization	Depreciation/amortization: Disposals	Depreciation/amortization: Reclassification	Depreciation/amortization: Impairments/reversals of impairments	Depreciation/amortization: Currency effects	Depreciation/amortization: 30 September 2022	Carrying amount: 30 September 2022	Carrying amount: 30 September 2021
Other intangible assets																
Capitalized development costs	1,220	209	–	–	–	15	1,444	(448)	(94)	–	–	(4)	(1)	(547)	897	772
Customer relationships	1,333	–	–	–	–	212	1,545	(595)	(156)	–	–	–	(90)	(841)	704	738
Technologies	2,214	–	–	–	–	404	2,618	(528)	(243)	–	–	–	(121)	(892)	1,726	1,686
Licenses and similar rights	306	31	–	(5)	–	6	338	(230)	(30)	5	–	–	(6)	(261)	77	76
Remaining other intangible assets	106	–	–	–	–	20	126	(29)	(11)	–	–	–	(7)	(47)	79	77
Total	**5,179**	**240**	**–**	**(5)**	**–**	**657**	**6,071**	**(1,830)**	**(534)**	**5**	**–**	**(4)**	**(225)**	**(2,588)**	**3,483**	**3,349**

Depreciation on property, plant and equipment is presented in the Consolidated Statement of Profit or Loss, mainly in cost of goods sold. Amortization of intangible assets is mainly presented in cost of goods sold or selling, general and administrative expenses. Impairments on property, plant and equipment and other intangible assets are reported under other operating expenses.

14 Goodwill

Changes in goodwill during the 2023 and 2022 fiscal years were as follows:

€ in millions	2023	2022
Cost		
Balance as of the beginning of the fiscal year	7,083	5,962
Additions through business combination	27	28
Disposals	(10)	–
Currency effects	(553)	1,093
Balance as of the end of the fiscal year	**6,547**	**7,083**
Accumulated impairments and other changes		
Balance as of the beginning of the fiscal year	–	–
Impairments	–	–
Disposals	–	–
Currency effects	–	–
Balance as of the end of the fiscal year	**–**	**–**
Carrying amount		
Balance as of the beginning of the fiscal year	7,083	5,962
Balance as of the end of the fiscal year	**6,547**	**7,083**

Infineon carried out the annual goodwill impairment test at the operating segment level in the fourth quarter of the 2023 fiscal year.

Infineon determines the recoverable amount of a particular cash generating unit to which goodwill has been allocated on the basis of its value in use. The value in use is measured by estimating the present value of future cash flows that will be generated by the continuing operations of the CGU discounted using an appropriate discount rate.

Cash flows, including the underlying parameters such as revenue growth and margins, are projected based on past experience, current operating results and the business plan approved in the fiscal year just ended, which is calculated bottom-up based on certain central assumptions applied consistently throughout Infineon. Cash flows over a five-year period are used to derive the value in use. The derivation of the terminal value is based on a stable business state, reflecting synergies resulting from the acquisition of Cypress. The average revenue growth rates over the planning period are between 10.5 percent and 16.4 percent, which is in part higher than the average historical growth rates of the sectors in which the relevant segments operate because, among other things, the segments benefit to varying degrees from the businesses acquired with Cypress and the related revenue synergies. Investments to increase capacity for which no cash outflow has taken place are not taken into account. Cash flows for periods beyond the planning horizon are estimated using a terminal value.

The discount rate for future cash flows is based on the after-tax weighted-average cost of capital (“WACC”) for the CGU in question. The Capital Asset Pricing Model (“CAPM”) is used to calculate the cost of equity. The relevant pre-tax WACC used to discount future pre-tax cash flows in line with IAS 36 is derived from estimated future after-tax cash flows and the after-tax WACC using a typical tax rate for each operating segment. The risk-free interest rate is derived using the Svensson method taking into account risk premiums, the beta factor and debt ratio are derived from a group of companies comparable to the operating segment. In this way, the discount rate derived reflects the current market rate of return as well as the specific risks attached to the respective operating segment.

The following table shows the allocation of the carrying amount of goodwill to the segments, as well as the valuation parameters used:

	Book value of allocated goodwill € in millions		Pre-tax WACC[1] in %		After-tax WACC[1] in %		Terminal growth rate[1] in %	
Operating segment	2023	2022	2023	2022	2023	2022	2023	2022
Automotive	1,556	1,686	14.5	13.2	10.7	9.9	1.5	1.5
Green Industrial Power	244	261	15.2	13.4	11.0	10.0	1.5	1.5
Power & Sensor Systems	1,843	2,011	14.2	14.1	11.1	10.7	1.5	1.5
Connected Secure Systems	2,902	3,123	14.0	12.9	10.6	10.0	1.5	1.5
Corporate	2	2						
Total	**6,547**	**7,083**						

1 Valuation parameters as of 30 June 2023 and 2022 for the respective impairment test in the fourth quarter.

As a result of the impairment tests carried out, Infineon concluded that none of the operating segments gave rise to an impairment of goodwill in the year under report.

Business planning is affected, among other things, by uncertainties regarding the assessment of markets and the macroeconomic environment. Therefore, sensitivity analyses were carried out at operating segment level, taking into account changes considered possible in the main assumptions. Even taking these changes into account, no impairment on goodwill was observed as a result of the sensitivity analyses at operating segment level.

In addition, up to the date of preparation of the Consolidated Financial Statements, there was no indication that the recoverable amount of an operating segment to which goodwill had been allocated could have fallen below the book value.

15 Leases

Leases concluded relate mainly to the rental of office and warehouse space, IT equipment, other plant and office equipment, as well as vehicles for selected employees.

The changes in the right-of-use assets in the 2023 and 2022 fiscal years were as follows:

€ in millions	Starting balance	Additions	Additions through business combinations	Depreciation	Other changes	Carrying amount
The 2023 fiscal year						
Land, land rights and buildings	389	92	–	(70)	(22)	389
Technical equipment and machinery	6	2	–	(3)	–	5
Other plant and office equipment	10	9	–	(7)	(1)	11
Total	**405**	**103**	**–**	**(80)**	**(23)**	**405**
The 2022 fiscal year						
Land, land rights and buildings	319	119	1	(71)	21	389
Technical equipment and machinery	8	1	–	(3)	–	6
Other plant and office equipment	9	7	–	(6)	–	10
Total	**336**	**127**	**1**	**(80)**	**21**	**405**

The allocation of discounted and undiscounted lease liabilities by maturity as of 30 September 2023 and 2022 was as follows:

€ in millions	30 September 2023 Discounted lease liabilities	30 September 2023 Undiscounted lease liabilities	30 September 2022 Discounted lease liabilities	30 September 2022 Undiscounted lease liabilities
Due within one year	72	82	76	81
Due after one year to five years	197	230	209	235
Due after more than five years	112	133	101	115
Total	**381**	**445**	**386**	**431**

The Consolidated Statement of Profit or Loss includes the following amounts in the 2023 and 2022 fiscal years that are attributable to leases:

€ in millions	2023	2022	Change absolute	Change in %
Depreciation	80	80	–	–
Interest expenses	11	5	6	+++
Expenses for short-term leases with a term of twelve months or less	5	5	–	–
Expenses for low-value leases	11	6	5	83

The Consolidated Statement of Cash Flows includes the following amounts in the 2023 and 2022 fiscal years that are attributable to leases:

€ in millions	2023	2022	Change absolute	Change in %
Payments for short-term leases and low-value leases	16	11	5	45
Payments for lease prepayments	–	17	(17)	---
Payments for lease liabilities	86	84	2	2
Interest payments	11	5	6	+++
Total	**113**	**117**	**(4)**	**(3)**

Some leases contain renewal options that may be exercised by Infineon prior to the expiration of the non-cancelable lease term. Infineon has possible future (undiscounted) leasing payments amounting to €45 million that are not included in lease liabilities because it is not sufficiently certain that the leases will be renewed.

In addition, there are future payment obligations for leases that have not yet started but have already been contracted amounting to €48 million.

Future payment obligations relating to short-term leases with a term of twelve months or less are immaterial in value.

The lease contracts, in which Infineon subleases and acts as a lessor, are not material from the Group's point of view.

The expected non-discounted future minimum lease payments from operating leases for land and buildings owned by Infineon and in which Infineon acts as lessor are as follows:

€ in millions	30 September 2023	30 September 2022
Due within one year	12	18
Due after one year to five years	16	23
Due after more than five years	1	–
Total	**29**	**41**

16 Financial debt

Financial debt as of 30 September 2023 and 2022 consisted of the following:

€ in millions	30 September 2023	30 September 2022
Short-term financial debt and current portion of long-term financial debt, weighted average interest rate 2022: 0.87%	–	3
Bond €750 million, coupon 0.75%, due 2023	–	749
USPP note US$350 million, interest rate 3.94%, due 2024	330	–
Short-term financial debt and current portion of long-term financial debt	**330**	**752**
Bond €500 million, coupon 0.625%, due 2025	498	497
Bond €750 million, coupon 1.125%, due 2026	746	745
Bond €750 million, coupon 1.625%, due 2029	743	742
Bond €650 million, coupon 2.00%, due 2032	640	639
USPP notes US$585 million, weighted average interest rate 4.18%, due 2026–2028	552	958
USPP notes US$1,300 million, weighted average interest rate 2.88%, due 2027–2033	1,224	1,329
Long-term financial debt	**4,403**	**4,910**
Total	**4,733**	**5,662**

A €750 million bond maturing on 24 June 2023 was repaid as scheduled.

The total lines of credit as of 30 September 2023 and 2022 are summarized in the following table:

	30 September 2023			30 September 2022		
Term, € in millions	Aggregate facility	Drawn	Available	Aggregate facility	Drawn	Available
Short-term	69	–	69	83	3	80
Long-term	–	–	–	–	–	–
Total	**69**	**–**	**69**	**83**	**3**	**80**

Nominal amounts of financial debt and interest maturing in the coming years were as follows:

€ in millions	30 September 2023		30 September 2022	
	Financial debt	Interest	Financial debt	Interest
Due within one year	330	108	753	120
Due after one year to five years	2,133	319	2,327	385
Due after more than five years	2,297	143	2,616	215
Total	**4,760**	**570**	**5,696**	**720**

17 Provisions

Current and non-current provisions as of 30 September 2023 consisted of the following:

€ in millions	1 October 2022	Addition	Usage	Reversal	30 September 2023
Obligations to employees	952	610	(737)	(40)	785
Provisions related to Qimonda (see note 7, p. 114, and note 24, p. 136 ff.)	211	9	(3)	(5)	212
Warranties	39	30	(6)	(13)	50
Other	70	15	(36)	3	52
Total provisions	**1,272**	**664**	**(782)**	**(55)**	**1,099**
thereof current	983				799
thereof non-current	289				300

Obligations to employees included, among others, costs of variable remuneration, outstanding vacation and flextime, service anniversary awards, other personnel costs and social security costs.

Provisions for warranties mainly represented the estimated future cost of fulfilling contractual requirements associated with products sold.

Other provisions comprised mainly provisions for litigations (other than those relating to Qimonda), asset retirement obligations and miscellaneous other liabilities.

Of the total provisions as of 30 September 2023 and 2022, cash outflows of €799 million and €983 million, respectively, were expected to occur within one year. For the non-current provisions, the cash outflow was expected to occur after more than one year. Besides the provisions in connection with Qimonda, €49 million as of 30 September 2023 and €42 million as of 2022 of non-current provisions were attributable to length-of-service related anniversary awards.

18 Other current liabilities

Other current liabilities as of 30 September 2023 and 2022 consisted of the following:

€ in millions	30 September 2023	30 September 2022	Change	
			absolute	in %
Reimbursement obligations	688	593	95	16
Payroll and similar obligations to employees	241	248	(7)	(3)
Contract liabilities	99	26	73	+++
Accrued interest expense	91	93	(2)	(2)
VAT payables	38	50	(12)	(24)
Other	128	151	(23)	(15)
Total	**1,285**	**1,161**	**124**	**11**

Contract liabilities amounted to €126 million and €32 million as of 30 September 2023 and 2022, respectively. Of this amount, €27 million (30 September 2022: €6 million) related to non-current contract liabilities reported under other non-current liabilities.

The increase in contract liabilities mainly results from advance payments from customers based on capacity reservation agreements.

Further information on Infineon's financial liabilities can be found in note 27. p. 142 ff.

19 Pension plans

Defined benefit pension plans

Infineon's employee benefit plans consist of domestic and foreign defined benefit and defined contribution pension plans providing retirement, disability and surviving dependents' benefits. For Infineon, the significant benefit plans in Germany pertain to Infineon Technologies AG and, within the foreign benefit plans, to Infineon Technologies Austria AG, Austria.

In Germany, Infineon primarily offers defined contribution benefits which provide for the employees when they reach retirement age, or in the event of disability or death. The statutory framework is provided by the Company Pension Act (in German: Betriebsrentengesetz or "BetrAVG") and by employment law in general. With the Infineon pension plan, new entrants receive a defined contribution benefit, which is funded by Infineon. Payments by the Infineon pension plan are generally made in twelve annual installments. For active employees who were entitled to benefits in the form of an annuity before the Infineon Pension Plan came into force, this commitment was transferred into the Infineon Pension Plan and thereby the possibility of an annuity is guaranteed. Together with former employees whose pension benefit obligations were not transferred into the Infineon Pension Plan, this group makes up the largest part of the obligation at this time. A corresponding provision is recorded for the German defined benefit pension plans, which are partly backed by plan assets. Individual agreements are in place for the members of the Management Board, which are backed by plan assets. The major portion of the plan assets is managed by a pension trust in the legal form of a registered association. This is composed of executives of Infineon Technologies AG, and the investment strategy is defined by Infineon Technologies AG.

The benefit obligation of some foreign plans is measured according to the income in the last month or year of service; others are dependent on average income over the service period. Foreign pension plans are managed by country-specific external pension funds or other pension schemes. The obligations arising from foreign defined benefit pension plans are partly covered by plan assets. The management of existing foreign plan assets is performed by the respective pension scheme.

The valuation date of the pension plans is 30 September.

The Group-defined benefit pension plans are exposed to risks arising from changes to actuarial assumptions such as discount factors, salary and pension trends, investment risks and longevity risks. A lower discount rate leads to higher pension liabilities. Lower than expected growth in plan assets could lead to a deterioration of the funded status.

The development of Infineon's German (domestic) and non-German (foreign) pension plans and the plan assets as of 30 September 2023 and 2022 is presented in the following table:

€ in millions	2023 Domestic plans	2023 Foreign plans	2023 Total	2022 Domestic plans	2022 Foreign plans	2022 Total
Change in defined benefit obligations taking into account future salary increases:						
Present value as of the beginning of year	**(802)**	**(183)**	**(985)**	**(1,161)**	**(220)**	**(1,381)**
Current service cost	(20)	(8)	(28)	(28)	(7)	(35)
Past service income (cost)	–	–	–	(1)	2	1
Interest cost	(29)	(8)	(37)	(14)	(5)	(19)
Actuarial gains (losses) for:						
Experience adjustments	(36)	(8)	(44)	23	(10)	13
Adjustments to demographic assumptions	–	1	1	32	–	32
Adjustments to financial assumptions	72	–	72	333	53	386
New plans created and plan amendments	(4)	–	(4)	–	–	–
Benefits paid	26	12	38	24	11	35
Employee contributions	(8)	–	(8)	(10)	–	(10)
Currency effects	–	6	6	–	(7)	(7)
Present value of defined benefit obligation as of the end of year	**(801)**	**(188)**	**(989)**	**(802)**	**(183)**	**(985)**
Change in fair value of plan assets:						
Fair value of plan assets as of the beginning of year	**617**	**71**	**688**	**671**	**93**	**764**
Expected return on plan assets	23	3	26	8	2	10
Actuarial gains (losses)	8	(5)	3	(70)	(29)	(99)
Contributions from Infineon	23	10	33	22	11	33
Employee contributions	8	–	8	10	–	10
Benefits paid	(26)	(12)	(38)	(24)	(11)	(35)
Reclassification of fair value of plan assets	4	–	4	–	–	–
Currency effects	–	(3)	(3)	–	5	5
Fair value of plan assets as of the end of year	**657**	**64**	**721**	**617**	**71**	**688**
Net pension liability	**(144)**	**(124)**	**(268)**	**(185)**	**(112)**	**(297)**
thereof: Infineon Technologies AG	(128)	–	(128)	(167)	–	(167)
thereof: Infineon Technologies Austria AG	–	(58)	(58)	–	(51)	(51)

Pension obligations are reported in the Consolidated Statement of Financial Position under "Pensions and similar commitments". p. 91

Since no asset ceilings applied, the funded status of the Infineon pension plans corresponded to the amounts reported in the Consolidated Statement of Financial Position as of 30 September 2023 and 2022.

The funding of the defined benefit obligations as of 30 September 2023 and 2022 was as follows:

€ in millions	30 September 2023			30 September 2022		
	Domestic plans	Foreign plans	Total	Domestic plans	Foreign plans	Total
Plans that are wholly unfunded	48	92	140	48	82	130
Plans that are wholly or partly funded	753	96	849	754	101	855
Total	**801**	**188**	**989**	**802**	**183**	**985**

Actuarial assumptions

The weighted-average assumptions used in calculating the actuarial values for the pension plans were as follows:

in %	30 September 2023		30 September 2022	
	Domestic plans	Foreign plans	Domestic plans	Foreign plans
Discount rate at the end of the fiscal year	4.1	5.1	3.8	4.8
Rate of salary increase	2.4	5.7	2.5	5.0
Projected future pension increases	2.1	2.8	2.3	2.9

In order to determine the present value as of the balance sheet date, the Willis Towers Watson RATE:Link approach was applied, which is based on high-grade fixed-interest corporate bonds from issuers carrying a very high credit rating, with the same maturity and in the same currency as the pension obligations to be assessed.

The 2018 G mortality tables by Dr. Klaus Heubeck were used for Germany as in the previous year, and for Austria, the AVÖ 2018-P tables were applied.

Sensitivity analysis

The following sensitivity analysis table shows how the present value of all defined benefit pension obligations would be affected by changes in the aforementioned actuarial assumptions. In each case, they reflect the effect of changes in one actuarial assumption while all other assumptions remain constant.

€ in millions	30 September 2023			30 September 2022		
	Domestic plans	Foreign plans	Total	Domestic plans	Foreign plans	Total
Present value of defined benefit pension plans with:						
a 50 basis points higher discount rate	756	179	935	753	173	926
a 50 basis points lower discount rate	851	198	1,049	857	193	1,050
a 50 basis points higher expected rate of salary increase	808	193	1,001	809	187	996
a 50 basis points lower expected rate of salary increase	795	183	978	796	179	975
a 50 basis points higher expected rate of pension increase	821	191	1,012	825	186	1,011
a 50 basis points lower expected rate of pension increase	783	185	968	781	180	961
Increase in life expectancy of one year	818	190	1,008	820	185	1,005

Investment strategy

The pension plans' assets are invested with several fund managers. The investment guidelines require a mix of active and passive investment management programs covering different asset classes. Taking the duration of the underlying liabilities into account, a portfolio of investments of plan assets in equity, debt and other securities, as well as real estate and reinsurance policies, is targeted to maximize the total long-term return on assets for a given level of risk. Investment risk is monitored on an ongoing basis through periodic portfolio reviews, in coordination with investment managers and annual liability measurements. Investment policies and strategies are periodically reviewed as part of detailed studies of assets and liabilities by independent investment advisors and actuaries to ensure the objectives of the plans are met, taking into account any changes in benefit plan structure, market conditions or other material items. The aim is to optimize the risk-return profile of plan assets against the liabilities using a diversified portfolio of investments within a defined risk budget and to thereby increase the funding ratio in the long term.

Plan asset allocation

As of 30 September 2023 and 2022, the allocation of invested plan assets to the major asset categories was as follows:

€ in millions	30 September 2023 Quoted in an active market	30 September 2023 Not quoted in an active market	30 September 2022 Quoted in an active market	30 September 2022 Not quoted in an active market
Government bonds	146	1	130	1
Corporate bonds	159	–	173	–
Equity securities	261	–	231	–
Cash and cash equivalents	22	–	29	–
Reinsurance policies	–	42	–	39
Property	3	29	3	30
Other	37	21	36	16
Total	**628**	**93**	**602**	**86**

Government and corporate bonds are traded in liquid markets and the majority have an investment grade rating. The geographical allocation of the equity component of plan assets is globally diversified. As a matter of policy, Infineon's pension plans do not invest in the shares or debt instruments of Infineon. The position "Other" in the previous table comprises exchange-traded commodities (ETC) and other investment funds. The market value of the ETC held domestically was €36 million as of 30 September 2023 (previous year: €35 million).

The market value of the land and real estate leased to Infineon group companies by the legally independent pension trust amounted to €29 million and €30 million as of 30 September 2023 and 2022 respectively.

The realized return on plan assets in the fiscal year ended 30 September 2023 was positive €29 million (30 September 2022: negative €89 million).

Amounts recognized in the Consolidated Statement of Profit or Loss and in the Consolidated Statement of Comprehensive Income

The expenses and income of defined benefit plans for the 2023 and 2022 fiscal years comprised the following:

€ in millions	2023 Domestic plans	2023 Foreign plans	2023 Total	2022 Domestic plans	2022 Foreign plans	2022 Total
Current service cost	(20)	(8)	(28)	(28)	(7)	(35)
Past service (cost) benefit	–	–	–	(1)	2	1
Interest cost	(29)	(8)	(37)	(14)	(5)	(19)
Expected return on plan assets	23	3	26	8	2	10
Pension cost	**(26)**	**(13)**	**(39)**	**(35)**	**(8)**	**(43)**

Service costs were recorded within cost of goods sold, research and development expenses or selling, general and administrative expenses. Interest costs and expected return on plan assets were recorded net as part of financial expenses.

Actuarial gains before taxes of €32 million and €332 million for the 2023 and 2022 fiscal years, respectively, had been recognized outside of profit (loss) for the period in other comprehensive income.

As of 30 September 2023 and 2022, cumulative actuarial losses amounted to €39 million and €71 million, respectively.

In the 2024 fiscal year, payments of €38 million are expected to be made to plan assets, of which €35 million relate to benefits paid directly to pension recipients by the Group companies.

The weighted-average duration of defined benefit plans was around 12 and 13 years as of 30 September 2023 and 2022, respectively.

The following table shows the expected disbursements for defined benefit plans for the next ten fiscal years as of 30 September 2023 and 2022:

€ in millions	30 September 2023	30 September 2022
Due within one year	48	46
Due after more than one year to five years	218	192
Due after more than five years up to ten years	354	325
Total	**620**	**563**

Defined contribution plans

In connection with defined contribution plans, fixed contributions are made to external insurance providers or funds. Infineon has no further performance obligations or risks with regard to these pension plans in excess of the fixed contributions paid.

Additionally, the Group makes contributions to government pension schemes. Expenses for defined contribution plans amounted to €333 million and €309 million in the 2023 and 2022 fiscal years.

20 Equity

Ordinary share capital

The following table shows a reconciliation of the number of ordinary shares issued as of 30 September 2023 and 2022:

quantity	2023	2022
Shares outstanding at the beginning of the fiscal year	**1,302,231,236**	**1,301,375,535**
Transfer of own shares under the Performance Share and Restricted Stock Unit Plans (see note 22, p. 133 ff.)	1,518,875	855,701
Shares outstanding at the end of the fiscal year	**1,303,750,111**	**1,302,231,236**
Repurchased own shares	2,171,026	3,689,901
Shares issued at the end of the fiscal year	**1,305,921,137**	**1,305,921,137**

As of 30 September 2023, the ordinary share capital amounted to €2,611,842,274 and was fully paid up. It was divided into 1,305,921,137 no par value registered shares, each representing €2 of the Company’s ordinary share capital. Each share grants the holder one vote and an equal portion of the profits in the form of a dividend, as resolved by the Annual General Meeting. Own shares held by the Company as of the date of the Annual General Meeting carry no voting rights and are not entitled to a dividend.

Additional paid-in capital

The pro rata expense for share-based payments resulted in an increase in additional paid-in capital of €92 million in the 2023 fiscal year (2022: €62 million). Due to the transfer of own shares within the framework of share-based payment to employees and members of the Management Board, additional paid-in capital, as well as the line item for own shares, decreased by €10 million (2022: €5 million). Tax effects totaling €23 million (2022: €9 million) increased the additional paid-in capital.

Authorized share capital

As of 30 September 2023, the Company's Articles of Association provided for two authorized share capitals amounting to up to €670,000,000:

- Section 4, paragraph 4 of the Articles of Association provides that the Management Board is authorized, with the approval of the Supervisory Board, to increase the share capital in the period until 19 February 2025 once or in several partial amounts by a total of up to €640,000,000 through the issue of new no par value registered shares, against contributions in cash or in kind (Authorized Capital 2020/I). The new shares participate in profits from the beginning of the fiscal year of their issue. To the extent legally permissible, the Management Board may, with the approval of the Supervisory Board, and contrary to section 60, paragraph 2 of the German Stock Corporation Act, stipulate that the new shares participate in the profits from the beginning of an already ended fiscal year for which no resolution of the Annual General Meeting on the use of the distributable profit has yet been made at the time of their issue. The originally authorized capital 2020/I of €750,000,000 was reduced to €640,000,000 by the capital increase of €110,000,000 as decided by the Management Board and the Supervisory Board on 26 May 2020 and entered in the Commercial Register on 27 May 2020. Within the framework of the Authorized Capital 2020/I, the Management Board is authorized, with the approval of the Supervisory Board, to exclude the subscription rights of the shareholders in certain cases. Cash capital increases with subscription rights excluded pursuant to section 186, paragraph 3, sentence 4 of the German Stock Corporation Act, are not permitted to exceed 10 percent of a company's share capital – neither at the time of the resolution of the authorization in the Annual General Meeting, nor at the effective date of the authorization, or its exercise. The capital increase of 26/27 May 2020 utilized around 4 percent of this framework. For share capital increases against contributions in kind or a combination of cash contributions and contributions in kind, the authorization further provides an upper limit of 10 percent of the share capital in place at the date of the authorization in the Annual General Meeting.
- Section 4, paragraph 7 of the Articles of Association provides that the Management Board is authorized, with the approval of the Supervisory Board, to increase the share capital in the period up to 24 February 2026 – either once or in partial amounts – by a total of up to €30,000,000 by issuing new no par value registered shares against contributions in cash for the purpose of increasing the issue to employees and members of the Executive Board of the Company or its Group companies. The subscription rights of the shareholders are excluded in relation to these shares. The shares may be issued to employees in such a manner that the contribution to be paid on such shares is covered by the portion of the profit for the year that the Management Board and Supervisory Board could transfer to retained earnings in accordance with section 58, paragraph 2 of the German Stock Corporation Act. The Management Board, with the approval of the Supervisory Board, decides on the additional content of the share rights and the conditions of share issue (Authorized Capital 2021/I).

Conditional capital

As of 30 September 2023, the Company's Articles of Association provided for a conditional capital amounting to up to €260,000,000:

- Pursuant to section 4, paragraph 6 of the Articles of Association the share capital is conditionally increased by up to €260,000,000 through the issue of up to 130,000,000 new no par value registered shares for the granting of shares to creditors or the holders of warrants or convertible bonds, which due to the authorization by the Annual General Meeting on 20 February 2020 are issued by the Company or a subsidiary company (Conditional Capital 2020/1).

Hybrid capital

Infineon Technologies AG issued a perpetual hybrid bond on 1 October 2019 to refinance the acquisition of Cypress, which is an equity instrument under IAS 32. The term is not contractually limited; the bond has no final maturity date. The hybrid bond can only be canceled by Infineon subject to certain conditions. The investors have no cancellation rights and cannot trigger a premature repayment liability for Infineon. Distributions are at Infineon's sole discretion.

In the 2023 fiscal year, €39 million (2022: €39 million) was recognized in equity as compensation to hybrid capital investors. For the purpose of calculating earnings per share, the profit (loss) for the period attributable to the shareholders and hybrid capital investors of Infineon Technologies AG of €3,137 million (2022: €2,179 million) was reduced by compensation to the hybrid capital investors of €29 million (2022: €29 million; net of tax), to €3,108 million (2022: €2,150 million) (see note 8, p. 115).

The hybrid capital investors' compensation is paid in arrears on 1 April of each year, subject to repayment or redemption. On 1 April 2023, €39 million (2022: €39 million) was paid out to the hybrid capital investors.

Retained earnings

The following table shows a reconciliation of retained earnings as of 30 September 2023 and 2022:

€ in millions	
As of 1 October 2021	**1,407**
Profit (loss) for the period attributable to shareholders and hybrid capital investors of Infineon Technologies AG	2,179
Dividends to shareholders of Infineon Technologies AG	(351)
Compensation of hybrid capital investors	(39)
Actuarial gains (losses) on pensions and similar commitments net of tax of minus €25 million	310
As of 30 September 2022	**3,506**
Profit (loss) for the period attributable to shareholders and hybrid capital investors of Infineon Technologies AG	3,137
Dividends to shareholders of Infineon Technologies AG	(417)
Compensation of hybrid capital investors	(39)
Actuarial gains (losses) on pensions and similar commitments net of tax of minus €16 million	17
As of 30 September 2023	**6,204**

"Actuarial gains (losses) on pensions and similar commitments" contain the share of profit (loss) of associates and joint ventures accounted for using the equity method in the 2023 fiscal year of €0 million (2022: €3 million).

Dividends

For the 2022 fiscal year, a cash dividend of €0.32 per share (total amount: €417 million) was paid. For the 2021 fiscal year, a cash dividend of €0.27 per share (total amount: €351 million) was paid.

With regard to the 2023 fiscal year, a dividend of €0.35 for each share entitled to a dividend shall be proposed to be paid from the €710 million of distributable profits of Infineon Technologies AG. This would result in an expected distribution of approximately €456 million. The payment of this dividend depends on the approval of the Annual General Meeting on 23 February 2024.

Other reserves

Changes in other reserves during the 2023 and 2022 fiscal years were as follows:

	2023			2022		
€ in millions	Pre-tax	Tax	Net of tax	Pre-tax	Tax	Net of tax
Currency effects	(718)	–	(718)	1,369	–	1,369
Unrealized gains (losses) resulting from hedge accounting	2	(1)	1	(2)	–	(2)
Realized gains (losses) resulting from hedge accounting	5	3	8	7	(1)	6
Cost of hedging	(5)	1	(4)	–	–	–
Total	**(716)**	**3**	**(713)**	**1,374**	**(1)**	**1,373**

21 Capital management

Infineon's main capital management objective is to ensure financial flexibility at all times on the basis of a solid capital structure. It is of prime importance that sufficient cash funds are available to finance operating activities and planned investments throughout all phases of the business cycle. On the other hand, debt should only constitute a modest portion of the financing mix.

Infineon derives its long-term key objectives for capital management based on these principles and the clear target to remain investment grade. For liquidity, the gross cash should amount to €1 billion, plus at least 10 percent of revenue. Gross financial debt should not exceed two times EBITDA.

Infineon is not subject to any statutory capital requirements, nor are any such defined in the Articles of Association.

Capital management, as well as the corresponding targets and definitions, are based on indicators derived from the consolidated IFRS financial statements. Gross cash is defined as the total of cash and cash equivalents and financial investments. Gross financial debt comprises short-term and long-term financial debt. Infineon defines EBITDA as earnings from continuing operations before interest, taxes and depreciation and amortization.

The gross cash position decreased from €3,717 million as of 30 September 2022, to €3,590 million as of 30 September 2023 (for details, see the chapter "Review of liquidity" in the Combined Management Report, p. 56). Based on revenues of €16,309 million, the ratio of gross cash to revenue as of 30 September 2023 was €1 billion, plus an additional 15.9 percent of revenue (30 September 2022: €1 billion, plus 19.1 percent of revenue).

With gross financial debt of €4,733 million as of 30 September 2023 (30 September 2022: €5,662 million), and EBITDA of €5,773 million for the 2023 fiscal year (2022: €4,518 million), the gross debt to EBITDA ratio was 0.8 as of 30 September 2023 (30 September 2022: 1.3). Infineon continues to have sufficient financial flexibility to ensure that, in addition to financing its planned investments, it is also able to regularly pay dividends (see note 20, p. 131).

The USPP notes totaling US$2,235 million issued in April 2016 and June 2021 contain a number of standard covenants, including a debt coverage ratio, which provides for a certain relationship between the size of debt (adjusted) and earnings (adjusted).

In the 2023 fiscal year, Infineon has met the minimum requirements of all covenants. Should Infineon not comply with the covenants attached to the USPP notes, then all USPP notes outstanding as of 30 September 2023 amounting to US$2,235 million (see note 16, p. 123) could become immediately repayable.

22 Share-based payment

The Company makes use of the Performance Share Plan and the Restricted Stock Unit Plan in order to provide share-based payments.

Performance Share Plan

A Long-Term Incentive (LTI) plan, the so-called Performance Share Plan, was developed for employees and members of the Management Board.

Under this plan, (virtual) performance shares are initially provisionally granted on 1 April (up to the 2020 fiscal year: 1 March) of the fiscal year according to a predetermined LTI grant amount in euros.

Plan conditions for tranches up to and including 1 March 2020

With the granting of a (virtual) performance share, the participants in the plan acquire the right to receive (real) Infineon shares once a personal investment in Infineon shares – depending on position and LTI grant amount – has reached a four-year holding period.

For the tranches up to and including 1 March 2020, the performance shares are split between 50 percent performance-related shares and 50 percent that are not dependent on performance. The performance-related shares are finally granted only when the Infineon share outperforms the Philadelphia Semiconductor Index (SOX) during the period between the date of the provisional allocation and the end of the vesting period. If at the end of the vesting period the requirements for an allocation of performance shares – either all or only those that are not performance-related – are fulfilled, then entitlement to the transfer of the corresponding number of (real) Infineon shares is acquired. The value of the performance shares ultimately assigned to members of the Management Board must not exceed 250 percent of the respective LTI grant amount; above this cap, performance shares lapse.

The fair value of the performance shares at the date of allocation was determined by an external expert using a recognized financial-mathematical method (Monte Carlo simulation model for the prediction of share price and index developments). The fair value of the instruments granted was determined, taking into account future dividends as well as the payment cap.

The following is an overview of the allocations made:

Tranche	End of the waiting period	Average share price in the nine months before grant in €	Number of performance shares outstanding as of 30 September 2023	Fair value per performance share in €
2020 fiscal year: Employees	29 February 2024	18.10	938,666	12.95
2020 fiscal year: Members of the Management Board	29 February 2024	18.10	70,850	12.50

Plan conditions for tranches from 1 April 2021

With the granting of a (virtual) performance share, the participants in the plan acquire the right to receive (real) Infineon shares when one of the position-dependent personal investments in Infineon shares has reached a four-year holding period. The number of real Infineon shares to be transferred depends on the achievement of targets during the performance period.

The performance period begins on 1 October of the first fiscal year of the performance period and ends four years later on 30 September. Performance during the performance period is measured using the relative total shareholder return (TSR) financial performance criterion compared to companies in a selected industry peer group, together with non-financial performance criterion comprising strategy-derived environmental, social and governance (ESG) objectives. The TSR target accounts for 80 percent and the ESG targets 20 percent of the overall target achievement. For tranches from 1 April 2023, the TSR target accounts for 70 percent to 80 percent and the ESG targets for 20 percent to 30 percent of the overall target achievement. TSR and the ESG target achievements can be between 0 percent and 150 percent.

The tranche is granted on 1 April in the first fiscal year of the performance period (allocation day). The vesting period begins on the allocation day. In contrast to the performance period, the vesting period ends four years after the allocation day, i.e., on 31 March. At the end of the four-year performance period, the target achievement is determined.

The final number of performance shares to be allocated after the expiry of the vesting period is determined by multiplying the number of provisionally allocated performance shares by the overall target achievement of the two performance criteria during the performance period. The final allocation of the performance shares within an LTI tranche may not result in a profit (before tax) of more than 250 percent of the respective LTI grant amount; above this cap, all performance shares still to be allocated lapse.

The fair value of the performance shares at the date of allocation was determined by an external expert using a recognized financial-mathematical method (Monte Carlo simulation model for the prediction of the share price development and the TSR target achievements). The fair value of the instruments granted is determined taking into account future dividends as well as the payment cap.

The following is an overview of the allocations made:

Tranche	End of the waiting period	Average share price in the 60 trading days before the start of the performance period in €	Number of performance shares outstanding as of 30 September 2023	Fair value per performance share in €
2023 fiscal year: Employees	31 March 2027	25.00	683,239	32.31
2023 fiscal year: Members of the Management Board	31 March 2027	25.00	207,343	32.31
2022 fiscal year: Employees	31 March 2026	34.85	464,798	27.63
2022 fiscal year: Members of the Management Board	31 March 2026	34.85	148,737	27.63
2021 fiscal year: Employees	31 March 2025	22.82	500,510	28.87
2021 fiscal year: Members of the Management Board	31 March 2025	22.82	178,213	28.87

The development of the performance shares is as follows:

in number of shares (in millions)	2023	2022
Outstanding performance shares at the beginning of the fiscal year	**3.2**	**3.3**
Granted	0.9	0.7
Allocated	(0.4)	(0.3)
Forfeited	(0.5)	(0.5)
Outstanding performance shares as of the end of the fiscal year	**3.2**	**3.2**

Restricted Stock Unit Plan

Under this plan, (virtual) restricted stock units are initially provisionally granted on 1 April (up to the 2020 fiscal year: 1 March) of the fiscal year according to a predetermined LTI grant amount in euros. With the allocation of a (virtual) restricted stock unit, the plan participants acquire the right to receive a (real) Infineon share after the expiry of the vesting period, provided that the employees are still employed by Infineon at this time. The final allocation is made in stages (each representing 25 percent of the provisionally allocated restricted stock units) after the expiry of the vesting period of one year following allocation.

The fair value of the restricted stock units at the date of allocation was determined by an external expert using a recognized financial-mathematical method (Monte Carlo simulation model for the prediction of share price developments). The fair value of the instruments granted is determined, taking into account future dividends.

The following is an overview of the allocations made:

Tranche	End of the waiting period	Price of an Infineon share as of the grant date in €	Number of restricted stock units as of 30 September 2023	Fair value per restricted stock unit in €
2023 fiscal year:				
1st tranche	31 March 2024	37.68	920,464	37.34
2nd tranche	31 March 2025	37.68	920,464	36.53
3rd tranche	31 March 2026	37.68	920,464	36.16
4th tranche	31 March 2027	37.68	920,464	35.77
2022 fiscal year:				
2nd tranche	31 March 2024	30.99	721,280	30.33
3rd tranche	31 March 2025	30.99	721,280	29.96
4th tranche	31 March 2026	30.99	721,280	29.56
2021 fiscal year:				
3rd tranche	31 March 2024	36.16	278,708	35.29
4th tranche	31 March 2025	36.16	278,708	34.87
2020 fiscal year:				
4th tranche	29 February 2024	18.62	73,146	17.31

The development of the restricted stock units is as follows:

in number of shares (in millions)	2023	2022
Outstanding restricted stock units at the beginning of the fiscal year	**4.3**	**1.8**
Granted	3.7	3.3
Allocated	(1.2)	(0.5)
Forfeited	(0.3)	(0.3)
Outstanding restricted stock units as of the end of the fiscal year	**6.5**	**4.3**

Costs for share-based payment

The costs for share-based payment amounted to €92 million in the 2023 fiscal year (2022: €62 million).

23 Other financial commitments

In addition to provisions and liabilities, there were other financial obligations that were not recognized in the Consolidated Statement of Financial Position. These resulted, in particular, from legal risks (see note 24, p. 136 ff.) and unconditional purchase commitments, which are explained in more detail below.

Contracts already entered into for commenced or planned investments in property, plant and equipment (purchase commitments) as of 30 September 2023 amounted to €2,921 million (30 September 2022: €2,344 million). Commitments arising from orders placed for investments in intangible asset projects amount to €1 million as of 30 September 2023 (30 September 2022: €6 million).

Furthermore, Infineon has committed to invest €500 million in the “European Semiconductor Manufacturing Company (ESMC) GmbH” in Dresden (Germany), 100 percent of whose shares are currently held by Taiwan Semiconductor Manufacturing Company Limited (TSMC). Infineon’s participation will amount to 10 percent.

In the course of its investing activities, Infineon also receives government grants related to the construction and financing of certain of its manufacturing facilities. Grants are also received for selected research and development projects, and for employee development initiatives. Certain grants have been received contingent upon Infineon complying with particular project-related requirements, such as creating a specified number of jobs over a defined period of time. From today’s perspective, Infineon expects to comply with these requirements. Nevertheless, should such requirements not be met, as of 30 September 2023, a maximum of €290 million (30 September 2022: €275 million) of subsidies already received could be refundable.

Through certain sales and other agreements, Infineon may be obligated in the normal course of business to indemnify or compensate its counterparties under certain conditions for warranties, patent infringement or other matters. The maximum amount of potential future payments under these types of agreements is not predictable with any degree of certainty since the potential obligations are contingent on events that may or may not occur in the future and depend on certain facts and circumstances specific to each agreement. Historically, payments made by Infineon under these types of agreements have not had a material effect on Infineon's financial condition, liquidity position and results of operations.

24 Legal risks

Litigation and government inquiries

Smart card chips antitrust litigation

In October 2008, the EU Commission initiated an investigation into the Company and other manufacturers of chips for smart cards for alleged violations of antitrust laws. In September 2014, the EU Commission imposed a fine of €83 million on Infineon, which in July 2020 was reduced to €76.9 million by the General Court of the European Union.

In July 2019, a direct customer filed a lawsuit against Infineon Technologies UK Limited and several Renesas entities in London (United Kingdom) relating to the aforementioned EU antitrust case. The London court dismissed the complaint for being time-barred. The dismissal was confirmed by the Court of Appeal. The plaintiff filed a further appeal to the UK Supreme Court. In December 2022, the UK Supreme Court finally dismissed the complaint.

Proceedings in relation to Qimonda

All significant assets, liabilities and business activities attributable to the memory business (Memory Products) were carved out from Infineon and transferred to Qimonda in the form of a contribution in kind with economic effect from 1 May 2006. Qimonda filed an application at the Munich local court to commence insolvency proceedings on 23 January 2009. On 1 April 2009, the insolvency proceedings were formally opened. The insolvency of Qimonda has given rise to various disputes between the insolvency administrator and Infineon.

Alleged activation of a shell company and liability for impairment of capital

The insolvency administrator filed a request for declaratory judgment in an unspecified amount against Infineon Technologies AG and, by way of third-party notice, Infineon Technologies Holding B.V. and Infineon Technologies Investment B.V., at the Regional Court Munich I in November 2010. This requested that Infineon be deemed liable to make good the deficit balance of Qimonda as it stood when the insolvency proceedings with respect to the assets of Qimonda began, i.e., to refund to Qimonda the difference between the latter's actual business assets when the insolvency proceedings began and its share capital (in German: "Unterbilanzhaftung"). The insolvency administrator contended that the commencement of operating activities by Qimonda amounted to what is considered in case law to be the activation of a shell company (in German: "Wirtschaftliche Neugründung"), and that this activation of a shell company was not disclosed in the correct manner. On 6 March 2012, with respect to another matter, the German Federal High Court issued a ruling on principle that any liability resulting from the activation of a shell company only depends on the situation at the date of the activation of a shell company and not, as asserted by the insolvency administrator, on the situation at the date on which insolvency proceedings are opened.

In addition to the request for declaratory judgment against Infineon in an unspecified amount, on 14 February 2012 the insolvency administrator also lodged a request for payment based on an alternative claim (in German: "Hilfsantrag"), as well as making other additional claims. In conjunction with this alternative claim, the insolvency administrator has requested the payment of at least €1.71 billion plus interest in connection with the alleged activation of a shell company. On 15 June 2012, the insolvency administrator increased his request for the payment of 14 February 2012 on the grounds of activation of a shell company to at least approximately €3.35 billion plus interest. Furthermore, the insolvency administrator continues to base a substantial part of his alleged payment claims, as already asserted out of court against Infineon in August 2011 for an unspecified amount, on liability for impairment of capital (in German: "Differenzhaftung"). This claim is based on the allegation that, from the very beginning, the carved-out memory products business had a negative billion euro value. The insolvency administrator therefore asserts that Infineon is obliged to make good the difference between this negative value and the lowest issue price (in German: "geringster Ausgabebetrag") of the subscribed stock. Additionally, the insolvency administrator has asserted a claim for repayment of allegedly unjustly charged consultancy fees in the amount of €10 million in connection with the flotation of Qimonda.

The alleged impairment of capital runs contrary to two valuations prepared as part of the preparatory documentation for the capital increase by independent auditing companies, one of which had been engaged by Infineon and the other of which was acting in the capacity of a court-appointed auditor of contributions in kind and post-formation acquisitions. The auditing company engaged by Infineon concluded in its valuation that the business area contributed had a value of several times the lowest issue price of the shares issued, while the court-appointed auditor of contributions in kind and post-formation acquisitions confirmed to the court that the lowest issue price of the shares issued was covered – as legally required – by the value of the contributions in kind. Additionally, in the course of its defense against the claims asserted by the insolvency administrator, Infineon has commissioned several expert opinions, all of which arrived at the same conclusion that the objections raised by the insolvency administrator against the valuation of the contribution in kind are not valid.

The legal dispute has, in the meantime, focused on the claims asserted for alleged lack of value. On 29 August 2013, the court appointed an independent expert to clarify the valuation issues raised by the insolvency administrator and to address technical matters.

The legal dispute is being pursued with great effort by both parties, and many extensive written submissions have already been exchanged between the parties. Both sides have engaged numerous specialists and experts who are supporting the respective parties with assessments and opinions.

On 21 September 2018, in consultation with the parties, the independent expert appointed by the court presented an interim report on his preliminary assessment of the value of the contribution in kind. The Company is in principle prepared to conduct discussions about an out-of-court settlement of the legal dispute on the basis of the interim report.

The parties are exchanging further written submissions. It is not clear at this stage if the legal dispute can be resolved with an out-of-court settlement, or, if this is not the case, when a first-instance court decision would be reached.

Residual liability of Infineon as former shareholder of Qimonda Dresden GmbH & Co. OHG
Infineon was a shareholder with personal liability of Qimonda Dresden until the carve-out of the memory business; as a result, certain long-standing creditors have residual liability claims against Infineon. These claims can only be exercised by the insolvency administrator acting in the name of the creditors concerned. In the meantime, settlements have been concluded with most of the major liability creditors.

Liabilities, provisions and contingent liabilities relating to Qimonda
Infineon recognizes provisions and liabilities for such obligations and risks, which it assesses at the end of each reporting period, are more likely than not to be incurred (that is where, from Infineon’s perspective at the end of each reporting period, the probability of having to settle an obligation or risk is greater than the probability of not having to) and the obligation or risk can be estimated with reasonable accuracy at this time.

As described above, Infineon faces certain risks in connection with the insolvency proceedings relating to the assets of Qimonda and that entity’s subsidiaries. In consideration of the interim report from the court-appointed expert, Infineon recorded provisions relating to Qimonda of €212 million in total as of 30 September 2023. This comprises mainly provisions for the still pending legal dispute over the alleged activation of a shell company and liability for impairment of capital, including legal costs. As of 30 September 2022, provisions relating to Qimonda amounted to €211 million.

There can be no certainty that the provisions recorded for Qimonda will be sufficient to cover all of the liabilities that could ultimately be incurred in relation to the insolvency of Qimonda and, in particular, the matters discussed above. In addition, it is possible that liabilities and risks materialize that are currently considered to be unlikely to do so and, accordingly, represent contingent liabilities that are not included in provisions. Should the alleged claims relating to the activation of a shell company and liability for impairment of capital prove to be valid, substantial financial obligations above the provisions already recorded could arise for Infineon, which could have an adverse effect on its business and its financial condition, liquidity position and results of operations.

Other

Infineon is also involved in various other legal disputes and proceedings in connection with its existing or previous business activities. These can relate, in particular, to products, services, patents, export control and environmental issues and other matters.

Based on its current knowledge, Infineon does not believe that the ultimate resolution of these other pending legal disputes and proceedings will have a material adverse effect on Infineon's financial condition, liquidity position and results of operations. However, future revisions to this assessment cannot be ruled out, and any reassessment of the miscellaneous legal disputes and proceedings could have a material adverse effect on the financial condition, liquidity position and results of operations, particularly in the period in which reassessment is made.

Furthermore, in connection with its existing or previous business operations, Infineon is also exposed to numerous legal risks, which until now have not resulted in legal disputes. These include risks related to product liability, environment, capital market, anti-corruption, competition and antitrust legislation as well as export control and other compliance regulations. Claims could also be made against Infineon in connection with these matters in the event of breaches of law committed by individual employees or third parties.

As part of an audit finding relating to the tax treatment of losses from the repurchase of convertible bonds in the 2011, 2012 and 2014 fiscal years, there were contingent liabilities of €63 million as of 30 September 2023 (2022: €63 million) for withholding tax on capital gains to be paid in arrears as well as corporate income tax and trade tax of €3 million (2022: €3 million), in each case plus interest. Suspension of enforcement was granted as part of the ongoing appeal proceedings for 2011 and 2012. After completion of the current tax audit, suspension of enforcement will also be applied for 2014 and the appeal proceedings will be extended accordingly. Infineon expects that there is a sufficient degree of likelihood of winning any potential appeal or legal action.

Provisions and contingent liabilities for legal proceedings and other uncertain legal issues

Provisions relating to legal proceedings and other uncertain legal issues are recorded when it is probable that a liability has been incurred and the associated amount can be reasonably estimated. To the extent that liabilities arising from legal disputes and other uncertain legal positions are not probable or cannot be reliably estimated, then they qualify as contingent liabilities. Any potential liability is reviewed again as soon as additional information becomes available and the estimates are revised if necessary. Provisions with respect to these matters are subject to future developments or changes in circumstances in each of the matters, which could have a material adverse effect on Infineon's financial condition, liquidity position and results of operations.

A settlement or adverse judicial decision in any of the matters described above could result in significant financial liabilities for Infineon and other adverse effects, and these in turn could have a material adverse effect on its business and financial condition, liquidity position and results of operations. Irrespective of the validity of the allegations and the success of the aforementioned claims and other matters described above, Infineon could incur significant costs in the defense of these matters.

25 Transactions with related companies and persons

Infineon has transactions in the normal course of business with joint ventures, associates and other related companies (collectively "related companies"). The related companies are disclosed in note 30, p. 165 ff.. Related persons are persons in key management positions, in particular members of the Management and Supervisory Board (see note 30, p. 162 f.) and their close relatives (collectively "related persons").

Related companies

Infineon purchases certain raw materials and services from and sells certain products and services to related companies.

Related companies receivables and payables as of 30 September 2023 and 2022 consisted of the following:

	30 September 2023			30 September 2022		
€ in millions	Joint ventures	Associates	Other related companies	Joint ventures	Associates	Other related companies
Trade and other receivables	16	3	1	8	2	–
Financial receivables	12	–	1	35	–	–
Trade and other payables	30	–	2	8	–	2
Financial payables	–	–	1	–	–	1

Sales and service charges to and products and services received from related companies in the 2023 and 2022 fiscal years consisted of the following:

	2023			2022		
€ in millions	Joint ventures	Associates	Other related companies	Joint ventures	Associates	Other related companies
Sales and service charges	132	29	1	115	21	1
Products and services received	120	–	21	100	–	19

As of 30 September 2023, sales and services relationships with related companies resulted in purchase commitments of €36 million (30 September 2022: €37 million).

Related persons

Total remuneration of the Management Board and Supervisory Board according to IAS 24.17

The members of the Management Board and Supervisory Board active in the 2023 and 2022 fiscal years received the following remuneration for their activities in accordance with IAS 24.17:

€ in millions	2023	2022	Change	
			absolute	in %
Expense for short-term benefits[1]	9	11	(2)	(18)
Expense for share-based payment	3	2	1	50
Expense from post-employment benefits	1	1	–	–
Expense for termination benefits[2]	–	11	(11)	---
Total remuneration of the Management Board	**13**	**25**	**(12)**	**(48)**
Total remuneration of the Supervisory Board[3]	**3**	**3**	**–**	**–**
Total remuneration of the executive bodies	**16**	**28**	**(12)**	**(43)**

1 The expense includes the fixed remuneration, including fringe benefits and the one-year variable remuneration (STI).
2 Both Dr. Reinhard Ploss and Dr. Helmut Gassel resigned from the Management Board of Infineon Technologies AG in the 2022 fiscal year. Their employment contracts continued until 31 December 2022 and 30 September 2022, respectively. For this period, Dr. Reinhard Ploss and Dr. Helmut Gassel were entitled to remuneration in full. In addition, Dr. Helmut Gassel was granted a severance payment and agreed to a post-contractual non-competition clause that runs until November 2023, for which Dr. Helmut Gassel received compensation.
3 Employee representatives on the Supervisory Board who are employed by Infineon also receive a salary for their activities as employees.

Total remuneration of the Management Board and Supervisory Board pursuant to section 314, paragraph 1, no. 6 in conjunction with section 315e, paragraph 1, HGB

The total remuneration of the members of the Management Board for their active service pursuant to section 314, paragraph 1, no. 6 in conjunction with section 315e, paragraph 1, HGB amounted to €9 million (2022: €15 million). This includes a long-term incentive (LTI) in the form of a performance share plan (see note 22, p. 133 f.). A total of 193,373 (virtual) performance shares (2022: 148,737) were provisionally allocated to the members of the Management Board in the 2023 fiscal year. The fair value of these provisionally allocated (virtual) performance shares amounted to €6 million (2022: €4 million).

The total remuneration of the members of the Supervisory Board in the 2023 fiscal year amounted to €3 million (2022: €3 million).

Former members of the Management Board received payments of €7 million in the 2023 fiscal year (2022: €3 million).

As of 30 September 2023, pension obligations for former members of the Management Board amounted to €63 million (30 September 2022: €63 million).

In the 2023 and 2022 fiscal years, there were no significant transactions between Infineon and related persons that fell outside of the scope of the existing employment, service or appointment terms, or the contractual arrangements for their remuneration.

Constanze Hufenbecher resigned from her position on the Management Board with effect from 31 October 2023; her contract of employment will end on 14 April 2024. The Supervisory Board appointed Elke Reichart to succeed Constanze Hufenbecher with effect from 1 November 2023 until 31 October 2026.

With regard to the disclosures on the individual remuneration of the members of the Management Board and Supervisory Board pursuant to section 162 of the German Stock Corporation Act (AktG), reference is made to the Remuneration Report prepared according to stock corporation law, which can be found under the following link: www.infineon.com/remuneration-report

The references to the Remuneration Report were not audited as part of the audit of the financial statements. The Remuneration Report was subjected to a separate substantive audit by the auditor in accordance with IDW PS 490. This audit also includes the formal audit required by section 162, paragraph 3 of the German Stock Corporation Act (AktG).

26 Supplemental cash flow information

Cash and cash equivalents reported as of 30 September 2023 and 2022 totaling €1,820 million and €1,438 million, respectively, included €50 million and €69 million, respectively, which were subject to legal transfer restrictions and so were not available for general use by Infineon. This amount represented cash and cash equivalents of consolidated companies located in countries where the transfer of cash is legally restricted, for example, China.

The reconciliation below shows changes in those financial liabilities and hedging transactions for which payments received and made are shown under cash flows from financing activities in the statement of cash flows.

€ in millions	Starting balance	Cash-effective changes	Non-cash-effective changes				Carrying amount
			Acquisitions	Currency effects	New leases	Other changes	
The 2023 fiscal year							
Short-term and long-term financial debt	5,662	(753)	–	(182)	–	6	4,733
Related party financial payables	1	–	–	–	–	–	1
Current and non-current lease liabilities	386	(86)	–	(17)	100	(2)	381
Total	**6,049**	**(839)**	**–**	**(199)**	**100**	**4**	**5,115**
The 2022 fiscal year							
Short-term and long-term financial debt	6,585	(1,393)	3	461	–	6	5,662
Related party financial payables	2	(1)	–	–	–	–	1
Current and non-current lease liabilities	331	(84)	–	17	122	–	386
Total	**6,918**	**(1,478)**	**3**	**478**	**122**	**6**	**6,049**

27 Additional disclosures on financial instruments

Categories of financial instruments

The following tables present the carrying amounts and the fair values of financial instruments by their respective classes and a breakdown by category of financial instruments as of 30 September 2023 and 2022 according to IFRS 9:

€ in millions	Carrying amount	Categories of financial assets		Not assignable to any IFRS 9 measurement category	Fair value
		At fair value through profit or loss	At amortized cost	Designated hedging instruments (cash flow hedges)	
As of 30 September 2023					
Current assets:					
Cash and cash equivalents	1,820	1,169	651	–	1,820
Financial investments	1,770	1,770	–	–	1,770
Trade receivables	1,991	–	1,991	–	1,991
Other current assets	363	2	353	8	363
Non-current assets:					
Other non-current assets	208	113	95	–	208
Total	**6,152**	**3,054**	**3,090**	**8**	**6,152**
As of 30 September 2022					
Current assets:					
Cash and cash equivalents	1,438	1,045	393	–	1,438
Financial investments	2,279	2,039	240	–	2,279
Trade receivables	1,887	–	1,887	–	1,887
Other current assets[1]	93	5	88	–	93
Non-current assets:					
Other non-current assets[1]	205	108	97	–	205
Total	**5,902**	**3,197**	**2,705**	**–**	**5,902**

1 The presentation of grants receivables as well as of some of the advance payments made was corrected in the 2023 fiscal year. These are now no longer reported under current or non-current financial assets. The previous year's figures have been adjusted to improve comparability.

€ in millions	Carrying amount	Categories of financial assets		Not assignable to any IFRS 9 measurement category		Fair value
		At fair value through profit or loss	Other financial liabilities (amortized cost)	Designated hedging instruments (cash flow hedges)	Others	
As of 30 September 2023						
Current liabilities:						
Short-term financial debt and current portion of long-term financial debt	330	–	330	–	–	333
Trade payables	2,765	–	2,765	–	–	2,765
Current lease liabilities	72	–	–	–	72	–
Other current liabilities	993	4	987	2	–	993
Non-current liabilities:						
Long-term financial debt	4,403	–	4,403	–	–	3,915
Non-current lease liabilities	309	–	–	–	309	–
Other non-current liabilities	130	–	130	–	–	130
Total	**9,002**	**4**	**8,615**	**2**	**381**	**8,136**
As of 30 September 2022						
Current liabilities:						
Short-term financial debt and current portion of long-term financial debt	752	–	752	–	–	742
Trade payables	2,260	–	2,260	–	–	2,260
Current lease liabilities	76	–	–	–	76	–
Other current liabilities	975	22	950	3	–	975
Non-current liabilities:						
Long-term financial debt	4,910	–	4,911	–	–	4,333
Non-current lease liabilities	310	–	–	–	310	–
Other non-current liabilities	67	–	67	–	–	67
Total	**9,350**	**22**	**8,940**	**3**	**386**	**8,377**

Within financial assets measured at amortized cost, financial assets with a carrying amount of €13 million (previous year: €14 million) were included as of 30 September 2023, which Infineon has pledged mainly as collateral for rental liabilities.

In the 2023 and 2022 fiscal years, there were no reclassifications between the categories of financial instruments.

Disclosures about fair value

Financial instruments at fair value

Financial instruments measured at fair value are allocated to the following measurement levels in accordance with IFRS 13. The allocation to the different levels is based on the market proximity of the valuation parameters used in the determination of the fair values:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities,
- Level 2: valuation parameters whose prices are not considered in level 1, but which can be observed either directly or indirectly for the asset or liability,
- Level 3: valuation parameters for assets and liabilities that are not based on observable market data.

The allocation to the levels as of 30 September 2023 and 2022 was as follows:

	Fair value	Fair value by category		
€ in millions		Level 1	Level 2	Level 3
30 September 2023				
Current assets:				
Cash and cash equivalents	1,169	1,169	–	–
Financial investments	1,770	1,770	–	–
Other current assets	10	–	2	8
Non-current assets:				
Other non-current assets	113	103	–	10
Total	**3,062**	**3,042**	**2**	**18**
Current liabilities:				
Other current liabilities	6	–	5	1
Total	**6**	**–**	**5**	**1**
30 September 2022				
Current assets:				
Cash and cash equivalents	1,045	1,045	–	–
Financial investments	2,039	2,039	–	–
Other current assets	5	–	5	–
Non-current assets:				
Other non-current assets	108	94	–	14
Total	**3,197**	**3,178**	**5**	**14**
Current liabilities:				
Other current liabilities	25	–	25	–
Total	**25**	**–**	**25**	**–**

Cash equivalents and financial investments included investments in money market funds and investment funds (level 1).

Other current assets and other current liabilities contained derivative financial instruments (including cash flow hedges). Their fair value was determined by discounting future cash flows according to the discounted cash flow method. Where possible, valuation parameters observed on the reporting date in the relevant markets (such as currency rates, interest rates, or commodity prices) drawn from reliable external market data providers were used (level 2). Where fair values are determined on the basis of non-observable factors, these are assigned to level 3.

The determination of the fair values of the deal contingent forward and deal contingent option designated as cash flow hedges (see "Derivative financial instruments and hedging activities", p. 147 ff.) were determined on the basis of factors observable in markets such as forward prices, interest rate curves and volatilities. In addition, the assumption about the date of completion of the acquisition was taken into account as a non-observable factor (level 3).

Other non-current assets included equity investments and investments in funds. Where these are traded on an active market, the fair value was based on the actual market price (level 1). In addition, other non-current assets included derivative financial instruments whose fair value was calculated using recognized financial-mathematical models, with only observable input parameters included in the measurement (level 2). For equity investments where no market price from an active market is available, the fair value was determined by considering existing contractual arrangements based on externally observable dividend policy (level 3).

The following table shows the reconciliation of financial instruments classified as level 3 (before tax):

€ in millions	Deal contingent option	Deal contingent forward	Equity investments
1 October 2021	**–**	**–**	**16**
Unrealized losses recognized in profit or loss[1]	–	–	(2)
30 September 2022	**–**	**–**	**14**
Acquisitions (including additions)	13	–	–
Unrealized losses recognized in profit or loss[1]	–	–	(4)
Losses in equity	(5)	(1)	–
30 September 2023	**8**	**(1)**	**10**

1 This relates to gains recognized in financial income or losses recognized in financial expenses.

A hypothetical change in the material on the market non-observable valuation parameters at the balance sheet date of ± 10 percent or one month would have resulted in a theoretical reduction in fair values of €1 million or an increase of €1 million (previous year: both €1 million).

Financial instruments at amortized cost

For assets allocated to the category "At amortized cost", it is assumed that the fair values correspond to their carrying amounts. The same assumption applies to liabilities resulting from trade payables and other current liabilities categorized as "Other financial liabilities (amortized cost)".

The fair value of current and non-current financial debt that is measured at amortized cost is based either on quoted prices as of the reporting date (level 1) or is determined based on expected future cash flows discounted using a current market interest rate (level 2).

The allocation to the levels of current and non-current financial debt measured at amortized cost as of 30 September 2023 and 2022 was as follows:

€ in millions	Fair value	Fair value by category		
		Level 1	Level 2	Level 3
30 September 2023				
Short-term financial debt and current portion of long-term financial debt	333	–	333	–
Long-term financial debt	3,915	2,370	1,545	–
Total	**4,248**	**2,370**	**1,878**	**–**
30 September 2022				
Short-term financial debt and current portion of long-term financial debt	742	739	3	–
Long-term financial debt	4,333	2,353	1,980	–
Total	**5,075**	**3,092**	**1,983**	**–**

Gains and losses in relation to financial instruments

The net gain or loss on financial instruments (including interest income and expense) in the Consolidated Statement of Profit or Loss amounted to the following as of 30 September 2023 and 2022:

€ in millions	2023	2022	Change absolute	Change in %
Financial assets measured at amortized cost	(57)	255	(312)	---
therein interest income	42	11	31	+++
therein impairment losses	1	1	–	–
therein currency effects	(101)	243	(344)	---
therein other financial expenses	1	–	1	+++
Financial assets measured at fair value through profit and loss	(3)	(13)	10	77
Financial liabilities measured at amortized cost	51	(544)	595	+++
therein interest expenses	(126)	(129)	3	2
therein currency effects	177	(414)	591	+++
therein other financial expenses	–	(1)	1	+++
Financial assets or liabilities measured at fair value through profit and loss – held for trading	(17)	118	(135)	---
therein currency effects	(17)	118	(135)	---
Total	**(26)**	**(184)**	**158**	**86**

Interest expense on financial liabilities measured at amortized cost mainly included interest on financial debt and effects from using the effective interest method.

Infineon does not net financial instruments. The Company conducts derivative transactions according to the global netting agreement (Master Agreement) of the International Swaps and Derivatives Association (ISDA) and other comparable national framework agreements. Under the terms of these agreements, any netting arising from the occurrence of certain future events would have had no material effect on the balance sheet presentation of these financial instruments.

Derivative financial instruments and hedging activities

Infineon holds derivative financial instruments exclusively for hedging purposes. This includes the use of forward exchange contracts and interest- and commodity swaps. The objective is to reduce the impact of the exchange rate, interest rate and commodity price fluctuations on future net cash flows.

Derivative financial instruments not designated as a hedging relationship

The nominal values and fair values of Infineon's derivative instruments as of 30 September 2023 and 2022 that were not designated as cash flow hedges were as follows:

	30 September 2023		30 September 2022	
€ in millions	Nominal value	Fair value	Nominal value	Fair value
Forward exchange contracts sold	191	(4)	420	(18)
Forward exchange contracts purchased	384	2	337	1
Total		**(2)**		**(17)**

Derivative financial instruments designated as a hedging relationship

As of 30 September 2023 and 2022, Infineon held the following instruments, which were designated as cash flow hedges and were used to hedge against foreign exchange and commodity price changes:

	Short term
30 September 2023	
Hedging of foreign exchange risks	
Deal contingent forward	
Nominal value (US dollar in millions)	415
Average forward rate (euro/US dollar)	1.0574
Deal contingent option	
Nominal value (US dollar in millions)	415
Average forward rate (euro/US dollar)	1.0575
Hedging of other risks	
Commodity swaps	
Nominal value (€ in millions)	24
Average price (US dollar/ounce)	2,008
30 September 2022	
Hedging of other risks	
Commodity swaps	
Nominal value (€ in millions)	51
Average price (US dollar/ounce)	1,797

In order to hedge the foreign currency risks attributable to the purchase price obligation arising from the acquisition of GaN Systems (see note 3, p. 107 f.), a contingent (transaction-dependent) euro/US dollar foreign currency forward (deal contingent forward) and a contingent (transaction-dependent) euro/US dollar foreign currency option (deal contingent option), each with a nominal value of US$415 million, were concluded on 2 March 2023 and were accounted for as cash flow hedges. At the inception of the hedging transaction, and on a continuing basis, Infineon verifies the existence of an economic relationship between the hedged item and the hedging instrument (critical term). For the abovementioned hedging transactions, the hedge ratio was 1:1.

As part of the hedging, only the spot component of the deal contingent forward and the intrinsic value of the deal contingent option were designated as hedging instruments. The forward elements of the deal contingent forward, and the time value of the deal contingent option, each containing a contingency component, are excluded from the designation of hedging instrument and were considered in the recognition of costs of hedging and disclosed in equity in a reserve for the costs of hedging, to the extent that they can be attributed to the hedged item. No material ineffective elements arising from the deal contingent forward or the deal contingent option were recognized in the Consolidated Statement of Profit or Loss in the 2023 fiscal year. Any ineffectiveness was attributable to changes in the expected timing of the payment of the purchase price in US dollars as well as the contingency component contained within the hedging instruments and the credit default risk. With the completion of the acquisition of GaN Systems on 24 October 2023, the deal contingent forward and deal contingent option became due and the hedge was closed. The effective portion of the hedge and the cumulative amounts recognized in the reserve for the costs of hedging were reclassified as costs of the acquisition of GaN Systems and were therefore taken into account in determining the goodwill arising from the transaction.

To hedge the price risks of highly probable gold purchases in the 2024 fiscal year, Infineon entered into swaps, which are designated as cash flow hedges. The designated hedged items and the hedging instruments were subject to the same risk. The economic connection was proven by means of a regression analysis. Due to the execution of only highly effective hedging transactions, Infineon assumes that significant ineffective elements will normally not be generated. Infineon applies a hedging ratio of 1:1. Ineffectiveness can be caused mainly by the impact of the credit risks arising from the counterparty and Infineon on the fair value of the swap that is not reflected in the change in the fair value of hedged cash flows attributable to changes in raw material prices. As in the previous year, no hedge ineffectiveness was recorded in the Consolidated Statement of Profit or Loss for these hedging relationships. As in the previous year, no gains or losses were transferred from other reserves to profit or loss as a result of cash flow hedges for future raw material purchases being canceled following the decision that the occurrence of the hedged transaction had become unlikely.

Effects from derivative financial instruments designated as a hedging relationship

The amounts relating to positions that were designated as hedged items as of 30 September 2023 and 2022 are shown in the table below.

€ in millions	Change in the value of the hedged item used to determine ineffectiveness	Hedge reserve (before taxes)	Cost of hedging reserve (before taxes)
30 September 2023			
Hedging of foreign exchange risk			
Deal contingent forward	1	(1)	–
Deal contingent option	5	–	(5)
Hedging of commodity price risks	1	(1)	–
Total		**(2)**	**(5)**
30 September 2022			
Hedging of commodity price risks	2	(2)	–
Total		**(2)**	**–**

In the 2023 and 2022 fiscal years, no balances remained in other comprehensive income for which hedge accounting was no longer applied.

The relevant amounts of the derivative financial instruments designated as hedging instruments as of 30 September 2023 and 2022 (before taxes) were as follows:

€ in millions	Carrying amount	Changes in fair value for the measurement of the ineffectiveness in the reporting period	Changes in fair value of the hedging instrument recognized in other comprehensive income	Changes in fair value of cost of hedging recognized in other comprehensive income	Amount reclassified from the hedge reserve to the cost of non-financial assets	Line item of the Statement of Financial Position or the Statement of Profit or Loss affected by the reclassification
30 September 2023						
Other current assets:						
Hedging of foreign exchange risks						
Deal contingent option	8	5	–	(5)		
Other current liabilities:						
Hedging of foreign exchange risks						
Deal contingent forward	1	1	(1)	–		
Hedging of commodity price risks	1	1	(1)		1	Inventories
Total		**7**	**(2)**	**(5)**	**1**	
30 September 2022						
Other current liabilities:						
Hedging of commodity price risks	3	(2)	(2)	–	–	Inventories
Total		**(2)**	**(2)**	**–**	**–**	

The following table shows the reconciliation for the reserve for cash flow hedges (before taxes) by risk category:

€ in millions	Hedging of foreign exchange risks	Hedging of interest risks	Hedging of commodity price risks	Total
1 October 2021	–	(49)	(1)	(50)
Change in fair value	–	–	(2)	(2)
Amount reclassified to Statement of Profit or Loss	–	8	–	8
30 September 2022	–	(41)	(3)	(44)
Change in fair value	(6)	–	3	(3)
Amount reclassified to Statement of Profit or Loss	–	7	–	7
Amount reclassified to the cost of non-financial items	–	–	(1)	(1)
30 September 2023	(6)	(34)	(1)	(41)

28 Financial risk management

Infineon's activities are exposed to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk, financing and liquidity risk. Infineon's financial risk management seeks to minimize potential adverse effects on its profitability and liquidity. Infineon uses derivative financial instruments to hedge certain risks to which it is exposed. Financial risk management is undertaken by the central Finance & Treasury (FT) department in accordance with policies approved by the Chief Financial Officer. The FT department identifies, evaluates and hedges financial risks in close cooperation with the operating units.

The FT department's policies contain principles for overall risk management as well as guidance covering specific areas such as foreign exchange risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments, and the investment of excess liquidity.

Developments in cyclical market and segment risks as well as geopolitical risks are dynamic and can have direct and indirect effects on financial risks. The course of events and their impact on Infineon's risk position is continually monitored and taken into account in the methods, models and processes used to control financial risks. Possible longer-term effects on Infineon and the associated volatility in the financial markets cannot actually be estimated more precisely.

Market risk

Market risk is defined as the risk of losses resulting from adverse changes in the market prices of financial instruments, including those related to foreign exchange rates, interest rates and other price risks.

Infineon is exposed to various market risks in the ordinary course of business, primarily resulting from changes in foreign exchange rates and interest rates. Infineon enters into a range of derivative financial transactions with various counterparties to limit such risks. Derivative instruments are used only for hedging purposes and not for trading or speculative purposes.

Foreign exchange risk

Foreign exchange risk within the meaning of IFRS 7 is the risk arising from changes to foreign exchange rates. Accordingly, foreign exchange risks are associated with financial instruments that are denominated in a foreign currency that does not correspond to the functional currency, and the foreign currency represents the relevant risk variable. Risks arising from the translation into Infineon's reporting currency are not risks within the meaning of IFRS 7.

Although Infineon prepares the Consolidated Financial Statements in euros, a varying but significant portion of its revenue, as well as cost of goods sold, research and development and product distribution costs, are denominated in currencies other than the euro, primarily the US dollar. Fluctuations in the exchange rates of these currencies compared to the euro had an effect on the results of Infineon in the 2023 and 2022 fiscal years.

The Management Board has established policies that require Infineon's individual legal entities to manage the foreign exchange risk with respect to their functional currency. Group entities prepare a monthly rolling cash flow forecast by currency in order to determine foreign exchange risks. The net foreign exchange positions determined in these forecasts are required to be hedged, usually by entering into internal hedging contracts. Infineon's policy with respect to limiting short-term foreign currency exposure is to hedge at least 75 percent of its estimated net cash flow for the following two months, at least 50 percent of its estimated net cash flow for the third month and, depending on the nature of the underlying transactions, a certain additional portion for the periods thereafter. Part of the foreign currency risk cannot be mitigated due to differences between actual and forecasted amounts. Infineon calculates this remaining risk based on net cash flows considering items in the Statement of Financial Position, actual orders received or placed and all other planned cash receipts and payments.

In order to hedge the foreign currency risks arising from the purchase price obligation arising from the acquisition of GaN Systems, a deal contingent forward and a deal contingent option were concluded by Infineon in the 2023 fiscal year and were accounted for as cash flow hedges (see note 27, p. 145).

For the net result related to foreign currency hedging transactions and foreign currency transactions included within profit (loss) for the period, see note 27. p. 142 ff.

Foreign exchange risk at Infineon arises predominantly from main foreign currency positions. The following table shows the value of the net risk position as of 30 September 2023 and 2022:

€ in millions	30 September 2023	30 September 2022
Euro/US dollar	187	(292)
Euro/Japanese yen	(171)	(131)
Euro/Singapore dollar	(47)	(82)
Euro/Malaysian ringgit	(104)	(106)
Euro/British pound	–	(7)
Financial position exposure	**(135)**	**(618)**
Euro/US dollar	(101)	(330)
Euro/Japanese yen	129	82
Euro/Singapore dollar	53	50
Euro/Malaysian ringgit	107	102
Euro/British pound	5	5
Forward exchange contracts	**193**	**(91)**
Net risk position	**58**	**(709)**

The following table shows the effects on profit or loss for the 2023 and 2022 fiscal years of a ±10 percent shift in exchange rates. The assumed exchange rate changes relate only to financial instruments within the meaning of IAS 32.

	Profit or Loss		Equity	
€ in millions	plus 10%	minus 10%	plus 10%	minus 10%
30 September 2023	**(9)**	**(2)**	**(44)**	**72**
Euro/US dollar	(12)	2	(44)	72
Euro/Japanese yen	4	(5)	–	–
Euro/Singapore dollar	(1)	1	–	–
30 September 2022	**65**	**(79)**	**–**	**–**
Euro/US dollar	57	(69)	–	–
Euro/Japanese yen	5	(6)	–	–
Euro/Singapore dollar	3	(4)	–	–

Interest rate risk

In accordance with IFRS 7, interest rate risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates.

Infineon is exposed to interest rate risk through its financial investment instruments and financial debt resulting from bond issuances and debt financing. Due to the cyclical nature of its core business and the need to maintain high operational flexibility, Infineon holds a relatively high level of liquid financial assets that are invested in short-term fixed-interest instruments. These financial assets generally are invested with a contract duration of between one day and twelve months maturity at interest rates achievable in the short-term. The associated interest rate risk is compensated to a certain extent by financial liabilities, which generally have fixed interest rates.

To reduce the net remaining risks caused by changes in interest rates, Infineon is able to make use of interest rate derivatives in order to align the fixed interest periods of assets and liabilities.

IFRS 7 requires a sensitivity analysis showing the effect of possible changes in market interest rates on profit or loss. Infineon prepares this using the iteration method.

Changes in market interest rates affect Infineon's interest income and expenses from variable-yield financial instruments as well as from fixed-yield financial instruments that were measured at fair value through profit or loss.

The following table shows the effects on profit or loss for the 2023 and 2022 fiscal years of a ±100 basis points shift in market interest rates:

	Nominal value	Profit or loss	
€ in millions		plus 100 basis points	minus 100 basis points
30 September 2023	**2,940**	**29**	**(29)**
Variable-interest financial assets	2,940	29	(29)
30 September 2022	**3,084**	**31**	**(31)**
Variable-interest financial assets	3,084	31	(31)

Other price risk

According to IFRS 7, other price risk is defined as the risk that the fair value or future cash flows of a financial instrument could fluctuate because of changes in market prices (other than those arising from interest rate risk or exchange rate risk), irrespective of whether those changes are caused by factors specific to the individual financial instrument or its issuer, or by factors affecting all similar financial instruments traded in the market.

In the 2023 and 2022 fiscal years, Infineon held financial instruments that were exposed to market price risks. A change in the relevant market prices would have had no significant impact on the results of the 2023 and 2022 fiscal years.

Additionally, Infineon is exposed to price risks with respect to raw materials upon which it is dependent. Infineon seeks to minimize these risks through its procurement policy (including the use of multiple sources, where possible) and its operating procedures. In line with these measures, Infineon concluded additional financial derivative contracts for certain commodity supplies (gold) for the following fiscal year in order to mitigate the remaining risk arising from the fluctuation of commodity prices (see note 27, p. 147).

The following table presents the effect on equity of a change in the relevant market prices by ± 10 percent as of 30 September 2023 and 2022.

€ in millions	Nominal value	Equity	
		plus 10%	minus 10%
30 September 2023			
Commodity swaps	24	2	(2)
30 September 2022			
Commodity swaps	51	5	(5)

Credit risk

Credit risk arises when a customer or other counterparty of a financial instrument fails to discharge its contractual obligations. Infineon is exposed to this risk as a consequence of its ongoing operations, its financial investments and certain financing activities. Infineon's credit risk arises primarily from cash and cash equivalents, financial investments, trade receivables and derivative financial instruments. Excluding the impact of any collateral received, in the case of financial investments, cash and cash equivalents, trade receivables, and financial assets measured at amortized cost, the carrying amount corresponds to the maximum credit risk.

Foreign exchange hedging contracts, as well as the investment of liquid assets in cash equivalents and financial investments, are entered into with major financial institutions worldwide that have high credit ratings. Infineon assesses the creditworthiness of banks using a methodology that establishes investment limits for individual banks that are updated on a daily basis according to current external ratings and credit default swap premiums. Possible breaches of stipulated investment thresholds result in immediate notification and the requirement to reduce the risk. This methodology is also used to identify a significant increase in credit risk in the context of the recognition of expected credit losses within the meaning of IFRS 9 at the balance sheet date.

Infineon applies the general impairment model in accordance with IFRS 9 for cash and cash equivalents as well as financial investments. Since Infineon invests exclusively in high-quality financial assets from issuers with a rating of at least investment grade in order to minimize default risk, Infineon assumes that its financial assets carry low credit risk arising from the creditworthiness of its contract parties, so that any impairment loss recorded at first-time recognition is limited to the twelve-month expected credit losses. Infineon considers low credit risk to be an internal credit rating "Holding Quality 1". A change in the internal rating from "Holding Quality 1" to "Holding Quality 0" indicates a significant increase in credit risk. The impairment is calculated using a weighted-probability method. This impairment is calculated as a measure of the probability of default based on the exposure at the balance sheet date, the loss ratio for that exposure, and the credit default swap spread.

The following table provides information on the credit risk for cash and cash equivalents measured at amortized cost, as well as financial investments as of 30 September 2023 and 2022:

€ in millions		At amortized cost		
Infineon rating	External rating	Basis for the determination of the loss allowance	Expected 12-month credit loss	Expected lifetime credit loss non-credit-impaired
30 September 2023				
Holding Quality 1	AA– to BBB	651	–	–
Holding Quality 0	–	–	–	–
Total		**651**	**–**	**–**
30 September 2022				
Holding Quality 1	AA– to BBB	633	–	–
Holding Quality 0	–	–	–	–
Total		**633**	**–**	**–**

As in the previous year, Infineon had no financial assets that were overdue or impaired as of 30 September 2023. There was no reclassification between the impairment levels in the 2023 and 2022 fiscal years.

Infineon had slightly reduced the distribution of its cash investments over around ten banks as of 30 September 2023. As of 30 September 2023, no financial institution was responsible for more than 18 percent (30 September 2022: 13 percent) of Infineon's cash investments. This gave rise to a maximum risk position of €76 million (30 September 2022: €55 million) in the event of the default of a single financial institution, assuming no deposit insurance scheme is in place. In addition, to spread the risk of investment, investments were made in money market funds with the best rating and in money market investment funds. Infineon also held derivative financial instruments with a positive fair value of €10 million as of 30 September 2023 (30 September 2022: €5 million).

Infineon manages the credit risk with respect to trade receivables through a comprehensive credit evaluation for all major customers, the use of credit limits and continual monitoring procedures. New customers are evaluated for creditworthiness in accordance with Infineon guidelines. Credit limits are also in place per customer, and creditworthiness and credit limits are constantly monitored. A further measure taken to reduce credit risk is the use of reservation of title clauses. However, despite continuous monitoring, Infineon cannot fully exclude the possibility of a loss arising from the default of one of its contract parties.

Infineon assigns trade receivables to different risk classes based on external ratings, the analysis of customer balance sheet figures, default probabilities (credit default swaps), customer payment behavior and country risks. The simplified method is used to determine the expected losses from trade receivables. The expected losses over the entire term of the trade receivables are determined. The allowance is calculated for each customer using a weighted-probability method. In calculating the expected credit losses, for each customer, Infineon takes into account a forward-looking probability of default provided by a credit rating agency. Individual allowances are recorded based on case-by-case facts or other risk indicators.

The following table provides information about the credit risk position for trade receivables from third parties as of 30 September 2023 and 2022:

€ in millions			At amortized cost	
Infineon rating	Risk class	External rating	Basis for the determination of the loss allowance	
			30 September 2023	30 September 2022
1	low risk	A– to AAA	586	300
2	average risk	BBB to BBB+	490	714
3	above average risk	BB+ to BBB–	450	559
4	increased risk	BB– to BB	304	221
5	high risk	C to B+	102	62
–	individual	none	3	4
–	others	none	43	23
Total			**1,978**	**1,883**

Expected credit losses on trade receivables (see note 10, p. 116) amounted to €2 million for all risk classes in both the 2023 and 2022 fiscal years. The individual allowances on trade receivables (no rating) amounted to €3 million as of 30 September 2023 (30 September 2022: €4 million).

Developments in cyclical market and segment risks as well as geopolitical risks are dynamic, so it cannot be ruled out that the actual credit losses deviate significantly from the expected credit losses recognized based on current estimates and assumptions or that the affected estimates and assumptions will have to be adjusted in future periods and this could have a significant impact on Infineon's expected credit losses.

Financing and liquidity risk

Financing and liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities.

Liquidity risk could arise from a potential inability of Infineon to meet maturing financial obligations. Infineon's liquidity management provides that sufficient levels of cash and other liquid assets are available and ensures the availability of funding through adequate levels of committed credit facilities.

The following table discloses the maturity profile for non-derivative financial liabilities and a cash flow analysis for derivative financial instruments with negative fair values. The table shows the undiscounted contractually agreed cash flows that result from the respective financial liability. Cash flows are recognized at the date when Infineon becomes a contractual partner to the financial instrument. Amounts in foreign currencies were translated using the closing rate at the reporting date. The cash outflows of financial liabilities that can be repaid at any time are assigned to the period in which the earliest redemption is possible.

		Due in the fiscal year					
€ in millions	Total	2024	2025	2026	2027	2028	Beyond 2028
30 September 2023							
Non-derivative financial liabilities	9,544	4,168	705	1,246	456	324	2,645
Derivative financial liabilities:							
Cash outflow	574	574	–	–	–	–	–
Cash inflow[1]	(526)	(526)	–	–	–	–	–
Total	**9,592**	**4,216**	**705**	**1,246**	**456**	**324**	**2,645**

	Total	2023	2024	2025	2026	2027	Beyond 2027
30 September 2022							
Non-derivative financial liabilities	10,081	4,133	554	681	1,294	473	2,946
Derivative financial liabilities:							
Cash outflow	596	596	–	–	–	–	–
Cash inflow[1]	(557)	(557)	–	–	–	–	–
Total	**10,120**	**4,172**	**554**	**681**	**1,294**	**473**	**2,946**

1 Cash inflows from derivative financial liabilities that arise upon settlement of the instrument.

Future cash flows from derivative financial instruments (see note 27, p. 147 ff.) may differ from the amounts shown in the table, since exchange rates or relevant factors are subject to change.

29 Segment reporting

Identification of segments

The basis for identifying the reporting segments is the differences between the products and applications. In the 2023 fiscal year, Infineon's business was structured into the four operating segments Automotive, Green Industrial Power, Power & Sensor Systems and Connected Secure Systems. In addition, Infineon differentiates Other Operating Segments as well as Corporate and Eliminations.

Automotive

The Automotive segment designs, develops, manufactures and markets semiconductor products for automotive applications. These include powertrain and energy management, connectivity and infotainment, body and comfort electronics, safety and data security. The product portfolio ranges from sensors, microcontrollers, software solutions, reliable power supplies, storage systems for specific applications, Si and SiC power semiconductors, as well as components for human-machine interaction and vehicle connectivity.

Green Industrial Power

The Industrial Power Control segment was renamed Green Industrial Power with effect from 1 April 2023. Decarbonization, electrification and energy efficiency are key business drivers in this segment. This focus, together with the decisive contribution that the segment makes to CO_2 reduction, is reflected in the new name. The name change has no impact on the organizational structure, the strategy, or the scope of the business. The Green Industrial Power segment specializes in semiconductor solutions for the intelligent management and efficient conversion of electrical energy across the entire conversion chain, comprising the generation, transmission, storage and use of electricity. The product portfolio comprises mainly IGBT power transistors and the driver ICs to control them, as well as power semiconductors based on SiC.

Power & Sensor Systems

The Power & Sensor Systems segment comprises a wide range of power semiconductor, radio frequency and sensor technologies. The portfolio of products consists of control ICs, drivers and MOSFET power transistors, USB controllers and radio frequency products such as RF antenna switches, RF power transistors and signal amplifiers.

Connected Secure Systems

The Connected Secure Systems segment provides comprehensive systems which are based on microcontrollers as well as on wireless connectivity and security solutions. Notably, this includes microcontroller, Wi-Fi, Bluetooth and combined connectivity solutions (so-called combo chips), hardware-based security technologies, and a powerful software environment for programming and configuring microcontrollers and connectivity components, covering a wide range of applications including: devices for IoT applications, home appliances and smart home appliances, IT equipment, consumer electronics, cloud security and connected vehicles, as well as credit and debit cards, electronic passports and national identity cards.

Other Operating Segments

Other Operating Segments comprise the remaining activities of divested businesses and other business activities. Since the sale of the Wireless mobile phone business, services to Intel Mobile Communications and MaxLinear are included in this segment. Also included are supplies of LDMOS wafers and related components and services to Wolfspeed, Inc. (formerly Cree, Inc.), since the sale of the major part of Infineon's Radio Frequency Power Components business.

Corporate and Eliminations

The elimination of intragroup revenue and profits/losses to the extent that these arise between the segments is presented in Corporate and Eliminations.

Similarly, certain items are included in Corporate and Eliminations which are not allocated to the other segments. These include certain corporate headquarters costs and selected topics, which are not allocated to the segments since they arise from corporate decisions and are not within the direct control of segment management.

Furthermore, raw materials and supplies are mostly not under the control or responsibility of the operating segment management and are therefore mostly allocated to corporate functions. Work in progress and finished goods are almost entirely allocated to the operating segments.

Chief Operating Decision Maker, definition of Segment Result and allocation of assets and liabilities to the individual segments

The Management Board, as joint Chief Operating Decision Maker, decides how resources are allocated to the segments.

Based on revenue and Segment Result, the Management Board assesses performance and defines operating targets and budgets for the segments.

Segment Result is defined as operating profit excluding certain net impairments and reversal of impairments (in particular on goodwill), the impact on earnings of restructuring and closures, share-based payment, acquisition-related depreciation/amortization and other expense, impact on earnings of sales of businesses or interests in subsidiaries, and other income (expense).

Decisions relating to financing and the investment of cash funds are taken at a Group level and not at a segment level. For this reason, neither financial income nor financial expense (including interest income and expense) is allocated internally to the segments.

Neither assets, liabilities nor cash flows per segment is reported to the Management Board on a regular basis, nor is segment performance assessed on this basis.

The exception to this approach is certain inventory information which is regularly analyzed at a segment level. Infineon also allocates depreciation and amortization expense to the operating segments based on production volume and products produced using standard costs.

Segment information

€ in millions	Total		Product category: Power semiconductors		Product category: Embedded control & connectivity		Product category: RF & sensors		Product category: Memory ICs for specific applications	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Revenue from contracts with customers:										
Automotive	8,242	6,516	4,040	3,298	2,796	1,742	710	733	696	743
Green Industrial Power	2,205	1,790	2,205	1,790	–	–	–	–	–	–
Power & Sensor Systems	3,798	4,070	2,997	3,034	332	330	469	706	–	–
Connected Secure Systems	2,046	1,822	–	–	2,046	1,822	–	–	–	–
Subtotal	**16,291**	**14,198**	**9,242**	**8,122**	**5,174**	**3,894**	**1,179**	**1,439**	**696**	**743**
Other Operating Segments	18	20								
Corporate and Eliminations	–	–								
Total	**16,309**	**14,218**								

There were limited levels of trading relationships between the operating segments during the 2023 and 2022 fiscal years. Costs are generally recharged without impact on profit or loss.

€ in millions	2023	2022	Change: absolute	Change: in %
Segment Result:				
Automotive	2,380	1,490	890	60
Green Industrial Power	662	384	278	72
Power & Sensor Systems	861	1,137	(276)	(24)
Connected Secure Systems	488	378	110	29
Other Operating Segments	5	5	–	–
Corporate and Eliminations	3	(16)	19	+++
Total	**4,399**	**3,378**	**1,021**	**30**

The following table provides the reconciliation of Segment Result to profit (loss) from continuing operations before income taxes:

€ in millions	2023	2022	Change absolute	Change in %
Segment Result:	**4,399**	**3,378**	**1,021**	**30**
Plus/minus:				
Certain reversal of impairments (impairments) (in particular on goodwill)	–	6	(6)	---
Gains (losses) on earnings of restructuring and closures	4	–	4	+++
Share-based payment	(92)	(62)	(30)	(48)
Acquisition-related depreciation/ amortization and other expenses	(464)	(484)	20	4
Gains (losses) on sales of businesses, or interests in subsidiaries	30	–	30	+++
Other income and expenses	71	7	64	+++
Operating profit	**3,948**	**2,845**	**1,103**	**39**
Financial income	105	7	98	+++
Financial expenses	(159)	(168)	9	5
Share of profit (loss) of associates and joint ventures accounted for using the equity method	27	39	(12)	(31)
Profit (loss) from continuing operations before income taxes	**3,921**	**2,723**	**1,198**	**44**

Of the €464 million (2022: €484 million) "Acquisition-related depreciation/amortization and other expenses" incurred in the 2023 fiscal year, €276 million (2022: €288 million) was attributable to cost of goods sold, €9 million (2022: €12 million) to research and development expenses, €168 million (2022: €177 million) to selling, general and administrative expenses and €11 million (2022: €7 million) to the balance of other operating income and expense.

€ in millions	2023	2022	Change absolute	Change in %
Depreciation and amortization:				
Automotive	716	631	85	13
Green Industrial Power	200	187	13	7
Power & Sensor Systems	295	279	16	6
Connected Secure Systems	93	85	8	9
Other Operating Segments	2	2	–	–
Depreciation and amortization allocated to the segments	**1,306**	**1,184**	**122**	**10**
Depreciation and amortization not allocated to the segments	448	480	(32)	(7)
Total depreciation and amortization	**1,754**	**1,664**	**90**	**5**

€ in millions	30 September 2023	30 September 2022	Change absolute	Change in %
Inventories:				
Automotive	2,039	1,337	702	53
Green Industrial Power	336	290	46	16
Power & Sensor Systems	736	798	(62)	(8)
Connected Secure Systems	461	311	150	48
Other Operating Segments	1	3	(2)	(67)
Corporate and Eliminations	401	342	59	17
Total	**3,974**	**3,081**	**893**	**29**

Impairment losses on assets in the 2023 fiscal year amounted to €0 million (2022: €4 million) in the Automotive segment, €12 million (2022: €0 million) in the Green Industrial Power segment, €5 million (2022: €20 million) in the Power & Sensor Systems segment, and €1 million (2022: €7 million) in Corporate and Eliminations. Also allocated to Corporate and Eliminations in the 2023 fiscal year was €0 million (2022: €7 million) of reversal of impairments to assets.

Entity-wide disclosures in accordance with IFRS 8

Revenue for the 2023 and 2022 fiscal years by region was as follows:

€ in millions	2023	2022	Change absolute	Change in %
Revenue:				
Europe, Middle East, Africa	4,360	3,399	961	28
therein: Germany	2,017	1,594	423	27
Asia-Pacific (excluding Japan, Greater China)	2,594	2,343	251	11
Greater China[1]	5,275	5,204	71	1
therein: Mainland China, Hong Kong	4,124	4,063	61	2
Japan	1,706	1,415	291	21
Americas	2,374	1,857	517	28
therein: USA	1,982	1,564	418	27
Total	**16,309**	**14,218**	**2,091**	**15**

1 Greater China comprises Mainland China, Hong Kong and Taiwan.

The allocation of revenues from external customers to geographic areas is based on the customers' locations. The average number of employees by geographic region is provided in note 4. p. 109

No single customer accounted for more than 10 percent of Infineon's revenue during the 2023 and 2022 fiscal years.

Non-current assets as of 30 September 2023 and 2022, by region, were as follows:

€ in millions	30 September 2023	30 September 2022[1]	Change absolute	Change in %
Non-current assets:				
Europe	6,105	4,873	1,232	25
therein: Germany	3,621	2,904	717	25
Asia-Pacific (excluding Japan, Greater China)	2,128	1,627	501	31
Greater China[2]	176	152	24	16
therein: Mainland China, Hong Kong	162	137	25	18
Japan	79	67	12	18
Americas	8,767	9,993	(1,226)	(12)
therein: USA	8,750	9,978	(1,228)	(12)
Total	**17,255**	**16,712**	**543**	**3**

1 The presentation of grants receivables, as well as of some of the advance payments made, was corrected in the 2023 fiscal year. These are now no longer reported under current or non-current financial assets. The previous year's figures have been adjusted to improve comparability.
2 Greater China comprises Mainland China, Hong Kong and Taiwan.

Non-current assets do not include financial instruments, deferred tax assets and assets from employee benefits.

30 Additional information in accordance with HGB

Information pursuant to section 161 Stock Corporation Act (AktG)

The Declaration of Compliance prescribed by section 161 AktG was drawn up by the Management Board and the Supervisory Board and made permanently available to the public on Infineon's website.

www.infineon.com/cms/en/about-infineon/investor/corporate-governance/#corporate-governance

Fees for audit and advisory services pursuant to section 314, paragraph 1, no. 9, HGB

Year-end audit fees

At the Annual General Meeting held on 16 February 2023, the shareholders elected KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG), Munich (Germany), as auditor for the 2023 Separate Financial Statements and the Consolidated Financial Statements of Infineon Technologies AG. The audit fees charged by KPMG in the 2023 fiscal year amounted to €4.3 million for the audit of the Consolidated Financial Statements and various annual audits, including an audit review of the Interim Financial Statements.

Fees for other advisory services

In addition to the amounts described above, KPMG charged an aggregate of €0.7 million in the 2023 fiscal year for other audit services, which mainly included the audit of the disclosures in the Sustainability Report, the audit of compliance management systems, the provision of comfort letters, as well as the substantive audit of the Remuneration Report.

Fees for other services

Fees of €0.2 million were charged by KPMG to the Company in the 2023 fiscal year for other services. These mainly included quality assurance during the implementation of regulatory requirements.

Management Board and Supervisory Board

Management remuneration in the 2023 fiscal year

As required by section 314, paragraph 1, no. 6, in conjunction with section 315e paragraph 1, HGB, the total remuneration of the Management Board and the Supervisory Board is disclosed in note 25, p. 140.

Disclosure of the renumeration of individual members of the Management Board and the Supervisory Board, as required by section 162 of the AktG, can be found in the Remuneration Report, which is prepared according to stock corporation law and is available under the following link:

www.infineon.com/remuneration-report

The references to the Remuneration Report are not audited as part of the audit of the financial statements. The Remuneration Report was subjected to a separate substantive audit by the auditor in accordance with IDW PS 490. This audit also includes the formal audit required by section 162, paragraph 3 of the German Stock Corporation Act (AktG).

Management Board

The Management Board members were as follows:

Name	Position	Membership of Supervisory Boards and other comparable governing bodies of domestic and foreign companies
Jochen Hanebeck	Chief Executive Officer, Labor Director	Supervisory Board member › Infineon Technologies Austria AG, Austria (Chairman)
Constanze Hufenbecher (until 31 October 2023)	Chief Digital Transformation Officer	Supervisory Board member › Voith GmbH & Co. KGaA, Germany Member of the Shareholders' Committee › Voith Management GmbH, Germany
Elke Reichart (since 1 November 2023)	Chief Digital Transformation Officer	Supervisory Board member › Trumpf SE + Co. KG, Germany › SUSE S.A., Luxembourg › BECHTLE AG, Germany Member of the Board of Directors › esure Group plc, Great Britain
Dr. Sven Schneider	Chief Financial Officer	Supervisory Board member › Covestro AG, Germany (listed) › Infineon Technologies Austria AG, Austria Member of the Board of Directors › Infineon Technologies China Co., Ltd., People's Republic of China › Infineon Technologies Asia Pacific Pte., Ltd., Singapore › Infineon Technologies Americas Corp., USA › Infineon Technologies Japan K.K., Japan
Andreas Urschitz	Chief Marketing Officer	Member of the Board of Directors › Infineon Technologies Asia Pacific Pte., Ltd., Singapore (Chairman) › Infineon Technologies Japan K.K., Japan › Infineon Technologies China Co., Ltd., People's Republic of China › Infineon Technologies Americas Corp., USA (Chairman)
Dr. Rutger Wijburg	Chief Operations Officer	Supervisory Board member › SMART Photonics B.V., Netherlands › Carl Zeiss AG, Germany (since 13 March 2023)

The Supervisory Board

The Supervisory Board members, their Supervisory Board position, their occupation, and their membership of other supervisory and governing bodies are as follows:

Name	Position	Membership of other Supervisory Boards and other comparable governing bodies of domestic and foreign companies
Dr. Herbert Diess Chairman (since 16 February 2023)	Manager, most recently CEO of Volkswagen AG	
Johann Dechant[1] Vice Chairman	Chairman of the group works council, Vice Chairman of the general works council and Chairman of the works council Regensburg, Infineon Technologies AG	Member of the Administrative Board › SBK Siemens-Betriebskrankenkasse, Germany
Xiaoqun Clever-Steg	Member of various supervisory bodies	Supervisory Board member › Capgemini SE, France (listed) (until 16 May 2023) › Amadeus IT Group SA, Spain (listed) Member of the Administrative Board › Cornelsen Group, Germany Member of the Board of Directors › BHP Group Plc., Great Britain (listed) und BHP Group Ltd., Australia (listed)
Dr. Wolfgang Eder Chairman (until 16 February 2023)	Member of various supervisory bodies	Supervisory Board member › voestalpine AG, Austria (listed) (Chairman)
Dr. Friedrich Eichiner	Member of various supervisory bodies	Supervisory Board member › Festo Management SE, Germany (Chairman) › Allianz SE, Germany (listed)
Annette Engelfried[1]	Labor union secretary IG Metall district management, Berlin-Brandenburg-Saxony	Supervisory Board member › Infineon Technologies Dresden Verwaltungs GmbH, Germany › Siemens Gamesa Renewable Energy Deutschland GmbH, Germany

Name	Position	Membership of other Supervisory Boards and other comparable governing bodies of domestic and foreign companies
Peter Gruber[1] Representative of Senior Management	Chief Financial Officer Operations, Infineon Technologies AG	Supervisory Board member › Infineon Technologies Dresden Verwaltungs GmbH, Germany
Klaus Helmrich (since 16 February 2023)	Member of various supervisory bodies	Supervisory Board member › ZF Friedrichshafen AG, Germany › Festo SE & Co. KG, Germany Member of the Foundation Council › Friedhelm Loh Familienstiftung, Germany › Friedhelm Loh Stiftung, Germany
Hans-Ulrich Holdenried (until 16 February 2023)	Independent Management Consultant	Member of the Advisory Board › Bridge imp GmbH, Germany
Dr. Susanne Lachenmann[1]	Principal Engineer, Infineon Technologies AG	
Géraldine Picaud (until 2 February 2023)	Chief Financial Officer, Holcim Ltd., Switzerland (until 30 April 2023)	Member of the Board of Directors › Danone S.A., France (listed) Following Holcim Group mandates (until 30 April 2023): › Holcim Group Services Ltd, Switzerland › Holcim Technology Ltd, Switzerland › Lafarge Maroc SA, Morocco › LafargeHolcim Maroc SAS, Morocco (listed) › LafargeHolcim Maroc Afrique SAS, Morocco › Huaxin Cement Co., Ltd., People's Republic of China (listed)
Dr. Manfred Puffer	Independent Management Consultant	Supervisory Board member › Athora Lebensversicherung AG, Germany › Nova KBM Bank, Slovenia (until 6 February 2023) › Oldenburgische Landesbank AG, Germany Member of the Board of Directors › Athene Holding Ltd., Bermuda (listed) › Catalina Holdings (Bermuda) Ltd., Bermuda
Melanie Riedl[1]	Analysis Engineer and Vice Chairwoman of the Works Council Campeon	
Jürgen Scholz[1]	Labor union secretary	Supervisory Board member › Krones AG, Germany (listed) (until 23 May 2023) Member of the Administrative Board › BKK of BMW AG, Germany

Name	Position	Membership of other Supervisory Boards and other comparable governing bodies of domestic and foreign companies
Dr. Ulrich Spiesshofer	Senior advisor – The Blackstone Group, member of various advisory boards and investor	Member of the Board of Directors › Schlumberger N.V. (Schlumberger Ltd), Curaçao (listed)
Margret Suckale	Member of various supervisory bodies	Supervisory Board member › Heidelberg Materials AG, Germany (listed) › Deutsche Telekom AG, Germany (listed) › DWS Group GmbH & Co. KGaA, Germany (listed) › Greiner AG, Austria (since 27 June 2023)
Mirco Synde[1]	Supervisor frontend production, Infineon Technologies Dresden GmbH & Co. KG	
Diana Vitale[1]	Chairwoman of the Works Council Warstein, Infineon Technologies AG	
Ute Wolf (since 22 April 2023)	Member of various supervisory bodies	Supervisory Board member › DWS Group GmbH & Co. KGaA, Germany (listed) › Klöckner & Co. SE, Germany (listed) › MTU Aero Engines AG, Germany (since 11 May 2023) Member of the Advisory Board › Borussia Dortmund Geschäftsführungs-GmbH, Germany

1 Employee representative.

The business address of each member of the Supervisory Board is:
Infineon Technologies AG, Am Campeon 1–15, D-85579 Neubiberg (Germany).

Supervisory Board committees

Mediation Committee
Dr. Herbert Diess (Member and Chairman since 16 February 2023)
Dr. Wolfgang Eder (Member and Chairman until 16 February 2023)
Johann Dechant
Hans-Ulrich Holdenried (Member until 16 February 2023)
Jürgen Scholz
Margret Suckale (Member since 16 February 2023)

Executive Committee
Dr. Herbert Diess (Member and Chairman since 16 February 2023)
Dr. Wolfgang Eder (Member and Chairman until 16 February 2023)
Johann Dechant
Dr. Friedrich Eichiner (Member since 16 February 2023)
Annette Engelfried
Hans-Ulrich Holdenried (Member until 16 February 2023)
Margret Suckale
Diana Vitale

Investment, Finance and Audit Committee
Dr. Friedrich Eichiner (Chairman)
Johann Dechant
Dr. Wolfgang Eder (Member until 16 February 2023)
Annette Engelfried
Ute Wolf (Member since 22 April 2023)

Strategy and Technology Committee
Dr. Herbert Diess (Member and Chairman since 16 February 2023)
Xiaoqun Clever-Steg
Dr. Wolfgang Eder (Member until 16 February 2023)
Peter Gruber
Dr. Susanne Lachenmann
Jürgen Scholz
Dr. Ulrich Spiesshofer (Chairman until 16 February 2023)

Nomination Committee
Dr. Herbert Diess (Member and Chairman since 16 February 2023)
Dr. Friedrich Eichiner (Chairman until 16 February 2023)
Géraldine Picaud (Member until 2 February 2023)
Dr. Manfred Puffer (Member until 16 February 2023)
Margret Suckale

Subsidiaries, associated companies, joint ventures and other companies (not consolidated) as of 30 September 2023

Name of company	Registered office	Shareholdings in %	Thereof Infineon Technologies AG	Equity (€ in millions)	Net result (€ in millions)	Footnote
Fully consolidated subsidiaries:						
5200 Ben White Condominiums Association, Inc.	Austin, Texas, USA	n.a.	0	0.00	0.00	6, 19, 24
AgigA Tech, Inc.	Wilmington, Delaware, USA	100	0	0.32	(2.04)	6, 24
CYLand Corp.	General Trias, Philippines	40	0	1.39	0.00	11, 20
Cypress International, LLC	Wilmington, Delaware, USA	100	0	0.00	0.00	6, 24
Cypress Manufacturing, Ltd.	Camana Bay (George Town), Cayman Islands	100	0	47.35	0.42	6, 24
Cypress Semiconductor (Canada), Inc.	Kanata, Ontario, Canada	100	0	1.34	1.05	6
Cypress Semiconductor (Mauritius) LLC	Ebène, Mauritius	100	0	0.13	(0.03)	5
Cypress Semiconductor (Switzerland) Sàrl	Lausanne, Switzerland	100	0	7.09	1.46	11
Cypress Semiconductor Corporation	Wilmington, Delaware, USA	100	0	6,495.61	(197.26)	6, 24
Cypress Semiconductor International, Inc.	Wilmington, Delaware, USA	100	0	316.41	4.78	6, 24
Cypress Semiconductor Ireland Limited	Cork, Ireland	100	0	8.89	2.34	4
Cypress Semiconductor México, S. de R.L. de C.V.	Guadalajara, Mexico	100	0	(0.03)	0.02	11
Cypress Semiconductor Philippines Headquarters, Ltd.	Camana Bay (George Town), Cayman Islands	100	0	6.29	(0.03)	6, 24
Cypress Semiconductor Singapore Pte. Ltd.	Singapore, Singapore	100	0	2.80	2.24	11
Cypress Semiconductor Technology (Shanghai) Co. Ltd.	Shanghai, People's Republic of China	100	0	4.29	(6.92)	11
Cypress Semiconductor Technology Ltd.	Camana Bay (George Town), Cayman Islands	100	0	274.43	(0.82)	6, 24
Cypress Semiconductor Ukraine LLC	Lviv, Ukraine	100	0	2.36	0.09	11
Cypress Semiconductor World Trade Corp.	Camana Bay (George Town), Cayman Islands	100	0	6.64	0.00	6, 24
Hitex GmbH	Karlsruhe, Germany	100	100	2.16	0.00	3, 13, 14
Infineon Integrated Circuit (Beijing) Co., Ltd.	Beijing, People's Republic of China	100	0	15.16	1.29	11
Infineon Semiconductors (Shenzhen) Co., Ltd.	Shenzhen, People's Republic of China	100	0	3.39	1.88	11
Infineon Semiconductors (Wuxi) Co., Ltd.	Wuxi, People's Republic of China	100	0	47.64	2.92	11
Infineon Technologies (Kulim) Sdn. Bhd.	Kulim, Malaysia	100	0	429.36	76.96	6
Infineon Technologies (Malaysia) Sdn. Bhd.	Melaka, Malaysia	100	0	353.34	47.08	6
Infineon Technologies (Penang) Sdn. Bhd.	Kuala Lumpur, Malaysia	100	0	9.10	1.36	8
Infineon Technologies (Shanghai) Co. Ltd.	Shanghai, People's Republic of China	100	0	n.a.	n.a.	12
Infineon Technologies (Thailand) Limited	Nonthaburi, Thailand	100	0	91.88	3.80	8
Infineon Technologies (Wuxi) Co., Ltd.	Wuxi, People's Republic of China	100	0	141.33	14.74	11
Infineon Technologies (Xi'an) Co., Ltd.	Xi'an, People's Republic of China	100	0	8.13	0.37	11

Name of company	Registered office	Shareholdings in %	Thereof Infineon Technologies AG	Equity (€ in millions)	Net result (€ in millions)	Footnote
Infineon Technologies 2. Vermögensverwaltungsgesellschaft mbH	Neubiberg, Germany	100	0	0.03	(0.02)	6
Infineon Technologies 3. Vermögensverwaltungsgesellschaft mbH	Dresden, Germany	100	0	n.a.	n.a.	12
Infineon Technologies Acquisition B.V.	Rotterdam, The Netherlands	100	100	n.a.	n.a.	12
Infineon Technologies Americas Corp.	Wilmington, Delaware, USA	100	0	1,818.33	200.18	6, 24
Infineon Technologies Asia Pacific Pte Ltd	Singapore, Singapore	100	0	802.02	275.97	6
Infineon Technologies Australia Pty Limited	Blackburn, Australia	100	0	1.46	0.05	6
Infineon Technologies Austria AG	Villach, Austria	100	0.004	1,965.89	518.96	6
Infineon Technologies Canada Acquisition Inc.	Toronto, Ontario, Canada	100	0	n.a.	n.a.	12
Infineon Technologies Cegléd Kft.	Cegléd, Hungary	100	0	42.37	(12.95)	6
Infineon Technologies Center of Competence (Shanghai) Co., Ltd.	Shanghai, People's Republic of China	100	0	4.09	1.19	11
Infineon Technologies China Co., Ltd.	Shanghai, People's Republic of China	100	0	217.53	36.64	11
Infineon Technologies d.o.o. Beograd	Belgrade, Serbia	100	0	0.07	0.07	11
Infineon Technologies Denmark ApS	Herlev, Denmark	100	0	(1.03)	(5.95)	6
Infineon Technologies Dresden GmbH & Co. KG	Dresden, Germany	100	100	288.61	25.27	6, 16
Infineon Technologies Dresden Verwaltungs GmbH	Neubiberg, Germany	100	0	0.09	0.00	6, 13, 15
Infineon Technologies Epi Services, Inc.	Wilmington, Delaware, USA	100	0	21.07	7.17	6, 24
Infineon Technologies Finance B.V.	Rotterdam, The Netherlands	100	100	1.91	(0.02)	6
Infineon Technologies France S.A.S.	St. Denis, France	100	0	9.14	0.68	6
Infineon Technologies Holding Asia Pacific Pte. Ltd.	Singapore, Singapore	100	0	3.81	3.04	6
Infineon Technologies Holding B.V.	Rotterdam, The Netherlands	100	100	11,677.51	276.10	6
Infineon Technologies Hong Kong Ltd.	Hong Kong, People's Republic of China	100	0	2.63	0.90	6
Infineon Technologies India Private Limited	Bangalore, India	100	0	22.35	5.39	5
Infineon Technologies Innovates G.K.	Tokyo, Japan	100	0	24.90	5.78	6
Infineon Technologies Investment B.V.	Rotterdam, The Netherlands	100	0	0.09	(0.02)	6
Infineon Technologies Ireland Limited	Dublin, Ireland	100	100	0.54	0.26	6
Infineon Technologies Italia s.r.l.	Milan, Italy	100	0	6.77	1.69	6
Infineon Technologies IT-Services GmbH	Klagenfurt, Austria	100	0	11.15	6.53	6
Infineon Technologies Japan K.K.	Tokyo, Japan	100	0	56.88	17.98	6
Infineon Technologies Korea Co., LLC	Seoul, Republic of Korea	100	0	15.89	7.01	6
Infineon Technologies LLC	Wilmington, Delaware, USA	100	0	832.53	52.39	6, 24
Infineon Technologies Memory Solutions Germany GmbH	Neubiberg, Germany	100	0	0.11	0.09	3
Infineon Technologies Memory Solutions Holdings Inc.	Wilmington, Delaware, USA	100	0	74.84	0.00	6, 24
Infineon Technologies Memory Solutions India LLP	Bangalore, India	100	0	0.15	0.14	5

Name of company	Registered office	Shareholdings in %	Thereof Infineon Technologies AG	Equity (€ in millions)	Net result (€ in millions)	Footnote
Infineon Technologies Memory Solutions Israel Ltd.	Netanya, Israel	100	0	84.64	6.27	3
Infineon Technologies Memory Solutions Japan G.K.	Tokyo, Japan	100	0	0.80	0.43	6
Infineon Technologies Memory Solutions Malaysia Sdn. Bhd.	Kuala Lumpur, Malaysia	100	0	0.57	0.18	10
Infineon Technologies Memory Solutions Taiwan Ltd.	Taipei, Taiwan	100	0	0.31	0.11	6
Infineon Technologies Nijmegen B.V.	Nijmegen, The Netherlands	100	0	0.20	0.00	7
Infineon Technologies Nordic AB	Kista, Sweden	100	0	4.87	0.54	6
Infineon Technologies Philippines, Inc.	Muntinlupa City, Philippines	100	0	0.70	0.52	6
Infineon Technologies Power Semitech Co., Ltd.	Cheonan, Republic of Korea	100	100	52.74	4.81	6
Infineon Technologies Reigate Limited	Bristol, Great Britain	100	0	4.68	1.09	6
Infineon Technologies Romania & Co. Societate in Comandita	Bucharest, Romania	100	0	6.21	2.55	6
Infineon Technologies Semiconductor GmbH	Aschheim, Germany	100	0	12.09	2.68	4
Infineon Technologies Semiconductor India Private Limited	Bangalore, India	100	0	52.03	8.27	5
Infineon Technologies Shared Service Center, Unipessoal Lda.	Maia, Portugal	100	100	5.59	0.86	6
Infineon Technologies Taiwan Co., Ltd.	Taipei, Taiwan	100	0	10.00	2.10	6
Infineon Technologies UK Limited	Bristol, Great Britain	100	0	4.33	0.97	6
Infineon Technologies US HoldCo Inc.	Wilmington, Delaware, USA	100	0	8,648.84	19.23	6, 24
Infineon Technologies US InterCo LLC	Wilmington, Delaware, USA	100	0	7,889.00	2.10	6, 24
Infineon Technologies US Investment LLC	Wilmington, Delaware, USA	100	0	(0.09)	19.15	6, 24
Infineon Technologies Vermögensverwaltungsgesellschaft mbH	Neubiberg, Germany	100	100	286.47	0.00	6, 13, 15
International Rectifier HiRel Products, Inc.	Wilmington, Delaware, USA	100	0	307.76	86.78	6, 24
MOLSTANDA Vermietungsgesellschaft mbH	Neubiberg, Germany	100	0	304.94	0.00	6, 15
MOTEON GmbH	Neubiberg, Germany	100	100	0.31	0.21	6
MoTo Objekt CAMPEON GmbH & Co. KG	Neubiberg, Germany	100	0	93.39	28.40	6, 17
NoBug Consulting SRL	Bucharest, Romania	100	0	1.15	0.62	11
PT Infineon Technologies Batam	Batam, Indonesia	100	0	24.87	1.41	6
Ramtron International Corporation	Wilmington, Delaware, USA	100	0	0.00	0.00	6, 24
Rectificadores Internacionales, S.A. de C.V.	Tijuana, Mexico	100	0	14.34	1.99	6, 24
SILTECTRA GmbH	Dresden, Germany	100	0	15.92	12.47	6
Spansion Inc.	Wilmington, Delaware, USA	100	0	1,281.11	56.64	6, 24
Spansion LLC	Wilmington, Delaware, USA	100	0	1,859.61	326.82	6, 24
Syntronixs Asia Sdn. Bhd.	Melaka, Malaysia	100	0	5.57	1.09	8

Name of company	Registered office	Shareholdings in %	Thereof Infineon Technologies AG	Equity (€ in millions)	Net result (€ in millions)	Footnote
Associated companies:						
Deca Technologies, Inc.	Dover, Delaware, USA	42.5	0	9.31	(0.85)	11, 23, 24
pmdtechnologies ag	Siegen, Germany	15	15	4.48	(13.54)	11, 21
SkyHigh Memory Limited	Hong Kong, People's Republic of China	40	0	52.76	19.23	11, 23
Joint ventures:						
Infineon Technologies Bipolar GmbH & Co. KG	Warstein, Germany	60	60	52.67	17.73	6, 22
SAIC Infineon Automotive Power Modules (Shanghai) Co., Ltd	Shanghai, People's Republic of China	49	25	53.57	43.11	11
Other companies (not consolidated):[1]						
CHiL Semiconductors Corporation	Wilmington, Delaware, USA	100	0	0.00	0.00	6
Cypress Envirosystems, Inc.	Wilmington, Delaware, USA	n.a.	0	n.a.	n.a.	18
EPOS embedded core & power systems GmbH & Co. KG	Duisburg, Germany	100	100	1.26	0.54	6
EPOS embedded core & power systems Verwaltungs GmbH	Duisburg, Germany	100	100	0.08	0.00	6
Futurium gGmbH	Berlin, Germany	n.a.	n.a.	n.a.	n.a.	18
Hitex (UK) Limited	Coventry, Great Britain	100	0	2.64	0.85	6
Imagimob AB	Stockholm, Sweden	100	0	0.08	(1.02)	11
Industrial Analytics IA GmbH	Neubiberg, Germany	100	100	0.53	(0.06)	8
Infineon Technologies Bipolar Verwaltungs GmbH	Warstein, Germany	60	60	0.03	0.00	6
Infineon Technologies Campeon Verwaltungsgesellschaft mbH	Neubiberg, Germany	100	0	0.15	0.02	6
Infineon Technologies Delta GmbH	Neubiberg, Germany	100	100	0.04	0.00	6
Infineon Technologies Gamma GmbH	Neubiberg, Germany	100	100	0.03	0.00	6
Infineon Technologies Holding GmbH	Neubiberg, Germany	100	100	0.13	0.00	6, 13
Infineon Technologies Iberia, S.L.U.	Madrid, Spain	100	0	0.16	0.06	6
Infineon Technologies Israel Ltd.	Netanya, Israel	100	0	0.00	0.00	9
Infineon Technologies Mantel 26 AG	Neubiberg, Germany	100	100	0.02	(0.01)	6
Infineon Technologies Mantel 27 GmbH	Neubiberg, Germany	100	100	0.03	0.00	6, 13
Infineon Technologies Mantel 29 GmbH	Neubiberg, Germany	100	100	0.03	0.00	6, 13
Infineon Technologies Polska Sp. z o.o.	Warsaw, Poland	100	0	0.15	0.02	6
Infineon Technologies Romania s.r.l.	Bucharest, Romania	100	0	0.05	0.01	11
Infineon Technologies South America Ltda	São Paulo, Brasil	100	0	(0.03)	(0.11)	11
Infineon Technologies Vietnam Company Ltd.	Hanoi, Vietnam	100	0	0.17	0.05	6
IR International Holdings China, Inc.	Wilmington, Delaware, USA	100	0	0.00	0.00	6
KAI Kompetenzzentrum Automobil- und Industrieelektronik GmbH	Villach-St. Magdalen, Austria	100	0	0.87	0.30	11

Name of company	Registered office	Shareholdings in %	Thereof Infineon Technologies AG	Equity (€ in millions)	Net result (€ in millions)	Footnote
KFE Kompetenzzentrum Fahrzeug Elektronik GmbH	Lippstadt, Germany	24	24	1.27	0.09	11
MicroLinks Technology Corp.	Kaohsiung, Taiwan	n.a.	0	n.a.	n.a.	18
OSPT IP Pool GmbH	Neubiberg, Germany	100	100	0.03	(0.01)	6
PT Infineon Technologies Indonesia	Jakarta, Indonesia	100	0	0.23	0.04	6
R Labco, Inc.	Wilmington, Delaware, USA	100	0	0.00	0.00	6
Schweizer Electronic AG	Schramberg, Germany	9	9	24.23	(24.89)	11
Silicon Alps Cluster GmbH	Villach, Austria	n.a.	0	n.a.	n.a.	18
TTTech Auto AG	Vienna, Austria	n.a.	n.a.	n.a.	n.a.	18
Virtual Vehicle Research GmbH	Graz, Austria	n.a.	n.a.	n.a.	n.a.	18
XMOS Limited	Bristol, Great Britain	n.a.	0	n.a.	n.a.	18
Qimonda AG and its subsidiaries:[2]						
Celis Semiconductor Corp.	Colorado Springs, Colorado, USA	17	0	–	–	2
Itarion Solar Lda.	Vila do Conde, Portugal	40	0	–	–	2
Qimonda (Malaysia) Sdn. Bhd. (in liquidation)	Melaka, Malaysia	77	0	–	–	2
Qimonda AG (in insolvency)	Munich, Germany	77	28	–	–	2
Qimonda Asia Pacific Pte. Ltd.	Singapore, Singapore	77	0	–	–	2
Qimonda Belgium BVBA (in insolvency)	Leuven, Belgium	77	0	–	–	2
Qimonda Bratislava s.r.o. (in liquidation)	Bratislava, Slovakia	77	0	–	–	2
Qimonda Dresden GmbH & Co. OHG (in insolvency)	Dresden, Germany	77	0	–	–	2
Qimonda Dresden Verwaltungsgesellschaft mbH (in insolvency)	Dresden, Germany	77	0	–	–	2
Qimonda Finance LLC (in insolvency)	Wilmington, Delaware, USA	77	0	–	–	2
Qimonda Flash GmbH (in insolvency)	Dresden, Germany	77	0	–	–	2
Qimonda France SAS (in liquidation)	St. Denis, France	77	0	–	–	2
Qimonda Holding B.V. (in insolvency)	Rotterdam, The Netherlands	77	0	–	–	2
Qimonda International Trade (Shanghai) Co. Ltd.	Shanghai, People's Republic of China	77	0	–	–	2
Qimonda Investment B.V.	Rotterdam, The Netherlands	77	0	–	–	2
Qimonda IT (Suzhou) Co., Ltd. (in liquidation)	Suzhou, People's Republic of China	77	0	–	–	2
Qimonda Italy s.r.l. (in liquidation)	Padua, Italy	77	0	–	–	2
Qimonda Korea Co. Ltd. (in liquidation)	Seoul, Republic of Korea	77	0	–	–	2
Qimonda Licensing LLC	Fort Lauderdale, Florida, USA	77	0	–	–	2
Qimonda Memory Product Development Center (Suzhou) Co. (in liquidation)	Suzhou, People's Republic of China	77	0	–	–	2
Qimonda North America Corp. (in insolvency)	Wilmington, Delaware, USA	77	0	–	–	2

Name of company	Registered office	Shareholdings in %	Thereof Infineon Technologies AG	Equity (€ in millions)	Net result (€ in millions)	Footnote
Qimonda Richmond LLC (in insolvency)	Wilmington, Delaware, USA	77	0	–	–	2
Qimonda Taiwan Co. Ltd. (in liquidation)	Taipei, Taiwan	77	0	–	–	2
Qimonda UK Ltd. (in liquidation)	High Blantyre, Scotland	77	0	–	–	2

1 Certain subsidiaries were not consolidated due to immateriality.
2 On 23 January 2009, Qimonda AG applied to the Munich District Court for insolvency proceedings to be opened. Insolvency proceedings were formally opened on 1 April 2009. The equity and earnings of Qimonda AG and its subsidiaries are not disclosed due to the substantial and ongoing restriction of Infineon's rights as a result of Qimonda AG's insolvency. The list of subsidiaries held by Qimonda AG is based on information from 30 September 2010, since Infineon had not received any further information from the insolvency administrator of Qimonda AG with respect to the insolvency or liquidation of Qimonda companies, and further reflects information from the German commercial register. Since all Qimonda-related investments were written down in full in previous years, this has no effect on Infineon's net assets, financial position and results of operations.
3 Equity and net result as of 30 September 2021.
4 Equity and net result as of 31 December 2021.
5 Equity and net result as of 31 March 2022.
6 Equity and net result as of 30 September 2022.
7 Equity and net result as of 30 September 2022 (period from 12 November 2021 until 30 September 2022).
8 Equity and net result as of 30 September 2022 (period from 1 January 2022 until 30 September 2022).
9 Equity and net result as of 30 September 2022 (period from 8 September 2022 until 30 September 2022).
10 Equity and net result as of 2 October 2022 (period from 4 October 2021 until 2 October 2022).
11 Equity and net result as of 31 December 2022.
12 The entity was founded in the 2023 fiscal year.
13 Control and profit transfer agreement.
14 Exemption pursuant to section 264, paragraph 3, German Commercial Code from the preparation of a management report and from the audit obligation pursuant to section 264 et seq. German Commercial Code and from the obligations to disclose the annual financial statements pursuant to section 325 German Commercial Code.
15 Exemption pursuant to section 264, paragraph 3, German Commercial Code from the obligations to disclose the annual financial statements pursuant to section 325 German Commercial Code.
16 Exemption pursuant to section 264b German Commercial Code from the obligations to prepare a management report as well as notes and from the obligations to disclose the annual financial statements.
17 Exemption pursuant to section 264b German Commercial Code from the obligations to prepare a management report, from the audit obligation, and from the obligation to disclose the annual financial statements.
18 Because criteria pursuant to section 285, No. 11, German Commercial Code are not met, investments in the affiliate are not disclosed.
19 Non-stock entity. Disclosure of ownership in percent does not apply.
20 The entity owns land of which Infineon is the sole tenant.
21 Infineon accounts for its interest using the equity method because Infineon has significant influence due to the right to hold a supervisory board position in combination with comprehensive minority rights and certain contractual rights in the context of development cooperation.
22 Infineon accounts for its interest using the equity method as Infineon lacks controlling influence due to certain contractual participation rights of the co-shareholder.
23 Consolidated financial statements.
24 IFRS figures.

Neubiberg, 21 November 2023

Infineon Technologies AG
Management Board

Jochen Hanebeck	Elke Reichart	Dr. Sven Schneider
Andreas Urschitz	Dr. Rutger Wijburg	

Further information

Responsibility Statement by the Management Board

To the best of our knowledge, and in accordance with the applicable reporting principles, the Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Combined Management Report, which is combined with the Management Report of Infineon Technologies AG, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Neubiberg, 23 November 2023

Infineon Technologies AG
Management Board

Jochen Hanebeck   Elke Reichart   Dr. Sven Schneider

Andreas Urschitz   Dr. Rutger Wijburg

For the Consolidated Financial Statements and Group Management Report we have issued an unqualified auditor's report.
The English language text below is a translation of the auditor's report. The original German text shall prevail in the event of any discrepancies between the English translation and the German original. We do not accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

Independent Auditor's Report

To Infineon Technologies AG, Neubiberg

Report on the Audit of the Consolidated Financial Statements and of the Group Management Report

Opinions

We have audited the consolidated financial statements of Infineon Technologies AG, Neubiberg, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 30 September 2023, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 October 2022 to 30 September 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report of Infineon Technologies AG and of the Group (hereinafter: the "group management report") for the financial year from 1 October 2022 to 30 September 2023.

In accordance with German legal requirements, we have not audited the content of those components of the group management report specified in the "Other Information" section of our auditor's report.

The group management report contains cross-references that are not required by law and which are marked as unaudited. In accordance with German legal requirements, we have not audited the cross-references and the information to which the cross-references refer.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 30 September 2023, and of its financial performance for the financial year from 1 October 2022 to 30 September 2023, and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the group management report does not cover the content of those components of the group management report specified in the "Other Information" section of the auditor's report. The group management report contains cross-references that are not required by law and which are marked as unaudited. Our audit opinion does not extend to the cross-references and the information to which the cross-references refer.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Section 317 HGB and the EU Audit Regulation No 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2)(f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from 1 October 2022 to 30 September 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Impairment testing of goodwill

Please refer to note 2 in the notes to the consolidated financial statements for information on the accounting policies applied and the assumptions used. Information on the value of goodwill can be found under note 14.

The financial statement risk

The consolidated financial statements of Infineon Technologies AG reported goodwill in the amount of EUR 6,547 million as at 30 September 2023. At 23% of the balance sheet total, goodwill accounts for a considerable share of total assets.

Infineon tests goodwill for impairment in accordance with IAS 36 at the operating segment level annually in the fourth quarter of the financial year ending 30 September, as well as in cases where events or changes to the prevailing conditions provide indications that the recoverable amount may have fallen below the carrying amount. The recoverable amount is the higher of fair value less costs of disposal and value in use. Goodwill is impaired if the carrying amount of the operating segment to which the goodwill is allocated exceeds the recoverable amount of this unit. Infineon determines the recoverable amount of the respective cash-generating unit to which goodwill was allocated according to value in use.

Impairment testing of goodwill is complex and based on a range of assumptions that require judgement. Such judgement includes, among other elements, the assumptions found in the adopted corporate planning for a period of five years, such as revenue growth and margins, assumed long-term growth rates in perpetuity, which consider a steady state taking into account the synergy effects of the acquisition of Cypress Semiconductor Corporation, and the underlying discount rates.

As a result of the impairment test performed, the Company did not identify any need to recognise impairment losses. In light of the discretionary judgement of the assumptions underlying impairment testing, there is the risk for the consolidated financial statements that a required impairment was not recognised. There is also the risk that the related disclosures in the notes are not appropriate.

Our audit approach

When assessing the impairment test, we also assessed the appropriateness of key assumptions. We assessed the Company's calculation method and selected assumptions in terms of their appropriateness with the help of our valuation specialists. For this purpose, we checked that corporate planning was updated for the next five years and adopted by the Management Board. Using elements selected on the basis of risk, we had the staff responsible for preparing corporate planning explain to us in particular revenue and margin performance, as well as the long-term growth rates assumed in perpetuity, which consider a steady state taking into account the synergy effects of the acquisition of Cypress Semiconductor Corporation. In this context, revenue performance in particular was critically reviewed and assessed based on publicly available market estimates and information to determine whether the revenue performance used for measurement is within a reasonable range. We also confirmed the accuracy of the Company's previous forecasts by comparing the budgets of previous financial years with actual results and by analysing deviations.

We checked how the discount rates used were derived and their amounts. For this purpose, we compared the assumptions and data underlying the discount rates, in particular the risk-free rate, the market risk premium and the beta factor, with our own assumptions and publicly available data.

To ensure the computational accuracy of the valuation method used, we verified the Company's calculations on the basis of selected risk-based elements.

In order to take account of the existing forecast uncertainty and the earlier cut-off date selected for impairment testing, the Company examined the effects of possible changes in the discount rates, revenue and margin performance and the long-term growth rate in perpetuity on the value in use by calculating alternative scenarios and comparing these with its own reported figures (sensitivity analysis). We have assessed this analysis. In order to take into account the earlier cut-off date for impairment testing, we also assessed the impact of events until 30 September 2023 on impairment testing.

Finally, we assessed whether the disclosures in the notes regarding impairment testing of goodwill are appropriate.

Our observations
The calculation method used for impairment testing of goodwill is appropriate and in line with the accounting policies to be applied.

The Company's assumptions used for measurement are appropriate.

The related disclosures in the notes are appropriate.

Other information

The Management Board and the Supervisory Board, respectively, are responsible for the other information. The other information comprises the following components of the group management report, whose content was not audited:

- the separate combined non-financial report of the Company and Group, which is referred to in the group management report
- the combined corporate governance statement for the Company and the Group referred to in the group management report, and
- information extraneous to management reports and marked as unaudited.

The other information also includes the remaining parts of the annual report. The other information does not include the consolidated financial statements, the group management report information audited for content and our auditor's report thereon.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management Board and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The Management Board is responsible for the preparation of consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the Management Board is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the Management Board is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, it is responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the Management Board is responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the Management Board is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the Management Board and the reasonableness of estimates made by the Management Board and related disclosures.

- Conclude on the appropriateness of the Management Board’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor’s report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group’s position it provides.

- Perform audit procedures on the prospective information presented by the Management Board in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the Management Board as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB

We have performed assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file „Infineon_Technologies_AG_KA+KLB_ESEF_2023-09-30.zip" (SHA256-Hashwert: 2e23e589e5a7223309fd39b953f18c24f0f95c79648b6d38651487c0207649db) made available and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained in these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file made available, identified above and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 October 2022 to 30 September 2023 contained in the "Report on the Audit of the Consolidated Financial Statements and the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the file made available and identified above in accordance with Section 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW AsS 410 (06.2022)). Our responsibility in accordance therewith is further described below. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1).

The Company's Management Board is responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the group management report in accordance with Section 328 (1) sentence 4 item 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 item 2 HGB.

In addition, the Company's Management Board is responsible for such internal control that it has considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e. whether the file made available containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815, as amended as at the reporting date, on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of Commission Delegated Regulation (EU) 2019/815, as amended as at the reporting date, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor at the Annual General Meeting on 16 February 2023. We were engaged by the Supervisory Board on 3 May 2023. In compliance with the transitional provision of Article 41 (2) of the EU Audit Regulation, we have been, without interruption since short financial year 1999 (1 April to 30 September 1999), the group auditor of Infineon Technologies AG, which without interruption since its IPO in 2000 has fulfilled the definition of a public interest entity within the meaning of Section 316a sentence 2 HGB.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other matter – Use of the Auditor's Report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the examined ESEF documents. The consolidated financial statements and group management report converted to the ESEF format – including the versions to be entered in the company register – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the examined ESEF documents made available in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Martin Schmitt.

Munich, 23 November 2023

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Huber-Straßer	Schmitt
Wirtschaftsprüferin	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Applications and product range

ATV Automotive

Applications

Assistance systems and safety systems
- ABS (Anti-blocking system)
- Airbag
- Automatic parking
- E/E architecture
  - Power distribution
  - On-board network
- Blind spot detection
- Cruise control
- Distance control
- Electronic chassis control
- Electronic power steering
- Emergency braking assistant
- ESP (Electronic Stability Program)
- Lane departure warning system
- Tire pressure monitoring system

Comfort electronics
- Air conditioning
- Body control units
- Door electronics
- Electronic seat adjustment
- Hatch door
- Lighting
- Power window
- Steering
- Sunroof
- Suspension
- Windshield wipers

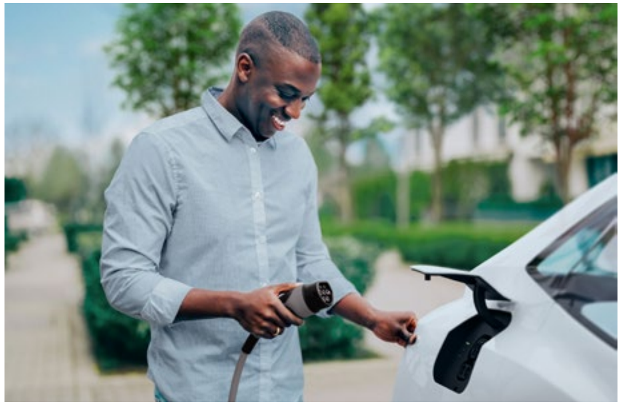
Infotainment
- Connectivity for in-cabin infotainment
- Digital instrument cluster

Powertrain
- Battery charging control
- Battery management
- Combustion engine control
- DC-DC converter
- Electric motor control
- Generator control
- Start-stop system
- Thermal management
- Transmission control

Security
- Communication
  - Car-to-car
  - Car-to-infrastructure
- Original spare parts authentication
- Protection against manipulation (e.g., odometer)
- Protection against software manipulation
- Remote keyless entry
- Tachograph

Product range

- 32-bit automotive microcontrollers for powertrain, safety, driver assistance systems, infotainment and digital display systems
- Discrete power semiconductors
- IGBT modules
- Industrial microcontrollers
- Memory ICs (NOR flash, SRAM, nvSRAM, F-RAM)
- Power ICs
- Sensors (3D-ToF, pressure, magnetic, 77 GHz radar, current)
- SiC (diodes, MOSFETs, modules)
- Transceivers (CAN, CAN FD, LIN, Ethernet, FlexRay™)
- Voltage regulators



GIP Green Industrial Power

Applications

Energy generation
- Photovoltaic systems
- Wind power turbines

Energy storage
- Grid stability
- Home usage
- Urban district
- Wall box

Energy transmission
- FACTS (Flexible AC Transmission Systems)
- Offshore wind farm HVDC transmission lines
- Overland HVDC transmission lines

Home appliances
- Air conditioners
- Dishwashers
- Induction cooktops
- Microwave ovens
- Refrigerators
- Vacuum cleaners
- Washing machines

Industrial drives[1]
- Air conditioning technology
- Automation technology
- Drives technologies
- Elevator systems
- Escalators
- Materials handling
- Oil derricks
- Pipelines
- Rolling mills

Industrial power supplies
- Auxiliary power supplies
- Battery chargers
- Charging stations for electric vehicles
- Home energy storage
- Uninterruptable power supplies

Industrial robotics

Industrial vehicles
- Agricultural vehicles
- Construction vehicles
- Electric delivery vehicles
- Forklifts
- Hybrid buses

Traction
- High-speed trains
- Locomotives
- Metro trains
- Trams

1 Including motors, compressors, pumps and fans.

Product range

- Bare die business
- Discrete IGBTs
- Driver ICs
- IGBT modules (low-power, medium-power, high-power)
- IGBT module solutions, including IGBT stacks
- Intelligent IGBT modules with integrated control unit, driver and switch
- SiC diodes, SiC MOSFETs, SiC modules

PSS Power & Sensor Systems

Applications

Audio amplifiers
- Battery-powered loudspeakers
- Smart speakers

Automotive electronics
- Blind spot detection
- In-cabin USB PD charging
- Onboard charger
- Power train for low-speed electric vehicles

BLDC motor
- Battery-powered gardening equipment, e.g.,
  – Hedge trimmers
  – Lawn mowers
- Battery-powered home appliances, e.g.,
  – Vacuum cleaners
- Battery-powered power tools, e.g.,
  – Cordless screwdrivers
  – Drills
  – Power saws
- eBikes
- eScooters
- Multi-copters

Cellular communications infrastructure
- Base stations

Charging stations for electric vehicles

Human-machine interaction

IoT
- Communications
- Sensors
- Smart speakers
- Voice control

LED and conventional lighting systems

Microinverter for roof-top systems

Mobile devices
- Activity trackers
- Health care trackers
- Navigation devices
- Smartphones
- Tablets

Power management (chargers, adapters, power supplies, DC-DC conversion, wireless charging)
- Consumer electronics
- Data centers
- Home appliances
- Mobile devices
- PCs and notebooks
- Servers
- Telecommunication technology

Special applications in harsh environments
- Aerospace systems
- Aviation technologies
- Defense technologies
- Oil and gas exploration
- Submarine telecommunications

Product range

- 3D ToF sensors
- Chips for gas sensors
- Chips for MEMS microphones
- Chips for pressure sensors
- Control ICs for power switches
- Customized chips (ASICs)
- Discrete low-voltage, mid-voltage and high-voltage power MOSFETs (Si-based)
- GaN power switches
- GPS low-noise amplifiers
- Low-voltage and high-voltage driver ICs
- Radar sensor ICs (24 GHz, 60 GHz)
- RF antenna switches
- RF power transistors
- SiC diodes, SiC MOSFETs
- TVS (transient voltage suppressor) diodes
- USB controllers

CSS Connected Secure Systems

Applications

Authentication
- Accessories
- Brand protection
- Game consoles
- Industrial control systems
- Printer cartridges

Automotive
- Connected vehicles
  - eCall
  - Car-to-car communications
  - Car-to-infrastructure communications
- Electronic toll collection (toll collect)
- In-cabin infotainment
- Protection against manipulation (e.g., tachographs)

Consumer electronics
- Game consoles
- Remote control
- Smart watches and activity trackers

Government identification documents
- Driver's licenses
- Healthcare cards
- National identity cards
- Passports
- Social insurance cards

IoT
- Industry 4.0
- IT equipment
- Smart city
- Smart home

Mobile communications
- Embedded SIM (machine-to-machine communication)
  - Consumer applications
  - IoT applications
- SIM cards

Payment systems
- Credit/debit cards
- Mobile payment
- NFC-based contactless payment

Ticketing, access control

Trusted computing

Product range

- Connectivity solutions (Wi-Fi, Bluetooth, BLE, UWB)
- Embedded security controllers (Embedded SIM, Authentication, Trusted Computing)
- Microcontroller for consumer electronics and industrial applications
- Security controllers (contact-based, contactless, dual-interface)

Chart overview

List of abbreviations

ADAS	advanced driver assistance system
AI	artificial intelligence
ASIC	application-specific integrated circuit
BLDC	brushless direct current
BLE	bluetooth low energy
CSR	corporate social responsibility
DC-DC	direct current to direct current conversion
DRAM	dynamic random access memory
GaN	gallium nitride
IC	integrated circuit
IGBT	insulated gate bipolar transistor
IoT	Internet of Things
LED	light-emitting diode
MEMS	micro-electromechanical system
ML	machine learning
MOSFET	metal-oxide-semiconductor field-effect transistor
NAND	not AND
NFC	near-field communication
PSoC	programmable system-on-chip
RF	radio frequency
Si	silicon
SiC	silicon carbide
ToF	time-of-flight
USB	universal serial bus
Wi-Fi	wireless fidelity

Financial calendar 2024

February
Tuesday
6
Publication of **first quarter 2024**[1] results

February
Friday
23
Annual General Meeting 2024 virtual

May
Tuesday
7
Publication of **second quarter 2024**[1] results

August
Monday
5
Publication of **third quarter 2024**[1] results

November
Tuesday
12
Publication of **fourth quarter** and **fiscal year 2024**[1] results

1 Preliminary

Imprint

Published by: Infineon Technologies AG, Neubiberg (Germany)
Editors: Investor Relations, Accounting, Consolidation & Reporting
Copy deadline: 23 November 2023
Fiscal year: 1 October to 30 September
Independent auditors: KPMG AG Wirtschaftsprüfungsgesellschaft, Munich (Germany)
Designed by: HGB Hamburger Geschäftsberichte GmbH & Co. KG, Hamburg (Germany)
Photography: Page 4: Werner Bartsch, Hamburg (Germany)
Page 10: Bernhard Schmidt, Munich (Germany)
Page 12: Tobias Eble, Munich (Germany)

Note

The following were brand names of Infineon Technologies AG in the 2023 fiscal year:
Infineon, the Infineon logo, AURIX™, FlexRay™, ModusToolbox™, PROFET™, PSoC™, TRAVEO™.

Public

Visit us on the web: www.infineon.com

Forward-looking statements
This report contains forward-looking statements about the business, financial condition, earnings performance and strategy of the Infineon Group. These statements and assessments are based on assumptions and projections resting upon currently available information and present estimates. They are subject to a multitude of uncertainties and risks, many of which are wholly or partially beyond Infineon's control. Infineon's actual business development, financial position, performance and strategy may therefore differ materially from the statements made in this report.

Specific disclaimer for Omdia reports, data and information referenced in this document:
The provision of the information used by Infineon does not imply any judgment on Infineon and no liability is assumed for the information.

Specific disclaimer for S&P Global – reports, data and information referenced in this document:
The S&P Global Mobility and S&P Global Commodity Insights reports, data and information referenced herein (the "S&P Global Materials") are the copyrighted property of S&P Global Inc. and its subsidiaries ("S&P Global") and represent data, research, opinions or viewpoints published by the relevant divisions within S&P Global, and are not representations of fact. The S&P Global Materials speak as of the original publication date thereof and not as of the date of this document. The information and opinions expressed in the S&P Global Materials are subject to change without notice and neither S&P Global nor, as a consequence, Infineon have any duty or responsibility to update the S&P Global Materials or this publication. Moreover, while the S&P Global Materials reproduced herein are from sources considered reliable, the accuracy and completeness thereof are not warranted, nor are the opinions and analyses which are based upon it. S&P Global and the trademarks used in the Data, if any, are trademarks of S&P Global. Other trademarks appearing in the S&P Global Materials are the property of S&P Global or their respective owners.

Infineon Technologies AG

Headquarters:	Am Campeon 1–15, D-85579 Neubiberg near Munich (Germany), Phone +49 89 234-0
Contact for Investors and Analysts:	investor.relations@infineon.com, Phone +49 89 234-26655, Fax +49 89 234-955 2987
Media Contact:	media.relations@infineon.com, Phone +49 89 234-28480, Fax +49 89 234-955 4521
Visit us on the web:	www.infineon.com