Annual Report 2024

Infineon Technologies AG

www.infineon.com

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Infineon key data

Fiscal year from 1 October to 30 September	2024 € in millions	2024 in % of revenue	2023 € in millions	2023 in % of revenue	Change in %
Revenue by segment	**14,955**		**16,309**		**(8)**
Automotive	8,423	56	8,242	51	2
Green Industrial Power	1,934	13	2,205	13	(12)
Power & Sensor Systems	3,088	21	3,798	23	(19)
Connected Secure Systems	1,506	10	2,046	13	(26)
Other Operating Segments	4	0	18	0	(78)
Corporate and Eliminations	–	–	–	–	–
Selected results of operations key data					
Gross profit/Gross margin	6,069	40.6	7,413	45.5	(18)
Research and development expenses	(1,985)	13.3	(1,985)	12.2	–
Selling, general and administrative expenses	(1,554)	10.4	(1,599)	9.8	3
Operating profit	2,190	(14.6)	3,948	(24.2)	(45)
Profit (loss) for the period	1,301	(8.7)	3,137	(19.2)	(59)
Segment Result/ Segment Result Margin	3,105	20.8	4,399	27.0	(29)
Basic earnings per share in €	0.98		2.38		(59)
Diluted earnings per share in €	0.97		2.38		(59)
Adjusted earnings per share in € from continuing operations – diluted [2]	1.87		2.65		(29)
Dividend per share in € [3]	0.35		0.35		–

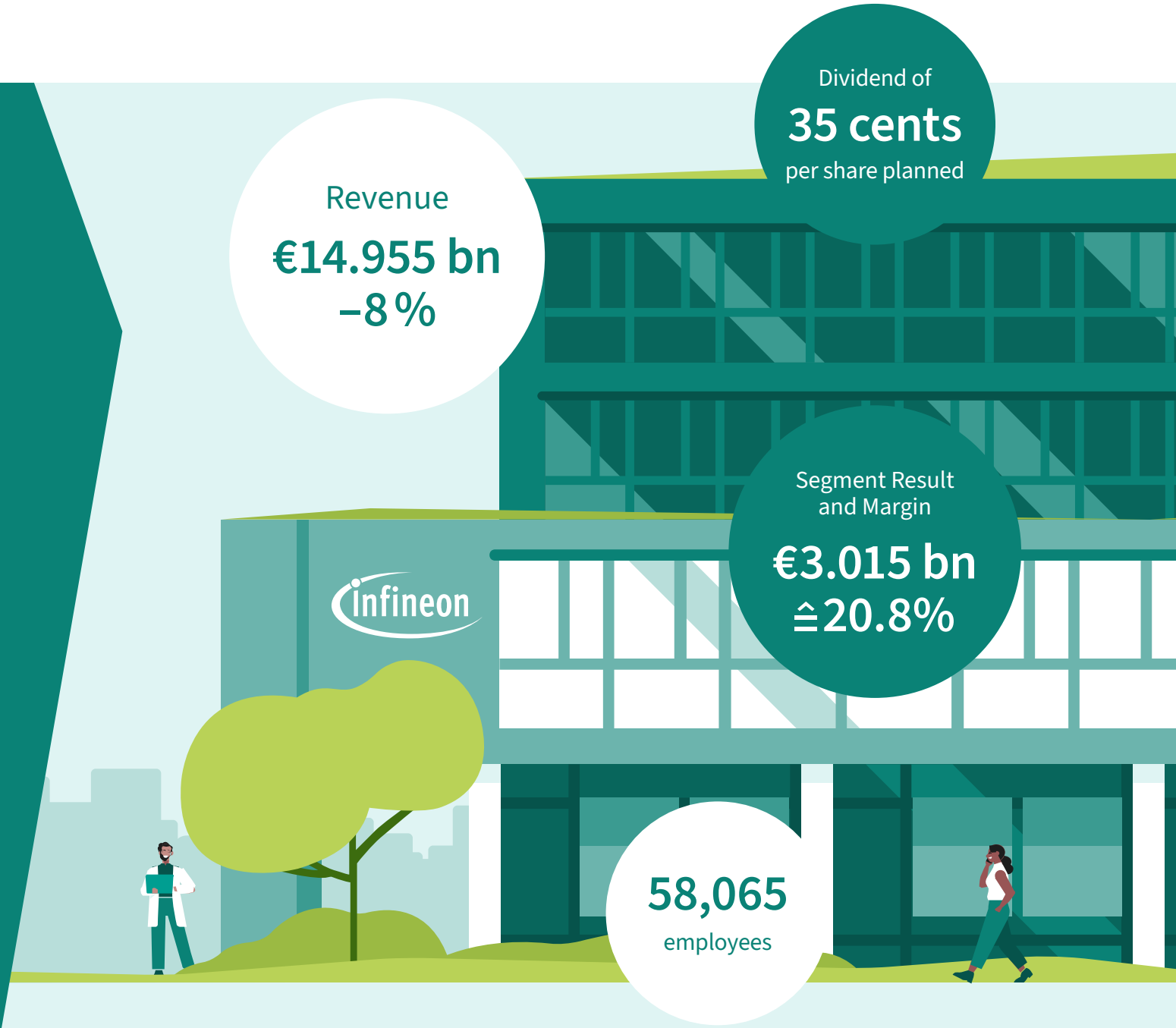
Fiscal year from 1 October to 30 September	2024 € in millions	2023 € in millions	Change in % [1]
Selected liquidity key data			
Cash flows from operating activities from continuing operations	3,541	3,962	(11)
Cash flows from investing activities	(2,167)	(2,264)	4
Cash flows from financing activities	(615)	(1,301)	53
Free Cash Flow [4]	23	1,158	(98)
Adjusted Free Cash Flow [4]	1,690	1,638	3
Adjusted Free Cash Flow as percentage of revenue [4]	11.3%	10.0%	130 bp
Depreciation and amortization	1,865	1,754	6
Investment [4]	2,719	2,994	(9)

€ in millions (unless otherwise stated)	As of 30 September 2024	As of 30 September 2023	Change in %
Gross cash position [4]	2,201	3,590	(39)
Net cash position [4]	(2,610)	(1,143)	---
Selected financial condition key data			
Total assets	28,639	28,439	1
Total equity	17,219	17,044	1
Equity ratio [5]	60.1%	59.9%	20 bp
Return on Capital Employed (RoCE) [4]	8.5%	16.6%	(810) bp
Market capitalization [6]	**40,872**	**40,879**	**0**
Infineon employees (in total figures)	**58,065**	**58,590**	**(1)**

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. 51.
3 A dividend per share of €0.35 for the 2024 fiscal year will be proposed to the Annual General Meeting on 20 February 2025.
4 See the chapter "Internal management system" for definition, p. 36 ff.
5 Equity ratio = Total equity/Total assets.
6 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 2024 fiscal year (ending 30 September), the Company reported revenue of approximately €15.0 billion with some 58,000 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 2024

Dear readers,

Keeping your own goals in mind is essential in turbulent times. Those who simply react to external circumstances quickly lose their way, whereas companies that achieve success in the long term continue to pursue their strategic goals even in choppy waters. While 2023 was a record fiscal year for Infineon, 2024 turned out as expected to be a year of transition. We dealt well with the challenge, ending the year in line with expectations. At the same time, we have made significant strides in driving Infineon's progress.

Following several years of recovery from the coronavirus pandemic, the semiconductor industry is now experiencing a cyclical downturn. Right at the beginning of the year, in view of the more difficult market environment, we had forecast weaker revenue growth and lower profitability in the 2024 fiscal year than in our record 2023 fiscal year. In the course of the year, it became evident that weak demand in most of our target markets is persisting for longer than we had expected when producing our forecast for the 2024 fiscal year in the autumn of 2023. Our customers are continuing to reduce the semiconductor inventories they had built up previously in times of scarce market capacity. Another contributory factor is a slowdown in growth in the electromobility sector outside China. Twice we had to reduce our forecast for the fiscal year as a result of these factors.

Infineon is proving robust even in this demanding market phase. I would like to express my gratitude to all our 58,000 employees for their tremendous commitment in the 2024 fiscal year. Crucial here is our solid financial performance: revenue of €15.0 billion, a Segment Result Margin of 20.8 percent and adjusted Free Cash Flow of 11.3 percent of revenue. All three performance indicators are fully within the parameters of our long-term financial targets, which apply over the entire semiconductor cycle.

We want you, dear shareholders, to participate appropriately in Infineon's success, while at the same time retaining the financial headroom we need for the future development of your company. At the forthcoming Annual General Meeting, we will therefore propose a dividend of €0.35 per share, the same figure as in the previous year. Our dividend policy, with its focus on consistency, provides the framework for this decision. I would like to thank you very much for the confidence you continue to place in our company and in the long-term growth prospects of Infineon.

Decarbonization and digitalization are driving structural semiconductor demand

Infineon is a pioneer in the green and digital transformation. Our semiconductor solutions are essential to drive decarbonization and digitalization forward. If we look beyond the current semiconductor cycle, we continue to see great opportunities for Infineon. Demand for semiconductors will increase in the long term, especially in the structural growth areas of electromobility, software-defined vehicles, renewable energy, data centers – especially for artificial intelligence (AI) – as well as IoT (Internet of Things).

Electromobility continues its unstoppable trajectory. Although growth in western markets has recently been rather subdued, demand in China, the lead market, remains high. That is to our advantage, as our share of the automotive semiconductor market there is higher than our average market share across all regions of the world. We have worked hard over many years to achieve this position. As far as western markets are concerned, we assume that stricter EU emission targets and the introduction of new, more affordable battery electric models in the coming years will have a positive impact.

As with smartphones, the software in cars will increasingly become a key element. Automotive manufacturers worldwide are driving the development of architectures for software-defined vehicles, as these have many advantages, mainly greater flexibility. One example of this is that software updates can take place directly via the cloud (software over the air) during the entire life of the vehicle, with no need for visits to the garage. This saves on maintenance costs and enables more rapid resolution of issues and the activation of new driver assistance functions or extras bookable at short notice.

The structural car trends, electromobility and software-defined vehicles, are significantly increasing semiconductor demand per vehicle. We expect the value of semiconductors installed in higher-value vehicles to rise to up to US$2,000 per vehicle by the end of the decade. Infineon is ideally placed to benefit from this development. Over the past few years, we have been steadily strengthening our leading position in the global market for automotive semiconductors. One of the main reasons for our great success in this area has been the rapid growth in revenue from our microcontrollers, which are used in a wide variety of applications in cars. In the 2023 calendar year, based on recently released market figures, Infineon became, for the first time, the world number one in the market for automotive microcontrollers. Our strategy is to continue to reinforce this position of strength.

We are growing by working alongside world-leading automotive manufacturers and, at the same time, we are teaming up with new, innovative players. I would like to give you two examples. We are deepening our cooperation with Stellantis, one of the largest automakers in the world. Together we will advance innovation in power conversion and distribution for the next generation of vehicle architecture. To support this, we have signed major supply and capacity agreements covering not only our silicon carbide solutions but also our AURIX™ microcontrollers and smart power components. An innovative emerging company in the auto market is Xiaomi, one of the largest smartphone manufacturers in the world. In 2024, the Chinese company launched its first electric car, the SU7 model series, onto the market. The powertrain is based on our silicon carbide modules. We also supply system solutions with over 60 different components to Xiaomi.

Decarbonization requires a systemic change in the way in which we generate, transport and consume energy. According to calculations by the International Energy Agency, the share of global power generation accounted for by renewables will need to increase from around 12 percent to over 70 percent by 2050 to keep the 1.5 degree climate target within reach. Although demand for semiconductors for solar systems has recently been lower because customers and installers have built up substantial inventories, the installation rate remains high. We therefore anticipate that business involving our differentiating power modules for solar inverters will pick up again once

inventory levels have returned to normal. In all areas, from industry and buildings to transportation, electrification will play a key role. The reorganization of the energy system continues to offer Infineon huge potential along the entire green energy chain – potential we intend to exploit.

The digital transformation will be driven primarily by artificial intelligence. AI offers enormous technological opportunities and potential for value creation in many application areas. These include cars that are increasingly able to perform driving functions independently, smartphones that intuitively understand and support human ideas, and industrial machinery that can achieve higher productivity and quality using self-learning systems. Working closely together with our partners, we anticipate the ways in which AI will change our target markets and which AI-supported semiconductor applications will provide the greatest added value for our customers, and we tailor our development activities accordingly.

AI models require training in order to improve, which in turn needs a great deal of computing power and energy. As a result, the increasing use of AI is leading to rapidly growing demand for powerful data centers. Electricity consumption at such data centers is rising exponentially. Modern semiconductor solutions can significantly increase the energy efficiency of the servers, reduce carbon emissions and cut costs for data center operators. A huge market has emerged for our modern power supply solutions that cover the entire supply chain from the grid to the processor. Over the years, we have developed a broad product portfolio to respond to precisely this trend. We will continue to expand our portfolio to meet future requirements. We are well on the way to increasing our revenue from power supply solutions for AI data centers to more than €500 million in the 2025 fiscal year. We expect to exceed the threshold of €1 billion within the next two years.

Growth in the Internet of Things, a network of billions of interconnected devices, also offers us a wide range of opportunities. Real-time monitoring, data analysis and automated decision-making are increasingly being used in all areas of life. Demand for intuitive, secure, smart “things” is rising everywhere: in cars, in the smart home, in urban areas, and in Industry 4.0 environments. Microelectronics form the core of every IoT solution, and our semiconductors make the IoT possible in the first place.

For Infineon, a particularly important trend in IoT is that AI is increasingly being used in end devices themselves. The relocation of computing processes from the cloud to smartphones, tablets or wearables, or even to cars, has advantages in terms of latency, power consumption and data protection. The market for Edge AI solutions is growing rapidly. We offer developers a complementary range of AI-specific products and solutions, an end-to-end software platform for machine learning, extensive application know-how and a wide network of experienced AI partners. This combination enables our customers to rapidly launch their AI applications onto the market without having to be recognized AI experts themselves.

Continuing to develop Infineon in a targeted way

Semiconductor innovations for the application areas I have mentioned are opening up profitable growth opportunities for Infineon. To realize the full potential of our company, we are also continuing to develop Infineon at various levels in a targeted and systematic way:

- In May 2024, we launched “Step Up”, our Group-wide structural improvement program, which is designed to enhance our competitiveness. The measures contained in the program focus on the areas of manufacturing productivity, portfolio management, tactical pricing excellence, and efficiency in central and support functions. Most of the measures are not personnel-related. Nevertheless, “Step Up” does affect a total of 2,800 jobs at Infineon worldwide. We will be cutting around 1,400 jobs and relocating 1,400 others to different sites, acting in a socially responsible manner. Our aim is for the “Step Up” measures to have a sustainable positive effect on our Segment Result in the high triple-digit million euro range per year. We assume that the initial results of the program will already start to become evident in the course of the 2025 fiscal year, while the full financial effect will become effective in the first half of our 2027 fiscal year. Overall, “Step Up” will enhance our competitiveness in terms of costs. At the same time, we want to continue to focus on strengthening Infineon’s capacity for innovation.

– We want to bring our value-creating semiconductor solutions, which arise from our capacity for innovation, even more rapidly to our customers. In March 2024, with this aim in mind, we restructured our sales organization. Since then, Infineon's sales team has been organized into three newly created sales segments: Automotive, Industrial & Infrastructure, and Consumer, Computing & Communication. Responsibility for the distribution business across all segments will be retained by a separate organizational unit. The new structure will make it easier for us to market our diverse portfolio as a whole, thus exploiting Infineon's potential even more effectively.

– Our corporate culture is a key foundation for the success of these structural improvements. With the SPIRIT initiative we launched two years ago, we deliberately promote three behaviors in the Company. We set ourselves ambitious targets at all levels. We set clear rules for responsibilities and powers. We make timely decisions that are implemented consistently. The introduction of a global functional organizational structure, which was completed in October 2024, also plays a role here. With this major step, we are reducing the complexity of our organization and will become even more effective as a company.

We were also able to provide clarification on a quite different subject. The longstanding legal dispute with the insolvency administrator of Qimonda AG has been concluded. In May 2006, Infineon carved out its former memory business and transferred it to Qimonda AG. As a result of a massive drop in prices for memory products, Qimonda became insolvent in January 2009. In November 2010, the insolvency administrator of Qimonda AG filed a lawsuit against Infineon, claiming billions in damages. Throughout the course of the action Infineon considered it to be without merit. However, to have this determined in a court of law would have led to many more years of legal action and incurred high costs, as well as being associated with considerable uncertainty. As a result of the settlement reached in August 2024, all legal disputes and claims by the insolvency administrator against Infineon have now been settled. The Management Board and Supervisory Board agreed that this approach was in the interests of the company.

We are strengthening our capacity for innovation and ensuring our delivery capability in the long term

Decarbonization is a task that will take generations – and one that is only achievable with the most advanced semiconductor technologies. The market for power semiconductor solutions is highly attractive and a particular source of growth. Global competition in our core field of competence is increasing, as anticipated. We are adapting to the changing conditions for our business.

As a technological leader, we want to set the tone across the whole spectrum of power semiconductors. This we have done so far with silicon (Si) chips and will continue to do so with silicon carbide (SiC) and gallium nitride (GaN) chips. Many applications, from electric vehicles and fast charging stations to solar systems, all the way to mobile chargers and data centers, require greater power density and faster switching speeds. Here we can see the benefits of the physical properties of the semiconductor materials silicon carbide and gallium nitride. We use them to improve energy efficiency, increase power density and thus reduce system costs. In our power systems, we combine power semiconductors with microcontrollers and analog mixed-signal chips, as well as software and algorithms, to create perfectly coordinated solutions. In this way, we are able to use the different strengths of the various semiconductor materials in the best possible way.

In the AI data center application area, as with some other applications, mastering all three power semiconductor materials is a prerequisite for the development of technologically leading solutions that distinguish us from the competition. In our specialized Power Supply Units for AI servers, we combine silicon, silicon carbide and gallium nitride in a single module. Our portfolio of Power Supply Units is thus a further example of Infineon's capacity for innovation, which produces first-class results in terms of performance, efficiency and reliability.

Our customers' structural demand for semiconductors is growing. Even if the market as a whole is currently rather weak, we need to take steps today to ensure that we have the competitive manufacturing capacity required for the medium and long term. This is the only way we can secure a leading position for Infineon in the growth markets. Our in-house manufacturing plays a strategically important role here.

At our site in Kulim (Malaysia), we are expanding volume manufacturing for our SiC chips. In August 2024, we opened the first expansion phase of a new fab that will become the world's most competitive fab for SiC power semiconductors with 200-millimeter manufacturing technology. The expansion, which was planned in phases depending on the market situation, is supported by commitments from customers in the form of advance payments. The highly efficient production in Kulim will strengthen our position as a leading supplier of power semiconductors.

The new fab in Kulim will be closely linked with the site in Villach (Austria), our global competence center for power semiconductors. As "One Virtual Fab" for wide bandgap technologies, both production sites use the same technologies and processes that enable a rapid ramp-up in production and smooth, highly efficient operation.

Infineon has all the important success factors for the silicon carbide business. A globally diversified supplier network secures our supply of the best-quality raw material at competitive prices. First-class trench transistor architecture creates advantages both in terms of application and productivity. We have the most comprehensive range of packaging and modules, as well as the broadest application know-how in the automotive, industrial and renewable energy sectors.

We recently achieved a technological milestone that will have a decisive impact on the relatively new yet fast-growing market for GaN-based power semiconductors. Infineon recently became the first company in the world to successfully develop GaN wafer technology for power semiconductors on 300-millimeter wafers. This technological breakthrough will give the market a boost and help us unlock GaN's full potential. Chip manufacturing on 300-millimeter wafers is technologically more advanced and much more efficient than on 200-millimeter wafers, as the larger wafer diameter allows for the production of 2.3 times more chips per wafer. As the manufacturing processes for gallium nitride and silicon are very similar, we are now able to use existing 300-millimeter silicon manufacturing equipment for the 300-millimeter GaN technology. Fully-scaled 300-millimeter gallium nitride production will contribute towards cost parity between comparable silicon and gallium nitride products, creating ideal conditions for the accelerated implementation of reliable, cost-effective GaN technology. We can continue to develop the market ourselves.

We are also making good progress on our Smart Power Fab in Dresden (Germany), with the shell and building construction now well advanced. In 2026, the new manufacturing module for power semiconductors and analog mixed-signal products is set to commence operations. We are right on schedule, thanks to excellent cooperation with all our project partners. With our strategic decision to continue investing in Dresden, we are securing the long-term future of the site and strengthening the manufacturing base for semiconductors in Europe.

Last but not least, the joint investment by TSMC, Bosch, NXP and Infineon in the European Semiconductor Manufacturing Company (ESMC) in Dresden is strategically important. This project is also on schedule. The groundbreaking ceremony in August 2024 was a major milestone for all four investment partners and the European semiconductor industry. Infineon's investment in ESMC secures access to capacity for our automotive microcontrollers and IoT semiconductors. Manufacturing is set to commence at the end of 2027.

We also want to be a pioneer in the semiconductor industry in sustainability

Our aim as a company is to make a substantial and lasting positive contribution to our global future. For many years, sustainability has been an integral part of our corporate strategy.

Already today, our products generate savings of around 130 million tons of CO_2 (carbon dioxide) equivalents in the course of their use. This figure is 45 times the emissions arising from the manufacture of the products. We will continue to improve this ratio in the coming years with increasingly energy-efficient and intelligent semiconductor solutions. At the same time, we are continuing to reduce our own carbon footprint,

and we will make Infineon carbon-neutral by the end of the 2030 fiscal year. By the end of the 2024 fiscal year, our direct emissions (scope 1) and indirect emissions associated with the purchase of electricity and heat (scope 2) were already around 66 percent below the emissions in the base year 2019. We are well on track to achieve our interim target by the end of the 2025 fiscal year of a 70 percent reduction in emissions compared with the base year 2019.

We are now going one step further and setting ourselves a science-based target in relation to climate in accordance with the targets set out in the Paris Climate Agreement to limit global warming. The Science-Based Targets Initiative is widely recognized as a benchmark for ambitious climate protection measures for companies. With this target, we will also be including our supply chain (scope 3) in our climate protection efforts in the future. We are encouraging our suppliers to set their own targets to reduce carbon emissions, thus considerably extending our climate strategy.

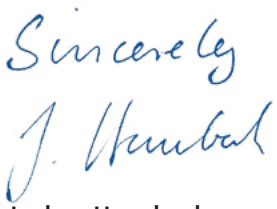
At Infineon, we aim to be a pioneer in sustainability. We have achieved a further milestone with our decision to publish henceforth detailed data on our Product Carbon Footprint (PCF). More and more customers want transparency about their own carbon footprint. The PCF discloses the respective carbon footprints of individual products, enabling a comparison between the climate impact of different products. Currently, we provide comprehensive PCF data for half our product portfolio. We will continue to expand our offer to publish detailed data on our PCF by including additional product groups.

Outlook for the 2025 fiscal year

At the beginning of the 2025 fiscal year, the cyclical weakness in the semiconductor market is persisting. In many of our end markets, the recovery is sluggish. We are expecting modest business performance for 2025 and forecasting slightly lower revenue than in the 2024 fiscal year. As part of our cycle management, we will continue to make strenuous efforts to maintain a solid level of profitability in the second year of the cyclical correction. For the 2025 fiscal year, we are forecasting a Segment Result Margin in the mid-to-high teens percentage range. We are relying on the rigorous implementation of our “Step Up” program, a range of structural measures designed to enhance our competitiveness. This, together with our capacity for innovation, is how we are addressing our structural growth drivers and putting ourselves in the best position for the upturn when it comes.

Decarbonization and digitalization will continue to be the key drivers of Infineon’s business. In particular, electromobility, software-defined vehicles, renewable energy, data centers – especially for artificial intelligence – as well as IoT, provide us with plentiful opportunities. You, dear shareholders, can rest assured that in the new fiscal year, we will work hard to consistently implement our strategy and continue to develop Infineon’s potential.

Neubiberg, November 2024



Jochen Hanebeck
Chief Executive Officer

The Management Board

Jochen Hanebeck
Chief Executive Officer

Elke Reichart
Chief Digital and Sustainability Officer

Dr. Sven Schneider
Chief Financial Officer

Andreas Urschitz
Chief Marketing Officer

Dr. Rutger Wijburg
Chief Operations Officer

The Management Board

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 and Sustainability Officer

Elke Reichart has been a member of the Management Board of Infineon Technologies AG and Chief Digital and Sustainability Officer since 2023 (appointed until 31 October 2026). She is responsible for Groupwide Digitalization and Sustainability 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. 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.

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 2030). 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. 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 2026). 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,

More than virtually any other company, Infineon stands for decarbonization and digitalization, topics that look forward to the future. We aspire to be a technological leader in our core markets. This requires a capacity for innovation, which is already one of our distinguishing features that we continuously enhance. Our goal is to continue to build on Infineon's leading position as a global provider of semiconductor solutions for power systems and the Internet of Things.

In power electronics, this applies not only to silicon but especially to the new semiconductor materials, silicon carbide and gallium nitride, that enable particularly efficient, carbon-saving solutions. Recently, Infineon was nominated for the "Deutscher Zukunftspreis", the Federal President's Award for Technology and Innovation, for the development of a new type of energy-saving chip based on silicon carbide. Following the conclusion of our acquisition of Canadian company GaN Systems, Infineon has also reached another milestone, with our recent successful development of the world's first 300-millimeter GaN wafer technology for power electronics. Infineon is also driving innovation in the field of IoT. Of particular relevance here is artificial intelligence, which is increasingly being used in end devices. Our extensive portfolio is designed to respond to this trend.

Infineon defines success not only by the goals we achieve but also by the route we take to get there, with sustainability playing a key role. Sustainable action goes beyond business and commercial viability. In our view, sustainable corporate governance and responsible commitment to the common good are essential. The inclusion of Infineon once again in the 2024 fiscal year in the Dow Jones Sustainability™ World Index is evidence of our approach. We are also broadening our climate strategy to include a science-based target and the calculation of our Product Carbon Footprint.

At Infineon, we are putting our stamp on the present and adopting innovative, sustainable solutions to shape the future. I would like to thank you, dear shareholders, for accompanying us on our way.

Meetings and main activities of the Supervisory Board

In the 2024 fiscal year, the full Supervisory Board convened six times, holding four ordinary meetings and two extraordinary meetings. Additionally, three resolutions were passed on the basis of written communication. The attendance rate at Supervisory Board meetings was just under 99 percent. 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

One of the two extraordinary meetings of the full Supervisory Board was conducted virtually, while all other Supervisory Board meetings were face-to-face. Of the eight

meetings of the Executive Committee, three were in a virtual format, and all the others were face-to-face. All the meetings of the Investment, Finance and Audit Committee, the Nomination Committee, and the Strategy and Technology or Technology and Digitalization Committee were, without exception, 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.

Limited share buyback

In September 2023, the Management Board resolved, with the approval of the Supervisory Board, to acquire up to 7,000,000 own shares via the stock exchange at a total purchase price of up to €300 million. The sole purpose of the buyback was to allocate shares to employees of the Company or affiliated companies, and to members of the Management Board of the Company as well as members of the management boards or boards of directors of affiliated companies, as part of existing employee participation programs. The buyback was carried out on behalf of Infineon in February and March 2024 by an independent credit institution via Xetra trading on the Frankfurt Stock Exchange.

Personnel matters relating to the Management Board

Constanze Hufenbecher resigned from her position as a member of the Management Board, with effect from 31 October 2023; her employment contract terminated as scheduled on 14 April 2024. The Supervisory Board appointed her successor, Elke Reichart, as a new member of the Management Board from 1 November 2023 until 31 October 2026. Infineon has thus succeeded in recruiting an experienced digitalization expert, who, in her role as the Group's Chief Digital and Sustainability Officer, is also determined to promote sustainability.

Furthermore, the Supervisory Board extended the contract of Dr. Rutger Wijburg as Chief Operations Officer for a further year until 31 March 2026. The Supervisory Board also extended the contract of Andreas Urschitz, Chief Marketing Officer, by five years until 31 May 2030.

Management Board remuneration

On 26 November 2024, on the recommendation of its Executive Committee, the Supervisory Board resolved to make changes to the remuneration system for Management Board members. The main changes were as follows:

- In the future, Management Board members will receive part of their short-term variable remuneration (Short-Term Incentive – STI) in shares. They must hold the allocated shares at least until they have accumulated the shareholding required by the Share Ownership Guidelines.

- As regards the long-term variable remuneration of Management Board members (Long-Term Incentive – LTI), adjustments are being made to the target structure with respect to the financial targets. On the one hand, two equally weighted peer groups will apply in the future for the Total Shareholder Return (TSR) target. The first of these will be a focused peer group of competitors, compiled on the basis of clear, pre-defined criteria, while the second peer group, just like the peer group used until now for the appropriateness test, will consist of the DAX 40 (excluding financial services providers). On the other hand, a new target is being added in the form of the Target Operating Model (TOM) with its long-term financial performance indicators: the ratio of adjusted Free Cash Flow to revenue, Segment Result Margin and revenue growth. The TSR and TOM targets will each comprise 40 percent of the total target, while the ESG (environmental, social & governance) targets will comprise 20 percent of the total target.

These are structural changes rather than an increase in remuneration (not even in maximum remuneration). It is intended that the revised Management Board remuneration system be implemented in all current Management Board employment contracts with effect from 1 October 2024.

Further details about Management Board remuneration are provided in the Remuneration Report. As in the previous year, the Management Board and the Supervisory Board decided to ask the auditors to perform a review of the content of the Remuneration Report in addition to their formal audit of the report. Deloitte issued an unqualified audit opinion on the Remuneration Report.

Litigation/Qimonda insolvency proceedings

During the 2024 fiscal year, the Supervisory Board was again provided with in-depth information on a regular basis regarding major legal disputes. These included, in particular, the longstanding legal dispute with the insolvency administrator of Qimonda AG pertaining to alleged residual liability claims. A milestone in these proceedings was reached at the beginning of January 2024 with the submission of the court-appointed expert's assessment, which the Supervisory Board subjected to a thorough examination. Given the importance of the proceedings, the Supervisory Board gave its approval for a potential settlement. Finally, an agreement was reached with the insolvency administrator. All aspects of this agreement were reviewed in detail by the Supervisory Board. After careful consideration, the Management Board and the Supervisory Board reached the conclusion that the settlement was in Infineon's interests and therefore approved the settlement, enabling the case to be closed in the 2024 fiscal year.

Personnel matters relating to the Supervisory Board

In April 2023, the Munich (Germany) Local Court appointed Ute Wolf as a new member of the Supervisory Board for a limited period of time until the Company's next Annual General Meeting. Her term of office therefore terminated at the end of the Annual General Meeting held on 23 February 2024. At the Annual General Meeting, Ute Wolf was elected as a member of the Supervisory Board for a further four years until the end of the 2028 Annual General Meeting.

Furthermore, Dr. Manfred Puffer resigned from his position on the Supervisory Board, with effect from the end of the Annual General Meeting held on 23 February 2024. Dr. Puffer had been a Supervisory Board member since 2009 and showed great commitment and support for Infineon for over one and a half decades.

At the Annual General Meeting on 23 February 2024, Prof. Hermann Eul was elected as a new member of the Supervisory Board for four years until the end of the 2028 Annual General Meeting. Prof. Hermann Eul began his career at Siemens and has spent many years working at Infineon, including a period from 2005 to 2011 as a member of the Management Board. He is an acknowledged expert in the semiconductor sector, both in terms of his education and his professional career.

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. A recent training, for example, covered current regulatory developments affecting the Supervisory Board as well as sustainability topics. Also, a full-day workshop with experts from the semiconductor industry was held. As part of the onboarding process for new Supervisory Board members, comprehensive briefings are offered on a range of subjects, 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 chairs of each committee are required to report on matters discussed in their 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 two meetings in the 2024 fiscal year. The topics discussed at the meetings included the confirmation of Ute Wolf and the election of Prof. Hermann Eul at the 2024 Annual General Meeting. The committee also addressed the qualifications matrix and general succession planning.

Executive Committee

The Executive Committee held a total of eight meetings in the 2024 fiscal year. These focused, in particular, on drawing up resolutions for the Supervisory Board to determine the variable remuneration of the Management Board and on the personnel issues and issues relating to Management Board remuneration referred to above. In addition, the Executive Committee addressed the issue of Supervisory Board remuneration.

Investment, Finance and Audit Committee

The Investment, Finance and Audit Committee held four ordinary meetings and one extraordinary meeting in the 2024 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 extraordinary meeting focused on the court-appointed expert's assessment with regard to the Qimonda insolvency proceedings.

The Committee's recommendation to the full Supervisory Board to propose to shareholders at the 2024 Annual General Meeting that Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, (Deloitte) be elected as Company and Group auditor was based on a Declaration of Independence obtained from Deloitte as well as an analysis of the non-audit services provided by Deloitte. 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 the regular 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 topics.

The onboarding of Deloitte as the new auditor was successfully conducted and completed.

Strategy and Technology Committee (now Technology and Digitalization Committee)

The Supervisory Board's Strategy and Technology Committee (now Technology and Digitalization 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, as well as progress to date on Infineon's digitalization strategy. Other matters discussed at committee meetings were strategic considerations with regard to the set-up for internal venture projects, other growth and innovation areas, and artificial intelligence in Infineon's products.

Corporate Governance

Declaration of Compliance 2024

In the Declaration of Compliance dated November 2024, the Management Board and Supervisory Board jointly declared that, since the submission of the last Declaration of Compliance in November 2023, 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 2024 and all previous Declarations of Compliance are available on Infineon's website.
https://www.infineon.com/declaration-of-compliance

Self-assessment by the Supervisory Board

The Supervisory Board regularly assesses how effective the Supervisory Board as a whole and the Supervisory Board committees are at performing their duties. In the 2024 fiscal year, as in 2023, this assessment was conducted using an internal questionnaire. The last review, carried out with the support of an external consultant, took

place in the 2022 fiscal year (including personal interviews with all the members of the Supervisory Board and Management Board). The questionnaire examined the following topics: reporting by the Management Board to the Supervisory Board, the handling of Infineon's corporate strategy, the organization of the Supervisory Board committees and their relationship with the full Supervisory Board, the quality of the audit of the financial statements, dealing with sustainability topics, and succession planning for the Management Board. The results of the questionnaire were then discussed at a Supervisory Board meeting and in the course of a full-day workshop. No major shortcomings were identified, but very specific measures were agreed. These included the full Supervisory Board becoming even more involved in the future with strategic issues. The committee that has been known to date as the Strategy and Technology Committee will therefore focus to a greater extent on technology and digitalization topics (and hence has been renamed the Technology and Digitalization Committee). In addition to the results of the self-assessment questionnaire, the workshop also dealt with general strategic topics and discussed an outside-in perspective on Infineon with three external semiconductor specialists from research, business and consulting.

Examination of potential conflicts of interest

Members of the Management Board and of the Supervisory Board are required to disclose any conflicts of interest to the Supervisory Board without delay. In connection with the settlement relating to the Qimonda insolvency proceedings, Prof. Hermann Eul highlighted his role as a former member of Infineon's Management Board and indicated his wish to avoid creating even the appearance of a potential conflict of interest. Therefore, he did not participate in the Supervisory Board's discussions on this subject or in the passing of resolutions, nor was he given access to the relevant documents.

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 its Executive Committee.

Further information on the topic of corporate governance is presented 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 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 a global Group guideline. The Supervisory Board has delegated responsibility in this area to its Investment, Finance and Audit Committee, particularly for resolutions requiring approval. There were no related party transactions requiring approval in the 2024 fiscal year.

Separate and Consolidated Financial Statements

Deloitte audited the Separate Financial Statements of Infineon Technologies AG and the Consolidated Financial Statements as of 30 September 2024, 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 Deloitte. 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. Deloitte also conducted a review of the quarterly press releases.

The 2024 fiscal year (1 October 2023 to 30 September 2024) was the first time Deloitte 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. Therefore, the 2024 fiscal year was also the first time that the auditor responsible for the engagement, Alexander Hofmann, signed the auditor's report, and the first time it was co-signed by Christoph Schenk.

At the meeting of the Investment, Finance and Audit Committee held on 8 November 2024 and continued in a conference call on 21 November 2024, 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 and the Combined Management Report (all prepared by the Management Board), as well as the Management Board's proposal for the appropriation of unappropriated profit and Deloitte's long-form audit reports, were made available to the Supervisory Board at its meeting on 26 November 2024. At this meeting, the Chair 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 2024 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 2024, drawn up by the Management Board, and the Remuneration Report prepared together with the Management Board. Deloitte 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, Deloitte issued an unqualified opinion thereon. The documents were carefully examined by the Investment, Finance and Audit Committee at its meeting on 8 November 2024, which was continued in a conference call on 21 November 2024, and by the Supervisory Board at its meeting on 26 November 2024. 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 excellent performance in the 2024 fiscal year, a year of challenges.

Neubiberg, November 2024
On behalf of the Supervisory Board

Dr. Herbert Diess
Chairman of the Supervisory Board

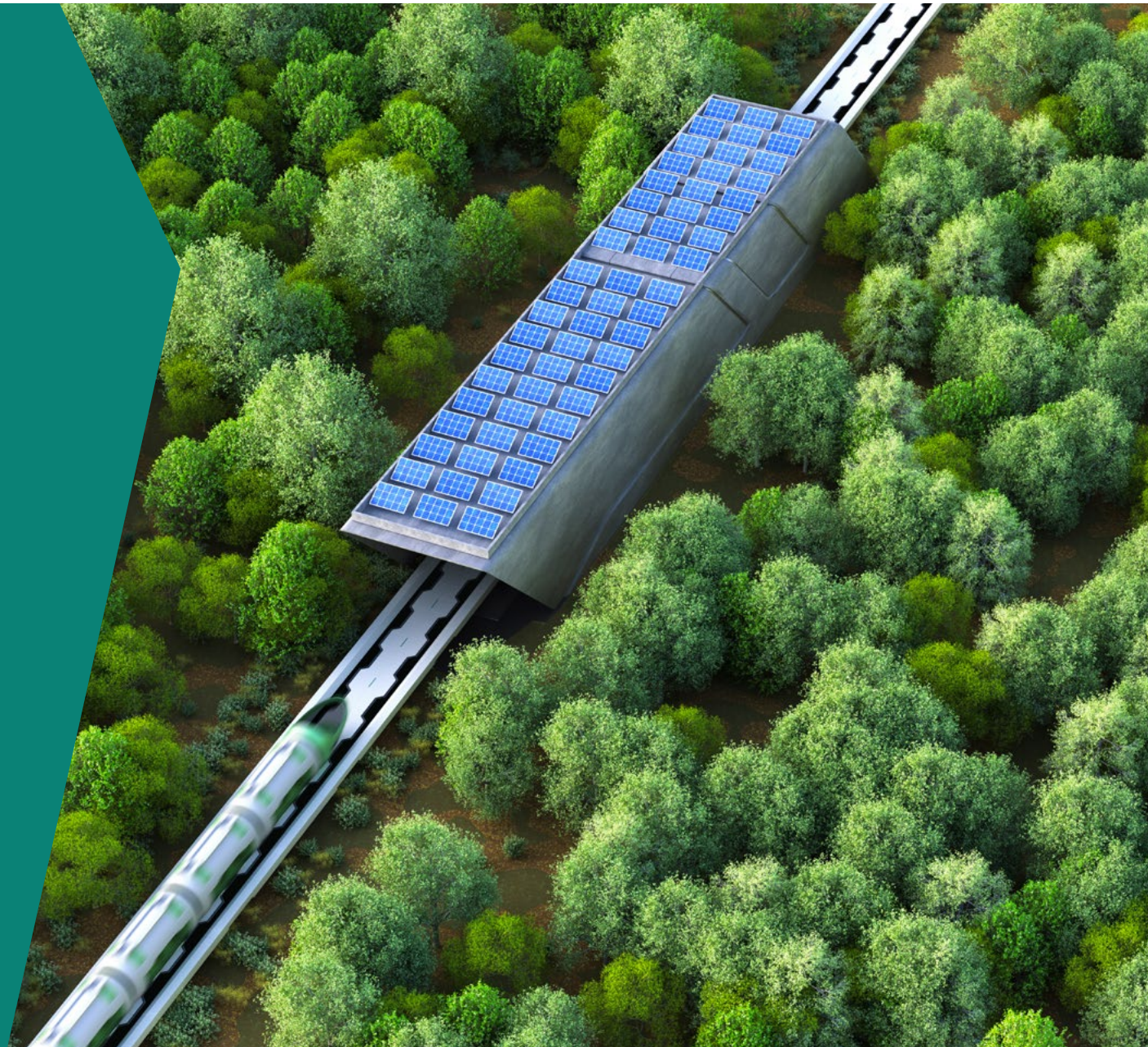
Combined Management Report

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.

The content of these sections is voluntary content that has not been checked by the auditor but only read critically. It does not form part of the Management Report. 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 58,000 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 applications. Infineon develops, manufactures and markets a large number of semiconductors and semiconductor-based solutions, focusing on the key markets in the automotive and industrial sectors and ranging all the way to data centers for artificial intelligence and certain specific consumer sectors.

Our core business includes power semiconductors based on silicon, silicon carbide and gallium nitride in the form of individual components, modules and system solutions. Over decades, 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, driver components and sensors), so that we can provide tailored solutions for energy conversion systems and enable decarbonization.

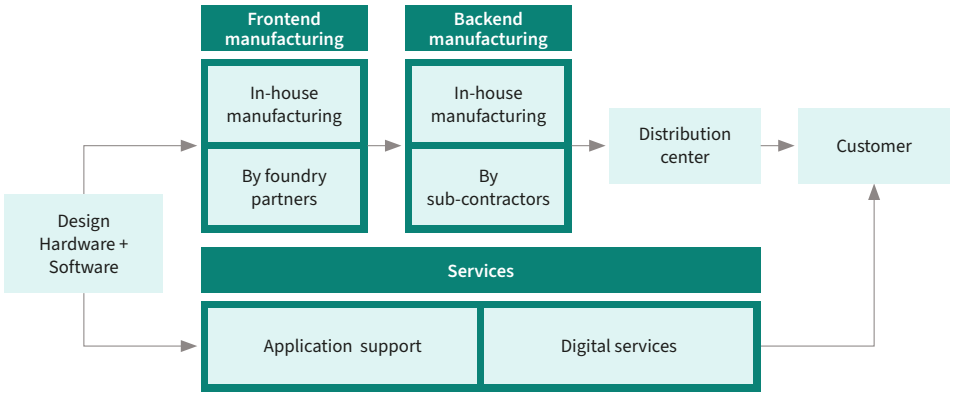
In the area of digitalization, we have a broad portfolio of microcontrollers with hardware-based security, sensors and connectivity products, such as Wi-Fi and Bluetooth, supplemented by software. These are used in the automotive, industrial and consumer sectors, as well as in end applications such as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

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 our 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. These steps include

C01 The main stages of the semiconductor value chain



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.

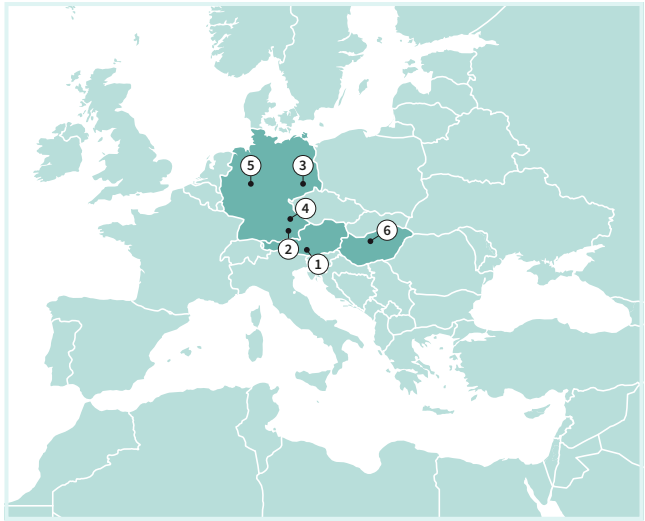
In order to optimize the use of capital and increase flexibility, we use external manufacturing partners in addition to our in-house manufacturing. In frontend manufacturing, this applies primarily to manufacturing processes with little potential for differentiation and, in backend manufacturing, to standardized package types. More information about our manufacturing strategy is given in the chapter “Group strategy”, p. 26 ff.

Headquarters and manufacturing sites

Americas

Mexico
- 1 Tijuana

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

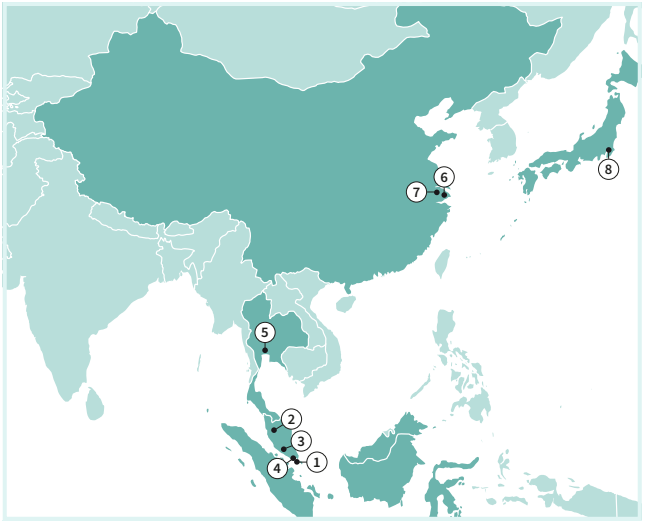


Europe, Middle East, Africa

Austria
- 1 Villach

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

Hungary
- 6 Cegléd



Asia-Pacific

Indonesia
- 1 Batam

Malaysia
- 2 Kulim
- 3 Melaka

Singapore
- 4 Singapore

Thailand
- 5 Bangkok

Greater China

Mainland China
- 6 Shanghai
- 7 Wuxi

Japan

- 8 Tokyo

■ Corporate headquarters ■ Regional headquarters ■ Frontend manufacturing ■ Backend manufacturing

For the definition of frontend/backend manufacturing, see chapter "Value chain and manufacturing". p. 21

The segments

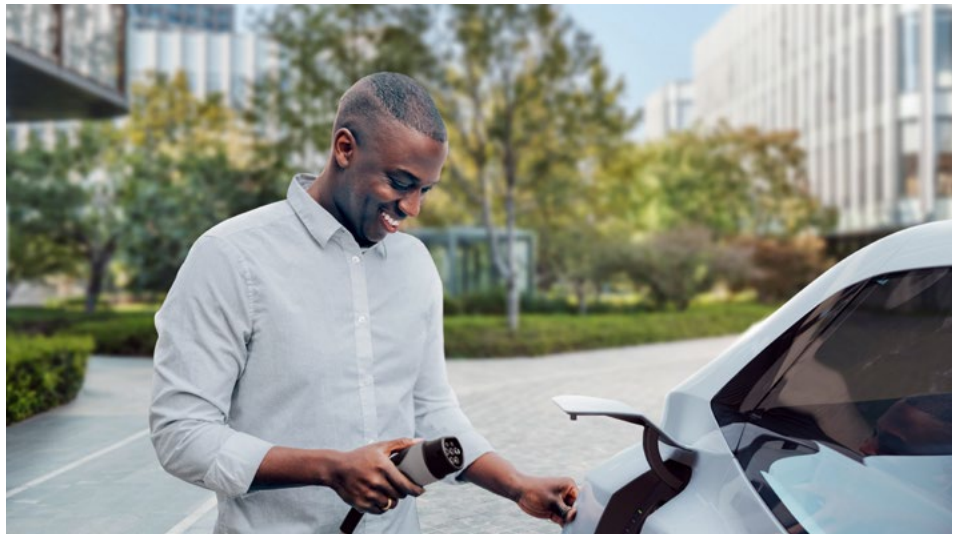
In addition to general areas within the Group, such as manufacturing and various corporate functions, Infineon comprises four segments (also known as divisions). Each segment focuses on the needs of its own target markets and applications and has individual responsibility for specific areas that reflect 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 (especially those required for artificial intelligence), telecommunications networks and more consumer-oriented applications. Activities relating to IoT, including Edge AI 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. Since 1 March 2024, marketing activities for all segments have been combined within one central organization comprising the following newly created marketing segments: Automotive, Industrial & Infrastructure and Consumer, Computing & Communication. The intent here is to offer our customers easier access to Infineon's entire portfolio and meet their specific requirements by providing complementary, coordinated products from the various divisions.

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. 182 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, as well as 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, as well as the software-defined vehicle, which is characterized by increased connectivity and digitalization along with greater data security. We also offer our customers innovative solutions in the areas of safety, digital cockpit, infotainment, comfort and lighting technology. Our product portfolio includes sensors, microcontrollers, software solutions, a reliable power supply, memories for specific applications and power semiconductors based on Si, SiC and GaN.

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 power transistors based on Si and SiC and the driver ICs (integrated circuit) to control them. 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 (RF) 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 products for applications in the areas of data centers (especially for artificial intelligence), power supplies and adapters, battery-powered devices, 5G and renewable energy (especially for roof-top solar systems). 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. The portfolio is rounded off with USB (universal serial bus) controllers, sensors 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, Bluetooth, UWB (ultra wideband) and NFC (near-field communication) 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. These also include microcontrollers focusing on machine learning, such as those for Edge AI applications.

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, one of humanity's key responsibilities over the next decades. Radical changes have to be made 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 and safer. Artificial intelligence is increasingly finding its way into many different areas of life and the economy. The possibilities are huge. Examples include digital assistants that allow tasks to be performed more quickly, greater convenience and security in the smart home, higher levels of efficiency in the development and manufacturing of goods, and new services to support older people. Infineon supplies microcontrollers with software and sensors that make it possible to produce connected and smart IoT devices with local AI both in the automotive and industrial sectors and in the end user sector. Moreover, our state-of-the-art power semiconductors and systems architectures enable efficient power supplies to high-performance processors and data centers for large language models and other advanced AI applications – **"We power AI".**

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 Group, our shareholders and society with our semiconductor solutions, we pursue clear and measurable strategic targets.

Profitable growth

We want to continue to grow in our target markets and to increase our profitability. Our long-term financial targets reflect this aspiration and apply over the semiconductor cycle. We want to create value on a sustainable basis by focusing consistently on the long-term growth trends of decarbonization and digitalization and implementing our strategic guidelines (see the chapter "Strategic guidelines", p. 28 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, software-defined vehicles, renewable energy, data centers, especially with AI and IoT, 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. A key element in achieving our profitability target is our system solutions expertise, which is based on our strategic approach "Product to System" and generates higher value and greater customer benefit. In the future, software will play a larger role in various instances: driver and operating system software based on our microcontrollers, application software (sometimes using AI models), and even software with which customers can better simulate or integrate design into our products. 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 and gallium nitride 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, and selling expenses, and especially our 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, our Target Operating Model includes a Free Cash Flow target. Free Cash Flow adjusted for large investments in frontend buildings and large M&A (mergers & acquisitions) transactions 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.

In the past fiscal year, we reviewed and revised our liquidity target. Going forward, our objective for gross cash will be at least 10 percent of revenues on average throughout a year. We are thus dropping the additional cushion of €1 billion, planning instead to establish committed standby credit facilities. Aspects we considered in the course of our review were the decline in net pension obligations over the past few years, the settlement agreed with Qimonda, and a risk-based analysis of contingent liabilities. With the defined gross cash target we will 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 responsibly 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 the end of the 2025 fiscal year, our emissions are to be reduced by 70 percent compared with the 2019 calendar year. 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 2024 fiscal year, our scope 1 and scope 2 emissions were 66.3 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.

In December 2023, we broadened our climate strategy and committed ourselves to setting a science-based target that includes scope 3 emissions and thereby incorporates the supply chain. This means that we are not only addressing direct and indirect emissions related to energy consumption (scope 1 and 2) but also emissions along the entire value chain. To reduce our scope 3 emissions and to set a corresponding target, we rolled out a program in the 2024 fiscal year to collaborate with the suppliers who have the greatest impact on our scope 3 emissions. This involves working actively together with over 100 suppliers to motivate the suppliers to set their own science-based targets and implement corresponding reduction measures.

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 (corporate social responsibility) 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) with software

With our approach "Product to System", we are fostering our leading positions in the areas 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, including those relating to system 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. Thereby, 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 market leader in the field of power electronics, by way of example, we began researching new materials 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. Our innovative modules for vertical power supply in data centers make AI servers more efficient and more powerful. We consider a strong position in compound semiconductors essential to reinforcing our leading position in power systems. The acquisition of GaN Systems Inc. is making a significant contribution to this. The company based in Ottawa (Canada) complements our technologically strong GaN portfolio with additional GaN-based energy conversion solutions and first-class application expertise.

We were the first company worldwide to announce the rollout of 300-millimeter in-house manufacturing of GaN-based semiconductors, thus ensuring our technological leadership in all the main classes of power semiconductors.

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 recognize 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 our cash flow in periods when we are investing in expansion of our 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 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 level of production 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 recently inaugurated third module 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. In Kulim, we want to create 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 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 was founded under the leadership of TSMC and in which Infineon holds a 10 percent stake, plays an important role in the geographical diversification of the supply chains. The groundbreaking ceremony for the factory in Dresden operated by ESMC took place in August 2024.

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 for our customers and risk assessment. On this basis, we decide the extent to which we will invest in 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: as a provider and 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 digitalization 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 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 digitalization 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, innovation and productivity, 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 towards 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, and training our own new generation;
2) continuing to drive digitalization and standardization forward in HR and scalably deploying them to support Infineon's profitable growth;
3) strengthening leadership development programs as well as employee training and skill enhancement; and
4) pushing ahead with organizational development in order to be prepared for further growth and to promote the desired internal cultural change (SPIRIT) and sustainable reinforcement of our competitiveness ("Step Up").

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 2024 and the 2024 Sustainability Report.

www.infineon.com/hrreport
www.infineon.com/csr_reporting

Research and development

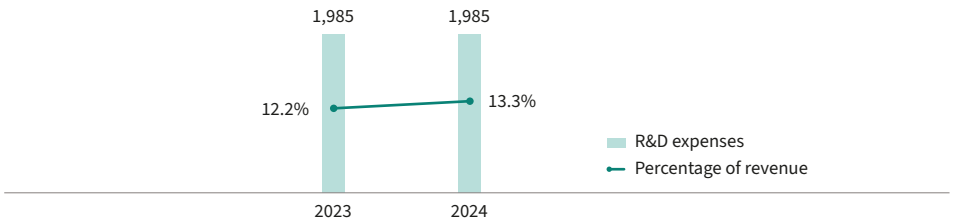
Infineon's research and development activities are in accord with its strategy of continuing to strengthen its leading technological position through customer-focused innovation. Research and development (R&D) activities therefore concentrate on continuing to improve our power semiconductors, with a 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. The huge growth in AI data centers and the resulting power consumption underline the importance of these endeavors. Our solutions significantly reduce the amount of power consumed throughout the data center and/or enable further improvements in performance.

The digitalization of products and solutions is a 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.

AI is 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 and 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.

C03 R&D expenses

€ in millions



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

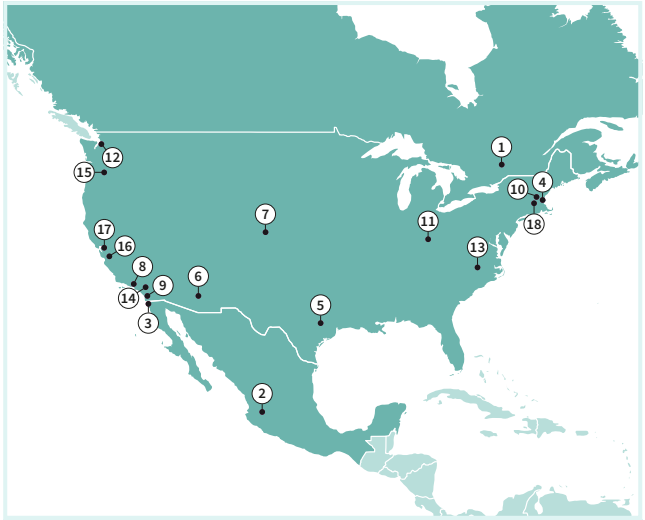
Research and development expenses were €1,985 million in the 2024 fiscal year, the same figure as in the previous year. We spent 13.3 percent of revenue on research and development in the 2024 fiscal year, compared with 12.2 percent in the previous year. Capitalized development costs in the 2024 fiscal year were €249 million (previous year: €214 million). The amortization of capitalized development costs in the 2024 fiscal year was €110 million (previous year: €93 million). Subsidies and grants received for research and development increased from €130 million in the 2023 fiscal year to €215 million in the 2024 fiscal year.

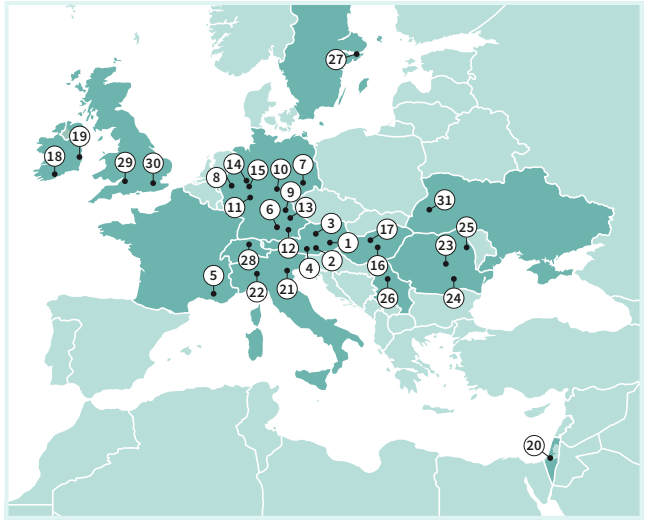
At the end of the 2024 fiscal year, Infineon employed 13,253 people (23 percent of the total workforce) in research and development worldwide. Of these, 11 percent worked on software. At the end of the 2023 fiscal year, 12,830 people were employed by Infineon in R&D worldwide (22 percent of the workforce). The number of research and development sites was 71 in the 2024 fiscal year (2023: 69) in 27 countries.

Patents

Another indication of Infineon's innovative power and long-term competitiveness is the number of our patents. In the 2024 fiscal year, we applied for around 1,900 patents worldwide (previous year: around 1,850). 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 2024 fiscal year, the worldwide patent portfolio comprised around 29,900 patents and patent applications (previous year: around 29,700).

R&D sites and application centers





Americas

Canada
1 Kanata

Mexico
2 Guadalajara
3 Tijuana

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

Europe, Middle East, Africa

Austria
1 Graz
2 Klagenfurt
3 Linz
4 Villach

France
5 Le Puy-Sainte-Réparade

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

Hungary
16 Budapest
17 Cegléd

Ireland
18 Cork
19 Dublin

Israel
20 Netanya

Italy
21 Padua
22 Pavia

Romania
23 Braşov
24 Bucharest
25 Iaşi

Serbia
26 Belgrad

Sweden
27 Stockholm

Switzerland
28 Zurich

UK
29 Bristol
30 Redhill

Ukraine
31 Lviv

Asia-Pacific

India
1 Bangalore

Indonesia
2 Batam

Korea
3 Bundang
4 Seoul

Malaysia
5 Ipoh
6 Kulim
7 Melaka
8 Penang

Philippines
9 Muntinlupa

Singapore
10 Singapore

Thailand
11 Nonthaburi

Vietnam
12 Hanoi

Greater China

Mainland China
13 Chengdu
14 Shanghai
15 Shenzhen
16 Wuxi
17 Xi'an

Taiwan
18 Hsinchu
19 Taipeh

Japan

20 Nagoya
21 Sendai
22 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 investment are all interdependent. Profitability is required to finance operations internally and open up potential opportunities for growth. Growth, in turn, requires continual investment in research and development as well as manufacturing capacity, while enabling 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 and achieve its strategic targets. 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 more frequently available information 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 social and ecological responsibility, Infineon also takes non-financial factors into account, 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. 84 ff.).

Performance indicators

Principal performance indicators

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

- Segment Result Margin
- Free Cash Flow from continuing operations
- Return on Capital Employed (RoCE)

These financial performance indicators are the cornerstones of the system for variable remuneration. Most of the variable salary components pertaining to employees, managers and the Management Board are directly linked to these performance indicators.

To achieve harmonization with the strategic targets defined as part of the Group strategy (see the chapter "Group strategy", p. 26 ff.) and with the adjusted target structure with respect to the financial targets for the long-term variable remuneration (Long-Term Incentive), the principal performance indicators will be supplemented, from the 2025 fiscal year, by the following financial performance indicators:

- Revenue
- Adjusted Free Cash Flow

Further details about the adjusted target structure for the long-term variable remuneration can be found in the Remuneration Report (see the chapter "Remuneration Report", p. 87).

Segment Result Margin and revenue

The Segment Result Margin is the key figure used by Infineon to measure operating performance. The Segment Result Margin is the Segment Result expressed as a percentage of revenue and is a measure of the profitability of revenue.

Segment Result is defined as follows:

	Operating profit, adjusted for:
	Certain reversal of impairments (impairments)
	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**

For an analysis of the development of revenue and of the Segment Result Margin of Infineon and of the individual segments in the 2024 fiscal year, see the chapter "2024 fiscal year", p. 41 ff.

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. The Free Cash Flow is managed by Infineon at Group level only and not at segment level (for an explanation of changes in Free Cash Flow during the 2024 fiscal year, see the chapter "Review of liquidity", p. 55).

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**

Adjusted Free Cash Flow

Adjusted Free Cash Flow (see the chapter "Group strategy", p. 27) is defined as Free Cash Flow adjusted for cash outflows for large investments in frontend buildings, for cash inflows from related investment subsidies, and for major M&A transactions (acquisitions and disposals) adjusted for cash acquired or disposed of (for an explanation of changes in Free Cash Flow during the 2024 fiscal year, see the chapter "Review of liquidity", p. 54 f.). Adjusted Free Cash Flow is managed by Infineon at Group level only and not at segment level.

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 2024 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 analyzed by Infineon at Group level only and not at segment level.

RoCE is defined as follows:

	Profit (loss) from continuing operations, adjusted for:
	Interest result
=	**Profit (loss) from continuing operations without interest result ①**
	Total 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

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 2024 fiscal year, see the chapter “Review of results of operations”, p. 48 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 2024 fiscal year, see the chapter “Review of liquidity”, p. 54 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 two non-financial performance indicators is reflected in the remuneration of the Management Board (see the chapter “Remuneration Report”, p. 87).

Actual and target values for performance indicators

The chapter “Outlook”, p. 62, contains a table comparing the actual values achieved in the 2024 fiscal year for principal and selected supplementary performance indicators with the values forecasted and the expectations for the 2025 fiscal year.

Review of the semiconductor industry

The global economy in the 2023 and 2024 calendar years

Global economic growth slowed in the 2023 calendar year to 2.8 percent from 3.2 percent in the 2022 calendar year (R01). High rates of inflation and corresponding sharp increases in interest rates were among the factors that had a dampening effect on the economy.

For the 2024 calendar year, experts at the International Monetary Fund expect global economic growth of 2.7 percent (R01). Despite falling inflation rates and the turnaround in interest rates taking place in some countries, economic momentum will remain subdued. The reasons for this include the persistently high level of interest rates, the weak economy in Europe (especially in Germany), the weakness of the Chinese real estate sector, and continuing gloomy consumer sentiment, as well as the economic consequences of current trade disputes and geopolitical conflicts.

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

The semiconductor market in the 2024 fiscal year

In the 2024 fiscal year, worldwide semiconductor revenue totaled €555 billion. This was a 16 percent increase when compared to the figure for the 2023 fiscal year of €480 billion. Expressed in US dollars, the increase was 18 percent (R02). This was mainly due to the significant rise in demand in the area of computing and the resulting demand for memory chips and logic ICs (R02).

Revenue in Infineon's reference market (i.e., the market for semiconductors excluding microprocessors and DRAM and NAND flash memory chips) increased by 3 percent, from €364 billion in the 2023 fiscal year to €374 billion in the 2024 fiscal year. Expressed in US dollars, the increase was 5 percent (R02). Comparatively weaker growth in the Infineon reference market was due primarily to moderate demand in the Automotive segment and the decline in demand in the industrial sector and in consumer markets. There was also a slowdown in growth in the area of renewable energy.

Market position

In the 2023 calendar year, Infineon was ranked in ninth place in the global semiconductor market, with a market share of 3.2 percent. In the Infineon reference market, Infineon was ranked in fifth place worldwide in the 2023 calendar year, with a market share of 4.4 percent. Among European semiconductor manufacturers in the 2023 calendar year, Infineon was in first place in the semiconductor market and in second place in the Infineon reference market (R03).

In the first nine months of the 2024 fiscal year, Infineon achieved a market share of 2.6 percent of the global semiconductor market and was ranked in 11th place. In the Infineon reference market, Infineon achieved a market share of 3.8 percent in the first nine months of the 2024 fiscal year and was ranked in fifth place. In the first nine months of the fiscal year, Infineon was ranked in first place among European semiconductor manufacturers in both markets (R03). Data for the full 2024 fiscal year was not yet available at the time this report was prepared.

2024 fiscal year

Group performance

Infineon dealt well with the 2024 fiscal year, which ended in line with expectations (as updated in the course of the fiscal year). With the exception of AI, there is currently hardly any growth momentum in the market, and the cyclical recovery has been delayed. At the same time, our customers are continuing to reduce the high levels of semiconductor inventories they had built up previously.

In May 2024, we launched "Step Up", our Group-wide structural improvement program, which is designed to enhance our competitiveness. The measures contained in the program focus on manufacturing productivity, portfolio management, tactical pricing excellence and efficiency in central and support functions. Most of the measures are not personnel-related. Nevertheless, "Step Up" does affect a total of 2,800 jobs at Infineon worldwide. We will be cutting around 1,400 jobs and relocating 1,400 others to different sites. In doing so, we will act in a socially responsible manner. Our aim is for the "Step Up" measures to have a sustainable positive effect on our Segment Result in the high triple-digit million euro range per year. We assume that the initial results of the program will already start to become evident in the course of the 2025 fiscal year, while the full financial effect will be realized in the first half of our 2027 fiscal year. Overall, "Step Up" will enhance our competitiveness. At the same time, we want to continue to focus on strengthening Infineon's capacity for innovation.

We were able to conclude the longstanding legal dispute with the insolvency administrator of Qimonda AG in the 2024 fiscal year. In May 2006, Infineon carved out its former memory business and transferred it to Qimonda AG. As a result of a massive drop in prices for memory products, Qimonda became insolvent in January 2009. In November 2010, the insolvency administrator of Qimonda AG filed a lawsuit against Infineon, claiming billions in damages. Throughout the course of the action Infineon considered it to be without merit. However, to have this determined in a court of law would have led to many more years of legal action and incurred high costs, as well as being associated with considerable uncertainty. As a result of the settlement reached in August 2024, all legal disputes and claims by the insolvency administrator against Infineon have now been settled (see also notes 7, p. 119, and 24, p. 142 f., to the Consolidated Financial Statements).

Details about the performance of the segments can be found in the chapter "Segment performance", p. 43 ff.

Group revenue down by 8 percent

Infineon generated Group revenue of €14,955 million in the 2024 fiscal year, an 8 percent decrease when compared with the previous year's figure of €16,309 million. The principal reason for the decline in revenue was market weakness in consumer, communication, computing, industrial and IoT applications as well as lower selling prices. Customers are continuing to reduce the semiconductor inventories they built up in response to the extremely tight supply situation after the coronavirus pandemic, especially in the areas of classic automotive applications and renewable energy. There has also been a slowdown in growth in the electromobility sector outside China. In addition, adverse exchange rate effects were to be seen during the reporting period.

Segment Result Margin of 20.8 percent achieved

Infineon's Segment Result decreased by 29 percent, from €4,399 million in the 2023 fiscal year to €3,105 million in the 2024 fiscal year. The main reasons for this were reduced sales volumes and lower prices. Moreover, higher idle costs and negative effects from the measurement of inventories had an adverse impact on the Segment Result. On the other hand, improvements in manufacturing costs and the lower amount allocated to the provision for variable remuneration had a positive impact on the Segment Result.

Taking all this into account, the Segment Result Margin of 20.8 percent was below the figure for the previous fiscal year of 27.0 percent.

Details about Infineon's other principal performance indicators, RoCE and Free Cash Flow, and about its other performance indicators can be found in the chapters "Review of results of operations", p. 48 ff., "Review of financial condition", p. 52 ff., and "Review of liquidity", p. 54 ff.

ATV GIP PSS CSS

Segment performance

ATV

Review of the Automotive segment in the 2024 fiscal year

In the Automotive segment, Infineon generated revenue in the 2024 fiscal year of €8,423 million, an increase of 2 percent compared with the figure for the previous fiscal year of €8,242 million. The segment contributed 56 percent of Infineon's Group revenue.

Electromobility, software-defined vehicle architecture and the trend towards higher levels of electronic features continued to be the main drivers of our growth in the 2024 fiscal year. All in all, however, growth was weaker than in the prior year, as some customers made adjustments to their inventory levels in the course of the year. Moreover, the automotive market saw trends that were less dynamic in the 2024 fiscal year than in the previous year, even in the electromobility sector – with the exception of the Chinese market. Nevertheless, Infineon was able to achieve growth even in this difficult market environment.

Particularly strong growth continued to be seen in our business with microcontrollers. These include the AURIX™, TRAVEO™ and PSoC™ families. The transition to new vehicle architecture 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 most important features here. The TRAVEO™ family benefited from the trend towards digital instrument and display systems.

Software-defined vehicle architecture is one of the key themes in the automotive industry, both for cars and commercial vehicles. In the transition to software-defined vehicle architecture, hardware and software are separated. The operation of the vehicle is mainly or fully organized using software; functions can be added and new features activated. With its product portfolio, Infineon addresses the four key areas relevant to the operation of such vehicles: computing power, connectivity, data security, and power distribution.

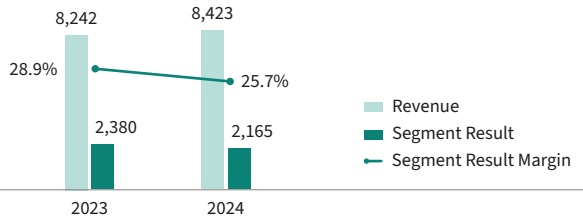
Infineon has also benefited from the fact that electromobility, software-defined vehicle architecture and mobility services are increasingly requiring more powerful software. This software needs to be updatable throughout the lifecycle of the vehicle. This flexibility, on the one hand, and higher safety requirements for automated driving, on the other hand, 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 the PROFET™ family, 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 standards.

In addition, we were able to win a large number of contracts worldwide, primarily for our power semiconductors based on 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 also over the next few years.

The Segment Result in the 2024 fiscal year was €2,165 million, a 9 percent decrease compared with the Segment Result for the previous fiscal year of €2,380 million. Based on revenue, the Segment Result Margin was 25.7 percent (previous year: 28.9 percent), see C04. The decline in the Segment Result Margin was mainly due to higher idle costs, an increase in development expenses, and price adjustments.

C04 Revenue and Segment Result of the Automotive segment

€ in millions



GIP

Review of the Green Industrial Power segment in the 2024 fiscal year

In the Green Industrial Power segment, Infineon generated revenue in the 2024 fiscal year of €1,934 million, which was 12 percent lower than the figure for the previous fiscal year of €2,205 million. The decrease in revenue was the result of lower volumes and falling prices. The segment contributed 13 percent of Infineon's Group revenue.

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 can benefit from this megatrend. In many regions of the world, solar and wind power are now the cheapest way of generating electricity. Capacity is therefore being expanded, especially in the form of utility-scale installations.

However, there was a slight decline in the 2024 fiscal year in revenue from products for wind power and from photovoltaic inverter products. Particularly in the area of photovoltaics, customers had built up high inventories in the previous fiscal year.

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. Demand was stable in the energy infrastructure business, which comprises the transmission, distribution and storage of energy, as well as the charging infrastructure for electromobility.

Revenue from transportation rose once again. Besides the recovery in trains, new business areas, such the electrification of buses, trucks and agricultural machinery, contributed to the increase in revenue.

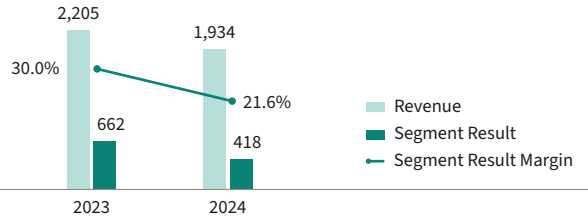
Market demand for factory equipment and automation fell, also as a result of inventory digestion, leading to a decline in revenue from automation and electric drives.

There was a slight increase in revenue from home appliances but a significant decline in revenue from air conditioners. The trend towards inverterized motor control systems continued but could not compensate for overall weak demand.

In the 2024 fiscal year, the Segment Result was €418 million, a decrease of 37 percent compared with the figure for the previous fiscal year of €662 million. The Segment Result Margin fell to 21.6 percent from 30.0 percent in the 2023 fiscal year, see C05. Factors contributing to this decline were lower volumes, which in turn caused higher idle costs, and adverse price effects.

C05 Revenue and Segment Result of the Green Industrial Power segment

€ in millions



PSS

Review of the Power & Sensor Systems segment in the 2024 fiscal year

In the Power & Sensor Systems segment, Infineon generated revenue in the 2024 fiscal year of €3,088 million, a 19 percent decrease compared with the figure for the previous fiscal year of €3,798 million, see C06. Weak demand for semiconductors persisted in the 2024 fiscal year in the consumer business and in telecommunications infrastructure. There was also a sharp drop in demand for semiconductors used in industrial applications. In contrast, there was a significant increase in demand in the area of power supplies for artificial intelligence, as well as for components for mobile phones. However, this positive trend was not sufficient to offset the decline in revenue in the other areas. The segment contributed 21 percent of Infineon's Group revenue.

There was an increase in revenue in the 2024 fiscal year from servers. Whereas demand for semiconductors in the classic server market increased gradually in the course of the year, there was a significant rise in revenue from components for servers for artificial intelligence. As it is expected that cloud computing service providers will invest ever more heavily in these special servers, demand in this field should continue to rise in the coming years. Demand for power semiconductors for telecom servers also further decreased in the 2024 fiscal year.

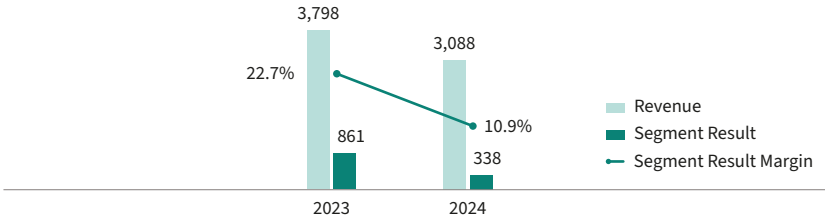
Following a fall in demand in the 2023 fiscal year, the components business for smartphones and other mobile devices saw a revival in the past fiscal year and a significant increase in revenue. The MEMS (micro-electromechanical system) microphone business in particular enjoyed a recovery. There were also positive trends in demand for other products for mobile devices, such as antenna tuners, RF antenna switches and TVS (transient voltage suppressor) diodes. Demand remained weak in the 2024 fiscal year in other areas of consumer electronics, such as electronic devices of all kinds, PCs, laptops and notebooks, games consoles, and televisions.

After very positive trends in our industrial business in the 2023 fiscal year, demand returned to normal in the 2024 fiscal year. This resulted in a decline in revenue in this area.

As a result of the significant decrease in revenue in the Power & Sensor Systems segment, there was also a decline in the Segment Result and the Segment Result Margin. The main reasons for this were negative price trends and an increase in idle costs. The Segment Result in the 2024 fiscal year was €338 million, compared with €861 million in the 2023 fiscal year, a decrease of 61 percent. The Segment Result Margin was 10.9 percent, compared with 22.7 percent in the 2023 fiscal year, see C06.

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

€ in millions



CSS

Review of the Connected Secure Systems segment in the 2024 fiscal year

In the Connected Secure Systems segment, Infineon generated revenue in the 2024 fiscal year of €1,506 million, a 26 percent decrease compared with the figure for the previous fiscal year of €2,046 million. The segment contributed 10 percent of Infineon's Group revenue.

The decline in revenue was due to a number of factors. The weak market situation resulted in a lower level of demand for our products. Revenue was also adversely affected by high inventories held by our customers and a slowdown in dynamism in certain business areas, especially consumer, IoT and security solutions.

Demand for connectivity solutions and microcontrollers fell as a result of the worsening macroeconomic climate, which caused a reluctance in consumers to spend. High inventory levels held by customers also adversely impacted our sales. Despite these macroeconomic obstacles, the digitalization of applications, especially in the context of IoT, remains one of our long-term growth areas. This growth is driven by an increase in the penetration rate of end devices, particularly in the area of industrial and consumer applications as well as automotive applications.

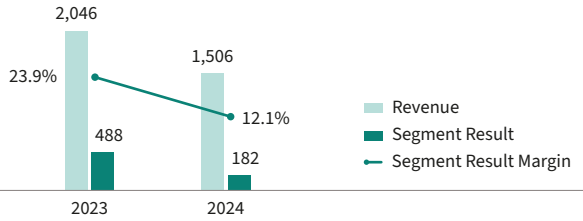
The trend towards contactless and cashless payment is continuing. However, market growth was slowed by high inventory levels built up in the value chain in the 2023 fiscal year. There was a similar picture in the area of embedded SIM (eSIM) solutions for automotive and industrial applications. The current market situation had a dampening effect in this area. However, in the long term, the wider expansion of eSIM technology offers huge opportunities for growth.

In the past fiscal year, levels of worldwide travel activity remained high. In addition to the stable market environment, major projects relating to identity documents and the resulting improvement in product mix contributed to Infineon achieving moderate revenue growth in this area.

On the basis of weaker revenue trends, the Segment Result and the Segment Result Margin came under pressure. The Segment Result in the 2024 fiscal year was €182 million. This was a decrease of 63 percent compared with the Segment Result in the 2023 fiscal year of €488 million. The Segment Result Margin in the reporting period was 12.1 percent (previous year: 23.9 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	2024	2023	Change absolute	Change in %
Revenue	14,955	16,309	(1,354)	(8)
Gross profit	**6,069**	**7,413**	**(1,344)**	**(18)**
Research and development expenses	(1,985)	(1,985)	–	–
Selling, general and administrative expenses	(1,554)	(1,599)	45	3
Other operating income and expenses, net	(340)	119	(459)	–––
Operating profit (loss)	**2,190**	**3,948**	**(1,758)**	**(45)**
Financial result (financial income and expenses, net)	(43)	(54)	11	20
Share of profit (loss) of associates and joint ventures accounted for using the equity method	11	27	(16)	(59)
Income tax	(378)	(782)	404	52
Profit (loss) from continuing operations	**1,780**	**3,139**	**(1,359)**	**(43)**
Profit (loss) from discontinued operations, net of income taxes	(479)	(2)	(477)	–––
Profit (loss) for the period	**1,301**	**3,137**	**(1,836)**	**(59)**
Basic earnings per share (in euro)	0.98	2.38	(1.40)	(59)
Diluted earnings per share (in euro)	0.97	2.38	(1.41)	(59)
Adjusted earnings per share (in euro) from continuing operations – diluted	1.87	2.65	(0.78)	(29)

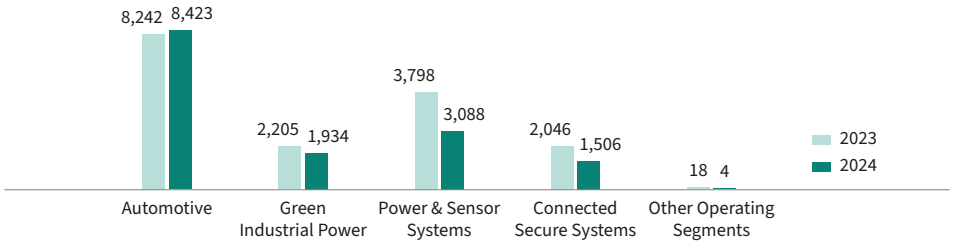
Lower demand and negative price effects have resulted in a decrease in revenue

Revenue decreased by €1,354 million or 8 percent in the 2024 fiscal year to €14,955 million (previous year: €16,309 million). The principal reason for the decline in revenue was market weakness in consumer, communication, computing, industrial and IoT applications, as well as lower selling prices. Customers are continuing to reduce the semiconductor inventories they built up in response to the extremely tight supply situation after the coronavirus pandemic, especially in the area of classic automotive applications and renewable energy. There was also a slowdown in growth in the electromobility sector, with the exception of China.

In addition, adverse exchange rate effects were to be seen during the reporting period. A significant proportion of revenue in the 2024 fiscal year was earned in foreign currencies, primarily in US dollars. The average euro/US dollar exchange rate was around 1.07 in the 2023 fiscal year and 1.09 in the 2024 fiscal year.

Revenue by segment is disclosed below:

C08 Revenue by segment



Details on the performance of the segments can be found in the chapter “Segment performance”, p. 43 ff.

Regional distribution of revenue

The regional distribution of revenue is virtually unchanged from the previous year.

€ in millions, except percentages	2024		2023	
Europe, Middle East, Africa	3,865	26%	4,360	27%
therein: Germany	1,617	11%	2,017	12%
Asia-Pacific (excluding Japan, Greater China)	2,461	17%	2,594	16%
Greater China [1]	5,130	34%	5,275	32%
therein: Mainland China, Hong Kong	4,058	27%	4,124	25%
Japan	1,507	10%	1,706	10%
Americas	1,992	13%	2,374	15%
therein: USA	1,627	11%	1,982	12%
Total	**14,955**	**100%**	**16,309**	**100%**

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

Cost of goods sold at same level as previous year; gross margin declines due to decrease in revenue

€ in millions, except percentages	2024	2023	Change absolute	Change in %
Cost of goods sold	8,886	8,896	(10)	0
As percentage of revenue	59.4%	54.5%	490 bp	
Gross profit	6,069	7,413	(1,344)	(18)
Gross margin	40.6%	45.5%	(490) bp	

At €8,886 million, cost of goods sold during the reporting year was at the same level as the figure for the previous year of €8,896 million. There are a number of factors to consider here. Cost of goods sold fell due to lower sales volumes, an improvement in manufacturing costs and positive currency effects, although, at the same time, there was a significant increase in idle costs. In addition, there were higher costs arising from the measurement of inventories in the reporting period.

Cost of goods sold also includes expenses of €261 million (previous year: €276 million) incurred mainly in connection with the acquisition of Cypress. These expenses include the amortization of fair value adjustments of €255 million (previous year: €250 million) identified in the course of purchase price allocations, as well as other acquisition-related expenses.

Gross profit (revenue less cost of goods sold) in the 2024 fiscal year was €6,069 million, 18 percent lower than the prior-year figure of €7,413 million. The gross margin decreased accordingly from 45.5 percent in the 2023 fiscal year to 40.6 percent in the 2024 fiscal year.

Operating expenses slightly below prior-year figure

Operating expenses (research and development expenses, and selling, general and administrative expenses) in the 2024 fiscal year were €3,539 million, slightly below the prior-year figure of €3,584 million, corresponding to 23.7 percent of revenue (previous year: 22.0 percent).

Research and development expenses

€ in millions, except percentages	2024	2023	Change absolute	Change in %
Research and development expenses, gross	2,449	2,329	120	5
Minus:				
Grants received	(215)	(130)	(85)	(65)
Capitalized development costs	(249)	(214)	(35)	(16)
Research and development expenses	1,985	1,985	–	–
As percentage of revenue	13.3%	12.2%	110 bp	

At €1,985 million, research and development expenses in the 2024 fiscal year were stable in comparison with the prior-year figure of €1,985 million. Infineon continued rigorously to pursue its research and development activities, which leads to an increase in the number of employees working in this field. A total of 13,253 employees were engaged in research and development as of 30 September 2024, an increase of 3 percent over the figure for 30 September 2023 of 12,830. Set against the gross figure for research

and development expenses were grants received and capitalized development costs, both of which have increased during the reporting period. In addition, the allocation to the provision for variable remuneration was lower than in the previous year. Expressed as a percentage of revenue, research and development expenses comprised 13.3 percent of revenue in the 2024 fiscal year, which was higher than the figure for the 2023 fiscal year of 12.2 percent due to the lower figure for revenue in the reporting year.

Selling, general and administrative expenses

			Change	
€ in millions, except percentages	2024	2023	absolute	in %
Selling, general and administrative expenses	1,554	1,599	(45)	(3)
As percentage of revenue	10.4%	9.8%	60 bp	

At €1,554 million, selling, general and administrative expenses in the 2024 fiscal year were slightly lower than in the previous fiscal year. Here too, the lower allocation to the provision for variable remuneration was a factor. Expressed as a percentage of revenue, selling, general and administrative expenses comprised 10.4 percent of revenue in the 2024 fiscal year. This figure was higher than that for the previous year of 9.8 percent due to the decline in revenue. The impact on earnings of the purchase price allocations and acquisition-related expenses included in Infineon's selling, general and administrative expenses in the 2024 fiscal year was €142 million (previous year: €168 million).

Net amount of other operating income and expenses affected by special items

The net amount of other operating income and expenses was a net expense in the 2024 fiscal year of €340 million, a difference of €459 million when compared to the net income for the 2023 fiscal year of €119 million. The figure for the 2024 fiscal year includes costs relating to restructuring and closures of €232 million, most of which relate to the "Step Up" structural improvement program.

The net amount also includes impairment losses relating to intangible assets and property, plant and equipment amounting to €84 million in the 2024 fiscal year (previous year: €14 million). Of this amount, €69 million relates to plant and machinery at the Regensburg site (Germany) that can no longer be used, or the use of which is now restricted, in connection with the "Step Up" structural improvement program.

Other operating expenses also include impairment losses recognized in connection with the disposal of two backend manufacturing facilities, in Cheonan (Korea) and Cavite (Philippines), in the amount of €34 million. See note 7 to the Consolidated Financial Statements for more detail, p. 119.

The prior-year figure was positively impacted by 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).

Slight improvement in financial result

The financial result in the 2024 fiscal year was a net loss of €43 million (previous year: net loss of €54 million). The slight improvement in the financial result arose mainly from higher interest income due to increased interest rates. Further information is provided in note 4 to the Consolidated Financial Statements, p. 114.

Effective tax rate of 17.5 percent

The income tax expense in the 2024 fiscal year fell to €378 million (previous year: €782 million). Based on the profit before income taxes of €2,158 million (previous year: €3,921 million), the tax rate for the reporting year was 17.5 percent (previous year: 19.9 percent).

Further details regarding the income tax expense are provided in note 6 to the Consolidated Financial Statements, p. 115 ff.

Result from discontinued operations

The result from discontinued operations less the income tax expense decreased in the reporting period by €477 million to a net loss of €479 million (previous year: net loss of €2 million). The difference was the result of the conclusion of the legal dispute in connection with the insolvency of Qimonda in the form of a court settlement (see also notes 7, p. 119, and 24, p. 142 f., to the Consolidated Financial Statements).

Decrease in profit for the period and earnings per share

After deducting income taxes and adjusting for the profit/loss from discontinued operations, Infineon recorded a profit for the period of €1,301 million in the 2024 fiscal year (previous year: €3,137 million).

The lower profit for the period resulted in a corresponding decrease in earnings per share.

Basic earnings per share stood at €0.98 for the 2024 fiscal year and diluted earnings per share at €0.97 (previous year: both basic and diluted €2.38).

The calculation of earnings per share in accordance with IFRS is presented in detail in note 8 to the Consolidated Financial Statements, p. 120.

Decrease in adjusted earnings per share

Earnings per share in accordance with IFRS (International Financial Reporting Standards) 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) decreased from €2.65 in the 2023 fiscal year to €1.87 per share in the 2024 fiscal year and is calculated as follows:

			Change	
€ in millions (unless otherwise stated)	2024	2023	absolute	in %
Profit (loss) from continuing operations – diluted	**1,780**	**3,139**	**(1,359)**	**(43)**
Compensation of hybrid capital investors [1]	(29)	(29)	–	–
Profit (loss) from continuing operations attributable to shareholders of Infineon Technologies AG – diluted	**1,751**	**3,110**	**(1,359)**	**(44)**
Plus/minus:				
Certain impairments (reversal of impairments)	103	–	103	+++
Losses (gains) on earnings of restructuring and closures	237	(4)	241	+++
Share-based payment	130	92	38	41
Acquisition-related depreciation/amortization and other expenses	411	464	(53)	(11)
Losses (gains) on sales of businesses, or interests in subsidiaries	5	(30)	35	+++
Other income and expenses	29	(71)	100	+++
Tax effect on adjustments	(226)	(95)	(131)	---
Adjusted profit (loss) for the period from continuing operations attributable to shareholders of Infineon Technologies AG – diluted	**2,440**	**3,466**	**(1,026)**	**(30)**
Weighted-average number of shares outstanding (in millions) – diluted	1,305	1,306	(1)	0
Adjusted earnings per share (in euro) from continuing operations – diluted[2]	**1.87**	**2.65**	**(0.78)**	**(29)**

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

Review of financial condition

€ in millions	30 September 2024	30 September 2023	Change absolute	Change in %
ASSETS				
Cash and cash equivalents and financial investments	2,201	3,590	(1,389)	(39)
Trade receivables	2,250	1,991	259	13
Inventories	3,990	3,974	16	0
Property, plant and equipment	8,002	7,045	957	14
Goodwill	6,797	6,547	250	4
Other intangible assets	2,820	2,977	(157)	(5)
Remaining current and non-current assets	2,579	2,315	264	11
Total assets	**28,639**	**28,439**	**200**	**1**
LIABILITIES AND EQUITY				
Trade payables	1,990	2,765	(775)	(28)
Financial debt	4,811	4,733	78	2
Pensions and similar commitments	303	268	35	13
Remaining current and non-current liabilities and provisions	4,316	3,629	687	19
Equity	17,219	17,044	175	1
Total liabilities and equity	**28,639**	**28,439**	**200**	**1**

Sale of financial investments

Financial investments decreased by €1,375 million to €395 million as of 30 September 2024, primarily as a result of sales (30 September 2023: €1,770 million). Details about the use of the liquid funds released from the sale of financial investments are provided in the Consolidated Statement of Cash Flows, see also the chapter “Review of liquidity”, p. 54 ff.

Inventory level remains constant

Inventories, and in particular work in progress, stood at €3,990 million as of 30 September 2024, and therefore at the same level as at the end of the prior fiscal year. Whereas, at the beginning of the reporting period, there was an increase in inventories, a significant reduction in inventories took place in the fourth quarter.

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

Property, plant and equipment increased by €957 million to €8,002 million as of 30 September 2024. Additions of €2,366 million were set against depreciation of €1,256 million. Infineon’s investing activities continued to focus in the 2024 fiscal year mainly on the expansion of the Smart Power Fab in Dresden (Germany), the expansion of volume manufacturing for SiC at the Kulim site (Malaysia) and frontend manufacturing in Villach (Austria). Impairment losses of €81 million related principally to plant and machinery at the Regensburg site (Germany) that can no longer be used, or the use of which is now restricted, in connection with the “Step Up” structural improvement program (see also note 4 to the Consolidated Financial Statements, p. 113). Other factors affecting the figure for property, plant and equipment were adverse currency effects, disposals, and the sale of companies.

Acquisition-related increase in goodwill

Goodwill increased by €250 million to €6,797 million as of 30 September 2024. The increase was mainly due to the acquisition of all shares in GaN Systems Inc. (GaN Systems) based in Ottawa (Canada). The goodwill arising from the purchase price allocation at the acquisition date amounted to €599 million, originally denominated in US dollars. Negative currency effects of €371 million resulting primarily from the weaker US dollar at the end of the 2024 fiscal year as compared with 30 September 2023 had an adverse impact on the figure for goodwill. Further information about the acquisition is presented in note 3 to the Consolidated Financial Statements, p. 110 f.

Decrease in other intangible assets

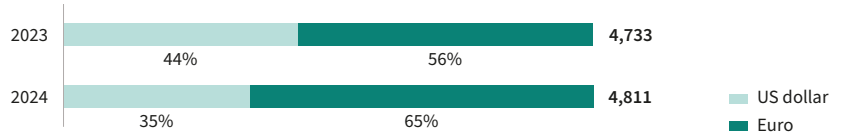
Other intangible assets decreased by €157 million to €2,820 million as of 30 September 2024. Additions relating to the acquisition of GaN Systems and other additions – relating in particular to capitalized development costs – totaling €486 million, were set against amortization of €526 million and negative currency effects of €111 million.

Slight increase in financial debt

At €4,811 million, financial debt as of 30 September 2024 was slightly higher than the figure at the end of the previous fiscal year of €4,733 million. In the 2024 fiscal year, Infineon placed a €500 million corporate bond under its EMTN (European Medium Term Notes) program. The weaker US dollar at the end of the 2024 fiscal year (compared with the exchange rate as of 30 September 2023) and the repayment on schedule of a US$350 million USPP (US private placement) bond had the opposite effect, that of reducing financial debt. More detailed information on financial debt is provided in note 16 to the Consolidated Financial Statements, p. 128 f.

C09 Financial debt by currency

€ in millions



Remaining current and non-current liabilities and provisions

The increase in the remaining current and non-current liabilities and provisions is mainly due to advance payments (deposits) received from customers in the reporting period.

Slight increase in equity

Equity increased by €175 million to €17,219 million as of 30 September 2024. The profit for the period of €1,301 million contributed to the increase. Currency effects recognized in other comprehensive income of €519 million and the dividend of €456 million paid for the 2023 fiscal year had the opposite effect, that of reducing the equity figure. Another factor reducing equity was the purchase of own shares as part of a limited share buyback program. In the period from 26 February 2024 to 18 March 2024, Infineon repurchased 7 million shares at a total purchase price of €233 million. As a result of the transfer of own shares for share-based payment in the reporting period, own shares decreased by €63 million. The counter-effect is included in the capital reserve (see also the Consolidated Statement of Changes in Equity, p. 94 f., and note 20 to the Consolidated Financial Statements, p. 136).

The equity ratio as of 30 September 2024, based on total assets of €28,639 million, was 60.1 percent (30 September 2023: 59.9 percent).

Significant decrease in RoCE

In the 2024 fiscal year, profit from continuing operations without interest result declined by €1,383 million to €1,854 million (previous year: €3,237 million). The main factors contributing to the decrease in profit from continuing operations without interest result were reduced volumes, falling prices, and negative currency effects (see the chapter "Review of results of operations", p. 48 ff.). However, capital employed increased by €2,282 million to €21,792 million as of 30 September 2024.

Consequently, Return on Capital Employed decreased from 16.6 percent to 8.5 percent.

RoCE for the 2024 and 2023 fiscal years was calculated as follows:

			Change	
€ in millions, except percentage	2024	2023	absolute	in %
Profit (loss) from continuing operations, adjusted for:	**1,780**	**3,139**	**(1,359)**	**(43)**
Interest result	(74)	(98)	24	24
Profit (loss) from continuing operations without interest result ①	**1,854**	**3,237**	**(1,383)**	**(43)**
Total assets	**28,639**	**28,439**	**200**	**1**
Plus/minus:				
Cash and cash equivalents	(1,806)	(1,820)	14	1
Financial investments	(395)	(1,770)	1,375	78
Total current liabilities	(5,146)	(5,669)	523	9
Short-term financial debt and current maturities of long-term financial debt	500	330	170	52
Capital employed ②	**21,792**	**19,510**	**2,282**	**12**
RoCE ①/②	**8.5%**	**16.6%**	**(810) bp**	

Review of liquidity

Cash flows

			Change	
€ in millions	2024	2023	absolute	in %
Cash flows from operating activities from continuing operations	3,541	3,962	(421)	(11)
Cash flows from investing activities	(2,167)	(2,264)	97	4
Cash flows from financing activities	(615)	(1,301)	686	53
Net change in cash and cash equivalents from discontinued operations	(761)	(2)	(759)	---
Cash-relevant change in cash and cash equivalents	**(2)**	**395**	**(397)**	---
Currency effects on cash and cash equivalents	(12)	(13)	1	8
Change in cash and cash equivalents	**(14)**	**382**	**(396)**	---

Cash flows from operating activities from continuing operations decreased by €421 million to €3,541 million. The decline was due to several different factors. On the one hand, profit from continuing operations was €1,359 million lower than in the previous fiscal year. In addition, financial resources were committed in the reporting period primarily to the repayment of trade payables amounting to €750 million (previous year: positive effect of €547 million). A factor that had the opposite effect was the deceleration in the build-up of inventories of €60 million (previous year: €1,014 million). Also having a positive impact on cash flow from operating activities of over €1 billion were advance payments from customers (deposits) received in the reporting year and higher subsidies and grants received. The decrease in the disbursement for variable remuneration compared with that made in the previous year also reduced the decrease in cash flows from operating activities from continuing operations.

At €2,167 million, cash outflows from investing activities were around the same as in the 2023 fiscal year. Set against the positive effect from the sale of financial investments of €1,351 million (previous year: €540 million) were the net purchase price payments for acquisitions of €803 million (see also note 3 to the Consolidated Financial Statements, p. 110 f.) and payments for property, plant and equipment and other intangible assets of €2,719 million (previous year: €2,994 million). Further information about investments made in the 2024 fiscal year can be found in the chapter "Review of financial condition", p. 52 ff.

Cash outflows from financing activities decreased by €686 million compared with the previous fiscal year to €615 million. Set against the net cash flows from the assumption and repayment of current and non-current financial debt totaling €177 million (previous year: €753 million net repayment) were the dividend payment of €456 million (previous year: €417 million) and the payment of €233 million made to repurchase own shares. See also note 20 to the Consolidated Financial Statements, p. 135 ff.

The change in cash and cash equivalents from discontinued operations was the result of the conclusion of the legal dispute in connection with the insolvency of Qimonda in the form of a court settlement (see also notes 7, p. 119, and 24, p. 142 f., to the Consolidated Financial Statements).

More information about financial debt is provided in note 16 to the Consolidated Financial Statements, p. 128 f.

Decrease in Free Cash Flow; adjusted Free Cash Flow at 11.3 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.

Adjusted Free Cash Flow is a constituent part of Infineon's strategic targets (see the chapter "Group strategy", p. 27) and is defined as Free Cash Flow adjusted for cash outflows for large investments in frontend buildings, cash inflows from related investment subsidies, and 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:

			Change	
€ in millions	2024	2023	absolute	in %
Cash flows from operating activities [1]	3,541	3,962	(421)	(11)
Cash flows from investing activities [1]	(2,167)	(2,264)	97	4
Purchases of (proceeds from sales of) financial investments, net	(1,351)	(540)	(811)	---
Free Cash Flow	**23**	**1,158**	**(1,135)**	**(98)**
Plus:				
Cash outflows for investments in large frontend buildings after deduction of cash inflows for related investment subsidies	869	480	389	81
Cash outflows for major M&A transactions, adjusted for cash acquired or disposed of	798	–	798	+++
Adjusted Free Cash Flow	**1,690**	1,638	52	3
Percentage of revenue	11.3%	10.0%	130 bp	

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:

			Change	
€ in millions	30 September 2024	30 September 2023	absolute	in %
Cash and cash equivalents	1,806	1,820	(14)	(1)
Financial investments	395	1,770	(1,375)	(78)
Gross cash position	**2,201**	**3,590**	**(1,389)**	**(39)**
Minus:				
Short-term financial debt and current portion of long-term financial debt	500	330	170	52
Long-term financial debt	4,311	4,403	(92)	(2)
Gross financial debt	**4,811**	**4,733**	**78**	**2**
Net cash position	**(2,610)**	**(1,143)**	**(1,467)**	**–––**

With revenues of €14,955 million, the ratio of gross cash to revenue as of 30 September 2024 was 14.7 percent (30 September 2023: 22.0 percent).

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 €2,239 million (previous year: €69 million; see note 16 to the Consolidated Financial Statements, p. 128 f.) – Infineon assumes that it will be able to cover those capital requirements for the 2025 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. 141 f.). Investments planned for the 2025 fiscal year are described in the chapter “Outlook”, p. 62 ff. In general, Infineon also has the option of raising funds under the EMTN Program to cover its capital requirements.

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. 138 f.).

Principles and structure of Infineon's treasury

Infineon treasury's stated objective is to ensure financial flexibility for the Group 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 now aim to achieve an annual average gross liquidity level of 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 2024, S&P Global Ratings raised Infineon's investment grade rating from BBB with a positive outlook to BBB+ with a stable outlook. For further information on the nature of Infineon's gross financial debt and its maturity, currency and interest rate structures, see note 16 to the Consolidated Financial Statements, p. 128 f.

The treasury principles mentioned above cover the approach to be adopted for all liquidity and financing topics throughout the Group. These topics include banking policy and strategy, the execution of financing agreements, global liquidity and investment management, the management of risks relating to currency, interest rates and some commodity prices, 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. Further information regarding derivative financial instruments and the management of financial risks is provided in notes 27, p. 147 ff., and 28, p. 155 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 (Chief Financial Officer) 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 2024), €2,611,842,274 (as of 30 September 2023)
Shares issued[1]	1,305,921,137 (as of 30 September 2024), 1,305,921,137 (as of 30 September 2023)
Own shares	6,757,925 (as of 30 September 2024), 2,171,026 (as of 30 September 2023)
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]	€40,872 million (based on closing price of €31.46 as of 30 September 2024)
Daily average shares traded on Xetra	4,186,808 (in the 2024 fiscal year)
Trading in the USA	ADS, over-the-counter trading on the OTC market (OTCQX International)
Market capitalization[2]	US$45,627 million (based on closing price of US$35.12 as of 30 September 2024)
Daily average ADS traded	267,807 (in the 2024 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”) * 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

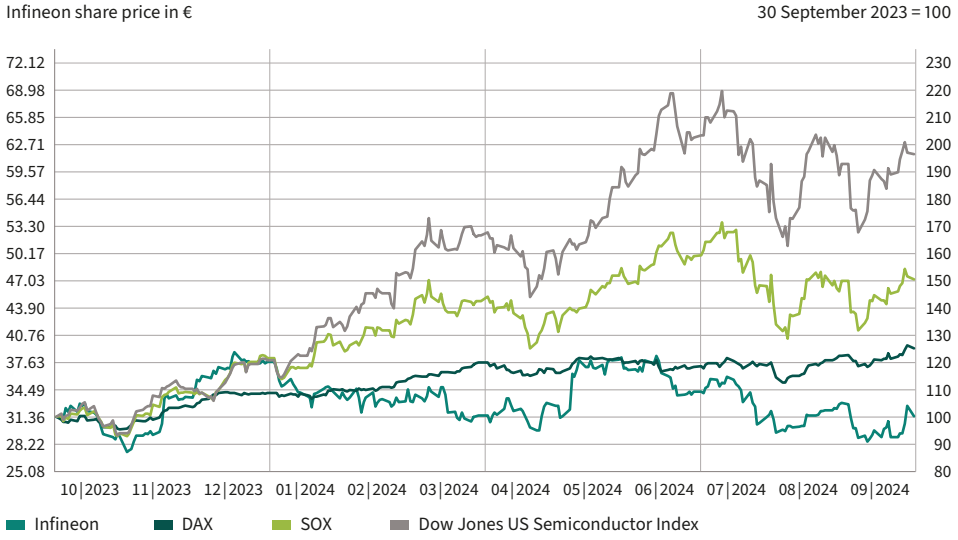
Basic information on bonds and other financing instruments

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
3.375% Bond from 26 February 2024	€500 million	due on 26 February 2027, ISIN: XS2767979052
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 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 13 February 2024: “BBB+”, Outlook: “stable”

Share price performance

The closing price for Infineon shares at the end of the 2024 fiscal year was €31.46. This was almost unchanged from the closing price at the end of the 2023 fiscal year of €31.36.

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 2024 fiscal year (daily closing prices)

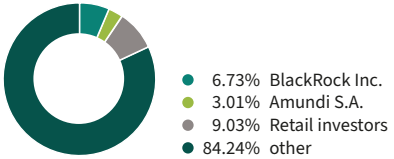


At the end of October 2023, Infineon shares fell to their lowest price in the course of the 2024 fiscal year of €27.28. Subsequently, the share price climbed steadily, reaching its year high for the past fiscal year of €38.92 on 15 December 2023. In the following months, the share price fluctuated between €28 and €38. At the end of the 2024 fiscal year, the share price was €31.46. The performance of Infineon shares was thus significantly weaker than that of benchmark indices, some of which reflected surging equity prices. The DAX was up 26 percent in the 2024 fiscal year, the Philadelphia Semiconductor Index (SOX) rose by 51 percent, and the Dow Jones US Semiconductor Index was up 91 percent. The significant increases in US benchmark indices were again due to the strong positive impact of the share prices of companies where artificial intelligence comprises a substantial proportion of their business activities. With a closing price for Infineon shares of €31.46, its market capitalization as of 30 September 2024 was €40,872 million, compared with €40,879 million at the end of the 2023 fiscal year.

Shareholder structure

As of 30 September 2024, the company BlackRock Inc. held more than 5 percent and Amundi S.A. more than 3 percent of Infineon shares issued. The proportion of share capital held by retail investors decreased to 9.03 percent at the end of the 2024 fiscal year, compared with 9.50 percent at the end of the 2023 fiscal year.

C11 Shareholder structure as of the end of the 2024 fiscal year

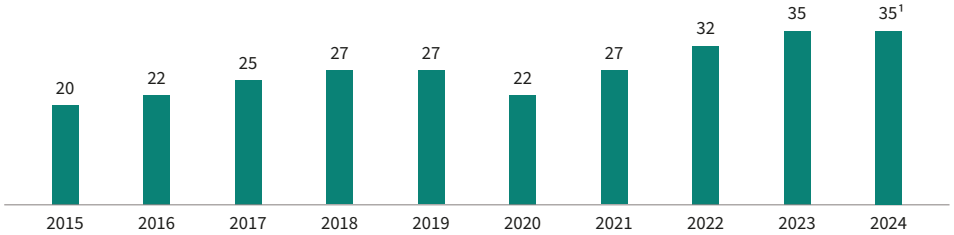


Dividend

Our dividend policy aims to allow our shareholders to participate appropriately in the success of Infineon's business and, in general, even in the event of stagnating or declining earnings, to pay out at least a dividend that is unchanged from the previous year. Against this backdrop, it is planned to put forward a proposal to the Annual General Meeting to be held in February 2025 for the payment of a dividend of €0.35 per share, the same figure as that agreed one year earlier. This proposal takes into account the downturn in our business and, at the same time, provides us with the financial headroom required for further profitable growth in the years ahead.

C12 Dividend per share for the 2015 to 2024 fiscal years

in € cents



1 Proposal to the Annual General Meeting to be held on 20 February 2025.

The number of shares issued remained unchanged as of 30 September 2024 at 1,305,921,137. This figure included 6,757,925 shares owned by the Company that are not entitled to dividend (30 September 2023: 2,171,026). The total amount of the dividend to be distributed to shareholders would therefore be €455 million, compared with €456 million one year earlier, provided the proposed dividend is approved at the Annual General Meeting.

The number of own shares held by Infineon increased in the course of the fiscal year as a result of share repurchases. As part of a limited share buyback program, Infineon repurchased 7 million shares in the period from 26 February 2024 to 18 March 2024 at a total purchase price of €233 million. The sole purpose of the buyback was to allocate shares to employees of the Company or affiliated companies, and to members of the Management Board of the Company, as well as members of the management boards or boards of directors of affiliated companies, as part of existing employee participation programs. Further details on this subject are provided in note 20 to the Consolidated Financial Statements, p. 138.

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

Infineon has managed the 2024 fiscal year well and concluded it in line with expectations, which were updated during the course of the 2024 fiscal year. Currently, there is hardly any growth momentum in our end markets, except from AI, and the cyclical recovery is being delayed. The inventory correction is continuing. Short-term ordering patterns and inventory digestion are clouding visibility on demand trends beyond the next couple of quarters. We are therefore preparing for a muted business trajectory in 2025. At the same time, we are relying on the consistent implementation of the structural measures in our "Step Up" structural improvement program to strengthen our competitiveness. In combination with our innovative power, we are addressing our structural growth drivers and putting ourselves in the best position for a coming upturn.

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 2024 fiscal year (FY) and show the outlook for the 2025 fiscal year.

€ in millions, except percentages	Actuals FY 2023	Outlook for FY 2024[1]	Actuals FY 2024	Outlook for FY 2025
Principal performance indicators				
Segment Result Margin	27.0%	Around 20% (at a revenue level of around €15.0 billion)	20.8%	Mid- to high-teen percentage range
Free Cash Flow from continuing operations	1,158	Around minus €0.2 billion	23	Around €0.9 billion
RoCE	16.6%	Around 9%	8.5%	Mid-single-digit percentage range
Selected supplementary performance indicators				
Revenue respectively change in revenue compared to previous year[2]	16,309	Revenue decrease to around €15.0 billion	14,955	Slight decline in revenue compared to previous year
Investments	2,994	Around €2.8 billion	2,719	Around €2.5 billion
Adjusted Free Cash Flow[2]	1,638	Around €1.5 billion	1,691	Around €1.7 billion

1 The forecast presented here corresponds to the forecast last finalized in the third quarter of the 2024 fiscal year.
2 From the 2025 fiscal year, the key figures revenue and change in revenue as well as adjusted Free Cash Flow will be presented as the principal performance indicators.

Comparison of the original outlook with the actual figures for the 2024 fiscal year

Revenue for the 2024 fiscal year was originally forecast in November 2023 to reach €17.0 billion, plus or minus €500 million. In light of the lack of recovery in consumer demand, weaker demand than expected in the automotive and industrial sectors, and adverse currency movements, this outlook was adjusted several times in the course of the 2024 fiscal year. The final forecast was for revenue of around €15.0 billion. Actual revenue for the 2024 fiscal year was €14.955 billion. This means that the revenue generated in the 2024 fiscal year was in line with the final forecast but significantly lower than the original forecast in November 2023.

When revising the revenue forecast in the course of the fiscal year, adjustments were also made to the forecast for the Segment Result Margin. The forecast in November 2023 was for a Segment Result Margin of around 24 percent for the 2024 fiscal year. The final forecast was for a figure of around 20 percent. At 20.8 percent, the actual figure for the Segment Result Margin slightly exceeded the final forecast but failed to reach the figure originally forecast.

According to the original forecast, Free Cash Flow from continuing operations was expected to be around €400 million. As a result of the adjustments to the revenue and earnings forecasts, adjustments were also made to the expected figure for Free Cash Flow. The final forecast in August 2024 projected a negative Free Cash Flow of €200 million. The actual positive figure for Free Cash Flow in the 2024 fiscal year of €23 million was therefore higher than the final forecast but lower than the figure originally forecast of €400 million. The forecast in November 2023 for adjusted Free Cash Flow was €2.2 billion. The expectation was adjusted to €1.5 billion over the course of the year. Ultimately, the actual figure for adjusted Free Cash Flow was €1,690 million, which was higher than the revised forecast but significantly lower than the original forecast.

Return on Capital Employed for the 2024 fiscal year was 8.5 percent, almost achieving the figure forecast in March 2024 of "around 9 percent". However, the actual figure was significantly lower than the original forecast in November 2023 of "around 13 percent".

The actual figure for investments in the 2024 fiscal year was €2.719 billion. This was below the recently lowered forecast of €2.8 billion and significantly below the original figure forecast in November 2023 of €3.3 billion.

Assumptions underlying the outlook for the 2025 fiscal year

Assumed euro/US dollar exchange rate

As an organization with global operations, 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 to the euro 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 rate effects 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 2025 fiscal year is based on an assumed exchange rate of US$1.10 to the euro.

External growth prospects for the global economy and the semiconductor market

In the course of the 2024 fiscal year, prospects for the global economy have gradually improved. After the International Monetary Fund forecast in October 2023 that the global economy would grow by 2.4 percent in the calendar year 2024, the forecast increased to 2.7 percent in October 2024. Nevertheless, despite falling inflation rates and the turnaround in interest rates taking place in some countries, economic momentum remains moderate. The war in Ukraine, escalation in the Middle East, geopolitical conflicts and potential trade disputes are all having an adverse impact on the global economy. Growth of 2.8 percent is being forecast for the 2025 calendar year (R01). This means that growth forecasts for the global economy are currently around the historical average.

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 revenue growth of 13 percent in US dollar terms in the 2024 calendar year (R04). In particular, there should be significant growth in revenue from logic modules for AI applications. On the other hand, it is expected that with regard to some major product categories for Infineon (analog ICs, discrete power semiconductors and microcontrollers) revenue will fall in the 2024 calendar year compared with the prior year, as demand for semiconductors in the automotive sector, industrial applications and consumer market segments is expected to drop significantly in the 2024 calendar year compared with the prior year.

The experts at Omdia currently still expect the Infineon reference market to grow by 7 percent in the 2025 calendar year (R04). Following the decline in revenue in the automotive sector, industrial applications and consumer market segments in the 2024 calendar year, revenue is expected to recover in these markets in the coming calendar year. The long-term trends of decarbonization and digitalization are intact and will continue in the future to drive demand for semiconductors.

Outlook for the 2025 fiscal year

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

Revenue to decline slightly compared with the 2024 fiscal year

Based on the forecasts for the growth of the global economy and the semiconductor segments relevant for Infineon described above and an assumed exchange rate of US$1.10 to the euro, Infineon forecasts that Group revenue in the 2025 fiscal year will see a slight decline in comparison with the 2024 fiscal year. A slight decrease in revenue is expected in the Automotive segment and a more pronounced decline in the Green Industrial Power segment. In contrast, the Power & Sensor Systems segment should see a moderate increase in revenue. Revenue in the Connected Secure Systems segment is expected to remain more or less the same as in the 2024 fiscal year.

From 1 January 2025, the "Sense & Control" business line, which was previously allocated to the Automotive segment, will be reclassified to the Power & Sensor Systems segment. The business line is expected to generate revenue in the 2025 fiscal year at approximately the same level as in the 2024 fiscal year. Assuming that the changed segment structure had already been applied for the 2024 fiscal year, the reallocation of the business line therefore has no effect on the revenue forecast for the segments presented above.

Segment Result Margin expected to be in the mid- to high-teen percentage range

Given the revenue forecast, the Segment Result Margin is expected to be in the mid-to-high teens percentage range in the 2025 fiscal year.

Free Cash Flow from continuing operations and adjusted Free Cash Flow

For the 2025 fiscal year, Infineon is forecasting Free Cash Flow of around €0.9 billion. This includes significant net cash outflows for investments in the expansion of front-end manufacturing facilities in Dresden (Germany) and in Kulim (Malaysia). Adjusted Free Cash Flow is forecast to be around €1.7 billion.

RoCE

For the 2025 fiscal year, Return on Capital Employed is forecast to reach a mid-single-digit percentage rate.

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 €2.5 billion for the 2025 fiscal year.

The focus here will be on the completion of the fourth manufacturing module in Dresden (Germany), for smart power technologies for applications such as powering AI. Considerable funds are also being invested in purchasing equipment for the production of semiconductors based on silicon carbide and gallium nitride at our sites in Kulim (Malaysia) and Villach (Austria).

In the 2024 fiscal year, investments totaled €2,719 million, comprising €2,432 million for property, plant and equipment and €287 million for capitalized development costs and other intangible assets. In the 2025 fiscal year, investments in capitalized development costs and other intangible assets are expected to be significantly higher than in the 2024 fiscal year.

Depreciation and amortization are forecast to be around €2.0 billion in the 2025 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 2025 calendar year and an assumed exchange rate of US$1.10 to the euro, Infineon expects revenue in the 2025 fiscal year to see a slight decline in comparison with the 2024 fiscal year. The Segment Result Margin is forecast to be in the mid- to high-teen percentage range. Investments are expected to be around €2.5 billion. Depreciation and amortization are expected to total about €2.0 billion. Free Cash Flow from continuing operations should reach around €0.9 billion. Adjusted Free Cash Flow is forecast to be around €1.7 billion. Return on Capital Employed is expected to reach a mid-single-digit percentage rate.

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, and 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 system and ICS

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 and corporate function 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, multistage 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, reporting by 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. The units included in the risk management consolidation in the 2024 fiscal year corresponded with those included in the consolidation of the Group according to IFRS. Thus we incorporate all relevant organizational units within the Group in the analysis, covering all divisions and significant corporate functions.

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 our 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 and compliance, and likelihood of occurrence.

The scales used to measure these two risk assessment factors (degree of impact and likelihood of occurrence) are depicted in the table below. The degree of impact also applies to the classification of risk sub-categories (value-at-risk).

Degree of impact on the Segment Result/ value-at-risk classification		Probability of occurrence	
<€40 million	Marginal	<10%	Very unlikely
€40 – 100 million	Minor	10 – 40%	Unlikely
€100 – 200 million	Moderate	40 – 60%	Possible
€200 – 400 million	Significant	60 – 90%	Probable
>€400 million	Major	>90%	Virtually certain

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 divisional and corporate function 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 the individual managers responsible for measures, the persons responsible define and monitor the measures aimed at implementing the management and 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 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 developments at an early stage that could pose a threat to Infineon's going-concern status in accordance with IDW Auditing Standard 340 (revised 01.2022) and reports thereon annually to the Chief Financial Officer and to the Investment, Finance and Audit Committee of the Supervisory Board.

For the assessment of Infineon's risk situation as a whole, in order to calculate a maximum risk value, all risks identified using a Monte Carlo simulation are aggregated and this overall risk position is considered so as to evaluate Infineon's risk-bearing capacity for the review period using the value-at-risk performance indicator. This analysis has not led to any need for adjustment. The risk-bearing capacity in the 2024 fiscal year was given.

Compliance-Management-System

We have implemented a Group-wide Compliance Management System 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 Chief 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 Compliance Management System, Infineon has been following the requirements of the IDW PS 980 standard for years and has the appropriateness, implementation and effectiveness of its CMS Group-wide in the areas of "Antitrust Law" and "Corruption Prevention" audited by an external auditing firm in accordance with IDW PS 980 (this audit was last carried out in the 2024 fiscal year by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, which issued an independent auditor's report with an unqualified audit opinion for the period from 1 October 2023 to 30 April 2024). In addition, the effectiveness of the CMS is monitored by regular internal audits at the companies. 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 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 the Internal Control System with respect to the financial reporting process

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 main 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 the complete recognition of assets, liabilities, contingent liabilities, expenses and income as well as other matters requiring disclosure.

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.

Overall statement of the appropriateness and effectiveness of the ERM system and ICS

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

We make continual improvements to our ICS and ERM based on the findings of Internal Audit reviews, external reviews, and audits.

In all material respects, on the basis of the ICS and ERM activities conducted in the 2024 fiscal year, no factors came to our attention that would give rise to doubt as to the appropriateness and effectiveness of the ICS or 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 and material risks

In the following section, we describe individual risks in the risk sub-categories that could have a significant or material adverse impact in the 2025 fiscal year on Infineon's Segment Result and/or its business objectives, reputation or compliance (see above table on degree of impact, p. 66). In addition, selected individual risks with a lesser impact are also listed.

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 classification of the risk sub-categories for the past 2024 fiscal year and for the 2025 fiscal year is presented in the table below. For the classification of the risk sub-categories, the value-at-risk performance indicator per risk sub-category is generated from the risk assessments of the individual risks assigned to each sub-category using a Monte Carlo simulation. The classification is based on the scale designed to measure the impact on the Segment Result set out in the chapter "ERM system and ICS", p. 66. Unless otherwise stated, the risks described within the risk sub-categories apply across the divisions.

Risk category	Classification FY 2024	Classification FY 2025
Strategic risks		
Risks arising from cyclical market and sector trends	Major	Major
Corporate strategy risiks	Significant	Major
Risks arising from acquisitions and cooperation arrangements	Minor	Minor
Media relations & communication risks	Minor	Minor
Operational risks		
Purchasing and logistical risks	Significant	Major
Risks arising from manufacturing	Moderate	Significant
Risks relating to the areas of cyber security, information security and IT security	Major	Major
Risks relating to the development process and product lifecycle	Marginal	Moderate
Risks relating to the availability of qualified employees	Marginal	Marginal
Business continuity risks	Significant	Significant
Financial risks		
Currency risks	Significant	Significant
Risk of default of banks and financing partners	Minor	Minor
Other financial risks	Marginal	Marginal
Tax risks	Marginal	Marginal
Legal and compliance risks		
Regulatory risks	Minor	Moderate
Other legal risks	Minor	Minor

The classification of risk sub-categories set out in the table above is a change from the A, B, C classifications given in the Annual Report 2023. The change was made as part of the ongoing development and improvement Infineon is applying to its external risk reporting.

Strategic risks

Risks arising from cyclical market and sector trends

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. 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 utilization 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 preferential customer access. 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 financial condition, liquidity and results of operations.

Corporate strategy risks

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 us 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 2024 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 military conflicts in the Middle East, which has reduced the predictability of economic development. The war in Ukraine is giving rise to risks and adverse impacts, such as price increases and a 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, the EU and China, may constrain global trade, thereby dampening global economic growth. From a Chinese perspective, this includes the risk of a decline in foreign demand and, hence, a slower increase or a decline in China's gross domestic product. All of this may have a major impact on Infineon's financial condition 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 2024 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 liquidity and results of operations.

Risks arising from acquisitions and cooperation arrangements

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 company acquisitions, there is a risk that we may be unsuccessful, particularly with regard to the integration of employees and products into existing business structures. These issues could adversely impact Infineon's financial condition, liquidity and results of operations.

Media and communication risks

Due to the rapid advances in AI technology and its potential for manipulation, there is a risk that AI-generated misinformation and disinformation could undermine trust in Infineon's information sources, brand and reporting and thus influence public opinion. This could result in damage to the brand, widespread dissemination of false information about Infineon, a loss of trust in Infineon's media and capital market communications, and falls in the share price at short notice.

Operational risks

Purchasing and logistical risks

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 conflict over Taiwan may affect the supply situation for our Taiwanese partners. If one or more of these suppliers were to default on their obligations to Infineon, this could have an adverse impact on Infineon's liquidity and results of operations.

Another risk is the limited availability of renewable energy in some regions, 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, constructing its own solar plants, and reviewing 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.

In view of the risk descriptions presented above, the classification of the risk subcategory has increased in comparison with the prior year.

Risks arising from manufacturing

Our European and South-East Asian 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, the implementation of 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 that have been entered into, coupled with idle costs at the manufacturing sites or purchase commitments, nevertheless continue to pose a cost risk.

Risks that semiconductor companies operating in-house manufacturing facilities typically face are 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) and raw materials (including copper), exposes us to material 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 financial condition, liquidity and results of operations.

In view of the risk descriptions presented above, the classification of the risk subcategory has increased in comparison with the prior year.

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

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 financial condition, liquidity and results of 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

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 would lead to delays and higher 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 has been set up to handle our development projects. To help us identify potential project risks at an early stage and use specific measures to counteract 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 for 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 financial condition, 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 and solve problems and 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 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

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 financial condition, 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

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 may have an adverse impact on our business success.

We counter these risks on an individual site basis with appropriate mitigation measures, business interruption insurance 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

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 investments 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. The targeted use of hedging instruments is based on forecasts of future cash flows, the occurrence of which is uncertain. Under these circumstances and despite the use of hedging instruments, exchange rate fluctuations could adversely impact Infineon's results of operations.

Risk of default of banks and financing partners

Our holdings of liquid funds (gross cash position) expose 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 negative 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. 155 ff.

Other financial risks

Other financial risks include general interest risks, as well as risks relating to customer defaults and the risk of increased insurance premiums, but these are deemed to be insignificant.

Tax risks

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 a material 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

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 the reputation and exclusion from tendering for public contracts.

We have therefore introduced a Group-wide Compliance Management System 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 Chief 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 has 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 these risks sets out rules and standards for the Group-wide processing of personal data and monitors compliance with these rules and standards.

Other legal risks

Risks arising from the Qimonda insolvency

As a result of the settlement agreed in relation to the action brought by the insolvency administrator of Qimonda, the case has now been concluded and there are no longer any risks arising from the Qimonda insolvency (see also notes 7, p. 119, and 24, p. 142 f., to the Consolidated Financial Statements).

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.

In addition, due to the use of open source code in our software products, there is a risk that we may no longer be able to protect our intellectual property. This would result in us losing the differentiating features of our products, reducing our market share and revenue. We are addressing this risk with awareness-raising initiatives in the developer community and with automated code reviews.

Further information regarding litigation and government inquiries is provided in note 24 to the Consolidated Financial Statements, p. 142 f.

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 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, whereas some risk sub-categories have increased in comparison with the previous year, but other major risks have also been closed. We are currently not aware of any risks, taken individually or in combination with other risks, that are capable of jeopardizing Infineon's going-concern status.

Significant opportunities

Opportunities arising from decarbonization, digitalization and the strategic approach "Product to System" have already been included in the Outlook and are described here in more detail as overarching opportunities.

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 and confirmed at the UN Climate Change Conferences (Conferences of the Parties or COP) in the past few years. 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 and consumer electronics, and in 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 broad portfolio 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, artificial intelligence and IoT.

Additional opportunities are arising from accelerated and/or broader market penetration of 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, thereby supporting our growth and margin targets.

Summary

In addition to the future business prospects mentioned in the Outlook, opportunities available to Infineon are described in the following section, divided into "Strategic opportunities", "Operational opportunities" and "Financial opportunities". This means that opportunities that are already included in the Outlook are no longer recorded as individual opportunities in Opportunity Management. However, the individual opportunities identified here represent only a small selection of the opportunities arising. Our assessment of opportunities is also subject to continuous 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.

The classification of the opportunity categories is based on an assessment of the individual opportunities assigned to each category using a Monte Carlo simulation in a similar process to that for risks. As already mentioned above, the individual opportunities identified should be seen in addition to those included in our Outlook. As a result, the classification of the opportunities in the single categories is smaller than before.

Opportunity categories	Classification FY 2024	Classification FY 2025
Strategic opportunities	Marginal	Marginal
Operational opportunities	Marginal	Marginal
Financial opportunities	Marginal	Marginal

Strategic opportunities

Opportunities arising from cyclical market and sector trends

Growth opportunities relating to data centers and IoT

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

We also see opportunities in the area of IoT, where we can use our extensive know-how in embedded control, connectivity, security and software to tap into new markets and gain new customers.

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 the move towards software-defined architectures.

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 auxiliary aggregates in all vehicles. 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 a variety of 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.

In the field of renewable energy, China is also the leading market. Our presence there, alongside our collaboration with leading companies in the wind and solar power sectors, will create further opportunities for long-term growth.

Operational opportunities

Opportunities arising from our ability to supply customer requirements due to available capacity

Our in-house manufacturing capacity, together with that of our external partners, provide us with a degree of flexibility to meet demand. In particular, the further expansion of 300-millimeter production on the Dresden site (Germany) and the third manufacturing module in Kulim (Malaysia) will basically strengthen our ability to meet the growing demand for analog mixed-signal and power semiconductors. The joint venture with TSMC (ESMC) in Dresden is an important step in this context.

Financial opportunities

Currency opportunities

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

Our current liquidity position, which is described in detail in the chapter "Review of liquidity", p. 54 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 position and 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, the Separate Financial Statements of Infineon Technologies AG are prepared in accordance with the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). The complete Separate Financial Statements are published separately.

www.infineon.com/financial-statements-hgb

Earnings position

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

			Change	
€ in millions	2024	2023	absolute	in %
Revenue	9,443	9,865	(422)	(4)
Cost of goods sold	(5,843)	(5,894)	51	1
Gross profit	**3,600**	**3,971**	**(371)**	**(9)**
Research and development expenses	(1,638)	(1,599)	(39)	(2)
Selling expenses	(506)	(550)	44	8
General and administrative expenses	(313)	(304)	(9)	(3)
Other income (expense), net	(330)	132	(462)	---
Result from investments	(5)	43	(48)	---
Interest result	78	(14)	92	+++
Other financial result	49	4	45	+++
Income taxes	(276)	(263)	(13)	(5)
Income after taxes/net profit	**659**	**1,420**	**(761)**	**(54)**
Transfer to retained earnings	(202)	(710)	508	72
Unappropriated profit	**457**	**710**	**(253)**	**(36)**

Market weakness impacting consumer, communication, computing, industrial and IoT applications, as well as reductions in selling prices and a slowdown in growth in the area of electromobility outside China, also resulted in a decrease in revenue in Infineon Technologies AG, of 4 percent to €9,443 million (2023: €9,865 million). Gross profit also fell by 9 percent to €3,600 million (2023: €3,971 million). Operating expenses (research and development expenses, selling, general and administrative expenses) remained virtually constant in the 2024 fiscal year at €2,457 million (2023: €2,453 million).

The net figure for other income and expenses decreased in comparison with the prior fiscal year by €462 million, from net income of €132 million in the 2023 fiscal year to net expenses of €330 million in the 2024 fiscal year. This was mainly the result of expenses of €234 million incurred by Infineon Technologies AG due to the conclusion of legal proceedings and resultant court settlement in connection with the insolvency of Qimonda and restructuring costs of €140 million in connection with the "Step Up" structural improvement program. The figure also includes impairment losses of €74 million in relation to intangible assets and property, plant and equipment, relating mainly to plant and machinery at the Regensburg site that can no longer be used, or the use of which is now restricted, in connection with the "Step Up" structural improvement program. The interest result increased by €92 million, due in particular to the positive performance of the plan assets for pensions and similar commitments. The tax expense rose slightly by €13 million as a result of differences between the determination of profit under tax and commercial law and due to tax relating to prior years.

The net profit of Infineon Technologies AG in the 2024 fiscal year was €659 million, following a net profit of €1,420 million in the previous fiscal year. After transferring a total of €202 million to retained earnings, unappropriated profit amounted to €457 million.

Net assets and financial position

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

€ in millions	30 September 2024	30 September 2023	Change absolute	Change in %
Intangible assets, property, plant and equipment	627	680	(53)	(8)
Financial assets	13,549	13,663	(114)	(1)
Non-current assets	**14,176**	**14,343**	**(167)**	**(1)**
Inventories	2,329	2,215	114	5
Receivables and other assets	4,313	2,950	1,363	46
Marketable securities, cash and cash equivalents	1,709	3,347	(1,638)	(49)
Current assets	**8,351**	**8,512**	**(161)**	**(2)**
Prepaid expenses	**106**	**135**	**(29)**	**(21)**
Total assets	**22,633**	**22,990**	**(357)**	**(2)**
Share capital	2,598	2,608	(10)	0
Capital reserve	3,599	3,581	18	1
Retained earnings	4,250	3,958	292	7
Unappropriated profit	457	710	(253)	(36)
Equity	**10,904**	**10,857**	**47**	**0**
Provisions for pensions and similar commitments	339	386	(47)	(12)
Other provisions	1,022	1,138	(116)	(10)
Provisions	**1,361**	**1,524**	**(163)**	**(11)**
Bonds	4,391	3,881	510	13
Advance payments received	30	52	(22)	(42)
Trade payables	381	657	(276)	(42)
Liabilities to affiliated companies and participating interests	4,826	5,060	(234)	(5)
Other liabilities	739	958	(219)	(23)
Liabilities	**10,367**	**10,608**	**(241)**	**(2)**
Deferred income	**1**	**1**	–	–
Total liabilities and equity	**22,633**	**22,990**	**(357)**	**(2)**

Total assets fell by 2 percent, from €22,990 million as of 30 September 2023 to €22,633 million as of 30 September 2024. Non-current assets decreased by €167 million compared with the prior-year figure, mainly as a result of the repayment of a loan to affiliated companies and the impairment losses of €74 million on intangible assets and property, plant and equipment mentioned above.

Current assets decreased by €161 million. Marketable securities and cash and cash equivalents fell by €1,638 million to €1,709 million (30 September 2023: €3,347 million). Offsetting these decreases were an increase in receivables and other assets of €1,363 million, primarily due to an increase in amounts due from affiliated companies, and an increase in inventories of €114 million. Marketable securities and cash and cash equivalents accounted for 20 percent of current assets (30 September 2023: 39 percent).

The increase in equity of €47 million was chiefly due to the net profit for the 2024 fiscal year of €659 million, offset by the dividend paid out for the 2023 fiscal year of €456 million and the purchase of own shares of €233 million as part of a limited share buyback program.

Looking at provisions, provisions for pensions and similar commitments decreased by a total of €47 million, due to an increase in the fair value of the plan assets that exceeded the increase in the present value of the defined benefit obligation. Other provisions fell by €116 million, mainly due to the utilization of provisions in connection with Qimonda of €238 million. Offsetting this were restructuring provisions of €140 million set up as a result of the “Step Up” structural improvement program. Liabilities fell in the 2024 fiscal year by €241 million to €10,367 million, mainly due to movements in trade payables and in liabilities to affiliated companies. The increase in bonds had an opposite effect.

The equity ratio rose to 48.2 percent, compared with 47.2 percent as of 30 September 2023.

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.
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Information in accordance with sections 289a and 315a of the German Commercial Code (HGB) is provided in the chapter “Corporate Governance”, p. 84 ff.

Expected developments and associated significant risks and opportunities

The global orientation of the Infineon Group and its segments and the associated expected developments with their significant risks and opportunities are pertinent to Infineon Technologies AG. The evolution of Infineon Technologies AG's operating result is influenced not only by expectations for the Infineon Group but also by expectations relating to revenue and earnings in the operating segments. In addition to its own operating activities, Infineon Technologies AG's future earnings are also affected by the operating results of its subsidiaries due to existing intragroup supply, service and financing relationships. Infineon Technologies AG is thus integrated into the Infineon Group's internal management system.

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 Infineon Technologies AG, as determined in accordance with the provisions of the German Commercial Code (HGB). Our dividend policy aims to allow our shareholders to participate appropriately in the success of Infineon's business and, in general, even in the event of stagnating or declining earnings, to pay out at least a dividend that is unchanged from the previous year.

Infineon Technologies AG, after making a transfer to other retained earnings, reported unappropriated profit of €457 million in its financial statements for the fiscal year ended 30 September 2024. It is planned to put forward a proposal to the Annual General Meeting to be held in February 2025 for the payment of a dividend of €0.35 per share, the same figure as that agreed one year earlier. The number of shares issued remained unchanged as of 30 September 2024 at 1,305,921,137. This figure included 6,757,925 shares owned by the Company that are not entitled to a dividend. The total amount of the dividend to be distributed to shareholders would therefore be €455 million, provided the proposed dividend is approved at the Annual General Meeting.

The Company paid a dividend of €0.35 per share (€456 million in total) for the 2023 fiscal year.

Unappropriated profit fell in comparison with the prior year. The reasons for this were lower revenue from third parties, the expenses arising on the conclusion of the abovementioned legal dispute in connection with the Qimonda insolvency, as well as restructuring costs. We are not expecting any significant changes to the contributions to operating profit made by subsidiaries in the 2025 fiscal year. All in all, we expect to generate unappropriated profit for the 2025 fiscal year that will allow us to distribute a dividend in accordance with our dividend policy.

Infineon Technologies AG uses derivative financial instruments to mitigate currency risks and other price risks. Derivatives are used only for hedging and not for speculative purposes. Regular reviews are performed of the effectiveness of the hedging relationship. 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, 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.
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Corporate Governance

Information pursuant to sections 289a and 315a 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 2024. 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 6,757,925 of the abovementioned issued shares as own shares as of 30 September 2024 (30 September 2023: 2,171,026). 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 to the corporation and the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – "BaFin") immediately. As of 30 September 2024, 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 2024 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 Chair 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 chair and a deputy chair to the Management Board. The Supervisory Board may revoke the appointment of a Management Board member and the chair 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 shares

Authorization to issue new 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. 135 ff.

Authorization to issue convertible bonds and/or bonds with warrants

The Annual General Meeting held on 23 February 2024 authorized the Management Board, with the approval of the Supervisory Board, in the period through 22 February 2029, 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 €6,000,000,000, to guarantee such bonds issued by subordinated Group companies of the Company and to grant creditors and/or holders of such bonds 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, either at the time the resolution concerning this authorization was passed by the Annual General Meeting, or at the time of this authorization becoming effective, or 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 purchase 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).

Significant events after the balance sheet date

Change in segment structure from 1 January 2025

From 1 January 2025, the “Sense & Control” business line, which was previously allocated to the Automotive segment, will be reclassified to the Power & Sensor Systems segment. The business line generated revenue of €707 million in the 2024 fiscal year.

Neubiberg, 21 November 2024

Management Board

Jochen Hanebeck
Elke Reichart
Dr. Sven Schneider
Andreas Urschitz
Dr. Rutger Wijburg

List of references

R01 International Monetary Fund:
World Economic Outlook. October 2024.

R02 World Semiconductor Trade Statistics (WSTS):
Semiconductor Industry Blue Book History. October 2024.

R03 Based on or includes research from Omdia:
Competitive Landscaping Tool CLT Quarterly – 2Q24. August 2024.

R04 Based on or includes research from Omdia:
Application Market Forecast Tool – 3Q24. September 2024.

Consolidated Financial Statements

Consolidated Statement of Profit or Loss

€ in millions	Notes	2024	2023	Change absolute	Change in %
Revenue	4, 29	14,955	16,309	(1,354)	(8)
Cost of goods sold	4	(8,886)	(8,896)	10	0
Gross profit		**6,069**	**7,413**	**(1,344)**	**(18)**
Research and development expenses	4	(1,985)	(1,985)	–	–
Selling, general and administrative expenses	4	(1,554)	(1,599)	45	3
Other operating income		58	192	(134)	(70)
Other operating expenses	4	(398)	(73)	(325)	---
Operating profit		**2,190**	**3,948**	**(1,758)**	**(45)**
Financial income	4	119	105	14	13
Financial expenses	4	(162)	(159)	(3)	(2)
Share of profit (loss) of associates and joint ventures accounted for using the equity method	5	11	27	(16)	(59)
Profit (loss) from continuing operations before income taxes		**2,158**	**3,921**	**(1,763)**	**(45)**
Income taxes	6	(378)	(782)	404	52
Profit (loss) from continuing operations		**1,780**	**3,139**	**(1,359)**	**(43)**
Profit (loss) from discontinued operations, net of income taxes	7	(479)	(2)	(477)	---
Profit (loss) for the period		**1,301**	**3,137**	**(1,836)**	**(59)**
Attributable to:					
Shareholders and hybrid capital investors of Infineon Technologies AG		1,301	3,137	(1,836)	(59)
Basic earnings per share (in euro) from continuing operations[1]	8	1.35	2.39	(1.04)	(44)
Basic earnings per share (in euro) from discontinued operations[1]	8	(0.37)	(0.01)	(0.36)	---
Basic earnings per share (in euro) attributable to shareholders of Infineon Technologies AG[1]	8	**0.98**	**2.38**	**(1.40)**	**(59)**
Diluted earnings per share (in euro) from continuing operations[1]	8	1.34	2.38	(1.04)	(44)
Diluted earnings per share (in euro) from discontinued operations[1]	8	(0.37)	–	(0.37)	---
Diluted earnings per share (in euro) attributable to shareholders of Infineon Technologies AG[1]	8	**0.97**	**2.38**	**(1.41)**	**(59)**

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

Consolidated Statement of Comprehensive Income

€ in millions	Notes	2024	2023	Change absolute	Change in %
	20				
Profit (loss) for the period		**1,301**	**3,137**	**(1,836)**	**(59)**
Actuarial gains (losses) on pensions and similar commitments		(32)	17	(49)	---
Total items that will not be reclassified subsequently to profit or loss		**(32)**	**17**	**(49)**	---
Currency effects		(519)	(718)	199	28
Gains (losses) resulting from hedge accounting		9	9	–	–
Cost of hedging		6	(4)	10	+++
Total items that may be reclassified subsequently to profit or loss		**(504)**	**(713)**	**209**	**29**
Other comprehensive income (loss), net of tax		**(536)**	**(696)**	**160**	**23**
Total comprehensive income (loss), net of tax		**765**	**2,441**	**(1,676)**	**(69)**
Attributable to:					
Shareholders and hybrid capital investors of Infineon Technologies AG		765	2,441	(1,676)	(69)

Consolidated Statement of Financial Position

€ in millions	Notes	30 September 2024	30 September 2023	Change absolute	Change in %
ASSETS					
Cash and cash equivalents		1,806	1,820	(14)	(1)
Financial investments	9	395	1,770	(1,375)	(78)
Trade receivables	10	2,250	1,991	259	13
Inventories	11	3,990	3,974	16	0
Current income tax receivables	6	101	63	38	60
Contract assets		105	115	(10)	(9)
Other current assets	12, 27	1,146	959	187	19
Total current assets		**9,793**	**10,692**	**(899)**	**(8)**
Property, plant and equipment	13	8,002	7,045	957	14
Goodwill	14	6,797	6,547	250	4
Other intangible assets	13	2,820	2,977	(157)	(5)
Right-of-use assets	15	374	405	(31)	(8)
Investments accounted for using the equity method	5	117	114	3	3
Non-current income tax receivables	6	1	2	(1)	(50)
Deferred tax assets	6	264	268	(4)	(1)
Other non-current assets	12, 27	471	389	82	21
Total non-current assets		**18,846**	**17,747**	**1,099**	**6**
Total assets		**28,639**	**28,439**	**200**	**1**

€ in millions	Notes	30 September 2024	30 September 2023	Change absolute	Change in %
LIABILITIES AND EQUITY					
Short-term financial debt and current portion of long-term financial debt	16	500	330	170	52
Trade payables		1,990	2,765	(775)	(28)
Current provisions	17	698	799	(101)	(13)
Current income tax payables	6	301	418	(117)	(28)
Current lease liabilities	15	73	72	1	1
Current contract liabilities[1]		75	99	(24)	(24)
Other current liabilities[1]	18, 27	1,509	1,186	323	27
Total current liabilities		**5,146**	**5,669**	**(523)**	**(9)**
Long-term financial debt	16	4,311	4,403	(92)	(2)
Pensions and similar commitments	19	303	268	35	13
Deferred tax liabilities	6	177	254	(77)	(30)
Other non-current provisions	17	196	300	(104)	(35)
Non-current lease liabilities	15	284	309	(25)	(8)
Non-current contract liabilities[1]		152	29	123	+++
Other non-current liabilities[1]	18, 27	851	163	688	+++
Total non-current liabilities		**6,274**	**5,726**	**548**	**10**
Total liabilities		**11,420**	**11,395**	**25**	**0**
Equity:	20				
Ordinary share capital		2,612	2,612	–	–
Capital reserve		6,763	6,684	79	1
Retained earnings		6,978	6,204	774	12
Other reserves		(150)	354	(504)	---
Own shares		(187)	(13)	(174)	---
Hybrid capital		1,203	1,203	–	–
Total equity		**17,219**	**17,044**	**175**	**1**
Total liabilities and equity		**28,639**	**28,439**	**200**	**1**

1 Due to the increasing significance of contract liabilities for the financial position, these are presented as a separate line item in the Statement of Financial Position since the 2024 fiscal year (previously included under other current and non-current liabilities). The previous year's figures have been adjusted accordingly.

Consolidated Statement of Cash Flows

€ in millions	Notes	2024	2023	Change absolute	Change in %
	26				
Profit (loss) for the period		**1,301**	**3,137**	**(1,836)**	**(59)**
Plus: profit (loss) from discontinued operations, net of income taxes		479	2	477	+++
Adjustments to reconcile profit (loss) for the period to cash flows from operating activities:					
Depreciation and amortization	13, 15	1,865	1,754	111	6
Income tax	6	378	782	(404)	(52)
Interest result	4	74	98	(24)	(24)
Losses (gains) on disposals of property, plant and equipment and intangible assets		4	(99)	103	+++
Dividends received	5	4	7	(3)	(43)
Impairments (reversals of impairments)	13, 14, 29	123	18	105	+++
Losses (gains) from sales of businesses, interests in subsidiaries and investments		5	(30)	35	+++
Share-based payment	22	130	92	38	41
Other non-cash result		16	(46)	62	+++
Change in trade receivables	10	(279)	(185)	(94)	(51)
Change in inventories	11	(60)	(1,014)	954	94
Change in trade payables		(750)	547	(1,297)	---
Change in provisions	17	20	(138)	158	+++
Change in other assets and other liabilities		830	(359)	1,189	+++
Interests received	4	80	57	23	40
Interests paid	4	(146)	(128)	(18)	(14)
Income taxes paid	6	(533)	(533)	–	–
Cash flows from operating activities from continuing operations		**3,541**	**3,962**	**(421)**	**(11)**
Cash flows from operating activities from discontinued operations		**(761)**	**(2)**	**(759)**	**---**
Cash flows from operating activities		**2,780**	**3,960**	**(1,180)**	**(30)**

€ in millions	Notes	2024	2023	Change absolute	Change in %
Payments for the acquisition of financial investments	9	(7,027)	(5,198)	(1,829)	(35)
Proceeds from sales of financial investments	9	8,378	5,738	2,640	46
Payments for the aquisition of subsidiaries or other businesses, net of cash acquired	3	(803)	(22)	(781)	---
Proceeds from sales of subsidiaries or other business, net of cash disbursed		19	91	(72)	(79)
Payments for the acquisition of interests in other not consolidated companies, associated companies and joint ventures		(29)	(2)	(27)	---
Payments for the acquisition of other intangible assets	13	(287)	(255)	(32)	(13)
Payments for the acquisition of property, plant and equipment	13	(2,432)	(2,739)	307	11
Proceeds from sales of property, plant and equipment and other non-current assets		14	123	(109)	(89)
Cash flows from investing activities		**(2,167)**	**(2,264)**	**97**	**4**
Proceeds from issuance of short-term financial debt	16	2,250	–	2,250	+++
Repayments of short-term financial debt	16	(2,250)	–	(2,250)	---
Proceeds from issuance of long-term financial debt	16	500	–	500	+++
Repayments of long-term financial debt	16	(323)	(753)	430	57
Net change in related party financial receivables and payables	25	10	19	(9)	(47)
Payments for lease liabilities	15	(74)	(86)	12	14
Payments for other financial liabilities		–	(25)	25	+++
Payments for the acquisition of own shares		(233)	–	(233)	---
Dividend payments	20	(456)	(417)	(39)	(9)
Cash outflow to hybrid capital investors	20	(39)	(39)	–	–
Cash flows from financing activities		**(615)**	**(1,301)**	**686**	**53**
Net change in cash and cash equivalents		(2)	395	(397)	---
Currency effects on cash and cash equivalents		(12)	(13)	1	8
Cash and cash equivalents at beginning of period		1,820	1,438	382	27
Cash and cash equivalents at end of period		**1,806**	**1,820**	**(14)**	**(1)**

Consolidated Statement of Changes in Equity

for the fiscal year ended 30 September 2024

€ in millions	Notes	Share capital	Capital reserve	Retained earnings	Other reserves			Own shares	**Equity attributable to shareholders of Infineon Technologies AG**	Equity attributable to hybrid capital investors	**Total equity**
					Currency effects	Hedges	Cost of hedging				
Balance as of 1 October 2023		**2,612**	**6,684**	**6,204**	**342**	**16**	**(4)**	**(13)**	**15,841**	**1,203**	**17,044**
Total comprehensive income (loss), net of tax											
Profit (loss) for the period		–	–	1,262	–	–	–	–	**1,262**	39	**1,301**
Other comprehensive income (loss), net of tax		–	–	(32)	(519)	9	6	–	**(536)**	–	**(536)**
Total comprehensive income (loss), net of tax		**–**	**–**	**1,230**	**(519)**	**9**	**6**	**–**	**726**	**39**	**765**
Transactions with owners											
Contributions by and distributions to owners											
Dividends	20	–	–	(456)	–	–	–	–	**(456)**	–	**(456)**
Share-based payment	20, 22	–	130	–	–	–	–	–	**130**	–	**130**
Settlement of share-based payment	20	–	(63)	–	–	–	–	63	**–**	–	**–**
Disposal (purchase) of own shares	20	–	–	–	–	–	–	(237)	**(237)**	–	**(237)**
Other contributions and distributions	20	–	12	–	–	–	–	–	**12**	–	**12**
Total contributions by and distributions to owners		**–**	**79**	**(456)**	**–**	**–**	**–**	**(174)**	**(551)**	**–**	**(551)**
Total transactions with owners		**–**	**79**	**(456)**	**–**	**–**	**–**	**(174)**	**(551)**	**–**	**(551)**
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 2024		**2,612**	**6,763**	**6,978**	**(177)**	**25**	**2**	**(187)**	**16,016**	**1,203**	**17,219**

Consolidated Statement of Changes in Equity

for the fiscal year ended 30 September 2023

€ in millions	Notes	Share capital	Capital reserve	Retained earnings	Other reserves			Own shares	**Equity attributable to shareholders of Infineon Technologies AG**	Equity attributable to hybrid capital investors	**Total equity**
					Currency effects	Hedges	Cost of hedging				
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[1]	20, 22	–	92	–	–	–	–	–	**92**	–	**92**
Settlement of share-based payment[1]	20	–	(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**

1 The settlement of share-based payment is presented separately from the 2024 fiscal year. The presentation in the Consolidated Statement of Changes in Equity for the 2023 fiscal year has been adjusted accordingly.

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 2024, 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 2024 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 2024.

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 2024:

Standard/amendment/interpretation		Effective date	Impact on Infineon
IAS 1	Disclosure of accounting policies (amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023	immaterial
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 17	Insurance contracts including amendments to IFRS 17	1 January 2023	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 2024 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 7 and IFRS 7	Supplier finance arrangements (amendments to IAS 7 and IFRS 7)	1 January 2024	none
IFRS 16	Lease liability in a sale and leaseback (amendments to IFRS 16)	1 January 2024	none
IAS 21	Lack of exchangeability (amendments to IAS 21)	1 January 2025	none
IFRS 9 and IFRS 7	Amendments to classification and measurement of financial instruments (amendments to IFRS 9 and IFRS 7)	1 January 2026	immaterial
	Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026	none
IFRS 18	Presentation and disclosure in financial statements	1 January 2027	see explanations below the table

IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 contains requirements for all companies that apply IFRS regarding the type of presentation and disclosure of information in financial statements. IFRS 18 replaces IAS 1 “Presentation of Financial Statements”.

The new standard is effective for annual periods beginning on or after 1 January 2027. Accordingly, Infineon will apply the standard from the fiscal year beginning on 1 October 2027. Infineon has started to determine the quantitative and qualitative effects of the application of IFRS 18 on the Consolidated Financial Statements but cannot yet reliably estimate their scope.

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. 167 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. 114 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 Group's reporting currency and the functional currency of Infineon Technologies AG is the euro. Infineon determines the functional currency for each subsidiary included in the Consolidated Financial Statements. As of 1 October 2023, the functional currency of Infineon Technologies Japan K.K. was changed from the Japanese yen to the now predominant US dollar.

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 the 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.

Standard 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 test") 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. This measurement category includes advance payments that Infineon makes according to contractual agreements and receives back at a later date (so-called deposits).

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 generally measured at fair value through profit or loss. For equity instruments that are neither held for trading nor represent a contingent consideration in a business combination, Infineon makes an irrevocable election at initial recognition as to whether changes in fair value are recognized in other comprehensive income on subsequent measurement.

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. 155 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. Other financial liabilities at Infineon include advance payments that Infineon receives from customers as part of capacity reservation contracts and which are repaid to the customers at a later date after the contractually agreed volumes have been accepted (so-called deposits). The difference between the nominal amount of a deposit and its fair value arising on initial recognition of the financial liability does not normally represent a gain at the time of addition (so-called "day-one gain"), but an advance payment by the customer for a capacity reservation granted and is recognized as a contract liability on initial recognition and realized as revenue over the period of the capacity reservation (see "Revenue recognition", p. 106 f.).

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 or non-current assets or other current or non-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.

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. 106 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 (see "Revenue recognition", p. 106 f.).

Loss allowances for expected credit losses on contract assets are determined in accordance with the measurement method for trade receivables (see "Financial instruments", p. 98 ff.).

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 2024 or the 2023 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. 107). 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. 102), 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 that 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.

Contract liabilities

Contract liabilities are recognized if Infineon has not yet fulfilled its performance obligations from contracts with customers and has already received consideration from the customer.

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.

Provisions for restructuring measures are recognized in accordance with the general recognition criteria if a detailed formal restructuring plan has been prepared and communicated to the parties concerned as of balance sheet date.

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 Consolidated Statement of Financial Position, instead they are disclosed in the Notes to the Consolidated Financial Statements (see note 23, p. 141 f., and note 24, p. 142 f.).

Hybrid bonds

The accounting treatment for a hybrid bond depends on its specific terms. A hybrid bond is recognized and measured as equity if, inter alia , it has no final maturity date, the investors have no termination rights and distributions are at the discretion of Infineon. In this case, discounts, transaction costs, tax effects and the remuneration of the hybrid investors are deducted directly from equity.

Treasury shares

Treasury shares reduce equity at cost, i.e. including directly attributable incidental acquisition costs. If treasury shares are acquired via an independent credit institution as part of a so-called passive buyback program, a liability for the obligation to buy back the shares is recognized upon conclusion of the irrevocable agreement on the acquisition of the treasury shares and a corresponding reduction in equity in the amount of the buyback value expected at that time. The difference between the expected repurchase value and the total purchase price of the shares is recognized in profit or loss as other financial income or expense.

The amount per share recognized as the equity deduction item "Treasury shares" is to be reclassified from the item "Treasury shares" to the "Capital reserve" within equity when the treasury shares are subsequently used as part of the share-based payment. A moving average is used to determine the reclassification amount within equity.

Revenue

Infineon generates revenues mainly from the sale of semiconductor products, related system solutions and relevant software, mainly to direct customers and distributors. Infineon's customer contracts usually contain one performance obligation.

Revenue recognition

Revenue is recognized when control over the products is transferred to the customers (i.e. when Infineon's performance obligation is satisfied) in accordance with IFRS 15 (power of disposal), and where the receipt of consideration from the customer is probable (generally through the transfer of cash). The performance obligation within the meaning of IFRS 15 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 the production period of the customer-specific products. Performance progress is determined using an input-based method and is based on the ratio of costs already incurred to the estimated total cost. Revenue from supplementary services such as capacity reservations, development services, software support and maintenance is recognized over the period in which the service is provided.

If revenue is not recognized over time, then it is recognized at a point in time and usually upon delivery. The recognition of revenue for deliveries to 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. Otherwise, revenue is recognized when the products are withdrawn from the consignment warehouse by the customer.

Transaction price

The amount of revenue corresponds to the expected transaction price to be settled by the customer.

In determining the transaction price, Infineon takes into account the effects of variable considerations and the existence of significant financing components.

Variable consideration

Infineon can estimate variable consideration in accordance with the contractual agreements and due to 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 variable components, a reimbursement obligation is recognized as a reduction to revenue, and is disclosed within other current liabilities.

In addition to rebates and discounts, variable consideration at Infineon relates in particular to the transaction price of products sold to distributors. Distributors can, in accordance with established business practices in the semiconductor industry, 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. 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.

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. Other returns are only permitted for quality defects within the ordinary warranty period. These obligations are taken into consideration through corresponding warranty provisions.

Significant financing component
If Infineon receives payments for product deliveries more than one year in advance, the transaction price is adjusted by the time value of money to the extent that a significant financing component exists, taking into account the relevant time period and the applicable interest rate. The interest rate applied corresponds to the interest rate that would apply if a separate financing transaction were concluded between Infineon and the customer. If there is less than one year between the receipt of the advance payment and the delivery of the respective products, Infineon applies the practical expedient not to adjust the transaction price for a significant financing component.

Costs of contract initiation and fulfillment
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. 123 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. 113).

Share-based payment
Infineon has developed so-called Long-Term Incentive plans with the Performance Share Plan for employees of Infineon, members of the Management Board of the Company and members of the Management Board and management of affiliated companies as well as with the Restricted Stock Unit Plan for employees of Infineon and members of the Management Board and management of affiliated companies. In accordance with IFRS 2 “Share-based Payment”, these LTI plans are generally classified as equity-settled share-based payment transactions and are accounted for accordingly. The fair value of the equity instruments granted is determined at the grant date by an external expert using a recognized financial-mathematical method (Monte Carlo simulation model) and recognized as expense on a straight-line basis over the vesting period. This applies to the performance share plan if the issue conditions are expected to be met. The expense is charged to costs by function as part of the operating result and credited directly to equity (capital reserve). The amount recognized as expense is adjusted to reflect the actual number of equity instruments that are ultimately allocated to the plan participants.

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.

Assumptions and estimates 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. 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.

Climate change can give rise to uncertainties and risks for the net assets, financial position and results of operations. Physical changes in the climate such as an increased frequency and intensity of extreme weather events (storms, fires and floods) as well as long-term trends such as a rise in temperature can affect the usability of Infineon's assets. So-called transitory changes related to decarbonization, including political, legal, technological and market changes, may affect the useful life and value of Infineon's assets. There is uncertainty about the extent to which regulatory efforts to protect the climate and resources will increase costs. Infineon's climate protection measures focus on CO_2 emissions. Infineon plans to become CO_2-neutral by 2030. Costs for this and other climate protection measures have been taken into account in corporate planning and thus included in impairment considerations. Climate risks and opportunities are analyzed, reported and evaluated for their potential financial and accounting impact as part of the quarterly risk management process. They are thus regularly included in the review of estimates and assumptions for accounting purposes. In addition, sensitivity analyses of the valuation results are carried out for valuations based on longer-term planning assumptions for business development, which adequately reflect the potential impact of climate change on the valuation results. Infineon has not currently identified any material risks in relation to climate change or the scarcity of resources and does not currently expect such risks to have a material impact on its business model or on the presentation of its net assets, financial position and results of operations.

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. 101 f., and note 11, p. 122),
- recoverability of non-financial assets, in particular property, plant and equipment (see note 13, p. 123 f.) and goodwill (see note 14, p. 125 f.),
- recognition and measurement at fair value of assets acquired as part of the GaN Systems Inc. purchase price allocation (see note 3, p. 110 f.),
- recognition and valuation of provisions (see "Other provisions", p. 104 f., notes 17, p. 129 f., and 24, p. 142 ff.) and
- revenue where the transaction price contains a variable element (see "Revenue recognition", p. 106 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 2024.

3 Acquisitions

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

On 24 October 2023, Infineon acquired all 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 field of power systems. The purchase price was €828 million, of which €825 million resulted in a cash outflow at the time of acquisition and €3 million will lead to subsequent payments to former shareholders under a terminated stock option program. The acquired net assets of GaN Systems before the purchase price allocation amounted to €58 million. The acquired assets mainly relate to cash, inventories, property, plant and equipment and right-of-use assets from leases. The acquired liabilities primarily relate to trade payables and lease liabilities. The excess of purchase price over net assets acquired amounted to €770 million.

The purchase price allocation, which was generally based on the fair values of the assets acquired and liabilities assumed, resulted in particular in the recognition of intangible assets such as technologies and customer relationships as well as goodwill. The main assumptions made in the context of the purchase price allocation concerned the development of revenue and margins in the corporate planning of the acquired business operations, the expected synergies and the cost of capital.

The following table shows the assets acquired and liabilities assumed, taking into account the purchase price allocation at the time of acquisition:

€ in millions	
Cash and cash equivalents	56
Trade receivables	3
Inventories	19
Other current assets	38
Property, plant and equipment	5
Other intangible assets	187
Right-of-use assets	4
Total assets	**312**
Trade payables	2
Current provisions	1
Current lease liabilities	1
Other current liabilities	55
Deferred tax liabilities	21
Non-current lease liabilities	3
Total liabilities	**83**
Net assets acquired	**229**
Goodwill	**599**
Consideration transferred (purchase price)	**828**
Paid in cash as of 30 September 2024	826

The goodwill of €599 million arising from the acquisition of GaN Systems, which is originally denominated in US dollars, is primarily attributable to synergies, expected cost benefits, income from the future technology and customer portfolio and the know-how of the workforce. The goodwill is not deductible for tax purposes.

The costs for the implementation of the business combination associated with the acquisition, comprising mainly legal expenses, bank commissions and other consulting expenses, were recognized in other operating expenses and amounted to €9 million.

The gross carrying amount of trade receivables acquired at the date of acquisition was €3 million and was primarily in line with fair value.

GaN Systems' revenue and earnings, which have been included in the Consolidated Statement of Profit or Loss for the reporting period since the date of acquisition, were as follows:

€ in millions	
Revenue	15
Result after tax	(49)

GaN Systems' result after tax was significantly impacted by acquisition-related depreciation and amortization, in particular of other intangible assets identified as part of the purchase price allocation, and other expenses.

If GaN Systems had already been acquired and consolidated as of 1 October 2023, Infineon would have recorded revenue of €14,956 million in the Consolidated Statement of Profit and Loss for the 2024 fiscal year. The profit (loss) for the period would have amounted to €1,298 million. In particular, amortization of the other intangible assets identified as part of the purchase price allocation, which would also have been valid as of 1 October 2023, was taken into account.

The GaN Systems business units were fully integrated into the existing Power & Sensor Systems segment.

Acquisition of 3db Access AG

On 4 October 2023, Infineon 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 acquisition had only minor financial impacts during the reporting period.

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. 161 ff.

Revenue in the amount of €68 million in the 2024 fiscal year (2023: €16 million) was reported under current contract liabilities in the previous year's balance sheet.

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 2024 and 2023:

Revenue expected (€ in millions)	Total	Less than 1 year	1 year and after
As of 30 September 2024	**2,893**	**1,667**	**1,226**
As of 30 September 2023	4,111	1,804	2,307

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	2024	2023	absolute	in %
Cost of raw materials, supplies and purchased goods	3,208	3,372	(164)	(5)
Cost of purchased services	3,117	3,749	(632)	(17)
Total	**6,325**	**7,121**	**(796)**	**(11)**

			Change	
€ in millions	2024	2023	absolute	in %
Wages and salaries	3,960	3,684	276	7
Social insurance levies and employee benefits	561	600	(39)	(7)
Expenses for pensions	91	69	22	32
Total	**4,612**	**4,353**	**259**	**6**

The average number of employees by geographic region was as follows for the 2024 and 2023 fiscal years:

			Change	
	2024	2023	absolute	in %
Europe	24,815	23,536	1,279	5
therein: Germany	15,232	14,609	623	4
Asia-Pacific (excluding Japan, Greater China)	25,402	25,191	211	1
Greater China[1]	3,050	3,024	26	1
therein: Mainland China, Hong Kong	2,576	2,611	(35)	(1)
Japan	690	670	20	3
Americas	5,152	5,241	(89)	(2)
therein: USA	3,706	3,734	(28)	(1)
Total	**59,109**	**57,662**	**1,447**	**3**

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

Other operating expenses

Other operating expenses comprised the following in the 2024 and 2023 fiscal years:

			Change	
€ in millions	2024	2023	absolute	in %
Expenses from restructuring and other related closure costs	232	–	232	+++
Impairment of intangible assets, property, plant and equipment, other assets and assets held for sale during the year (see note 7, p. 119, and 13, p. 123 f.)	121	14	107	+++
Expenses in connection with rental income	23	24	(1)	(4)
Other	22	35	(13)	(37)
Total	**398**	**73**	**325**	**+++**

On 7 May 2024, Infineon announced its structural improvement program “Step Up” to strengthen its competitiveness. With “Step Up”, Infineon is focusing on a targeted, sustainable improvement of its cost structure. The program includes various packages of measures focusing on manufacturing productivity, portfolio management, tactical pricing excellence and efficiency in central and support functions. In the 2024 fiscal year, Infineon recognized expenses for restructuring and other related closure cost in the amount of €232 million, mainly related to “Step Up”.

Impairment losses on intangible assets, property, plant and equipment, other assets and assets held for sale during the 2024 fiscal year amounted to €121 million in the 2024 fiscal year (previous year: €14 million), of which €69 million is mainly attributable to plant and machinery that can only be used to a limited extent or can no longer be used at the Regensburg site (Germany) in connection with the “Step Up” structural improvement program. A further €34 million resulted from the disposal of two backend production facilities in Cheonan (Korea) and Cavite (Philippines) (see note 7, p. 119).

The impairments are mainly attributable to the Group functions, therefore see note 29. p. 161 ff.

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 2024 and 2023 fiscal years were as follows:

			Change	
€ in millions	2024	2023	absolute	in %
Included in the Consolidated Statement of Profit or Loss in:				
Cost of goods sold	149	75	74	99
Research and development expenses	215	130	85	65
Selling, general and administrative expenses	3	3	–	–
Total	**367**	**208**	**159**	**76**

Of the grants included in profit or loss in the 2024 fiscal year, €43 million relate to expenses incurred in the previous year (2023: €3 million).

In the 2024 fiscal year, investment grants of €74 million (2023: €45 million) were deducted from acquisition or construction costs for property, plant and equipment and intangible assets. In the 2024 fiscal year, Infineon received investment grants of €15 million (2023: €27 million).

For compliance with the conditions attached to the grants received and potential repayment requirements in case of nonfulfillment, see note 23. p. 141 f.

Financial income and expenses

Financial income comprised the following in the 2024 and 2023 fiscal years:

			Change	
€ in millions	2024	2023	absolute	in %
Interest income	83	60	23	38
Other financial income	36	45	(9)	(20)
Total	**119**	**105**	**14**	**13**

Financial expenses comprised the following in the 2024 and 2023 fiscal years:

			Change	
€ in millions	2024	2023	absolute	in %
Interest expenses	(157)	(158)	1	1
Other financial expenses	(5)	(1)	(4)	---
Total	**(162)**	**(159)**	**(3)**	**(2)**

Further information on Infineon's financial income and expenses is contained in note 27. p. 151 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 2024, the carrying amount of joint ventures accounted for using the equity method was €77 million (30 September 2023: €74 million).

For the 2024 and 2023 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:

			Change	
€ in millions	2024	2023	absolute	in %
Profit (loss) for the period	9	28	(19)	(68)
Other comprehensive income (loss), net of tax	(1)	–	(1)	---
Total comprehensive income (loss), net of tax	**8**	**28**	**(20)**	**(71)**

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. 164).

Summarized financial information for associated companies

As of 30 September 2024, the carrying amount of the associated companies accounted for using the equity method was €40 million (30 September 2023: €40 million).

For the 2024 and 2023 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	2024	2023	absolute	in %
Profit (loss) for the period	2	(1)	3	+++
Other comprehensive income (loss), net of tax	–	–	–	–
Total comprehensive income (loss), net of tax	**2**	**(1)**	**3**	**+++**

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. 164).

6 Income tax

Income tax from continuing operations for the fiscal years ending 30 September 2024 and 2023 amounted to:

			Change	
€ in millions	2024	2023	absolute	in %
Current tax income (expense)	(438)	(626)	188	30
Deferred tax income (expense)	60	(156)	216	+++
Income tax	**(378)**	**(782)**	**404**	**52**

For the 2024 fiscal year, the German combined statutory tax rate for Infineon Technologies AG was 28 percent, as in the previous year. 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 country-specific tax legislation and is taxed based on the applicable country-specific tax rates.

The reconciliation of income taxes from continuing operations for the fiscal years ended 30 September 2024 and 2023, is based on the German combined statutory tax rate of 28 percent for the 2024 and 2023 fiscal years and is as follows:

			Change	
€ in millions	2024	2023	absolute	in %
Expected income tax expense	(604)	(1,098)	494	45
Tax rate differential	103	136	(33)	(24)
Effects due to changes in tax rates	(11)	(1)	(10)	---
Effects from the difference between local and functional currency	25	(28)	53	+++
Previous year taxes	56	86	(30)	(35)
therein: current tax income	117	69	48	70
Non-deductible expenses	(41)	(47)	6	13
Tax-exempt income	82	96	(14)	(15)
Change in permanent balance sheet effects	12	(10)	22	+++
Change in valuation allowance on deferred tax assets	(90)	25	(115)	---
Change in available tax credits	101	71	30	42
Other	(11)	(12)	1	8
Actual income taxes	**(378)**	**(782)**	**404**	**52**

The item “Change in valuation allowances on deferred tax assets” consists of the following:

In the 2024 fiscal year, the impairment or non-recognition of deferred tax assets for tax loss carry-forwards in the amount of €1 million (2023: €0 million), on tax credits in the amount of €87 million (2023: €20 million) and on temporary differences in the amount of €2 million (2023: €0 million) had an impact on profit or loss. A write-up of deferred tax assets on tax loss carry-forwards of €0 million (2023: €10 million) was recorded. The write-up of deferred tax assets for tax credits amounted to €0 million in the 2024 fiscal year (2023: €35 million).

The utilization of tax loss carry-forwards, tax credits and temporary differences for which no deferred tax assets were previously recognized resulted in current tax income of €8 million in the 2024 fiscal year (2023: €61 million).

Deferred tax assets and liabilities as of 30 September 2024 and 2023 comprised the following:

	30 September 2024		Change 2024		30 September 2023		Change 2023	
€ 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	19	(483)	24	34	23	(511)	219	177
Property, plant and equipment	184	(215)	10	10	166	(207)	(32)	(39)
Inventories	47	(38)	2	(5)	35	(28)	(7)	(6)
Provisions, pensions and similar commitments	289	(38)	60	56	213	(22)	(113)	(81)
Other	82	(25)	54	56	50	(47)	13	14
Total deferred taxes on temporary differences	**621**	**(799)**	**150**	**151**	**487**	**(815)**	**80**	**65**
Tax loss carry-forwards	80	–	(76)	(65)	156	–	(238)	(240)
Interest carry-forwards	14	–	14	14	–	–	–	–
Unused tax credits and excess foreign tax credits	171	–	(15)	(15)	186	–	16	19
Total deferred taxes	**886**	**(799)**	**73**	**85**	**829**	**(815)**	**(142)**	**(156)**
Netting	(622)	622	–	–	(561)	561	–	–
Total	**264**	**(177)**	**73**	**85**	**268**	**(254)**	**(142)**	**(156)**

Infineon assessed the need for a valuation allowance on 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 €264 million as of 30 September 2024 (30 September 2023: €268 million).

Tax loss carry-forwards brought forward and tax credits amount to the following:

			Change	
€ in millions	2024	2023	absolute	in %
Trade tax loss carry-forwards – Germany	170	982	(812)	(83)
Corporate tax loss carry-forwards and local tax loss carry-forwards (particularly US state tax loss carry-forwards) – foreign	564	509	55	11
Interest carry-forwards	125	–	125	+++
Tax credits[1]	719	632	87	14

1 The disclosures include Malaysian tax benefits of €2,204 million (previous year: €1,833 million) with a tax value (tax effected) of €529 million (previous year: €440 million).

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

			Change	
€ in millions	2024	2023	absolute	in %
Corporate tax loss carry-forwards and local tax loss carry-forwards (particularly US state tax loss carry-forwards) – foreign	315	345	(30)	(9)
Thereof expire within the next five years	35	53	(18)	(34)
Interest carry-forwards	71	–	71	+++
Thereof expire within the next five years	–	–	–	–
Tax credits[1]	548	446	102	23
Thereof expire within the next five years	9	–	9	+++
Deductible temporary differences	53	45	8	18

1 The figures mainly include Malaysian tax benefits of €1,581 million (previous year: €1,146 million) with a tax value (tax effected) of €379 million (previous year: €275 million).

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

€ in millions	2024	2023
Deferred taxes, net as of the end of the previous fiscal year	**14**	**156**
Deferred tax income (expense), recognized through profit or loss:		
From continuing operations	60	(156)
From discontinued operations	25	–
Change of deferred taxes, recognized directly in equity:		
Deferred taxes arising from business acquisitions	(23)	–
Deferred taxes from deconsolidations	(4)	–
Deferred taxes recognized directly in equity	2	5
Deferred taxes recognized in other comprehensive income	9	(13)
Currency effects	4	22
Deferred taxes, net as of the end of the fiscal year	**87**	**14**

In connection with investments in subsidiaries, there were temporary taxable differences of €309 million (as of 30 September 2024 (2023: €299 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 amounts recognized directly in equity and in other comprehensive income and the expense/income from continuing and discontinued operations, the income tax was as follows:

			Change	
€ in millions	2024	2023	absolute	in %
Income taxes from continuing operations, recognized in profit or loss	(378)	(782)	404	52
Income taxes from discontinued operations, recognized in profit or loss	75	1	74	+++
Income taxes recognized directly in equity	12	22	(10)	(45)
Income taxes recognized in other comprehensive income	10	(12)	22	+++
Income taxes	**(281)**	**(771)**	**490**	**64**

As in the previous fiscal year, income taxes recognized directly in equity in the 2024 fiscal year related to the compensation for hybrid capital investors and share-based payments.

The income taxes recognized in other comprehensive income in the 2024 fiscal year comprise mainly taxes on actuarial gains and losses arising from pension commitments of €10 million (2023: €15 million).

Infineon falls within the scope of the second pillar of the OECD (Organisation for Economic Co-operation and Development) rules to ensure a global minimum tax rate of 15 percent (“Pillar 2”). Accordingly, a supplementary tax is payable to the extent that the Pillar 2-specific tax rate per jurisdiction falls below the minimum tax rate of 15 percent. The ultimate parent entity is Infineon AG, which is based in Germany. The regulations have been implemented legislatively in the countries relevant to Infineon in such a way that Infineon will fall within the scope of minimum taxation from the 2025 fiscal year onwards. Accordingly, there was no tax expense under this law in the reporting year. Furthermore, Infineon applies the exemption in IAS 12.4A, according to which no deferred taxes are to be recognized in connection with the global minimum taxation.

Infineon is currently in the process of assessing the impact of tax expenses due to the minimum tax regulations after the regulations come into force in Germany and in other countries of the Group. This analysis has so far indicated that a minimum tax will only arise in a very small number of countries.

Based on the results of the analysis, the additional tax expense for the identified countries will not have a significant impact on income taxes.

7 Disposals and discontinued operations

Sale of two backend manufacturing sites in Cheonan (Korea) and Cavite (Philippines)

On 1 August 2024, two backend production facilities in Cheonan (Korea) and Cavite (Philippines) were sold to Advanced Semiconductor Engineering (ASE). In total, assets with a carrying amount of €108 million and liabilities with a carrying amount of €24 million were sold.

In consideration of the sale, supply contracts were concluded with ASE for a period of five years. The contracts are regarded as "related contracts" for accounting purposes. In connection with the supply contracts, deferred income was recognized in other liabilities upon completion of the sale, which will be realized in cost of goods sold over the term of the supply contracts.

As the sales proceeds were below the carrying amount of the net assets, taking into account the deferred income, the assets sold were impaired by €34 million. The realization of currency effects recognized in equity resulted in an additional deconsolidation loss of €5 million. Both were recognized in other operating expenses.

Qimonda – discontinued operations

On 23 January 2009, Qimonda AG (hereafter also referred to as "Qimonda"), a majority-owned company of Infineon, filed an application at the Munich local court to commence insolvency proceedings. On 1 April 2009, the insolvency proceedings were formally opened. Insolvency proceedings were also opened for further domestic and foreign subsidiaries of Qimonda. Many 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 insolvency of Qimonda has given rise to various disputes between the insolvency administrator and Infineon, for some of which Infineon had recognized provisions.

In the 2024 fiscal year, the termination of the legal dispute with the insolvency administrator through a court-approved settlement (see note 24 "Proceedings in relation to Qimonda", p. 142 f.) and after the full utilization of recognized provisions, expenses before income taxes of €554 million (previous year: €3 million) were recorded. After income from income taxes of €75 million (previous year: €1 million), Infineon recognized a loss from discontinued operations, net of income taxes of €479 million (previous year: €2 million).

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. 137). 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 2024 and 2023:

			Change	
€ in millions (unless otherwise stated)	2024	2023	absolute	in %
Profit (loss) for the period – basic and diluted	**1,301**	**3,137**	**(1,836)**	**(59)**
Remuneration of hybrid capital investors[1]	(29)	(29)	–	–
Profit (loss) for the period attributable to shareholders of Infineon Technologies AG – basic and diluted	**1,272**	**3,108**	**(1,836)**	**(59)**
thereof from continuing operations	1,751	3,110	(1,359)	(44)
thereof from discontinued operations	(479)	(2)	(477)	---
Weighted-average number of shares outstanding (in millions):				
Ordinary share capital	1,305.9	1,305.9	–	–
Adjustment for own shares	(4.9)	(2.9)	(2.0)	(69)
Weighted-average number of shares outstanding – basic	**1,301.0**	**1,303.0**	**(2.0)**	**0**
Adjustments for:				
Effect of share-based payment	4.1	2.8	1.3	46
Weighted-average number of shares outstanding – diluted	**1,305.1**	**1,305.8**	**(0.7)**	**0**
Basic earnings per share (in euro):[2]				
Earnings per share (in euro) from continuing operations	1.35	2.39	(1.04)	(44)
Earnings per share (in euro) from discontinued operations	(0.37)	(0.01)	(0.36)	---
Earnings per share (in euro) – basic	**0.98**	**2.38**	**(1.40)**	**(59)**
Diluted earnings per share (in euro):[2]				
Earnings per share (in euro) from continuing operations	1.34	2.38	(1.04)	(44)
Earnings per share (in euro) from discontinued operations	(0.37)	–	(0.37)	---
Earnings per share (in euro) – diluted	**0.97**	**2.38**	**(1.41)**	**(59)**

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. 99 f., and note 27, p. 147 ff.).

Financial investments as of 30 September 2024 and 2023 comprised the following:

€ in millions	30 September 2024	30 September 2023	Change absolute	Change in %
Fixed-term bank deposits	1	–	1	+++
Investment funds	394	1,770	(1,376)	(78)
Financial investments, gross	**395**	**1,770**	**(1,375)**	**(78)**
Loss allowances	–	–	–	–
Financial investments, net	**395**	**1,770**	**(1,375)**	**(78)**

The loss allowances on financial investments that are measured at amortized cost amounted to €0 million in the 2024 and 2023 fiscal years.

Information on Infineon's credit risk management can be found in note 28. p. 158 f.

10 Trade receivables

Trade receivables result from contracts with customers that are due within one year. As of 30 September 2024 and 2023, they consisted of the following:

€ in millions	30 September 2024	30 September 2023	Change absolute	Change in %
Trade receivables, third parties	2,246	1,977	269	14
Trade receivables, related parties	12	19	(7)	(37)
Trade receivables, gross	**2,258**	**1,996**	**262**	**13**
Loss allowances	(8)	(5)	(3)	(60)
Trade receivables, net	**2,250**	**1,991**	**259**	**13**

Changes in the loss allowances for trade receivables in the 2024 and 2023 fiscal years were as follows:

€ in millions	2024	2023	Change absolute	Change in %
Loss allowances as of the beginning of the fiscal year	5	6	(1)	(17)
Addition (release) of loss allowances, net	3	(1)	4	+++
Loss allowances as of the end of the fiscal year	**8**	**5**	**3**	**60**

Information about Infineon's credit risk management can be found in note 28. p. 158 f.

11 Inventories

Inventories as of 30 September 2024 and 2023 consisted of the following:

€ in millions	30 September 2024	30 September 2023	Change absolute	Change in %
Raw materials and supplies	467	612	(145)	(24)
Work in progress	2,746	2,593	153	6
Finished goods and merchandise	777	769	8	1
Total	**3,990**	**3,974**	**16**	**0**

The cost of goods sold included inventories in the amount of €8,873 million, which were recognized as an expense during the 2024 fiscal year (2023: €8,877 million).

As of 30 September 2024 and 2023, finished goods and merchandise included an asset of €5 million and €22 million, respectively, which resulted from sales with a right of return.

Inventory write-downs as of 30 September 2024 and 2023 amounted to €529 million and €414 million, respectively.

12 Other assets

Other assets as of 30 September 2024 and 2023 consisted of the following:

€ in millions	30 September 2024	30 September 2023	Change absolute	Change in %
Grants receivables	314	186	128	69
VAT and other receivables from tax authorities	172	204	(32)	(16)
Prepaid expenses	133	150	(17)	(11)
Prepayments	46	21	25	+++
Other	31	37	(6)	(16)
Other current non-financial assets	**696**	**598**	**98**	**16**
Prepayments (deposits)	415	326	89	27
Derivative financial instruments	16	10	6	60
Other	19	25	(6)	(24)
Other current financial assets	**450**	**361**	**89**	**25**
Total other current assets	**1,146**	**959**	**187**	**19**
Other non-current non-financial assets	207	181	26	14
Other non-current financial assets	264	208	56	27
Total other non-current assets	**471**	**389**	**82**	**21**

Further information on Infineon's financial assets can be found in note 27. p. 147 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 2024 and 2023, was as follows:

	Cost								Depreciation/amortization								Carrying amount	
€ in millions	1 October 2023	Additions	Additions through business combination	Disposals	Reclassification	Disposal through business sales	Currency effects	30 September 2024	1 October 2023	Depreciation/ amortization	Disposals	Reclassification	Disposal through business sales	Impairments/ reversals of impairments	Currency effects	30 September 2024	30 September 2024	30 September 2023
Property, plant and equipment																		
Land, land rights and buildings	2,626	49	–	(2)	276	(19)	(27)	2,903	(1,124)	(85)	1	1	8	–	9	(1,190)	1,713	1,502
Technical equipment and machinery	13,627	797	5	(187)	984	(99)	(43)	15,084	(10,180)	(999)	193	(1)	79	(78)	31	(10,955)	4,129	3,447
Other plant and office equipment	1,648	117	–	(59)	54	(11)	(13)	1,736	(1,380)	(172)	58	–	8	–	10	(1,476)	260	268
Advance payments and assets under construction	1,835	1,403	–	(13)	(1,314)	(1)	(3)	1,907	(7)	–	2	–	1	(3)	–	(7)	1,900	1,828
Total	**19,736**	**2,366**	**5**	**(261)**	**–**	**(130)**	**(86)**	**21,630**	**(12,691)**	**(1,256)**	**254**	**–**	**96**	**(81)**	**50**	**(13,628)**	**8,002**	**7,045**
Other intangible assets																		
Capitalized development costs	1,640	249	–	(6)	–	–	(8)	1,875	(643)	(110)	2	–	–	–	1	(750)	1,125	997
Customer relationships	1,424	–	53	–	–	–	(68)	1,409	(934)	(126)	–	–	–	–	43	(1,017)	392	490
Technologies	2,403	–	147	(8)	–	–	(132)	2,410	(1,062)	(248)	3	–	–	–	62	(1,245)	1,165	1,341
Licenses and similar rights	371	37	–	(20)	–	–	(2)	386	(284)	(32)	20	–	–	(3)	1	(298)	88	87
Remaining other intangible assets	116	–	–	–	–	–	(6)	110	(54)	(10)	–	–	–	–	4	(60)	50	62
Total	**5,954**	**286**	**200**	**(34)**	**–**	**–**	**(216)**	**6,190**	**(2,977)**	**(526)**	**25**	**–**	**–**	**(3)**	**111**	**(3,370)**	**2,820**	**2,977**

€ in millions	Cost						Depreciation/amortization						Carrying amount	
	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
Advance payments and assets under construction	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**

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. Due to impairment tests, impairment losses were recognized on property, plant and equipment and other intangible assets which are reported under other operating expenses (see note 4, p. 112 f.).

Intangible assets mainly included customer relationships €320 million (30 September 2023: €448 million) and technologies €987 million (30 September 2023: €1,274 million) acquired as part of the acquisition of Cypress.

Customer relationships and technologies acquired as part of the acquisition of Cypress are being amortized over a maximum period of twelve years.

Capitalized development costs as of 30 September 2024 include development projects still under development and therefore not yet ready for use in the amount of €506 million (30 September 2023: €680 million). They are not yet subject to amortization, but to an annual impairment test to ensure their recoverability.

As of 30 September 2024, property, plant and equipment with a carrying amount of €276 million (30 September 2023: €0 million) was pledged as collateral for customer prepayments.

14 Goodwill

Changes in goodwill during the 2024 and 2023 fiscal years were as follows:

€ in millions	2024	2023
Cost		
Balance as of the beginning of the fiscal year	6,547	7,083
Additions through business combination	621	27
Disposals	–	(10)
Currency effects	(371)	(553)
Balance as of the end of the fiscal year	**6,797**	**6,547**
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	6,547	7,083
Balance as of the end of the fiscal year	**6,797**	**6,547**

The amounts shown in the 2024 fiscal year under “Additions through business combination” resulted from the acquisitions of GaN Systems and 3db Access AG (see note 3, p. 110 f.).

Infineon carried out the annual goodwill impairment test in the fourth quarter of the 2024 fiscal year at the level of operating segments, which represent a group of cash generating units.

Infineon determines the recoverable amount of the respective segment 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 segment. Cash flows are discounted using an appropriate discount rate.

Infineon projects the cash flows for the determination of the value in use over a five-year period. Projections for cash flows, including the underlying parameters such as revenue growth and margins, are based on past experience, current operating results and the business plan approved in this context by the Management Board, which was derived in the 2024 fiscal year. Cash flows for periods beyond the planning horizon are estimated using a terminal value. The derivation of the terminal value is based on a stable business state. The average revenue growth rates over the planning period are between 10.6 percent and 16.9 percent, which are in part higher than the average historical growth rates of the sectors in which the relevant segments operate because, among other things, markets are expected to recover within the planning period and the segments benefit to varying degrees from the revenue synergies resulting from the acquisition of Cypress. Investments to increase capacity for which no cash outflow has taken place are not taken into account.

The discount rate for future cash flows is based on the after-tax weighted-average cost of capital (so-called “WACC”) for each operating segment. The Capital Asset Pricing Model 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, beta factors and debt ratios are derived from a group of companies comparable to the respective segment. In this way, the discount rate derived reflects the current market rate of return as well as the specific risks attached to each 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	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
Automotive	1,476	1,556	15.6	14.5	11.3	10.7	1.5	1.5
Green Industrial Power	234	244	15.0	15.2	11.2	11.0	1.5	1.5
Power & Sensor Systems	2,314	1,843	13.7	14.2	11.0	11.1	1.5	1.5
Connected Secure Systems	2,771	2,902	13.8	14.0	10.9	10.6	1.5	1.5
Corporate	2	2						
Total	**6,797**	**6,547**						

1 Valuation parameters as of 30 June 2024 and 2023 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 reasonably possible changes into account, no impairment on goodwill was observed as a result of the sensitivity analyses.

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 2024 and 2023 fiscal years were as follows:

€ in millions	Starting balance	Additions	Additions through business combinations	Depreciation	Other changes	Carrying amount
The 2024 fiscal year						
Land, land rights and buildings	389	60	4	(73)	(21)	359
Technical equipment and machinery	5	1	–	(3)	–	3
Other plant and office equipment	11	9	–	(7)	(1)	12
Total	**405**	**70**	**4**	**(83)**	**(22)**	**374**
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 allocation of discounted and undiscounted lease liabilities by maturity as of 30 September 2024 and 2023 was as follows:

	30 September 2024		30 September 2023	
€ in millions	Discounted lease liabilities	Undiscounted lease liabilities	Discounted lease liabilities	Undiscounted lease liabilities
Due within one year	73	85	72	82
Due after one year to five years	163	209	197	230
Due after more than five years	121	164	112	133
Total	**357**	**458**	**381**	**445**

The Consolidated Statement of Profit or Loss includes the following amounts in the 2024 and 2023 fiscal years that are attributable to leases:

			Change	
€ in millions	2024	2023	absolute	in %
Depreciation	83	80	3	4
Interest expenses	14	11	3	27
Expenses for short-term leases with a term of twelve months or less	5	5	–	–
Expenses for low-value leases	12	11	1	9

The Consolidated Statement of Cash Flows includes the following amounts in the 2024 and 2023 fiscal years that are attributable to leases:

			Change	
€ in millions	2024	2023	absolute	in %
Payments for short-term leases and low-value leases	17	16	1	6
Payments for lease liabilities	74	86	(12)	(14)
Interest payments	14	11	3	27
Total	**105**	**113**	**(8)**	**(7)**

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 €76 million (previous year: €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 €27 million (previous year: €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 in which Infineon acts as lessor are as follows:

€ in millions	30 September 2024	30 September 2023
Due within one year	8	12
Due after one year to five years	7	16
Due after more than five years	1	1
Total	**16**	**29**

16 Financial debt

Financial debt as of 30 September 2024 and 2023 consisted of the following:

€ in millions	30 September 2024	30 September 2023
Bond €500 million, coupon 0.625%, due 2025	500	–
USPP note US$350 million, interest rate 3.94%, due 2024	–	330
Short-term financial debt and current portion of long-term financial debt	**500**	**330**
Bond €500 million, coupon 0.625%, due 2025	–	498
Bond €750 million, coupon 1.125%, due 2026	748	746
Bond €500 million, coupon 3.375%, due 2027	498	–
Bond €750 million, coupon 1.625%, due 2029	744	743
Bond €650 million, coupon 2.00%, due 2032	641	640
USPP notes US$585 million, weighted average interest rate 4.18%, due 2026 – 2028	522	552
USPP notes US$1,300 million, weighted average interest rate 2.88%, due 2027 – 2033	1,158	1,224
Long-term financial debt	**4,311**	**4,403**
Total	**4,811**	**4,733**

On 13 February 2024, S&P Global Ratings raised Infineon's investment grade rating from "BBB" with a positive outlook to "BBB+" with a stable outlook.

On 19 February 2024, as part of its EMTN program, Infineon Technologies AG issued a non-subordinated, unsecured bond with a nominal value of €500 million, due in the 2027 fiscal year, with a coupon of 3.375 percent per year. The bond is listed on the Luxembourg Stock Exchange.

On 5 April 2024, a USPP bond in the amount of US$350 million was repaid as scheduled.

In the 2024 fiscal year, Infineon concluded uncommitted bilateral money market funding facilities with an aggregated amount of €2,200 million. As of 30 September 2024, these facilities have not been drawn down.

The total lines of credit as of 30 September 2024 and 2023 are summarized in the following table:

	30 September 2024			30. September 2023		
Term, € in millions	Aggregate facility	Drawn	Available	Aggregate facility	Drawn	Available
Short-term	2,239	–	2,239	69	–	69
Long-term	–	–	–	–	–	–
Total	**2,239**	**–**	**2,239**	**69**	**–**	**69**

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

	30 September 2024		30 September 2023	
€ in millions	Financial debt	Interest	Financial debt	Interest
Due within one year	500	109	330	108
Due after one year to five years	3,148	301	2,133	319
Due after more than five years	1,186	88	2,297	143
Total	**4,834**	**498**	**4,760**	**570**

17 Provisions

Current and non-current provisions as of 30 September 2024 consisted of the following:

€ in millions	1 October 2023	Addition	Additions through business combinations	Usage	Reversal	30 September 2024
Obligations to employees	785	409	1	(616)	(21)	558
Provisions related to Qimonda (see note 7, p. 119, and note 24, p. 142 f.)	212	–	–	(211)	(1)	–
Provisions for restructuring	–	222	–	–	–	222
Warranties	50	33	–	(3)	(18)	62
Other	52	17	–	(11)	(6)	52
Total provisions	**1,099**	**681**	**1**	**(841)**	**(46)**	**894**
thereof current	799					698
thereof non-current	300					196

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 restructuring measures mainly related to costs for personnel measures as part of the company-wide “Step Up” structural improvement program (see note 4, p. 113).

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

Other provisions comprised mainly provisions for asset retirement obligations and miscellaneous other liabilities.

Of the total provisions as of 30 September 2024 and 2023, cash outflows of €698 million and €799 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. €50 million as of 30 September 2024 and €49 million as of 2023 of non-current provisions were attributable to length-of-service related anniversary awards.

18 Other liabilities

Other liabilities as of 30 September 2024 and 2023 consisted of the following:

€ in millions	30 September 2024	30 September 2023	Change absolute	Change in %
Payroll and similar obligations to employees	223	241	(18)	(7)
VAT and other liabilities to tax authorities	39	90	(51)	(57)
Other	50	60	(10)	(17)
Other current non-financial liabilities	**312**	**391**	**(79)**	**(20)**
Reimbursement obligations	1,017	688	329	48
Prepayments (deposits)	96	15	81	+++
Accrued interest expense	41	39	2	5
Derivative financial instruments	2	6	(4)	(67)
Other	41	47	(6)	(13)
Other current financial liabilities	**1,197**	**795**	**402**	**51**
Total other current liabilities	**1,509**	**1,186**	**323**	**27**
Payroll and similar obligations to employees	127	104	23	22
Other	22	25	(3)	(12)
Other non-current non-financial liabilities	**149**	**129**	**20**	**16**
Prepayments (deposits)	700	22	678	+++
Other	2	12	(10)	(83)
Other non-current financial liabilities	**702**	**34**	**668**	**+++**
Total other non-current liabilities	**851**	**163**	**688**	**+++**

Further information on Infineon’s financial liabilities can be found in note 27. p. 147 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) 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 was 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 obligations 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 also partly 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 obligations of some foreign plans are 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 2024 and 2023 is presented in the following table:

€ in millions	2024 Domestic plans	2024 Foreign plans	2024 Total	2023 Domestic plans	2023 Foreign plans	2023 Total
Change in defined benefit obligations taking into account future salary increases:						
Present value as of the beginning of year	**(801)**	**(188)**	**(989)**	**(802)**	**(183)**	**(985)**
Current service cost	(19)	(8)	(27)	(20)	(8)	(28)
Interest cost	(32)	(9)	(41)	(29)	(8)	(37)
Actuarial gains (losses) for:						
Experience adjustments	(17)	(1)	(18)	(36)	(8)	(44)
Adjustments to demographic assumptions	–	2	2	–	1	1
Adjustments to financial assumptions	(81)	(9)	(90)	72	–	72
New plans created and plan amendments	–	–	–	(4)	–	(4)
Benefits paid	31	11	42	26	12	38
Employee contributions	(6)	–	(6)	(8)	–	(8)
Business combinations/disposals	–	7	7	–	–	–
Currency effects	–	2	2	–	6	6
Present value of defined benefit obligation as of the end of year	**(925)**	**(193)**	**(1,118)**	**(801)**	**(188)**	**(989)**
Change in fair value of plan assets:						
Fair value of plan assets as of the beginning of year	**657**	**64**	**721**	**617**	**71**	**688**
Interest income	27	4	31	23	3	26
Gains (losses) from remeasurements						
Return on plan assets (excluding amounts included in interest income)	63	3	66	8	(5)	3
Contributions from Infineon	26	10	36	23	10	33
Employee contributions	6	–	6	8	–	8
Benefits paid	(31)	(11)	(42)	(26)	(12)	(38)
Business combinations/disposals	–	(3)	(3)	–	–	–
Reclassification of fair value of plan assets	–	–	–	4	–	4
Currency effects	–	–	–	–	(3)	(3)
Fair value of plan assets as of the end of year	**748**	**67**	**815**	**657**	**64**	**721**
Net pension liability	**(177)**	**(126)**	**(303)**	**(144)**	**(124)**	**(268)**
thereof: Infineon Technologies AG	(156)	–	(156)	(128)	–	(128)
thereof: Infineon Technologies Austria AG	–	(56)	(56)	–	(58)	(58)

Pension obligations are reported in the Consolidated Statement of Financial Position under "Pensions and similar commitments". p. 92

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 2024 and 2023.

The funding of the defined benefit obligations as of 30 September 2024 and 2023 was as follows:

	30 September 2024			30 September 2023		
€ in millions	Domestic plans	Foreign plans	Total	Domestic plans	Foreign plans	Total
Plans that are wholly unfunded	55	97	152	48	92	140
Plans that are wholly or partly funded	870	96	966	753	96	849
Total	**925**	**193**	**1,118**	**801**	**188**	**989**

Actuarial assumptions

The weighted-average assumptions used in calculating the actuarial values for the pension plans were as follows:

	30 September 2024		30 September 2023	
in %	Domestic plans	Foreign plans	Domestic plans	Foreign plans
Discount rate at the end of the fiscal year	3.4	4.4	4.1	5.1
Rate of salary increase	2.2	5.5	2.4	5.7
Projected future pension increases	2.0	2.6	2.1	2.8

In order to determine the present value of the defined benefit obligation 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.

	30 September 2024			30 September 2023		
€ in millions	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	871	183	1,054	756	179	935
a 50 basis points lower discount rate	985	203	1,188	851	198	1,049
a 50 basis points higher expected rate of salary increase	934	198	1,132	808	193	1,001
a 50 basis points lower expected rate of salary increase	917	188	1,105	795	183	978
a 50 basis points higher expected rate of pension increase	948	196	1,144	821	191	1,012
a 50 basis points lower expected rate of pension increase	904	189	1,093	783	185	968
Increase in life expectancy of one year	946	195	1,141	818	190	1,008

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 2024 and 2023, the allocation of invested plan assets to the major asset categories was as follows:

	30 September 2024		30 September 2023	
€ in millions	Quoted in an active market	Not quoted in an active market	Quoted in an active market	Not quoted in an active market
Government bonds	186	1	146	1
Corporate bonds	175	–	159	–
Equity securities	282	–	261	–
Cash and cash equivalents	8	–	22	–
Reinsurance policies	–	41	–	42
Property	3	26	3	29
Other	70	23	37	21
Total	**724**	**91**	**628**	**93**

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 €48 million as of 30 September 2024 (previous year: €36 million).

The market value of the land and real estate leased to Infineon group companies by the legally independent pension trust amounted to €26 million and €29 million as of 30 September 2024 and 2023 respectively.

The realized return on plan assets in the fiscal year ended 30 September 2024 was €97 million (30 September 2023: €29 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 2024 and 2023 fiscal years comprised the following:

	2024			2023		
€ in millions	Domestic plans	Foreign plans	Total	Domestic plans	Foreign plans	Total
Current service cost	(19)	(8)	(27)	(20)	(8)	(28)
Interest cost	(32)	(9)	(41)	(29)	(8)	(37)
Interest income on plan assets	27	4	31	23	3	26
Pension cost	**(24)**	**(13)**	**(37)**	**(26)**	**(13)**	**(39)**

Service costs were recorded within cost of goods sold, research and development expenses or selling, general and administrative expenses. Interest costs and interest income on plan assets were recorded net as part of financial expenses.

Actuarial gains before taxes of €40 million for the 2024 fiscal year and losses of €32 million for the 2023 fiscal year had been recognized outside of profit (loss) for the period in other comprehensive income.

As of 30 September 2024 and 2023, cumulative actuarial losses amounted to €79 million and €39 million, respectively.

In the 2025 fiscal year, payments of €46 million are expected to be made to plan assets, of which €43 million relate to benefits paid directly to pension recipients by the Group companies.

The weighted-average duration of defined benefit plans was around 13 and 12 years as of 30 September 2024 and 2023, respectively.

The following table shows the expected disbursements for defined benefit plans for the next ten fiscal years as of 30 September 2024 and 2023:

€ in millions	30 September 2024	30 September 2023
Due within one year	58	48
Due after more than one year to five years	243	218
Due after more than five years up to ten years	372	354
Total	**673**	**620**

Defined contribution plans

For 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 €355 million and €333 million in the 2024 and 2023 fiscal years.

20 Equity

Ordinary share capital

As of 30 September 2024, 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

As of 30 September 2024, the Company held 6,757,925 own shares (30 September 2023: 2,171,026).

In the period from 26 February 2024 to 18 March 2024, the Company acquired 7 million own shares as part of a limited share buyback program. The total purchase price paid for the shares amounted to €233 million. The buyback was carried out on behalf of Infineon by an independent credit institution. The repurchased shares serve the sole purpose of allocating shares to employees of Infineon, members of the Management Board of the Company and members of the Management Board and management of affiliated companies as part of share-based payments. The obligation to the credit institution to repurchase 7 million shares was valued at €237 million at the time of the appointment and led to a corresponding reduction in equity. The difference of €4 million between the expected repurchase value and the total purchase price of the shares was recognized in the Consolidated Statement of Profit and Loss as financial income.

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.

The following table shows the development of own shares and a reconciliation of the number of shares outstanding to the number of shares issued as of 30 September 2024 and 2023:

quantity	2024	2023
Shares outstanding at the beginning of the fiscal year	**1,303,750,111**	**1,302,231,236**
Purchase of own shares	(7,000,000)	–
Transfer of own shares under the Performance Share and Restricted Stock Unit Plans (see note 22, p. 139 ff.)	2,413,101	1,518,875
Shares outstanding at the end of the fiscal year	**1,299,163,212**	**1,303,750,111**
Repurchased own shares	6,757,925	2,171,026
Shares issued at the end of the fiscal year	**1,305,921,137**	**1,305,921,137**

Capital reserve

The pro rata expense for share-based payments resulted in an increase in capital reserve of €130 million in the 2024 fiscal year (2023: €92 million). Due to the transfer of own shares within the framework of share-based payment to employees and members of the Management Board, capital reserve, as well as the line item for own shares, decreased by €63 million (2023: €10 million). Tax effects totaling €12 million (2023: €23 million) increased the capital reserve.

Authorized share capital

As of 30 September 2024, the Company's Articles of Association provided for two authorized share capitals amounting to up to €520,000,000:

- 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 up to 22 February 2029 once or in partial amounts by a total of up to €490,000,000 by issuing new no par value registered shares against contributions in cash or in kind (Authorized Capital 2024/I). The new shares participate in the profits of the Company as from the beginning of the fiscal year in which they are issued. To the extent legally permissible, the Management Board may, with the approval of the Supervisory Board and in deviation from section 60, paragraph 2 of the German Stock Corporation Act, determine that the new shares participate in the profits from the beginning of a fiscal year that has already expired and for which, at the time of their issue, no resolution had been passed by the Annual General Meeting relating to the utilization of unappropriated profits. Within the framework of the Authorized Capital 2024/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 limited to a maximum of 10 percent of the Company's share capital, whereby the calculation is required to be based on the lowest amount of share capital at the time the resolution relating to the authorization is passed at the Annual General Meeting, the authorization takes effect, or the authorization is exercised. 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 existing at the time the Annual General Meeting passed the resolution relating to the authorization.

- 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 issuance to employees and Management Board members of the Company and to employees as well as to members of boards of directors of its Group companies. The subscription rights of existing 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 net income for the year that the Management Board and the Supervisory Board could transfer to revenue reserves pursuant to section 58, paragraph 2 of the German Stock Corporation Act. The Management Board is required to determine the further rights attached to the shares and the terms of the share issue with the approval of the Supervisory Board (Authorized Capital 2021/I).

Conditional capital

As of 30 September 2024, 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 by the issue of up to 130,000,000 new no par value registered shares for the purpose of granting shares to the creditors or holders of convertible bonds and/or bonds with warrants issued by the Company or a subordinated Group company on the basis of the authorization granted at the Annual General Meeting on 23 February 2024 (Conditional Capital 2024/1).

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. The investors have no cancellation rights and cannot trigger a premature repayment liability for Infineon. Distributions are at Infineon's sole discretion.

In the 2024 fiscal year, €39 million (2023: €39 million) was recognized in equity as compensation to hybrid capital investors (see note 8, p. 120).

The hybrid capital investors' compensation is paid in arrears on 1 April of each year, subject to repayment or redemption. On 1 April 2024, €39 million (2023: €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 2024 and 2023:

€ in millions	
As of 1 October 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**
Profit (loss) for the period attributable to shareholders and hybrid capital investors of Infineon Technologies AG	1,301
Dividends to shareholders of Infineon Technologies AG	(456)
Compensation of hybrid capital investors	(39)
Actuarial gains (losses) on pensions and similar commitments net of tax of €10 million	(32)
As of 30 September 2024	**6,978**

"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 2024 fiscal year of minus €1 million (2023: €0 million).

Dividends

For the 2023 fiscal year, a cash dividend of €0.35 per share (total amount: €456 million) was paid. For the 2022 fiscal year, a cash dividend of €0.32 per share (total amount: €417 million) was paid.

With regard to the 2024 fiscal year, a dividend of €0.35 for each share entitled to a dividend shall be proposed to be paid from the €457 million of distributable profits of Infineon Technologies AG. This would result in an expected distribution of approximately €455 million. The payment of this dividend depends on the approval of the Annual General Meeting on 20 February 2025.

Other reserves

Changes in other reserves during the 2024 and 2023 fiscal years were as follows:

	2024			2023		
€ in millions	Pre-tax	Tax	Net of tax	Pre-tax	Tax	Net of tax
Currency effects	(519)	–	(519)	(718)	–	(718)
Unrealized gains (losses) resulting from hedge accounting	4	(1)	3	2	(1)	1
Realized gains (losses) resulting from hedge accounting	6	–	6	5	3	8
Cost of hedging	5	1	6	(5)	1	(4)
Total	**(504)**	**–**	**(504)**	**(716)**	**3**	**(713)**

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. Within the 2024 fiscal year, we have revised our liquidity target. Going forward, our objective for gross cash will be at least 10 percent of revenues on average throughout a year. We are thus dropping the additional cushion of €1 billion, planning instead to establish committed standby credit facilities. 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 €3,590 million as of 30 September 2023, to €2,201 million as of 30 September 2024 (for details, see the chapter "Review of liquidity" in the Combined Management Report, p. 56). With revenues of €14,955 million, the ratio of gross cash to revenue as of 30 September 2024 was 14.7 percent (30 September 2023: 22.0 percent).

With gross financial debt of €4,811 million as of 30 September 2024 (30 September 2023: €4,733 million), and EBITDA of €4,097 million for the 2024 fiscal year (2023: €5,773 million), the gross debt to EBITDA ratio was 1.2 as of 30 September 2024 (30 September 2023: 0.8). 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.

The USPP notes totaling US$1,885 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 2024 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 2024 amounting to US$1,885 million (see note 16, p. 128) 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, members of the Management Board of the Company and members of the Management Board and management of affiliated companies.

Under this plan, (virtual) performance shares are initially provisionally granted on 1 April of the fiscal year according to a predetermined LTI grant amount in euros.

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 2024	Fair value per performance share in €
2024 fiscal year: Employees	31 March 2028	34.14	575,935	24.76
2024 fiscal year: Members of the Management Board	31 March 2028	34.14	148,067	24.76
2023 fiscal year: Employees	31 March 2027	25.00	654,059	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	443,291	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	479,740	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)	2024	2023
Outstanding performance shares at the beginning of the fiscal year	**3.2**	**3.2**
Granted	0.7	0.9
Allocated	(0.5)	(0.4)
Forfeited	(0.1)	(0.2)
Expired	(0.5)	(0.3)
Outstanding performance shares as of the end of the fiscal year	**2.8**	**3.2**

Restricted Stock Unit Plan

Under this plan, (virtual) restricted stock units are initially provisionally granted on 1 December (since the 2024 fiscal year) and on 1 April 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 the share price development). 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 2024	Fair value per restricted stock unit in €
2024 fiscal year:				
1st tranche	31 March 2025	33.47	920,999	33.13
2nd tranche	31 March 2026	33.47	920,999	32.80
3rd tranche	31 March 2027	33.47	920,999	32.46
4th tranche	31 March 2028	33.47	920,999	32.09
1st tranche	30 November 2024	35.55	232,316	35.21
2nd tranche	30 November 2025	35.55	232,316	34.86
3rd tranche	30 November 2026	35.55	232,316	34.47
4th tranche	30 November 2027	35.55	232,316	34.04
2023 fiscal year:				
2nd tranche	31 March 2025	37.68	866,477	36.53
3rd tranche	31 March 2026	37.68	866,477	36.16
4th tranche	31 March 2027	37.68	866,477	35.77
2022 fiscal year:				
3rd tranche	31 March 2025	30.99	669,453	29.96
4th tranche	31 March 2026	30.99	669,453	29.56
2021 fiscal year:				
4th tranche	31 March 2025	36.16	262,320	34.87

The development of the restricted stock units is as follows:

in number of shares (in millions)	2024	2023
Outstanding restricted stock units at the beginning of the fiscal year	**6.5**	**4.3**
Granted	4.8	3.7
Allocated	(1.9)	(1.2)
Forfeited	(0.6)	(0.3)
Outstanding restricted stock units as of the end of the fiscal year	**8.8**	**6.5**

Costs for share-based payment

The costs for share-based payment amounted to €130 million in the 2024 fiscal year (2023: €92 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. 142 f.) 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 2024 amounted to €1,949 million (30 September 2023: €2,921 million). Commitments arising from orders placed for investments in intangible asset projects amount to €2 million as of 30 September 2024 (30 September 2023: €1 million).

Furthermore, Infineon has committed to invest €500 million in the European Semiconductor Manufacturing Company (ESMC) GmbH in Dresden (Germany), 70 percent of whose shares are held by Taiwan Semiconductor Manufacturing Company Limited (TSMC), Hsinchu (Taiwan). Infineon's participation amounts to 10 percent. To date, Infineon has paid €28 million into the ESMC as a capital contribution.

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 employee development initiatives. Certain grants have been received contingent upon Infineon complying with particular project-related requirements. From today's perspective, Infineon expects to comply with these requirements. Nevertheless, should such requirements not be met, as of 30 September 2024, a maximum of €444 million (30 September 2023: €290 million) of subsidies already received could be refundable.

Through certain customer and supplier contracts, 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 such as the non-fulfillment of agreed volumes. 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

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 had 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 had filed a complaint against Infineon Technologies AG and later, 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. In the further course of the action, the insolvency administrator claimed an amount of around €3.4 billion plus interest due to the alleged lack of value of the contributions in kind.

The legal dispute was pursued with great effort by both parties.

On 8 January 2024 the court-appointed expert issued his expert opinion on the value of the contributions in kind. Both parties replied with extensive submissions on 26 July 2024.

On 23 August 2024, following prior approval by the management and the supervisory boards of Infineon Technologies AG, as well as the creditors' committee of Qimonda AG, the court rendered a settlement reached between the parties. The settlement agreement provides for a payment of €753.5 million from Infineon Technologies AG to Qimonda. With the payment of the settlement amount, all legal disputes and claims of the insolvency administrator against Infineon have been settled.

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.

Provisions relating to Qimonda

Due to the comprehensive settlement of the disputes with the insolvency administrator through the court settlement dated 23 August 2024, Infineon has fully utilized the provisions recognized in connection with Qimonda. Accordingly, there are no longer any provisions for Qimonda recognized as of 30 September 2024. As of 30 September 2023, provisions relating to Qimonda amounted to €212 million.

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 2024 (2023: €63 million) for withholding tax on capital gains to be paid in arrears as well as corporate income tax and trade tax of €0 million (2023: €3 million), in each case plus interest. Suspension of enforcement was granted as part of the ongoing appeal proceedings for 2011, 2012 and 2014. Infineon expects that there is a sufficient degree of likelihood of winning any potential appeal or legal action.

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. 167 ff. Related persons are persons in key management positions, in particular members of the Management and Supervisory Board 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 2024 and 2023 consisted of the following:

	30 September 2024			30 September 2023		
€ in millions	Joint ventures	Associates	Other related companies	Joint ventures	Associates	Other related companies
Trade and other receivables	10	1	1	16	3	1
Financial receivables	–	–	2	12	–	1
Trade and other payables	13	–	1	30	–	2
Financial payables	–	–	–	–	–	1

The outstanding balances are unsecured and are settled in cash. No guarantees have been granted or received.

Sales and service charges to and products and services received from related companies in the 2024 and 2023 fiscal years consisted of the following:

	2024			2023		
€ in millions	Joint ventures	Associates	Other related companies	Joint ventures	Associates	Other related companies
Sales and service charges	107	12	2	132	29	1
Products and services received	119	–	12	120	–	21

As of 30 September 2024, sales and services relationships with related companies resulted in purchase commitments of €37 million (30 September 2023: €36 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 2024 and 2023 fiscal years received the following remuneration for their activities in accordance with IAS 24.17:

			Change	
€ in millions	2024	2023	absolute	in %
Expense for short-term benefits[1]	7	9	(2)	(22)
Expense for share-based payment	3	3	–	–
Expense from post-employment benefits	1	1	–	–
Expense for termination benefits	1	–	1	+++
Total remuneration of the Management Board	**12**	**13**	**(1)**	**(8)**
Total remuneration of the Supervisory Board[2]	**3**	**3**	**–**	**–**
Total remuneration of the executive bodies	**15**	**16**	**(1)**	**(6)**

1 The expense includes the fixed remuneration, including fringe benefits and the one-year variable remuneration (STI).
2 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 €11 million (2023: €15 million). This includes a Long-Term Incentive in the form of a performance share plan (see note 22, p. 139 f.).

A total of 148,067 (virtual) performance shares (2023: 193,373) were provisionally allocated to the members of the Management Board in the 2024 fiscal year. The fair value of these provisionally allocated (virtual) performance shares amounted to €4 million (2023: €6 million).

The total remuneration of the members of the Supervisory Board in the 2024 fiscal year amounted to €3 million (2023: €3 million).

Former members of the Management Board received payments of €5 million in the 2024 fiscal year (2023: €7 million).

As of 30 September 2024, pension obligations for former members of the Management Board amounted to €65 million (30 September 2023: €63 million).

In the 2024 and 2023 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 ended 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 2024 and 2023 totaling €1,806 million and €1,820 million, respectively, included €221 million and €50 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 Consolidated 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 2024 fiscal year							
Short-term and long-term financial debt	4,733	177	–	(103)	–	4	4,811
Related party financial payables	1	(1)	–	–	–	–	–
Current and non-current lease liabilities	381	(74)	4	(8)	70	(16)	357
Total	**5,115**	**102**	**4**	**(111)**	**70**	**(12)**	**5,168**
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**

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 2024 and 2023 according to IFRS 9:

	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	At fair value through other comprehensive income	Designated hedging instruments (cash flow hedges)	
€ in millions						
As of 30 September 2024						
Current financial assets:						
Cash and cash equivalents	1,806	1,272	534		–	1,806
Financial investments	395	394	1		–	395
Trade receivables	2,250	–	2,250		–	2,250
Other current financial assets	450	14	434		2	450
Non-current financial assets:						
Other non-current financial assets	264	136	100	28	–	264
Total	**5,165**	**1,816**	**3,319**	**28**	**2**	**5,165**
As of 30 September 2023						
Current financial 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 financial assets[1]	361	2	351		8	361
Non-current financial assets:						
Other non-current financial assets	208	113	95		–	208
Total	**6,150**	**3,054**	**3,088**	**–**	**8**	**6,150**

1 To increase transparency, assets in connection with employee benefits within the meaning of IAS 19.5 will be reported under other non-financial assets instead of financial assets from the 2024 fiscal year. In this context, €2 million was reclassified to other current non-financial assets in relation to the comparative period as of 30 September 2023.

€ in millions	Carrying amount	Categories of financial liabilities		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)	Others	
As of 30 September 2024						
Current financial liabilities:						
Short-term financial debt and current portion of long-term financial debt	500	–	500	–	–	495
Trade payables	1,990	–	1,990	–	–	1,990
Current lease liabilities	73	–	–	–	73	–
Other current financial liabilities	1,197	2	1,195	–	–	1,197
Non-current financial liabilities:						
Long-term financial debt	4,311	–	4,311	–	–	4,144
Non-current lease liabilities	284	–	–	–	284	–
Other non-current financial liabilities	702	–	702	–	–	702
Total	**9,057**	**2**	**8,698**	**–**	**357**	**8,528**
As of 30 September 2023						
Current financial 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 financial liabilities[1]	795	4	789	2	–	795
Non-current financial liabilities:						
Long-term financial debt	4,403	–	4,403	–	–	3,915
Non-current lease liabilities	309	–	–	–	309	–
Other non-current financial liabilities[1]	34	–	34	–	–	34
Total	**8,708**	**4**	**8,321**	**2**	**381**	**7,842**

1 To increase transparency, liabilities in connection with employee benefits within the meaning of IAS 19.5 will be reported under other non-financial liabilities instead of financial liabilities from the 2024 fiscal year. In this context, €294 million was reclassified to other non-financial liabilities in relation to the comparative period as of 30 September 2023 (of which to current non-financial liabilities: €198 million).

Within financial assets measured at amortized cost, financial assets with a carrying amount of €11 million (previous year: €13 million) were included as of 30 September 2024, which Infineon has pledged mainly as collateral for rental liabilities.

Infineon recognizes its equity investment in ESMC (see note 23, p. 142), which plays an important role for Infineon in the geographical diversification of its supply chains, at fair value through other comprehensive income.

In the 2024 and 2023 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 2024 and 2023 was as follows:

	Fair value	Fair value by category		
€ in millions		Level 1	Level 2	Level 3
30 September 2024				
Current financial assets:				
Cash and cash equivalents	1,272	1,272	–	–
Financial investments	394	394	–	–
Other current financial assets	16	–	16	–
Non-current financial assets:				
Other non-current financial assets	164	127	–	37
Total	**1,846**	**1,793**	**16**	**37**
Current financial liabilities:				
Other current financial liabilities	2	–	2	–
Total	**2**	**–**	**2**	**–**
30 September 2023				
Current financial assets:				
Cash and cash equivalents	1,169	1,169	–	–
Financial investments	1,770	1,770	–	–
Other current financial assets	10	–	2	8
Non-current financial assets:				
Other non-current financial assets	113	103	–	10
Total	**3,062**	**3,042**	**2**	**18**
Current financial liabilities:				
Other current financial liabilities	6	–	5	1
Total	**6**	**–**	**5**	**1**

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. 152 ff.) were determined up to settlement 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). 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 forward	Deal contingent option	Equity investments
1 October 2022	**–**	**–**	**14**
Acquisitions (including additions)	–	13	–
Unrealized losses recognized in profit or loss[1]	–	–	(4)
Losses in equity	(1)	(5)	–
30 September 2023	**(1)**	**8**	**10**
Acquisitions (including additions)	–	–	29
Sales (including disposals)	2	(7)	–
Unrealized losses recognized in profit or loss[1]	–	2	(2)
Losses in equity	(1)	(3)	–
30 September 2024	**–**	**–**	**37**

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 €0 million or an increase of €0 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 approximately correspond to their carrying amounts. The same assumption applies to liabilities resulting from trade payables and other current financial liabilities categorized as "At 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 2024 and 2023 was as follows:

	Fair value	Fair value by category		
€ in millions		Level 1	Level 2	Level 3
30 September 2024				
Short-term financial debt and current portion of long-term financial debt	495	495	–	–
Long-term financial debt	4,144	2,547	1,597	–
Total	**4,639**	**3,042**	**1,597**	**–**
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**	**–**

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 2024 and 2023:

			Change	
€ in millions	2024	2023	absolute	in %
Financial assets measured at amortized cost	(55)	(57)	2	4
therein interest income	20	42	(22)	(52)
therein impairment losses	(2)	1	(3)	–––
therein currency effects	(73)	(101)	28	28
therein other financial income (expenses)	–	1	(1)	–––
Financial assets measured at fair value through profit and loss	34	(3)	37	+++
Financial liabilities measured at amortized cost	(45)	51	(96)	–––
therein interest expenses	(157)	(126)	(31)	(25)
therein currency effects	110	177	(67)	(38)
therein other financial income (expenses)	2	–	2	+++
Financial assets or liabilities measured at fair value through profit and loss – derivative financial instruments not designated as a hedging relationship	22	(17)	39	+++
therein currency effects	22	(17)	39	+++
Total	**(44)**	**(26)**	**(18)**	**(69)**

Interest expense on financial liabilities measured at amortized cost mainly included interest on financial debt and amortization effects from directly attributable transaction costs 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 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 2024 and 2023 that were not designated in a hedging relationship were as follows:

	30 September 2024		30 September 2023	
€ in millions	Nominal value	Fair value	Nominal value	Fair value
Forward exchange contracts sold	559	8	191	(4)
Forward exchange contracts purchased	236	4	384	2
Total		**12**		**(2)**

Derivative financial instruments designated as a hedging relationship

As of 30 September 2024 and 2023, 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 2024	
Hedging of other risks	
Commodity swaps (gold)	
Nominal value (€ in millions)	18
Average price (US dollar/ounce)	2,473
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 exercise price (euro/US dollar)	1.0575
Hedging of other risks	
Commodity swaps (gold)	
Nominal value (€ in millions)	24
Average price (US dollar/ounce)	2,008

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. 110 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. With the completion of the acquisition of GaN Systems on 24 October 2023, the deal contingent forward and deal contingent option became due. Amounts from these hedging relationships of € 10 million previously recognized in other reserves were taken into account in full when measuring the consideration transferred (see note 3, p. 110 f.). This amount includes the option premium of €6 million paid in connection with the exercise of the deal contingent option. No ineffectiveness was recognized in the Consolidated Statement of Profit or Loss for this hedging relationship.

To hedge the price risks of highly probable gold purchases in the 2025 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 2024 and 2023 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 2024			
Hedging of commodity price risks	(2)	2	–
Total		2	–
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)**

In the 2024 and 2023 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 (before taxes) as of 30 September 2024 and 2023 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 2024						
Other current financial assets:						
Hedging of foreign exchange risks						
Deal contingent option	–	–	–	–	2	Goodwill
Hedging of commodity price risks	2	2	2	–	(2)	Inventories
Other current financial liabilities:						
Hedging of foreign exchange risks						
Deal contingent forward	–	–	–	–	8	Goodwill
Total		**2**	**2**	**–**	**8**	
30 September 2023						
Other current financial assets:						
Hedging of foreign exchange risks						
Deal contingent option	8	5	–	(5)	–	
Other current financial 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**	

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 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)**
Change in fair value	(4)	–	5	**1**
Amount reclassified to Statement of Profit or Loss	–	7	–	**7**
Amount reclassified to the cost of non-financial items	10	–	(2)	**8**
30 September 2024	**–**	**(27)**	**2**	**(25)**

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 centrally undertaken by the Group 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 2024 and 2023 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 Consolidated 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. Upon completion of the acquisition of GaN Systems on 24 October 2023, the deal contingent forward and the deal contingent option were settled (see note 27, p. 150 ff.).

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. 152.

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 2024 and 2023:

€ in millions	Euro/ US dollar	Euro/ Japanese yen	Euro/ Singapore dollar	Euro/ Malaysian ringgit
Financial position exposure	226	(97)	(46)	(51)
Forward exchange contracts	(491)	15	43	105
Net risk as of 30 September 2024	**(265)**	**(82)**	**(3)**	**54**
Financial position exposure	187	(171)	(47)	(104)
Forward exchange contracts	(101)	129	53	107
Net risk as of 30 September 2023	**86**	**(42)**	**6**	**3**

The following table shows the effects on profit or loss for the 2024 and 2023 fiscal years of a ±10 percent shift in exchange rates. The assumed exchange rate changes relate only to monetary items within the meaning of IFRS 7 that are not denominated in Infineon's functional currency.

	Statement of profit or loss		Equity	
€ in millions	plus 10%	minus 10%	plus 10%	minus 10%
30 September 2024	**26**	**(32)**	**–**	**–**
Euro/US dollar	24	(29)	–	–
Euro/Japanese yen	7	(9)	–	–
Euro/Singapore dollar	–	–	–	–
Euro/Malaysian ringgit	(5)	6	–	–
30 September 2023	**(9)**	**(2)**	**(44)**	**72**
Euro/US dollar	(12)	2	(44)	72
Euro/Japanese yen	4	(5)	–	–
Euro/Singapore dollar	(1)	1	–	–
Euro/Malaysian ringgit	–	–	–	–

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 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 debt, which generally has 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 monetary items within the meaning of IFRS 7.

The following table shows the effects on profit or loss for the 2024 and 2023 fiscal years of a ± 100 basis points shift in market interest rates:

	Nominal value	Statement of profit or loss	
€ in millions		plus 100 basis points	minus 100 basis points
30 September 2024	**2,157**	**22**	**(22)**
Variable-interest financial assets	2,157	22	(22)
30 September 2023	**3,146**	**31**	**(31)**
Variable-interest financial assets	3,146	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.

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. 152 ff.).

The following table presents the effect on equity of a change in the relevant market prices by ± 10 percent as of 30 September 2024 and 2023:

€ in millions	Nominal value	Equity	
		plus 10%	minus 10%
30 September 2024			
Commodity swaps	18	2	(2)
30 September 2023			
Commodity swaps	24	2	(2)

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.

Investments with banks

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 internal 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 an investment grade rating 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 2024 and 2023:

€ 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 2024				
Holding Quality 1	AA to BBB	535	–	–
Holding Quality 0	–	–	–	–
Total		**535**	**–**	**–**
30 September 2023				
Holding Quality 1	AA– to BBB	651	–	–
Holding Quality 0	–	–	–	–
Total		**651**	**–**	**–**

As in the previous year, Infineon had no financial assets that were overdue or impaired as of 30 September 2024. There was no reclassification between the impairment levels in the 2024 and 2023 fiscal years.

Infineon had significantly reduced its cash investments with banks in the 2024 fiscal year. The maximum risk position in the event of the default of a single financial institution amounted to €33 million as of 30 September 2024 (30 September 2023: €76 million), 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 €16 million as of 30 September 2024 (30 September 2023: €10 million).

Trade receivables

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 2024 and 2023:

€ in millions		At amortized cost		
Infineon rating	Internal risk class	Basis for the determination of the loss allowance		Loss allowance
		30 September 2024	30 September 2023	
1	low risk	640	586	–
2	average risk	408	490	–
3	above average risk	647	450	(1)
4	increased risk	495	304	(2)
5	high risk	40	102	–
–	individual	5	3	(5)
–	others	11	43	–
Total		**2,246**	**1,978**	**(8)**

Expected credit losses of stage 2 on trade receivables (see note 10, p. 121) amounted to €3 million for all risk classes as of 30 September 2024 (30 September 2023: €2 million). Expected credit losses of stage 3 on trade receivables (no rating) amounted to €5 million as of 30 September 2024 (30 September 2023: €3 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. Other payments are recognized according to their contractual due date.

		Due in the fiscal year					
€ in millions	Total	2025	2026	2027	2028	2029	Beyond 2029
30 September 2024							
Non-derivative financial liabilities	9,753	3,868	1,303	1,146	475	1,299	1,662
Derivative financial liabilities:							
Cash outflow	62	62	–	–	–	–	–
Cash inflow[1]	(19)	(19)	–	–	–	–	–
Total	**9,796**	**3,911**	**1,303**	**1,146**	**475**	**1,299**	**1,662**

	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**

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. 152 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 2024 fiscal year, Infineon's business was structured into the 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, SiC and GaN power semiconductors, as well as components for human-machine interaction and vehicle connectivity.

Green Industrial Power

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 power transistors based on Si and SiC and the driver ICs to control them.

Power & Sensor Systems

The Power & Sensor Systems segment comprises a wide range of power semiconductor, radio frequency and sensor technologies. We are drawing on the next generation of new, innovative solutions based on Si, SiC and GaN for applications in the areas of 5G, AI power, power supplies and adapters, battery-powered devices, and renewable energy. 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, UWB, NFC 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, and credit and debit cards, electronic passports and national identity cards. This also includes microcontrollers with a focus on machine learning, for example for Edge AI applications.

Change in segment structure from 1 January 2025

From 1 January 2025, the "Sense & Control" business line, which was previously allocated to the Automotive segment, will be reclassified to the Power & Sensor Systems segment. The business line generated revenue of €707 million in the 2024 fiscal year.

Other Operating Segments

Other Operating Segments mainly comprise the remaining activities of divested businesses and other business activities.

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 that 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.

The Segment Result is defined as operating profit excluding certain net impairments and reversal of impairments, 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

	Total		Product category							
			Power semiconductors		Embedded control & connectivity		RF & sensors		Memory ICs for specific applications	
€ in millions	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Revenue from contracts with customers:										
Automotive	8,423	8,242	3,976	4,040	3,171	2,796	707	710	569	696
Green Industrial Power	1,934	2,205	1,934	2,205	–	–	–	–	–	–
Power & Sensor Systems	3,088	3,798	2,264	2,997	202	332	622	469	–	–
Connected Secure Systems	1,506	2,046	–	–	1,506	2,046	–	–	–	–
Subtotal	**14,951**	**16,291**	**8,174**	**9,242**	**4,879**	**5,174**	**1,329**	**1,179**	**569**	**696**
Other Operating Segments	4	18								
Corporate and Eliminations	–	–								
Total	**14,955**	**16,309**								

There were limited levels of trading relationships between the operating segments during the 2024 and 2023 fiscal years. Costs are generally recharged without impact on profit or loss.

			Change	
€ in millions	2024	2023	absolute	in %
Segment Result:				
Automotive	2,165	2,380	(215)	(9)
Green Industrial Power	418	662	(244)	(37)
Power & Sensor Systems	338	861	(523)	(61)
Connected Secure Systems	182	488	(306)	(63)
Other Operating Segments	–	5	(5)	–––
Corporate and Eliminations	2	3	(1)	(33)
Total	**3,105**	**4,399**	**(1,294)**	**(29)**

The following table provides the reconciliation of Segment Result to profit (loss) from continuing operations before income taxes:

			Change	
€ in millions	2024	2023	absolute	in %
Segment Result:	**3,105**	**4,399**	**(1,294)**	**(29)**
Plus/minus:				
Certain reversal of impairments (impairments)	(103)	–	(103)	–––
Gains (losses) from restructuring and closures	(237)	4	(241)	–––
Share-based payment	(130)	(92)	(38)	(41)
Acquisition-related depreciation/ amortization and other expenses	(411)	(464)	53	11
Gains (losses) on sales of businesses, or interests in subsidiaries	(5)	30	(35)	–––
Other income and expenses	(29)	71	(100)	–––
Operating profit	**2,190**	**3,948**	**(1,758)**	**(45)**
Financial income	119	105	14	13
Financial expenses	(162)	(159)	(3)	(2)
Share of profit (loss) of joint ventures and associates accounted for using the equity method	11	27	(16)	(59)
Profit (loss) from continuing operations before income taxes	**2,158**	**3,921**	**(1,763)**	**(45)**

Of the €411 million (2023: €464 million) “Acquisition-related depreciation/amortization and other expenses” incurred in the 2024 fiscal year, €261 million (2023: €276 million) was attributable to cost of goods sold, €12 million (2023: €9 million) to research and development expenses, €142 million (2023: €168 million) to selling, general and administrative expenses and an income of €4 million (2023: expense €11 million) to the balance of other operating income and expense.

			Change	
€ in millions	2024	2023	absolute	in %
Depreciation and amortization per segment				
Automotive	749	716	33	5
Green Industrial Power	258	200	58	29
Power & Sensor Systems	346	295	51	17
Connected Secure Systems	97	93	4	4
Other Operating Segments	–	2	(2)	–––
Depreciation and amortization allocated to the segments	**1,450**	**1,306**	**144**	**11**
Depreciation and amortization not allocated to the segments	415	448	(33)	(7)
Total depreciation and amortization	**1,865**	**1,754**	**111**	**6**

			Change	
€ in millions	30 September 2024	30 September 2023	absolute	in %
Inventories				
Automotive	2,235	2,039	196	10
Green Industrial Power	290	336	(46)	(14)
Power & Sensor Systems	710	736	(26)	(4)
Connected Secure Systems	344	461	(117)	(25)
Other Operating Segments	–	1	(1)	–––
Corporate and Eliminations	411	401	10	2
Total	**3,990**	**3,974**	**16**	**0**

Impairment losses on assets in the 2024 fiscal year amounted to €0 million (2023: €12 million) in the Green Industrial Power segment, €0 million (2023: €2 million) in the Power & Sensor Systems segment, €5 million (2023: €0 million) in the Connected Secure Systems segment and €116 million (2023: €0 million) in Corporate and Eliminations.

Entity-wide disclosures in accordance with IFRS 8

Revenue for the 2024 and 2023 fiscal years by region was as follows:

			Change	
€ in millions	2024	2023	absolute	in %
Revenue				
Europe, Middle East, Africa	3,865	4,360	(495)	(11)
therein: Germany	1,617	2,017	(400)	(20)
Asia-Pacific (excluding Japan, Greater China)	2,461	2,594	(133)	(5)
Greater China[1]	5,130	5,275	(145)	(3)
therein: Mainland China, Hong Kong	4,058	4,124	(66)	(2)
Japan	1,507	1,706	(199)	(12)
Americas	1,992	2,374	(382)	(16)
therein: USA	1,627	1,982	(355)	(18)
Total	**14,955**	**16,309**	**(1,354)**	**(8)**

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. 112

No single customer accounted for more than 10 percent of Infineon's revenue during the 2024 and 2023 fiscal years.

Non-current assets as of 30 September 2024 and 2023, by region, were as follows:

			Change	
€ in millions	30 September 2024	30 September 2023	absolute	in %
Non-current assets				
Europe	6,667	6,105	562	9
therein: Germany	4,078	3,621	457	13
Asia-Pacific (excluding Japan, Greater China)	2,711	2,128	583	27
Greater China[1]	158	176	(18)	(10)
therein: Mainland China, Hong Kong	147	162	(15)	(9)
Japan	59	79	(20)	(25)
Americas	8,707	8,767	(60)	(1)
therein: USA	8,691	8,750	(59)	(1)
Total	**18,302**	**17,255**	**1,047**	**6**

1 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 23 February 2024, the shareholders elected Deloitte GmbH Wirtschaftsprüfungsgesellschaft (Deloitte), Munich (Germany), as auditor for the 2024 Separate Financial Statements and the Consolidated Financial Statements of Infineon Technologies AG. The audit fees charged by Deloitte in the 2024 fiscal year amounted to €4.5 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 assurance services

In addition to the amounts described above, Deloitte charged an aggregate of €0.4 million in the 2024 fiscal year for other assurance services, which mainly included the audit of the disclosures in the Sustainability Report, the audit of the combined Non-Financial Report, 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 Deloitte to the Company in the 2024 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 2024 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. 145

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).

Subsidiaries, associated companies, joint ventures and other companies (not consolidated) as of 30 September 2024

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, 23
AgigA Tech, Inc.	Wilmington, Delaware, USA	100	0	0.28	0.00	6, 23
Cypress International, LLC	Wilmington, Delaware, USA	100	0	0.00	0.00	6, 23
Cypress Semiconductor (Canada), Inc.	Kanata, Ontario, Canada	100	0	0.55	(0.71)	6
Cypress Semiconductor (Mauritius) LLC	Ebène, Mauritius	100	0	0.09	(0.04)	5
Cypress Semiconductor (Switzerland) Sàrl	Lausanne, Switzerland	100	0	7.68	0.41	11
Cypress Semiconductor Corporation	Wilmington, Delaware, USA	100	0	6,262.10	113.24	6, 23
Cypress Semiconductor International, Inc.	Wilmington, Delaware, USA	100	0	299.25	27.11	6, 23
Cypress Semiconductor México, S. de R.L. de C.V.	Guadalajara, Mexico	100	0	(0.02)	0.02	4
Cypress Semiconductor Philippines Headquarters, Ltd.	Camana Bay (George Town), Cayman Islands	100	0	5.95	0.00	6, 23
Cypress Semiconductor Singapore Pte. Ltd.	Singapore, Singapore	100	0	2.46	(0.16)	11
Cypress Semiconductor Technology Ltd.	Camana Bay (George Town), Cayman Islands	100	0	246.17	(13.50)	6, 23
Cypress Semiconductor Ukraine LLC	Lviv, Ukraine	100	0	2.62	0.18	11
Cypress Semiconductor World Trade Corp.	Camana Bay (George Town), Cayman Islands	100	0	8.39	2.11	6, 23
GaN Semiconductor (Shanghai) Co., Ltd.	Shanghai, People's Republic of China	100	0	(0.32)	(0.34)	4
GaN Systems GmbH	Munich, Germany	100	0	0.06	0.00	4
GaN Systems Ltd. (UK)	Buckinghamshire, Great Britain	100	0	(0.47)	0.01	11
Hitex GmbH	Karlsruhe, Germany	100	100	2.16	0.00	6, 14, 15
Infineon Integrated Circuit (Beijing) Co., Ltd.	Beijing, People's Republic of China	100	0	15.10	1.30	11
Infineon Semiconductors (Shenzhen) Co., Ltd.	Shenzhen, People's Republic of China	100	0	4.95	3.27	11
Infineon Semiconductors (Wuxi) Co., Ltd.	Wuxi, People's Republic of China	100	0	52.24	5.30	11
Infineon Technologies (Kulim) Sdn. Bhd.	Kulim, Malaysia	100	0	893.86	53.07	6
Infineon Technologies (Malaysia) Sdn. Bhd.	Melaka, Malaysia	100	0	449.05	39.95	6
Infineon Technologies (Penang) Sdn. Bhd.	Kuala Lumpur, Malaysia	100	0	11.47	1.66	6
Infineon Technologies (Shanghai) Co. Ltd.	Shanghai, People's Republic of China	100	0	3.65	(0.01)	11
Infineon Technologies (Thailand) Limited	Nonthaburi, Thailand	100	0	100.04	1.61	6
Infineon Technologies (Wuxi) Co., Ltd.	Wuxi, People's Republic of China	100	0	159.28	25.78	11
Infineon Technologies (Xi'an) Co., Ltd.	Xi'an, People's Republic of China	100	0	8.21	0.53	11
Infineon Technologies 2. Vermögensverwaltungsgesellschaft mbH	Neubiberg, Germany	100	0	0.01	(0.01)	6
Infineon Technologies 3. Vermögensverwaltungsgesellschaft mbH	Dresden, Germany	100	0	44.50	0.48	7

Name of company	Registered office	Shareholdings in %	Thereof Infineon Technologies AG	Equity (€ in millions)	Net result (€ in millions)	Footnote
Infineon Technologies Acquisition B.V.	Rotterdam, The Netherlands	100	0	0.00	0.00	8
Infineon Technologies Americas Corp.	Wilmington, Delaware, USA	100	0	2,135.88	472.70	6, 23
Infineon Technologies Asia Pacific Pte Ltd	Singapore, Singapore	100	0	1,150.05	357.39	6
Infineon Technologies Australia Pty Limited	Blackburn, Australia	100	0	1.63	0.15	6
Infineon Technologies Austria AG	Villach, Austria	100	0.004	2,410.30	663.37	6
Infineon Technologies Business Solutions, Unipessoal Lda.	Maia, Portugal	100	100	6.66	1.07	6
Infineon Technologies Canada Inc.	Toronto, Ontario, Canada	100	0	814.73	0.00	12, 23
Infineon Technologies Cegléd Kft.	Cegléd, Hungary	100	0	101.06	11.63	6
Infineon Technologies Center of Competence (Shanghai) Co., Ltd.	Shanghai, People's Republic of China	100	0	4.65	1.67	11
Infineon Technologies China Co., Ltd.	Shanghai, People's Republic of China	100	0	260.34	52.30	11
Infineon Technologies Denmark ApS	Jyllinge, Denmark	100	0	0.75	0.17	6
Infineon Technologies Dresden GmbH & Co. KG	Dresden, Germany	100	100	296.45	7.84	6, 17
Infineon Technologies Dresden Verwaltungs GmbH	Neubiberg, Germany	100	0	0.09	0.00	6, 14, 16
Infineon Technologies Epi Services, Inc.	Wilmington, Delaware, USA	100	0	22.74	2.81	6, 23
Infineon Technologies Finance B.V.	Rotterdam, The Netherlands	100	100	1.92	0.00	6
Infineon Technologies France S.A.S.	St. Denis, France	100	0	10.19	1.72	6
Infineon Technologies Holding Asia Pacific Pte. Ltd.	Singapore, Singapore	100	0	0.37	(0.14)	6
Infineon Technologies Holding B.V.	Rotterdam, The Netherlands	100	100	12,283.20	605.70	6
Infineon Technologies Hong Kong Ltd.	Hong Kong, People's Republic of China	100	0	2.00	0.39	6
Infineon Technologies India Private Limited	Bangalore, India	100	0	26.21	4.09	5
Infineon Technologies Innovates G.K.	Tokyo, Japan	100	0	32.18	4.34	6
Infineon Technologies Investment B.V.	Rotterdam, The Netherlands	100	0	0.10	0.00	6
Infineon Technologies Ireland Limited	Dublin, Ireland	100	100	0.66	0.28	6
Infineon Technologies Italia s.r.l.	Milan, Italy	100	0	7.22	0.45	6
Infineon Technologies IT-Services GmbH	Klagenfurt, Austria	100	0	18.09	6.94	6
Infineon Technologies Japan K.K.	Tokyo, Japan	100	0	76.24	29.45	6
Infineon Technologies Korea Co., LLC	Seoul, Republic of Korea	100	0	18.49	8.52	6
Infineon Technologies LLC	Wilmington, Delaware, USA	100	0	571.99	(19.47)	6, 23
Infineon Technologies Manufacturing (Thailand) Ltd.	Samut Prakan, Thailand	100	0	n.a.	n.a.	13
Infineon Technologies Manufacturing Porto, Unipessoal Lda.	Vila do Conde, Portugal	100	0	n.a.	n.a.	13
Infineon Technologies Memory Solutions Germany GmbH	Neubiberg, Germany	100	0	0.26	0.07	6
Infineon Technologies Memory Solutions Holdings Inc.	Wilmington, Delaware, USA	100	0	75.41	0.00	6, 23
Infineon Technologies Memory Solutions India LLP	Bangalore, India	100	0	0.32	0.14	5
Infineon Technologies Memory Solutions Israel Ltd.	Netanya, Israel	100	0	83.98	3.89	3

Name of company	Registered office	Shareholdings in %	Thereof Infineon Technologies AG	Equity (€ in millions)	Net result (€ in millions)	Footnote
Infineon Technologies Memory Solutions Japan G.K.	Tokyo, Japan	100	0	1.00	0.22	6
Infineon Technologies Memory Solutions Malaysia Sdn. Bhd.	Kuala Lumpur, Malaysia	100	0	5.82	0.55	10
Infineon Technologies Memory Solutions Taiwan Ltd.	Taipei, Taiwan	100	0	0.26	0.05	6
Infineon Technologies Nijmegen B.V.	Nijmegen, The Netherlands	100	0	1.65	0.15	6
Infineon Technologies Nordic AB	Kista, Sweden	100	0	5.45	1.02	6
Infineon Technologies Philippines, Inc.	Muntinlupa City, Philippines	100	0	1.08	0.45	6
Infineon Technologies Reigate Limited	Bristol, Great Britain	100	0	3.24	1.12	6
Infineon Technologies Romania & Co. Societate in Comandita	Bucharest, Romania	100	0	8.00	3.80	6
Infineon Technologies Semiconductor GmbH	Aschheim, Germany	100	0	14.28	1.40	6
Infineon Technologies Semiconductor India Private Limited	Bangalore, India	100	0	60.01	8.60	5
Infineon Technologies Semiconductor Ireland Limited	Cork, Ireland	100	0	11.79	2.90	4
Infineon Technologies Switzerland AG	Zurich, Switzerland	100	0	7.81	1.11	11
Infineon Technologies Taiwan Co., Ltd.	Taipei, Taiwan	100	0	9.80	3.29	6
Infineon Technologies UK Limited	Bristol, Great Britain	100	0	5.61	1.59	6
Infineon Technologies US HoldCo Inc.	Wilmington, Delaware, USA	100	0	8,222.34	43.60	6, 23
Infineon Technologies US InterCo LLC	Wilmington, Delaware, USA	100	0	8.30	(10.52)	6, 23
Infineon Technologies US Investment LLC	Wilmington, Delaware, USA	100	0	(0.02)	5.37	6, 23
Infineon Technologies Vermögensverwaltungsgesellschaft mbH	Neubiberg, Germany	100	100	393.69	0.00	6, 14, 16
International Rectifier HiRel Products, Inc.	Wilmington, Delaware, USA	100	0	406.95	115.74	6, 23
MOLSTANDA Vermietungsgesellschaft mbH	Neubiberg, Germany	100	0	187.35	(218.44)	6, 15
MOTEON GmbH	Neubiberg, Germany	100	100	0.50	0.19	6
NoBug Consulting SRL	Bucharest, Romania	100	0	1.60	0.45	11
PT Infineon Technologies Batam	Batam, Indonesia	100	0	24.98	1.77	6
Ramtron International Corporation	Wilmington, Delaware, USA	100	0	0.00	0.00	6, 23
Rectificadores Internacionales, S.A. de C.V.	Tijuana, Mexico	100	0	13.29	1.74	6, 23
SILTECTRA GmbH	Dresden, Germany	100	0	20.13	13.21	6
Spansion Inc.	Wilmington, Delaware, USA	100	0	769.12	651.77	6, 23
Spansion LLC	Wilmington, Delaware, USA	100	0	1,375.82	711.08	6, 23
Syntronixs Asia Sdn. Bhd.	Melaka, Malaysia	100	0	7.32	1.33	6
Associated companies:						
Deca Technologies, Inc.	Dover, Delaware, USA	42.5	0	8.70	(0.27)	11, 22, 23
pmdtechnologies ag	Siegen, Germany	15	15	0.00	(8.35)	11, 20
SkyHigh Memory Limited	Hong Kong, People's Republic of China	40	0	54.78	5.11	11, 22

Name of company	Registered office	Shareholdings in %	Thereof Infineon Technologies AG	Equity (€ in millions)	Net result (€ in millions)	Footnote
Joint ventures:						
Infineon Technologies Bipolar GmbH & Co. KG	Warstein, Germany	60	60	50.78	9.18	6, 21
SAIC Infineon Automotive Power Modules (Shanghai) Co., Ltd	Shanghai, People's Republic of China	49	25	92.50	39.72	11
Other companies (not consolidated):[1]						
EPOS embedded core & power systems GmbH & Co. KG	Duisburg, Germany	100	100	1.53	0.78	6
EPOS embedded core & power systems Verwaltungs GmbH	Duisburg, Germany	100	100	0.08	0.00	6
European Semiconductor Manufacturing Company (ESMC) GmbH	Dresden, Germany	10	10	n.a.	n.a.	13
Futurium gGmbH	Berlin, Germany	n.a.	n.a.	n.a.	n.a.	18
Hitex (UK) Limited	Coventry, Great Britain	100	0	3.26	1.26	6
Imagimob AB	Stockholm, Sweden	100	0	0.32	(3.54)	11
Industrial Analytics IA GmbH	Neubiberg, Germany	100	100	0.00	(0.68)	6
Infineon Technologies Bipolar Verwaltungs GmbH	Warstein, Germany	60	60	0.03	0.00	6
Infineon Technologies Bulgaria Ltd.	Plovdiv, Bulgaria	100	0	0.01	0.00	11
Infineon Technologies d.o.o. Beograd	Belgrade, Serbia	100	0	0.15	0.08	11
Infineon Technologies Delta GmbH	Neubiberg, Germany	100	100	0.03	(0.01)	6
Infineon Technologies Gamma GmbH	Neubiberg, Germany	100	100	0.02	(0.01)	6
Infineon Technologies Holding GmbH	Neubiberg, Germany	100	100	0.13	0.00	6, 14
Infineon Technologies Iberia, S.L.U.	Madrid, Spain	100	0	0.18	0.07	6
Infineon Technologies Israel Ltd.	Netanya, Israel	100	0	0.12	0.01	9
Infineon Technologies Mantel 26 AG	Neubiberg, Germany	100	100	0.04	(0.01)	6
Infineon Technologies Mantel 27 GmbH	Neubiberg, Germany	100	100	0.03	0.00	6, 14
Infineon Technologies Mantel 29 GmbH	Neubiberg, Germany	100	100	0.03	0.00	6, 14
Infineon Technologies Polska Sp. z o.o.	Warsaw, Poland	100	0	0.20	0.03	6
Infineon Technologies Romania s.r.l.	Bucharest, Romania	100	0	0.06	0.02	11
Infineon Technologies South America Ltda	São Paulo, Brasil	100	0	0.07	0.10	11
Infineon Technologies Vietnam Company Ltd.	Hanoi, Vietnam	100	0	0.23	0.07	6
KAI Kompetenzzentrum Automobil- und Industrieelektronik GmbH	Villach-St. Magdalen, Austria	100	0	1.07	0.20	11
KFE Kompetenzzentrum Fahrzeug Elektronik GmbH	Lippstadt, Germany	24	24	1.42	0.15	11
MicroLinks Technology Corp.	Kaohsiung, Taiwan	n.a.	0	n.a.	n.a.	18
OSPT IP Pool GmbH	Neubiberg, Germany	100	100	0.01	(0.01)	6
PT Infineon Technologies Indonesia	Jakarta, Indonesia	100	0	0.70	0.03	6
Quintauris GmbH	Munich, Germany	n.a.	n.a.	n.a.	n.a.	13, 18

Name of company	Registered office	Shareholdings in %	Thereof Infineon Technologies AG	Equity (€ in millions)	Net result (€ in millions)	Footnote
R Labco, Inc.	Wilmington, Delaware, USA	100	0	0.00	0.00	6
Schweizer Electronic AG	Schramberg, Germany	9	9	21.09	(3.14)	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 AG (in insolvency)	Munich, Germany	77	28	–	–	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 Holding B.V. (in insolvency)	Rotterdam, The Netherlands	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 reflects information from local commercial registers. 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 2022.
4 Equity and net result as of 31 December 2022.
5 Equity and net result as of 31 March 2023.
6 Equity and net result as of 30 September 2023.
7 Equity and net result as of 30 September 2023 (period from 1 December 2022 until 30 September 2023).
8 Equity and net result as of 30 September 2023 (period from 23 February 2023 until 30 September 2023).
9 Equity and net result as of 30 September 2023 (period from 1 March 2023 until 30 September 2023).
10 Equity and net result as of 1 October 2023 (period from 3 October 2022 until 1 October 2023).
11 Equity and net result as of 31 December 2023.
12 Equity and net result as of 31 December 2023 (period from 28 February 2023 until 31 December 2023).
13 The entity was newly founded in the 2024 fiscal year.
14 Control and profit transfer agreement.
15 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.
16 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.
17 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.
18 Due to minor importance, no further information on shareholding is disclosed in accordance with section 313, paragraphs 2 and 3, German Commercial Code in conjunction with section 315e, paragraph 1, German Commercial Code.
19 Non-stock entity. Disclosure of ownership in percent does not apply.
20 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.
21 Infineon accounts for its interest using the equity method as Infineon lacks controlling influence due to certain contractual participation rights of the co-shareholder.
22 Consolidated Financial Statements.
23 IFRS figures.

Neubiberg, 21 November 2024

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, 26 November 2024

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. 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 combined management report

Audit Opinions

We have audited the consolidated financial statements of Infineon Technologies AG, Neubiberg/Germany, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 30 September 2024, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from 1 October 2023 to 30 September 2024, and the notes to the consolidated financial statements, including a summary of significant accounting policies. We have not audited the content of the remuneration report, which is referred to in notes 25 and 30 to the consolidated financial statements. In addition, we have audited the combined management report for the parent and the group of Infineon Technologies AG, Neubiberg/Germany, for the financial year from 1 October 2023 to 30 September 2024. In accordance with the German legal requirements, we have not audited the content of the corporate governance statement pursuant to Sections 289f and 315d German Commercial Code (HGB) and the combined separate non-financial report, which are referenced in the "Corporate Governance" and "Group strategy" chapters of the combined management report. Furthermore, we have not audited the content of the remuneration report, which is referenced in the "Corporate Governance" chapter of the combined management report, the sustainability report, which is referenced in the "Group strategy" and "Internal management system" chapters of the combined management report, and the disclosures extraneous to combined management reports marked as unaudited.

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 IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB 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 2024 and of its financial performance for the financial year from 1 October 2023 to 30 September 2024 (our audit opinion on the consolidated financial statements does not cover the content of the remuneration report stated to be unaudited), and

- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined 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 audit opinion on the combined management report does not cover the content of the sustainability report, the combined separate non-financial report included therein, the corporate governance statement and the remuneration report, as well as the disclosures extraneous to combined management reports marked as unaudited.

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 combined management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the combined 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 (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 Combined 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) point (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 audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the combined management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 October 2023 to 30 September 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In the following, we present the key audit matters we have determined in the course of our audit:

1. **Recoverability of goodwill**
2. **Accounting for the acquisition of GaN Systems Inc.**

Our presentation of these key audit matters has been structured as follows:

a) Description (including reference to corresponding information in the consolidated financial statements)
b) Auditor's response

Recoverability of goodwill

a) The consolidated financial statements of Infineon Technologies AG as at 30 September 2023 report goodwill of mEUR 6,797 (24% of consolidated total assets). The executive directors test goodwill for impairment at the level of the operating segments once a year or when there are indications of impairment. The impairment tests involve comparing the carrying amounts of each operating segment with its recoverable amount. The recoverable amount of the operating segment is determined on the basis of value in use. Value in use is calculated using the discounted cash flow method. In this context, the present values of future cash flows, which are derived from the executive directors' corporate planning for the next five years, are used as a basis. Planning periods that lie further in the future, which account for a significant portion of the recoverable amounts (phase of perpetuity), are included by extrapolating the cash flows of the last detailed planning year, assuming a sustainable growth rate. Discounting is based on the weighted average cost of capital of the operating segment. The impairment tests carried out did not identify any need to recognize impairment losses.

The result of the calculation of the operating segments' value in use is highly dependent on the executive directors' assessment of future cash flows and discount rates, and is therefore subject to a considerable degree of uncertainty. When making assumptions concerning future revenue growth, profitability and cash flows, significant judgment is required. Against this background, this matter was of particular relevance in the context of our audit.

The executive directors' disclosures on recognition and measurement policies applied and assumptions used are included in note 2 to the consolidated financial statements. Information on the amount of goodwill is provided in note 14 to the consolidated financial statements.

b) We began our audit by familiarizing ourselves with the processes in place and evaluating the design and implementation of controls relevant to the audit. We gained an understanding of the methodical procedure for performing impairment tests, evaluated the determination of discount rates and, calling in our valuation experts, assessed the impairment test calculation methodology. In this context, we determined the extent to which the performance of impairment tests may be affected by subjectivity, complexity or other inherent risk factors, and in the case of estimates by the executive directors, assessed the acceptability of the methods applied, the assumptions made and the data used. With regard to the forecast of future cash flows, we assessed the reliability of the corporate planning by examining the adherence to planning in the past. In addition, we validated the executive directors' expectations with regard to future revenue, profitability and cash flows by comparing them with market studies and analysts' estimates for comparable companies. We considered the parameters used to determine the discount rates applied and verified their appropriateness based on our own calculations. Since the measurement is also dependent on economic conditions that are beyond the Group's control, we additionally performed our own sensitivity analyses to validate the parameters used with regard to the operating segments.

   Finally, we determined whether the disclosures made in the notes to the consolidated financial statements are complete and accurate.

Accounting for the acquisition of GaN Systems Inc.

a) With effect from 24 October 2023, the Group acquired all of the shares in GaN Systems Inc., Ottawa/Canada, ("GaN Systems") for mEUR 828. The acquisition was accounted for as a business combination in accordance with IFRS 3 using the acquisition method. As part of the purchase price allocation, the acquired identified assets and liabilities assumed were recognized at acquisition-date fair value. To determine and measure the acquired identifiable assets and liabilities assumed, the executive directors engaged an external expert as a neutral valuer. Taking into account the remeasured net assets recognized at mEUR 229, goodwill amounted to mEUR 599.

   The identification and measurement of assets and liabilities, especially of intangible fixed assets, are complex processes that are based on estimates and assumptions requiring the executive directors' judgment. In the context of the measurement in particular, various assumptions have to be made to determine future cash flows derived from asset-specific revenue, margin and royalty rate expectations and the discount rates used. The measurement of intangible fixed assets by the executive directors is based on their own detailed long-term corporate planning. Against this background, this matter was of particular relevance for our audit. The Company provides information on the acquisition in note 3 to the consolidated financial statements.

b) We began our audit of the accounting for the acquisition of GaN Systems by inspecting and understanding the contractual agreements and reconciling the purchase price determined as consideration for the business acquired with the evidence submitted to us. When auditing the matter, we determined the extent to which the measurements may be affected by subjectivity, complexity or other inherent risk factors, and in the case of estimates by the executive directors, assessed the acceptability of the methods applied, the assumptions made and the data used. We then involved our valuation experts to assess the results of the expert engaged by the Company with regard to the identification of the assets and liabilities and their measurement at acquisition-date fair value and to evaluate the expert's competence, capabilities and objectivity. This included gaining an understanding of the models underlying the measurement as well as the measurement parameters and assumptions applied. In addition, we analyzed in detail the parameters used to determine the discount rates applied and verified their appropriateness based on our own calculations. We validated the corporate planning that forms the basis of the measurement with regard to profitability expectations by making comparisons with market studies and analysts' estimates for comparable companies. We compared the royalty rates used with reference values.

   Finally, we determined whether the disclosures in the notes to the consolidated financial statements required by IFRS 3 are complete and accurate.

Other Information

The executive directors and/or the supervisory board are responsible for the other information. The other information comprises

- the report of the supervisory board,
- the remuneration report pursuant to Section 162 AktG,
- the sustainability report including the combined separate non-financial report pursuant to Sections 289b and 315b HGB included therein,
- the corporate governance statement pursuant to Sections 289f and 315d HGB,
- the disclosures extraneous to combined management reports included in the combined management report and marked as unaudited,
- the executive directors' confirmation regarding the consolidated financial statements and the combined management report pursuant to Sections 297 (2) sentence 4 and 315 (1) sentence 5 HGB, and
- all other parts of the annual report,
- but not the consolidated financial statements, not the audited content of the combined management report and not our auditor's report thereon.

The supervisory board is responsible for the report of the supervisory board. The executive directors and the supervisory board are responsible for the statement according to Section 161 German Stock Corporation Act (AktG) concerning the German Corporate Governance Code, which is part of the corporate governance statement, and for the remuneration report pursuant to Section 162 AktG. Otherwise, the executive directors are responsible for the other information.

Our audit opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information identified above and, in doing so, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the audited content of the combined management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS 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 executive directors are 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 executive directors are 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, they are 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 executive directors are responsible for the preparation of the combined 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 executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined 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 combined 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 combined management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined 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 combined 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 audit opinions on the consolidated financial statements and on the combined 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 combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the consolidated financial statements and of the combined 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 audit 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 relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- conclude on the appropriateness of the executive directors' 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 combined management report or, if such disclosures are inadequate, to modify our respective audit 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 IFRS as adopted by the EU and with 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 audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- evaluate the consistency of the combined 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 executive directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors 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 audit 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 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 for the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Report on the Audit of the Electronic Reproductions of the Consolidated Financial Statements and of the Combined Management Report Prepared for Publication Pursuant to Section 317 (3a) HGB

Audit Opinion

We have performed an audit in accordance with Section 317 (3a) HGB to obtain reasonable assurance whether the electronic reproductions of the consolidated financial statements and of the combined management report (hereinafter referred to as "ESEF documents") prepared for publication, contained in the file, which has the SHA 256 value: 6b0445686f46b2332e4254b33e2a081ad61c4e06f5edcee547 541 10839adc113, meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB ("ESEF format"). In accordance with the German legal requirements, this audit only covers the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format, and therefore covers neither the information contained in these electronic reproductions nor any other information contained in the file identified above.

In our opinion, the electronic reproductions of the consolidated financial statements and of the combined management report prepared for publication contained in the file identified above meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB. Beyond this audit opinion and our audit opinions on the accompanying consolidated financial statements and on the accompanying combined management report for the financial year from 1 October 2023 to 30 September 2024 contained in the "Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report" above, we do not express any assurance opinion on the information contained within these electronic reproductions or on any other information contained in the file identified above.

Basis for the Audit Opinion

We conducted our audit of the electronic reproductions of the consolidated financial statements and of the combined management report contained in the file identified above in accordance with Section 317 (3a) HGB and on the basis of the IDW Auditing Standard: Audit of the Electronic Reproductions of Financial Statements and Management Reports Prepared for Publication Purposes Pursuant to Section 317 (3a) HGB (IDW AuS 410 (06.2022)). Our responsibilities in this context are further described in the "Group Auditor's Responsibilities for the Audit of the ESEF Documents" section. Our audit firm has applied the requirements of the IDW Quality Management Standards.

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the parent are responsible for the preparation of the ESEF documents based on the electronic files of the consolidated financial statements and of the combined management report according to Section 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements according to Section 328 (1) sentence 4 no. 2 HGB.

In addition, the executive directors of the parent are responsible for such internal controls that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements for the electronic reporting format pursuant to Section 328 (1) HGB.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Audit of the ESEF Documents

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 judgment and maintain professional skepticism throughout the audit. 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 audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.

- obtain an understanding of internal control relevant to the audit on the ESEF documents in order to design audit 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 containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the reporting date, on the technical specification for this electronic file.

- evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited combined 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 the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further Information Pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the general meeting on 23 February 2024. We were engaged by the supervisory board on 26 February 2024. We have been the group auditor of Infineon Technologies AG, Neubiberg/Germany, since the financial year from 1 October 2023 to 30 September 2024.

We declare that the audit 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 combined management report as well as with the audited ESEF documents. The consolidated financial statements and the combined management report converted into the ESEF format – including the versions to be submitted for inclusion in the Company Register – are merely electronic reproductions of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our audit opinion contained therein are to be used solely together with the audited ESEF documents made available in electronic form.

German Public Auditor resonsible for the engagement

The German Public Auditor responsible for the engagement is Alexander Hofmann.

Munich/Germany, 26 November 2024

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Christoph Schenk	Alexander Hofmann
Wirtschaftsprüfer	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
- Blind spot detection
- Cruise control
- Distance control
- E/E architecture
  - Power distribution
  - On-board network
- Electronic chassis control
- Electronic power steering
- Emergency braking assistant
- ESP (Electronic Stability Program)
- Highway assistant
- Lane departure warning system
- Tire pressure monitoring system

Comfort electronics
- Air conditioning
- Body control units
- Door electronics
- Electronic seat adjustment
- Hatch door
- Massage functionality
- 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, SiC MOSFETs, SiC 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 Power & Sensor Systems

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 electronic devices, e.g.,
  - Cordless screwdrivers
  - Drills
  - Lawn mowers
  - Power saws
  - Robotic vacuum cleaners and vacuum cleaners
- 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)
- AI data centers
- Consumer electronics
- Data centers
- 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 tracker

Government identification documents
- Driver's licenses
- Healthcare cards
- National identity cards
- Passports
- Social insurance cards

IoT
- Edge AI
- 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

AktG	Aktiengesetz (German Stock Corporation Act)
AI	artificial intelligence
ASIC	application-specific integrated circuit
BLE	Bluetooth low energy
CGU	cash generating unit
CISMS	Cyper & Information Security Management System
CMS	Compliance Management System
CO_2	carbon dioxide
COSO	Committee of Sponsoring Organizations of the Treadway Commission
CSR	corporate social responsibility
DAX	Deutscher Aktienindex
DC-DC	direct current to direct current conversion
DRAM	dynamic random access memory
EBITDA	earnings before interest, taxes, depreciation & amortization
EMTN	European Medium Term Notes
ERM	Enterprise Risk Management
ESG	environment, social & governance
eSIM	embedded SIM
ETC	exchange traded commodities
GaN	gallium nitride
HGB	Handelsgesetzbuch (German Commercial Code)
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IC	integrated circuit
ICS	Internal Control System
IFRS	International Financial Reporting Standards
IGBT	insulated gate bipolar transistor
IoT	Internet of Things
LED	light-emitting diode
LTI	Long-Term Incentive
M&A	mergers & acquisitions
MEMS	micro-electromechanical system
MitbestG	Mitbestimmungsgesetz (German Co-Determination Act)
MOSFET	metal-oxide-semiconductor field-effect transistor
NAND	not AND
NFC	near-field communication
PCF	Product Carbon Footprint
PSoC	programmable system-on-chip
RoCE	Return on Capital Employed
Si	silicon
SiC	silicon carbide
SOX	Philadelphia Semiconductor Index
STI	Short-Term Incentive
ToF	time-of-flight
TOM	Target Operating Model
TSR	Total Shareholder Return
USB	universal serial bus
USPP	US private placement
UWB	ultra wideband
WACC	weighted average cost of capital
WpHG	Wertpapierhandelsgesetz (German Securities Trading Act)
WSTS	World Semiconductor Trade Statistics

Financial calendar 2025

February

Tuesday
4

Publication of **first quarter 2025**[1] results

February

Thursday
20

Annual General Meeting 2025 virtual

May

Thursday
8

Publication of **second quarter 2025**[1] results

August

Tuesday
5

Publication of **third quarter 2025**[1] results

November

Thursday
13

Publication of **fourth quarter** and **fiscal year 2025**[1] results

1 Preliminary

Imprint

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