



Annual Report 2022

Infineon Technologies AG





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Infineon key data¹

Fiscal year from 1 October to 30 September	2022		2021		2022/2021 Change in %
	€ in millions	in % of revenue	€ in millions	in % of revenue	
Revenue by segment	14,218		11,060		29
Automotive	6,516	45	4,841	44	35
Industrial Power Control	1,790	13	1,542	14	16
Power & Sensor Systems	4,070	29	3,268	29	25
Connected Secure Systems	1,822	13	1,397	13	30
Other Operating Segments	20	0	12	0	67
Corporate and Eliminations	-	-	-	-	-
Revenue by region	14,218		11,060		29
Europe, Middle East, Africa	3,399	24	2,773	25	23
therein: Germany	1,594	11	1,278	12	25
Asia-Pacific (excluding Japan, Greater China)	2,343	16	1,744	16	34
Greater China ²	5,204	37	4,195	38	24
therein: Mainland China, Hong Kong	4,063	29	3,178	29	28
Japan	1,415	10	1,094	10	29
Americas	1,857	13	1,254	11	48
therein: USA	1,564	11	1,027	9	52
Gross profit/Gross margin	6,131	43.1	4,260	38.5	44
Research and development expenses	(1,798)	12.6	(1,448)	13.1	24
Selling, general and administrative expenses	(1,565)	11.0	(1,354)	12.2	16
Operating profit	2,845		1,470		94
Profit (loss) from continuing operations	2,186		1,175		86
Profit (loss) from discontinued operations, net of income taxes	(7)		(6)		(17)
Profit (loss) for the period	2,179		1,169		86
Segment Result/Segment Result Margin	3,378	23.8	2,072	18.7	63
Property, plant and equipment	5,545		4,443		25
Total assets	26,912		23,334		15
Total equity	14,944		11,401		31

Fiscal year from 1 October to 30 September	2022	2021	2022/2021
	€ in millions	€ in millions	Change in %
Cash flows from operating activities from continuing operations	3,986	3,063	30
Cash flows from investing activities	(2,441)	(2,284)	(7)
Cash flows from financing activities	(1,869)	(885)	(111)
Free Cash Flow ³	1,648	1,574	5
Depreciation and amortization	1,664	1,513	10
Investments ³	2,310	1,497	54
Gross cash position ³	3,717	3,922	(5)
Net cash position ³	(1,945)	(2,663)	27
Basic earnings per share in €	1.65	0.87	90
Diluted earnings per share in €	1.65	0.87	90
Adjusted earnings per share in € - diluted ⁴	1.97	1.20	64
Dividend per share in € ⁵	0.32	0.27	19
Equity ratio ⁶	55.5%	48.9%	
Return on Capital Employed (RoCE) ³	12.6%	8.4%	
Infineon employees as of 30 September	56,194	50,288	12

1 Totals may differ due to rounding.

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

3 See the chapter "Internal management system" for definition. [□ p. 36 ff.](#)

4 See the chapter "Review of results of operations" for definition. [□ p. 51](#)

5 A dividend per share of €0.32 for the 2022 fiscal year will be proposed to the Annual General Meeting on 16 February 2023.

6 Equity ratio = Total equity / Total assets.

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 2022 fiscal year (ending 30 September), the Company reported revenue of approximately €14.2 billion with some 56,200 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).

Revenue
€14.218 bn
+29%

Segment Result
and Margin
€3.378 bn
≙ 23.8%

Dividend of
32 cents
per share planned

56,194
employees

Letter to shareholders

Neubiberg, November 2022



Jochen Hanebeck
Chief Executive Officer

Dear readers,

Over the next ten years, decarbonization and digitalization will profoundly change the world we live in. Only a major shift from fossil fuels to renewable energy and the corresponding restructuring of our energy system will limit global warming and preserve our planet's resources for future generations. Making that transition to a sustainable society and sustainable industry is only feasible with digital technology, which enables completely new solutions that make life better for us humans. The green transformation and the digital transformation go hand in hand.

Infineon is a key player in overcoming these global challenges. For me, it is a great honor as CEO since April 2022, to lead a company that provides the essential building blocks for a climate-neutral and digitized world, together with my colleagues on the Management Board. With its capacity for innovation, Infineon is an extraordinary company. I believe there is no better team and no better place to be working on a worthwhile future for the generations to come.

Challenging conditions for our business

Our macroeconomic and geopolitical environment is currently severely impacted by a number of factors. The war in Ukraine is causing not only unspeakable human suffering but also shortages and rising prices for energy and key raw materials. High rates of inflation are depressing demand and making central banks adopt more restrictive monetary policies. Climate change is having a noticeable impact, with increasingly extreme weather events. The coronavirus pandemic is not over and is continuing to impose restrictions on global supply chains. All these factors are having an adverse impact on economic growth.

Other important issues include geopolitical tensions and uncertainties, not least as a result of intense technological competition in the world's leading regions. Semiconductors are a base technology for many different industries and are key to opening up technological opportunities and developing new markets. Today, more than ever, they are a prerequisite for growth and prosperity.

This strategic dimension of the semiconductor industry and the simultaneous vulnerability of global supply chains are drivers of regional manufacturing. Infineon welcomes all efforts to strengthen the semiconductor industry and its complex ecosystems, thus increasing the competitiveness and resilience of the sector. The CHIPS and Science Act enacted this year in the United States and the European Chips Act presented by the European Commission are important steps in this process. What now needs to happen is that the plans are translated into action quickly.

A record 2022 fiscal year

Despite the difficult climate, Infineon was very successful in the 2022 fiscal year. We were again able to achieve significant increases in revenue and profitability compared with the already strong previous fiscal year. In our key applications, such as automotive, industrial, renewable energy, data centers and the Internet of Things (IoT), demand for our products and solutions substantially exceeded supply. The much-cited chip shortage continued, an issue we were able to counter to some extent by continuing to expand our in-house manufacturing capacity. However, particularly in the case of semiconductors we purchase from contract manufacturers, supply was not sufficient by the end of the 2022 fiscal year to meet the high level of demand from our customers in our core markets. In contrast, demand began to weaken in the second half of the year in the areas of computing, consumer products and smartphones. The bottom line is that Infineon generated revenue for the full fiscal year of €14.2 billion (a significant increase of around 29 percent compared with the previous fiscal year), a Segment Result Margin of 23.8 percent (more than 5 percentage points above the previous fiscal year's figure), and Free Cash Flow of €1.6 billion.

The fact that we performed so strongly despite the aggravating circumstances is thanks to our employees. On behalf of the entire Management Board, I would like to express my gratitude to all the 56,200 people working for Infineon around the world for their great commitment, their team spirit, and the success achieved by their common effort.

I would also like to thank you, our shareholders, for your continuing confidence in Infineon. At our forthcoming Annual General Meeting, we will propose an increased dividend payment of 32 cents per share. Thus, we want to ensure that you participate appropriately in Infineon's success, while at the same time retaining the financial room for maneuver we need for the future development of your company.

Focusing on consistent implementation of our strategy and enhancing our skills

As Chief Executive Officer, I have decided to continue to develop and update the corporate strategy we designed and implemented together over many years. Our strategy is the right one, and it is bearing fruit. This is because it is resolutely geared towards the two major trends of our time: decarbonization and digitalization.

My predecessor Dr. Reinhard Ploss had the vision to put Infineon in a good strategic position, focusing consistently on structural growth areas. Dr. Helmut Gassel, who resigned from his position as Chief Marketing Officer at his own request on 31 May 2022, also played a crucial role in ensuring that Infineon is very well-positioned today. Together with others, he made a decisive contribution to the successful acquisition and integration of Cypress and accelerated the digitalization of sales and marketing. I am sure I also speak on your behalf, dear shareholders, when I express my heartfelt thanks to both of them for their great service to Infineon.

Our new Management Board team has been in place for around half a year now and includes new members Andreas Urschitz and Dr. Rutger Wijburg. We are working together very constructively and in a spirit of trust. We have already put key foundation stones in place to ensure that Infineon is able to continue its success over the coming years, even in challenging conditions. Thus, we will follow our tried-and-tested "Product to System" strategic guideline: from product thinking to system understanding. This has been the basis of Infineon's success to date and will also be a decisive factor in our future development. We will continue to drive the systems approach forward to reinforce our leadership in power systems and IoT. Semiconductor solutions are becoming increasingly important for our customers – and to some extent for our customers' customers – as they contribute towards differentiating or even defining their products.

Our technological skill is and remains an important success factor. This is increasingly also true in the area of software, because here we can continue to develop our successful “Product to System” approach. In the past few years, we have therefore significantly intensified our software activities and built up additional skills, both as a result of organic development and through strategic partnerships and the acquisition of Cypress. Our team of software developers has grown considerably. Now we can offer our customers a complete software ecosystem, comprising a development environment and a developer community. The interaction of hardware and software ensures that energy efficiency, performance and security are optimized at the systems level. This added value enables us to retain the loyalty of our existing customers, while at the same time being of interest to new partners.

Raising our long-term financial targets in a more ambitious target operating model

The development of Infineon will continue to be characterized by strong, sustainable growth. We are also focusing much more strongly on profitability. We want to create more value through accelerated, more profitable growth. We are therefore setting ourselves more ambitious long-term financial targets, against which we will measure ourselves. Our upgraded target operating model, which was devised by the Management Board together with the presidents of the business segments and approved by the Supervisory Board, sets the following targets over a cycle: Average annual revenue growth should be more than 10 percent, replacing the previous target of at least 9 percent, as we are seeing increasing dynamism in our target markets and persistently strong growth factors. Accompanying this higher rate of growth, we anticipate a significant increase in profitability. In the future, the Segment Result Margin is expected to reach an average level of 25 percent, compared with the target to date of 19 percent. Key to this are the following factors. With our “Product to System” approach, we create higher-quality solutions and thus added value for our customers. A fair share of this added value will benefit Infineon. Other important factors are systematic management of our product portfolio, the increasing proportion of our highly-efficient 300-millimeter production, and research and development expenses as well as selling, general and administrative expenses that increase at a lower rate than revenue as a result of the impact of digitalization and economies of scale. We are also convinced that, over the coming years, products with software will make a significant contribution to Infineon’s profitable growth.

For the first time, we have included an explicit Free Cash Flow target in our target operating model, instead of the investment rate included previously. Free Cash Flow adjusted for large investments in frontend buildings should fall within a range of 10 to 15 percent of revenue over the cycle.

In addition to the right strategy, a performance-related corporate culture is the essential basis for us to achieve our targets. We continue to work hard on developing our corporate culture. As part of our “Spirit” project, we have therefore identified three behaviors on which we want to focus more strongly at Infineon. We want to set ambitious targets, define clear responsibilities, and make timely decisions that are implemented consistently.

Investments lay the foundations for growth

Through decisive action and consistent implementation, we will take advantage of the opportunities our markets offer. We see sustainable growth potential for Infineon, particularly in the area of new semiconductor materials. Technologies based on silicon carbide (SiC) and gallium nitride (GaN) will play a crucial role as we move towards climate neutrality. They are increasingly being used in application areas in which high power needs to be managed, such as in solar systems, electric vehicles, charging stations, and data centers. Particularly compact, powerful and efficient chargers and adapters demonstrate clearly the practical advantages of enhanced efficiency and improved thermal properties. Demand for SiC and GaN solutions is growing fast. At Infineon, we are therefore expanding our portfolio for various application areas and scaling up our manufacturing capacity for compound semiconductors. In June 2022, we started work on a new third manufacturing module at our Kulim site (Malaysia). The first products from the new factory are expected to be supplied in autumn 2024. We are installing the production facilities gradually, depending on trends in demand. When it is complete, the new manufacturing module will have the potential to generate additional annual revenue of around €2 billion. With Kulim, we are moving closer to our objective of becoming not only the technological leader in SiC and GaN but also the market leader in the medium term, as has already been the case for silicon-based power semiconductors for many years. This will depend on our ability to deliver.

We are also planning to make a major investment in the expansion of our site in Dresden (Germany). Structural demand for semiconductor solutions will continue to rise, driven by decarbonization and digitalization. With the construction of an additional 300-millimeter module in Dresden, we could achieve growth in the data center, automotive and IoT application areas with analog mixed-signal products and power semiconductors. We are planning to invest €5 billion here, the largest single investment in Infineon's history. Construction work could begin in autumn 2023. A modular, scalable design would reduce the investment risk. Production at the new plant could start in autumn 2026, creating up to 1,000 new high-quality jobs. If the factory is developed to its full extent, we expect it to have the potential to generate additional annual revenue that matches the total investment. Adequate public funding is required for the investment decision.

In our business, entrepreneurial vision is required for sustainable success. With the investment in Kulim and the planned investment in Dresden, we are following our long-term manufacturing strategy. We are expanding our in-house manufacturing in those areas in which they create added value for our customers and differentiation for Infineon. Once again, we are setting the course early on in order to achieve future success by focusing on our existing sites and benefiting from economies of scale. Moreover, we are strengthening our regional semiconductor manufacturing as I mentioned earlier.

On our way to carbon neutrality

As a company, we have set ourselves the target of becoming climate-neutral by 2030. In line with this aspiration, each new investment in additional manufacturing capacity is expected to contribute towards reducing our carbon footprint. This is the case in Kulim, in Dresden and at our 300-millimeter production in Villach (Austria). Thanks to state-of-the-art equipment and processes, we consume fewer resources per square centimeter manufactured wafer than in existing factories. This enables us to not only

conserve resources in production but also to create capacity for precisely those semiconductors that save energy and, thereby, CO₂. Since 2021, our European sites have been running on green electricity. In the 2022 fiscal year, we also switched the power supply for our semiconductor manufacturing in Austin (Texas, USA) fully over to renewable energy. By the end of the 2022 calendar year, all our other US sites will have followed suit.

Outlook for the 2023 fiscal year

Looking forward to the 2023 fiscal year, Infineon is very well-positioned to derive ongoing benefit from the structural growth drivers for our business. At the same time, the challenging conditions will continue to have a significant impact on us. Our key markets are dependent on different drivers and have a variety of business cycles. We therefore keep a constant watchful eye on the early economic indicators for our business and are prepared to act promptly if demand weakens in any of the submarkets. Infineon is capable of maintaining its strategic course even in rougher conditions.

Within the company, we have great plans to exploit the huge market potential for Infineon in the coming years and to create value on a sustained basis for our shareholders and other stakeholders.

Neubiberg, November 2022

Sincerely
Jochen Hanebeck

Jochen Hanebeck
Chief Executive Officer

The Management Board



(From left to right)

Andreas Urschitz
Chief Marketing Officer

Dr. Sven Schneider
Chief Financial Officer

Jochen Hanebeck
Chief Executive Officer

Constanze Hufenbecher
Chief Digital
Transformation Officer

Dr. Rutger Wijburg
Chief Operations Officer

Andreas Urschitz Chief Marketing Officer

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

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

Dr. Sven Schneider Chief Financial Officer

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

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

Jochen Hanebeck Chief Executive Officer

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

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

Constanze Hufenbecher Chief Digital Transformation Officer

Constanze Hufenbecher has been a member of the Management Board of Infineon Technologies AG and Chief Digital Transformation Officer since 2021 (appointed until 14 April 2024). She is responsible for Group-wide Digitalization Strategy, Information Technology, Digital Sales & Marketing Platforms and Services, Business Continuity, Business Excellence, Group Processes.

Constanze Hufenbecher was born in 1970 in Ebingen (now Albstadt), Germany. She graduated in business administration from the University of Tübingen, Germany. She began her career in 1994 at VIAG AG in Munich, Germany.

Dr. Rutger Wijburg Chief Operations Officer

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

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

Report of the Supervisory Board to the Annual General Meeting



Dr. Wolfgang Eder
Chairman of the
Supervisory Board

Dear ladies and gentlemen,

Decarbonization and digitalization will profoundly change our world. Infineon will have a key role to play here. One might suppose that this environment is ideal for the future of our Company, yet current conditions are a huge challenge and will remain so for the foreseeable future: the disastrous war in Ukraine with its human tragedies and political upheavals together with the economic consequences it has triggered, heightened geopolitical tensions not least between the USA and China, the pandemic continuing to cause restrictions on supply chains, and rampant inflation alongside massively rising interest rates – and those are merely the major issues. It is thanks to the efforts of our dedicated employees in support of our newly formed Management Board team that Infineon can be relied on to continue to play to its strengths and defy these adverse conditions, with the result that the 2022 fiscal year was again a very successful one. We also want you, dear shareholders, to be able to participate appropriately in this success in the usual way and will therefore submit a proposal

jointly with the Management Board to the Annual General Meeting for another increase in the dividend to €0.32 per share entitled to a dividend. Infineon and the management team stand out by keeping a cool head and a steady hand in uncertain times, paving the way for sustainable growth.

Main activities of the Supervisory Board

During the 2022 fiscal year, as in all previous years, the Supervisory Board performed its duties with the utmost diligence in accordance with the law, Infineon's Articles of Association and the Supervisory Board's own rules of procedure. It advised and monitored the Management Board in equal measure, based on detailed written and oral reports presented by the Management Board at Supervisory Board and committee meetings regarding all issues relevant to the Company, focusing for the most part on corporate strategy and planning, current business performance and the economic situation, financial and investment planning, the risk profile, as well as questions on risk management, group audit and compliance issues. The Supervisory Board was always given ample opportunity to examine the reports presented by the Management Board in detail and was thus able to satisfy itself that the governance of Infineon's corporate affairs was lawful, compliant and appropriate in every respect. The Supervisory Board was provided with written quarterly reports on the political and economic environment, Infineon's business performance, including investment and acquisition activities and its financial performance, risks and opportunities, major areas of litigation, as well as other specific topics of relevance. Between quarterly reports, the Management Board also provided the Supervisory Board with additional information in the form of monthly reports on current business performance and developments.

As Chairman of the Supervisory Board, I was also in regular contact with both the Chief Executive Officer and other members of the Management Board between meetings, focusing for the most part on Infineon's corporate strategy, business performance and financial position. The CEO kept me well-informed at all times of other key events for the Company.

In the 2022 fiscal year, the full Supervisory Board convened eight times, holding five ordinary meetings and three extraordinary meetings. Additionally, two resolutions were passed on the basis of written communication. The attendance rate at Supervisory Board meetings was around 98 percent; Annette Engelfried, Dr. Manfred Puffer and Kerstin Schulzendorf were each excused from attending one meeting. The attendance rate at the Supervisory Board's committee meetings was 100 percent in all cases. 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 eight meetings of the full Supervisory Board was held virtually. Of the eleven meetings of the Executive Committee, six were virtual. One of the six meetings of the Investment, Finance and Audit Committee and one of the five meetings of the Nomination Committee were virtual. All the meetings of the Strategy and Technology Committee, without exception, were face-to-face meetings.

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

Corporate strategy

A key priority of the Infineon Supervisory Board is to provide the Management Board with support in the task of developing corporate strategy. For this reason, in addition to the meetings of the Strategy and Technology Committee, detailed reports were presented and discussions held on important strategic topics in full Supervisory Board meetings during the reporting year. A significant proportion of time was spent on financial aspects such as financial and investment planning, as well as on financial targets, including the target operating model. The Supervisory Board supports the Management Board in putting a focus on strengthening the Company's profitability significantly and thus setting more ambitious long-term financial targets as part of the new target operating model, as well as continuing the growth path by further investments.

In summary, Infineon's corporate strategy and success are based, in terms of content, on four key aspects:

- › Infineon's role as a major pioneer in the decarbonization and digitalization of our world, areas which offer huge growth potential.
- › Factors that differentiate Infineon from the competition: the "Product to System" approach in manufacturing and technology, such as in 300-millimeter silicon wafer technology or compound semiconductors like SiC and GaN, and new customer cooperation models.
- › A comprehensive concept to raise profitable growth (NLoPG – Next Level of Profitable Growth), and
- › A broadly-based development project for Infineon's corporate culture (SPIRIT) that will ensure employees have clear and effective access to Infineon's plans for the future.

Personnel matters relating to the Management Board

A key theme for the Supervisory Board in the 2022 fiscal year was the formation of the new Management Board team. The starting point for this was the expiry of the term of office of Infineon's distinguished and long-standing Chief Executive Officer, Dr. Reinhard Ploss, on grounds of age. The Executive Committee of the Supervisory Board, as well as the full Supervisory Board, addressed the issue of succession planning at an early stage. A renowned firm of human resources consultants provided the Supervisory Board with support.

As we know, the Supervisory Board decided on an internal candidate, Jochen Hanebeck, as the successor to Dr. Reinhard Ploss. Jochen Hanebeck has now been in this new role for over half a year and it is quite clear that he – with the support of a highly-motivated Management Board team – can and will continue to write Infineon's success story in his own hand.

With Jochen Hanebeck's appointment as Chief Executive Officer, his previous role as Chief Operations Officer became vacant and needed to be filled. Here we also adopted a tried-and-tested approach, and again, with the support of an eminent consultancy firm, sought to resolve the issue of succession by considering both internal and external candidates. With the appointment of Dr. Rutger Wijburg, an industry expert with international experience and extensive knowledge of semiconductor manufacturing and of the world of contract manufacturers, we have succeeded in finding the best solution for Infineon.

With great regret, the Supervisory Board then had to face the fact that Dr. Helmut Gassel, Infineon's long-standing Chief Marketing Officer, intended to resign from the Management Board at his own request. Dr. Helmut Gassel made a significant contribution towards ensuring that Infineon is superbly positioned today, both within major growth markets and with regard to the underlying market trends of decarbonization and digitalization. Over the past three and a half years, he has also managed the largest acquisition in Infineon's history, with the successful integration of Cypress. Andreas Urschitz was appointed as his successor. As Division President for many years, Andreas Urschitz has shown himself to be finely attuned to market developments and customer needs. Here again, an internal candidate proved to be the best solution which is evidence of the huge potential of the constantly evolving candidate pipeline for the Management Board that has been systematically developed by Infineon over the years.

Management Board remuneration

The new Management Board remuneration system decided upon by the Supervisory Board in November 2020 was approved by a large majority at the Annual General Meeting held in February 2021. The new rules were also fully incorporated into the service contracts of all Management Board members, effective 1 October 2021.

During the reporting year, the review that takes place on a regular basis of the appropriateness of Management Board remuneration was conducted with the support of an internationally recognized consultant. The remuneration expert's report concluded that Infineon's remuneration system complied with the German Stock Corporation

Act (AktG) and the German Corporate Governance Code. At the same time, however, the review identified potential areas for optimization. The Supervisory Board took this opportunity to make some small adjustments to the existing Management Board remuneration system and, after detailed consideration by the Executive Committee and subsequent discussions in full Supervisory Board meetings, the following changes (which will be presented for approval at the Annual General Meeting in February 2023) were decided upon:

- › The framework for the variable component of the remuneration will be expanded, in line with the market, thus linking the remuneration of the Management Board even more closely with Infineon's success ("pay for performance").
- › There will be greater scope to increase the remuneration of Management Board members who have sat on the Infineon Management Board for more than four years by raising the maximum remuneration for these Board members from €4.2 million to €5.3 million and from €7.2 million to €9.2 million, respectively. These figures are in line with normal market rates.
- › The modifier used until now on target achievement in relation to the short-term variable remuneration (Short-Term Incentive, or STI) will be restricted to the adjustment options set out in the German Stock Corporation Act (AktG) and the German Corporate Governance Code. In the future, it will only be possible to reduce or increase the target achievement figure by a factor of 0.7 to 1.3 in exceptional circumstances, i.e., when there are exceptional unplanned or unforeseen developments. An adjustment based on specific modifier criteria determined by the Supervisory Board will no longer be made in every fiscal year. In the view of the Supervisory Board, when evaluating performance, the financial and non-financial performance criteria in the STI and in the long-term variable remuneration component (Long-Term Incentive, or LTI) are sufficient and appropriate.
- › Finally, the Supervisory Board shall be given the opportunity to increase the weighting of the ESG targets that form part of the LTI, from its current level of 20 percent to 30 percent, thus taking greater account of sustainability considerations.

Further information on Management Board remuneration – particularly the amounts paid to individual members in or for the 2022 fiscal year – is available in the detailed Remuneration Report. For the first time, this no longer forms part of the Management Report but, in accordance with the changes in legal requirements, is now a separate remuneration report drawn up in accordance with the provisions of the German Stock Corporation Act as set out in section 162 AktG. The Management Board and the Supervisory Board decided to ask the auditors to perform an additional review of the content of the Remuneration Report in addition to their formal audit of the report. KPMG issued an unqualified audit opinion on the Remuneration Report.

Litigation

The Supervisory Board was regularly provided during the 2022 fiscal year with in-depth information regarding major legal disputes, which it then discussed at length with the Management Board. These included, in particular, the legal dispute with the insolvency administrator of Qimonda AG pertaining to alleged residual liability claims, which has been ongoing for years. In terms of risk, there were no significant new developments in this case in the previous fiscal year.

Supervisory Board topics

Supervisory Board remuneration

The Supervisory Board commissioned the renowned firm of human resources consultants that reviewed the remuneration of the Management Board to also conduct a review of the appropriateness of the remuneration of the Supervisory Board. The conclusion of the consultants' report was that the Supervisory Board remuneration was overall in line with normal market rates and appropriate and that there was currently no action required.

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 as the need arises. As part of the onboarding process for new Supervisory Board members, Infineon offers a series of information sessions covering a

broad range of topics, including its individual operating segments, the principles and key elements of its corporate strategy, the target operating model and investment planning, as well as its manufacturing strategy and life cycle management. In addition, Supervisory Board members are regularly provided with information on the regulatory environment relevant to their work and on any other legal developments that might affect them.

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 to the extent permitted by German law. The chairpersons of each committee are required to report on committee meetings at the next full Supervisory Board meeting.

Mediation Committee

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

Nomination Committee

The Nomination Committee held five meetings in total during the 2022 fiscal year.

Prior to the 2022 Annual General Meeting, the committee dealt with the proposal regarding the re-election to the Supervisory Board of Géraldine Picaud. Subsequently, Géraldine Picaud was re-elected by a large majority. Then, at its May meeting, the full Supervisory Board decided to increase the size of the Nomination Committee to five members by including Géraldine Picaud and Dr. Friedrich Eichiner and to elect Dr. Friedrich Eichiner as Chairman of the Nomination Committee. This was not least due to succession considerations with regard to Supervisory Board positions becoming available over the short to medium term and to succession options for the bank of shareholders. The Nomination Committee also dealt in detail with the qualifications matrix for the Supervisory Board that is required to be published by the new version of the German Corporate Governance Code and, in this context, with the skills and expertise profile and list of objectives regarding the composition of the Supervisory Board.

Executive Committee

The Executive Committee again faced a number of challenging tasks during the reporting year, especially in relation to the formation of the new Management Board team, and most recently, the adjustments to the Management Board's remuneration system. Against this backdrop, the Supervisory Board decided to increase the size of the Executive Committee to six members on a permanent basis. Annette Engelfried and Margret Suckale were confirmed as the additional members of the committee. The Executive Committee held two ordinary and nine extraordinary meetings during the reporting year.

At the ordinary meetings, the Executive Committee focused primarily on preparing the Supervisory Board's resolution to determine the level of variable remuneration to be paid to Management Board members. This included, firstly, determining the Short-Term Incentive (STI) target achievement levels for the 2021 fiscal year and setting new target values for the 2022 fiscal year and, secondly, determining the STI modifier criteria, confirming the ESG targets for limiting carbon emissions and increasing diversity, which are relevant for the Long-Term Incentive (LTI), and confirming the composition of the TSR (Total Shareholder Return) peer group. The topics discussed at the extraordinary meetings were the succession issues relating to the Management Board and the issues regarding Management Board remuneration referred to above.

Investment, Finance and Audit Committee

The Investment, Finance and Audit Committee held five ordinary meetings and one extraordinary meeting in the 2022 fiscal year.

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

The Committee's recommendation to the full Supervisory Board to propose to shareholders at the Annual General Meeting that KPMG AG Wirtschaftsprüfungsgesellschaft, Munich (KPMG) be elected as Company and Group auditor was based on a Declaration of Independence obtained from KPMG as well as an analysis of the non-audit services provided by KPMG. There were no indications of conflicts of interest, grounds for exclusion or other lack of independence on the part of the auditor. The recommendation was also based on the Committee's confirmation that it is free from undue influence by third parties and that it has not been subject to any restriction regarding the selection of auditors within the meaning of section 16, paragraph 6 of the EU Statutory Audit Regulation. 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 ordinary meetings of the Investment, Finance and Audit Committee and reported in detail on the audit procedures performed. At each of the meetings, there was a closed session of the auditor and the members of the Investment, Finance and Audit Committee without the Management Board being present.

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

Considerable attention was paid by the Investment, Finance and Audit Committee in the reporting year to the tendering process for the statutory audit mandate for the 2024 fiscal year. Under its lead, a public tendering process was conducted for the selection of the auditor in accordance with section 16 of Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014. After a detailed evaluation of all written offers and oral presentations given by the shortlisted audit firms in front of the Investment, Finance and Audit Committee, the Committee recommended two audit firms to the full Supervisory Board, expressing a preference for one of the two, Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich (Deloitte). After careful consideration, the Supervisory Board decided to accept the Committee's proposal and to propose to the 2024 Annual General Meeting that Deloitte be appointed as auditor for the 2024 fiscal year.

Strategy and Technology Committee

The Supervisory Board's Strategy and Technology Committee convened three times during the reporting year. The Management Board provided it with detailed reports on a number of topics, including key aspects of the macroeconomic market and competitive environment, focusing in particular on a review of Infineon's competitors and especially on the market environment and Infineon's positioning in the People's Republic of China and in the USA. In addition, the Management Board reported to the Committee on the progress of the Group's digital agenda, which will ensure clear target orientation of Infineon's digitalization activities and thus contribute towards profitable growth by creating value for the customer. Other areas discussed at committee meetings were strategic considerations with regard to the expansion of manufacturing capacity and the value contribution of software at Infineon.

Corporate Governance

Declaration of Compliance 2022

In the Declaration of Compliance dated November 2022, the Management Board and Supervisory Board jointly declared that, since the submission of the last Declaration of Compliance in November 2021, all the recommendations of the German Corporate Governance Code contained in the version dated 16 December 2019 have been complied with, and currently 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 2022 and all previous Declarations of Compliance are available on Infineon's website.

www.infineon.com/declaration-of-compliance

Self-assessment by the Supervisory Board

The Supervisory Board regularly assesses how effectively the full Supervisory Board and the Supervisory Board committees perform their duties. It conducted such a self-assessment in the 2022 fiscal year. The Supervisory Board was supported on this occasion by an external consultant with a wealth of experience in corporate governance. The consultant had detailed personal discussions with all the members of the Supervisory Board and of the Management Board, during which various topics were addressed, based on a pre-planned set of interview questions. The results of these discussions were then presented to the Supervisory Board and discussed in detail. No significant failings were identified. Specific areas for development will be incorporated into the Supervisory Board's future work.

Examination of potential conflicts of interest

The members of the Management Board and of the Supervisory Board are required to disclose any conflicts of interest to the Supervisory Board without delay.

In the 2022 fiscal year, one Supervisory Board member disclosed a conflict of interest in respect of a certain planned M&A project. Accordingly, this was taken into account when the Supervisory Board was addressing this topic.

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

Further information on the topic of corporate governance is available in the Statement of Corporate Governance.

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

Rules of procedure for the Supervisory Board and the Management Board

In the 2022 fiscal year, the rules of procedure for the full Supervisory Board and for the Investment, Finance and Audit Committee were amended. This was in order to take account of the provisions of the German Act to Strengthen Financial Market Integrity (FISG) and of the new version of the German Corporate Governance Code, as well as to reflect the changes to the composition of the Nomination Committee and the Executive Committee described above. In the case of the Investment, Finance and Audit Committee, it was primarily about the implementation of the new provisions relating to the Committee, especially its composition, and related to that the requirement for the committee's members to have financial skills. Small adjustments were again made in the list of responsibilities set out in the rules of procedure in relation to the topic of sustainability. These were made mainly to clarify the priority treatment that sustainability topics should receive in the relevant committees – sustainability reporting in the Investment, Finance and Audit Committee, remuneration-related ESG issues in the Executive Committee and other issues relating to Infineon's sustainability strategy in the Strategy and Technology Committee.

All the rules of procedure for the Supervisory Board and for 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 compliance with the law, Infineon has implemented a procedure based on guidelines that apply worldwide across the Group. The Supervisory Board has delegated responsibility in this area to the Investment, Finance and Audit Committee, particularly for resolutions requiring approval. As in the previous year, there were no related party transactions requiring approval in the 2022 fiscal year.

Separate and Consolidated Financial Statements

KPMG audited the Separate Financial Statements of Infineon Technologies AG and the Consolidated Financial Statements as of 30 September 2022, as well as the Combined Management Report of Infineon Technologies AG and the Infineon Group, and issued unqualified opinions thereon.

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

KPMG has audited the Separate Financial Statements of Infineon Technologies AG and the Consolidated Financial Statements of the Infineon Group and reviewed the Interim Consolidated Financial Statements since the 1999 fiscal year (short fiscal year from 1 April 1999 to 30 September 1999). Michael Pritzer, the auditor responsible for the engagement, signed the auditor's report for the first time for the 2017 fiscal year (1 October 2016 to 30 September 2017), and Martin Schmitt, as co-signatory, for the first time for the 2021 fiscal year (1 October 2020 to 30 September 2021).

At the meeting of the Investment, Finance and Audit Committee held on 14 November 2022 and continued in a conference call on 21 November 2022, 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 performed by the auditor. Based on the insights gained in the course of these deliberations, the Investment, Finance and Audit Committee resolved to suggest to the Supervisory Board that the financial statements drawn up and presented by the Management Board be approved and the proposed appropriation of profit agreed to.

The Separate Financial Statements, the Consolidated Financial Statements, the Combined Management Report, the Management Board's proposal for the appropriation of unappropriated profit (all prepared by the Management Board) and KPMG's long-form audit reports were all made available to the Supervisory Board at the meeting held on 25 November 2022. At this meeting, the Chairman of the Investment, Finance and Audit Committee reported in depth on the corresponding recommendations of the Committee. In addition, all material issues relevant to the financial statements and the audit, including the key audit matters, were exhaustively discussed with the auditor and closely examined by the Supervisory Board. The examination also covered the proposal to pay a dividend of €0.32 per share entitled to a 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 2022 fiscal year. The Separate Financial Statements were accordingly adopted. 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 2022 drawn up by the Management Board and the Remuneration Report prepared together with the Management Board. KPMG performed a reasonable

assurance engagement for the Remuneration Report and a limited assurance engagement for some parts of the combined separate Non-Financial Report and a reasonable assurance engagement for other parts of that report. In both cases, KPMG issued an unqualified opinion thereon. The documents were carefully examined by the Investment, Finance and Audit Committee at its meeting on 14 November 2022, which was continued in a conference call on 21 November 2022, and by the Supervisory Board at its meeting on 25 November 2022. The Supervisory Board approved the Remuneration Report and positively acknowledged the combined separate Non-Financial Report prepared by the Management Board.

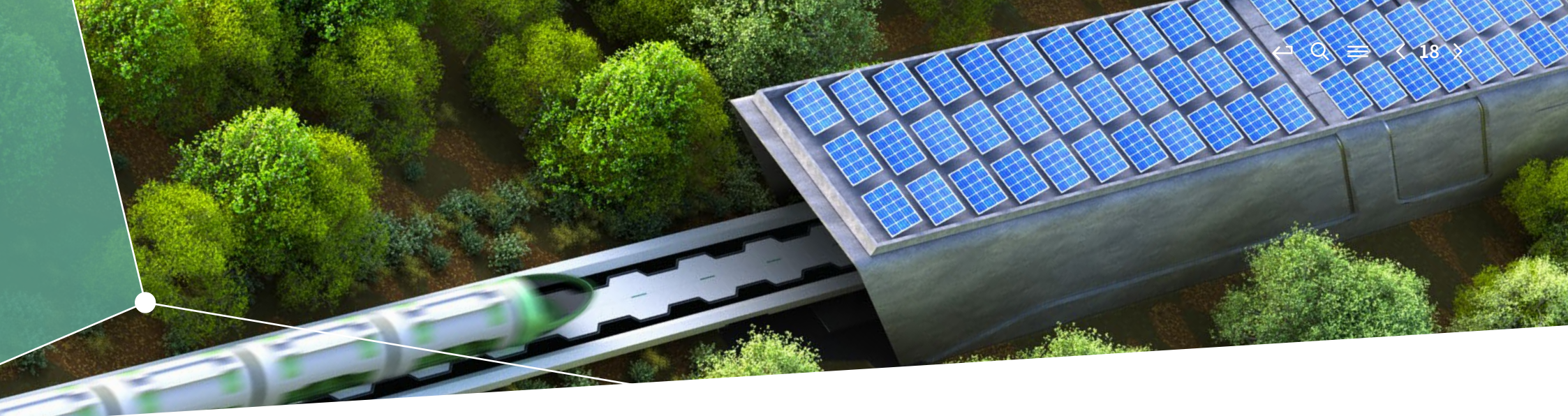
The Supervisory Board wishes to thank all Infineon employees and the Management Board for their great commitment and for an excellent performance once again in a fiscal year which has been challenging in every respect.

Neubiberg, November 2022

On behalf of the
Supervisory Board



Dr. Wolfgang Eder
Chairman of the Supervisory Board



Combined Management Report

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This report combines the Group Management Report of Infineon ("Infineon" or "the Group", "the company") – 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. In the case of cross-references, the information to which the cross-references refer has not been checked either.

Business model



Overview

With around 56,200 employees worldwide, Infineon is a leading global provider of semiconductors. Semiconductors today have two equally crucial roles: connecting the real world with the digital world and helping to achieve a global net zero emissions target. They facilitate decarbonization and digitalization through sustainable mobility, efficient



energy management and intelligent IoT solutions. Infineon develops, manufactures and markets a large number of semiconductors and semiconductor-based solutions, focusing on key markets in the automotive, industrial and consumer sectors. Its products range from standard components to special components for digital, analog and mixed-signal applications, all the way to customer-specific solutions, together with the appropriate software.

Our core business includes power semiconductors based on silicon (Si) in the form of IGBTs and MOSFETs. We offer these as part of our extensive product portfolio to all relevant markets. Power semiconductors based on silicon carbide (SiC) and gallium nitride (GaN), known as compound semiconductors, complete our portfolio and are particularly well suited for use in ultra-efficient devices due to their specific material properties. Over the years, we have acquired in-depth knowledge about the use of power semiconductors in all applications and the specific challenges associated with them. By adopting our strategic approach “Product to System”, we combine these power semiconductors with microcontrollers (including software and driver components), so that we can provide perfect solutions for energy conversion systems and facilitate the trend towards 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 supplemented by software. These are used in the automotive, industrial and consumer sectors and in end applications such as mobile payment and governmental identity documents.

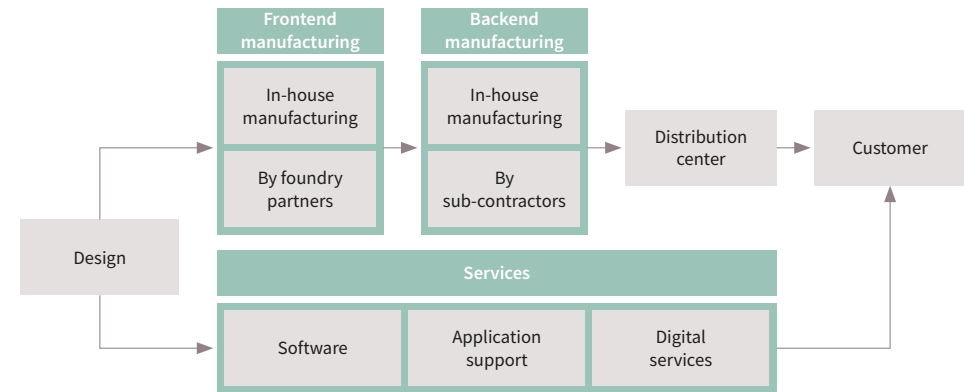
In addition to our established core business, we also service new and adjacent business areas. Links may arise between the different areas, not only in terms of products or technology but also in terms of markets or applications.

Value chain and manufacturing

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



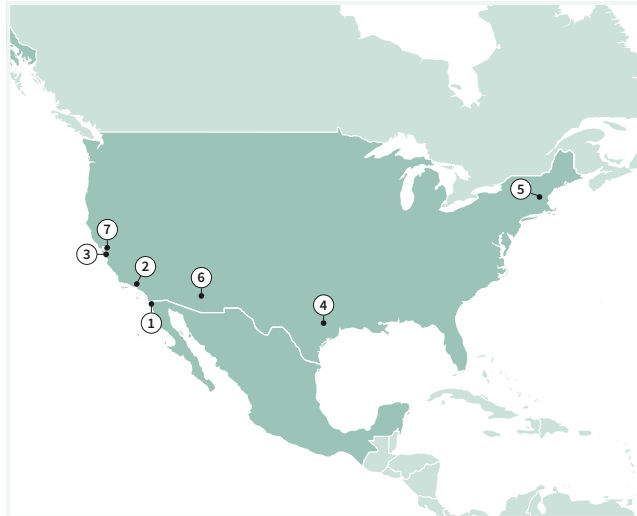
C01 The main stages of the semiconductor value chain



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 backend site, where the remaining processing steps take place in backend manufacturing. These steps include sawing the wafer into individual chips as well as assembly and testing. Following the backend manufacturing, the chips are sold to customers via regional distribution centers.

In order to optimize the use of capital and increase flexibility, we use external manufacturing partners in addition to our in-house manufacturing. In frontend manufacturing, this applies primarily to manufacturing processes with little potential for differentiation and, in backend manufacturing, to standardized package types. More information about our manufacturing strategy is given in the chapter “Group strategy”. [p. 29 f.](#)

Headquarters and manufacturing sites



Americas

Mexico

- 1 Tijuana

USA

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



Europe, Middle East, Africa

Austria

- 1 Villach

Germany

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

Hungary

- 6 Cegléd



Asia-Pacific

Indonesia

- 1 Batam

Korea

- 2 Cheonan

Malaysia

- 3 Kulim
- 4 Melaka

Philippines

- 5 Cavite

Singapore

- 6 Singapore

Thailand

- 7 Bangkok

Greater China

Mainland China

- 8 Shanghai
- 9 Wuxi

Japan

- 10 Tokyo

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

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

The segments

In addition to general areas within the Group, such as manufacturing, research and central administration, Infineon comprises four segments (also known as divisions), each of which derives its focus from its respective target markets and customers. The segments are individually responsible for particular areas that reflect their core competencies. The Automotive segment is responsible for the semiconductor business for automotive electronics. The Industrial Power Control 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, communication networks and more consumer-oriented applications. Activities relating to IoT and traditional and new security applications are bundled within the Connected Secure Systems segment. The segments often cooperate with one another to ensure comprehensive coverage of the requirements of the various target markets. As a result, the sales activities of one segment are generally, but not always, confined to its own target market.

Chart [111 C02](#) provides an overview of the core competencies of the individual segments.

C02 Core competencies in the segments

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

Please find a detailed presentation of the segments' target applications and product range in the chapter "Applications and product range". [p. 172 ff.](#)



Automotive

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



Industrial Power Control

The Industrial Power Control segment specializes in semiconductor solutions for the intelligent management and efficient conversion of electric energy along the entire value chain, comprising the generation, transmission, storage and use of electricity. The product portfolio comprises mainly IGBT power transistors and the driver ICs to control them, as well as power semiconductors based on SiC. We offer products in the Industrial Power Control 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, construction and agricultural vehicles), systems for high-voltage direct current transmission and energy storage, industrial power supplies and the charging infrastructure for electric vehicles.



Power & Sensor Systems

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



Connected Secure Systems

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

Group strategy

Long-term growth trends

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

Decarbonization

Decarbonization is a necessity to contain global warming and is therefore the key responsibility of humanity over the next decades. We will need to make drastic changes to the ways in which we generate, transport, store and use energy. To halt global warming, it is imperative that we waive the use of fossil fuels to a great extent and make a consistent transition to renewables. 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 our Company is to provide semiconductor solutions for more efficient generation, conversion and use of electric energy. With our business operations, we are making a significant contribution to the quality of life of subsequent generations.

Digitalization

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

Infineon sees itself as a trailblazer for a climate-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; then 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 for the Company and society with our semiconductor solutions, we pursue clear and measurable strategic targets.

Profitable growth

We want to grow in the target markets in which we operate and increase our profitability. Increasing profitability enables us to finance the growth of the Company, protects us from fluctuations in economic trends, and ensures freedom of choice and freedom to operate for our business. Our long-term financial targets reflect this aspiration and apply over the semiconductor cycle. Shortly after the beginning of the 2023 fiscal year, we revised our target operating model to include significant increases. This reflects Infineon's success over the past few years and, at the same time, is an expression of our increased ambitions, especially with regard to profitability and value creation. We want to create even more value by focusing consistently on the long-term growth trends 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 decarbonization and digitalization. With our strategic approach “Product to System”, we use our extensive technological and product expertise to provide more comprehensive solutions and thus create more value for our customers. In the areas of electromobility, advanced driver assistance systems (ADAS), renewable energy, data centers and IoT in particular, we expect to achieve above-average growth, resulting in total average revenue growth for the Group over the cycle of more than 10 percent, replacing the previous target of more than 9 percent (“>10%”).

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

A key criterion for sustainable success is profitability, on which we want to focus much more strongly. Infineon can consistently pursue its targets even in weaker market phases by engaging in economic activity that is sustainably profitable. In the meantime we see our profitability target of a Segment Result Margin of 19 percent as too conservative and are therefore setting ourselves a new target of achieving an average Segment Result Margin of 25 percent over the cycle. Achieving our profitability target depends on a number of factors: Our system solutions create higher value, and the focus of our development is on products and solutions that provide our customers with the greatest benefit. In the future, software will play a larger role. Our technology leadership and our strategic approach “Product to System” enable us to reach a higher degree of differentiation. We benefit from economies of scale and cost advantages while continuing to develop our leading market position as well as innovative manufacturing technologies such as that used to produce 300-millimeter thin wafers. At the same time, we make sure that, if we consider our overall portfolio, all our businesses are making an adequate contribution to Infineon’s success. We also aim to ensure that our research and development expenses as well as our selling, general and administrative expenses increase at a slower rate than the rate of growth in our revenue. This is supported by our digitalization strategy.

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

To place greater emphasis on value creation, we are including an explicit Free Cash Flow target in our new target operating model. This replaces the previous investment rate target. Free cash flow, adjusted for large investments in frontend buildings, 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 and remains the key element of Infineon’s conservative financial policy. From this cornerstone, we derive our long-term capital structure targets, which consist of a liquidity target and a leverage target.

Our liquidity target is €1 billion plus at least 10 percent of revenue. The fixed base amount of €1 billion provides a solid liquidity reserve for contingent liabilities and pension liabilities, which are unrelated to revenue. The additional amount of at least 10 percent of revenue means that we always have access to sufficient cash to be able to finance our operating business and our investment throughout all the 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 our Company and in relation to our supply chains. We manage our Company 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 set ourselves the target of becoming carbon-neutral by the end of the 2030 fiscal year; by 2025, our emissions are to be reduced by 70 percent compared with 2019. This target relates to Infineon's own greenhouse gas footprint and includes not only all direct emissions, but also indirect emissions from electricity and heat. Already by the end of the 2022 fiscal year, our scope 1 and scope 2 emissions were 23.4 percent below the emissions for the base year 2019. The development of intelligent exhaust air abatement systems, the purchase of electricity from renewable sources, and the implementation of energy efficiency schemes have all contributed to this reduction.

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

Strategic guidelines

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

"Product to System" (P2S) and software

With our approach "Product to System" (P2S), we are fostering our leading positions in the area of **Power Systems and IoT**. P2S helps us to better adapt our solutions and products to customer requirements. We understand new trends early on and can develop innovative approaches together with our customers. As a result, our customers can realize sustainable benefits: e.g., in terms of 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: In recent years, we have intensified our activities in this area through our own organic growth and strategic partnerships as well as through the acquisition of Cypress. 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. The next step is to expand AI functionality: ModusToolbox™ Machine Learning with access to algorithms for implementation in microcontrollers. With software, we enable smaller customers in particular to make even better use of our products and thus increase our profitability.

Technology leadership and customer-focused innovation

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

We are continuing to enhance our leading technological position and expertise in our core markets through radical and customer-focused innovation. As a result, we are strengthening our core business and identifying long-term growth opportunities in adjacent business areas. As one of the market leaders in the field of power electronics, we began researching new materials such as silicon carbide 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 and an especially wide band gap that make it possible to produce semi-

conductors with even greater performance. These compounds allow for particularly efficient electric switches in the smallest space; for example, they make efficient charging stations for electric vehicles much more compact, allowing them to be installed in more places. We consider a strong position in compound semiconductors essential to reinforcing our leading position in power semiconductors and power systems.

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: We manufacture products in-house 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. However, where in-house manufacturing 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. As a result of the current shortage of manufacturing capacity in the standard technologies, we have signed supply agreements with our contract manufacturers, which in some cases are multi-year agreements, to ensure better delivery capability.

Our 300-millimeter thin wafer manufacturing technology for power semiconductors is a clear indication of the value of differentiating in-house manufacturing: As pioneers of this technology, the scale of manufacturing we have now reached allows us to achieve significant economies of scale. Compared with manufacturing on 200-millimeter wafers, we benefit from significantly lower costs and lower capital investment. This has enabled us to maintain our lead: With the factory at the Villach site (Austria), together with our 300-millimeter manufacturing facility in Dresden (Germany), we have established a closely coordinated manufacturing network across the two sites.

In line with our “One Virtual Fab” concept, we are using the same processes, equipment, and automation and digitalization concepts in Villach and in Dresden. This generates economies of scale, but it also benefits the customer, as we have the flexibility to shift production volumes between the sites. We are applying a similar concept in the area of compound semiconductors between our sites in Villach and Kulim (Malaysia). The third module under construction in Kulim is also able to generate synergies with the existing 200-millimeter production infrastructure. Expanding our capacity in line with expected market trends over the cycle has proved very effective and forward-thinking. We are therefore planning to continue to expand our site in Dresden. This will 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 planned new factory combines the two growth areas decarbonization and digitalization and would meet our customers’ demand in the second half of the decade.

High quality and reliability are key values for our Company and differentiate 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 services associated with the product. 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 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 we attach in our Company 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 our Company. This enables us to target the use of our financial resources and, as a result, continue to improve our profitable growth. We consider individual operations from various points of view, such as value creation, market position, significance to the customer and risk assessment. On this basis, we decide the extent to which we will invest in or divest an operation. Growth prospects and profitability are mutually dependent here, with profitability enabling investment and ensuring sustainable innovation and growth as a result.

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

A pioneer of digitalization

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



The accompanying software services 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. This is a particularly efficient way for us to ensure that customers use our products and, indeed, use them in a more effective and targeted way.

As a user, we also use digitization to optimize our internal processes and make them as efficient and future-proof as possible. So, for example, we connect our sites and manufacturing partners 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.

To exploit the potential of the digital transformation in the best way possible, we are moving into a phase aimed mainly at scaling up. As part of our digital roadmap, we are focusing on the rapid implementation of projects. When selecting projects, we are guided by the direct value contribution to improving the customer experience through efficiency or productivity gains and by their function as the necessary basis for future digitization initiatives.

Human resources strategy

Our Human resources (HR) strategy is a key component of Infineon's success. It supports us in our efforts to achieve our growth and profitability targets and enables us to successfully navigate our way through varying economic phases and challenges. Our HR understanding is "People create value. HR fosters people engagement". 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 skillsets, and can take advantage of suitable opportunities for continuing professional development, the outcome is a higher level of creativity, productivity and innovation, as well as better results. We use regular pulse checks of our employees worldwide to measure their level of engagement and thus keep our finger on the pulse of their needs, enabling Infineon to make continuous progress.

We consider it our responsibility to contribute to major 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 and keeping internal talent loyal to the Company,
- 2) continuing to drive the digital transformation forward in HR,
- 3) supporting the introduction of hybrid working where possible,
- 4) continuously evolving leadership development programs, and
- 5) strengthening organizational developments in our own units so we can be well-equipped for further growth.



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 2022 and the 2022 Sustainability Report.

www.infineon.com/hrreport

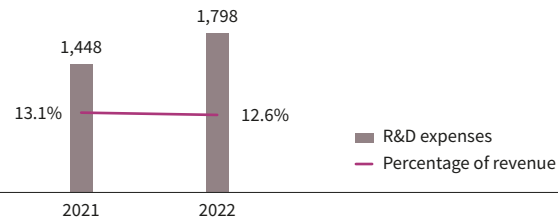
www.infineon.com/csr_reporting

Research and development



C03 R&D expenses

€ in millions



Research and development expenses were €1,798 million in the 2022 fiscal year compared with €1,448 million in the previous year. This increase of €350 million, or 24 percent, was less than the increase in revenue. In the 2022 fiscal year, we invested 12.6 percent of revenue in research and development, compared with 13.1 percent in the previous year. Capitalized development costs in the 2022 fiscal year were €209 million (previous year: €199 million). The amortization of capitalized development costs in the 2022 fiscal year was €94 million (previous year: €69 million). Subsidies and grants received for research and development decreased from €123 million in the 2021 fiscal year to €113 million in the 2022 fiscal year.

At the end of the 2022 fiscal year, we employed 12,005 people (21 percent of Infineon's total workforce) in research and development worldwide. At the end of the 2021 fiscal year, the corresponding figure was also 21 percent of the workforce with 10,372 employees. The number of research and development sites in the 2022 fiscal year was 64 (2021: 56 sites) in 24 countries.

Infineon's research and development activities are in accordance with its strategy of continuing to strengthen its leading technological position through customer-focused innovation. Research and development activities therefore concentrate on the one

hand on continuing to improve our power semiconductors, with a particular focus on the use of new materials such as SiC and GaN. Important development goals are to improve efficiency and increase power density while at the same time achieving greater reliability.

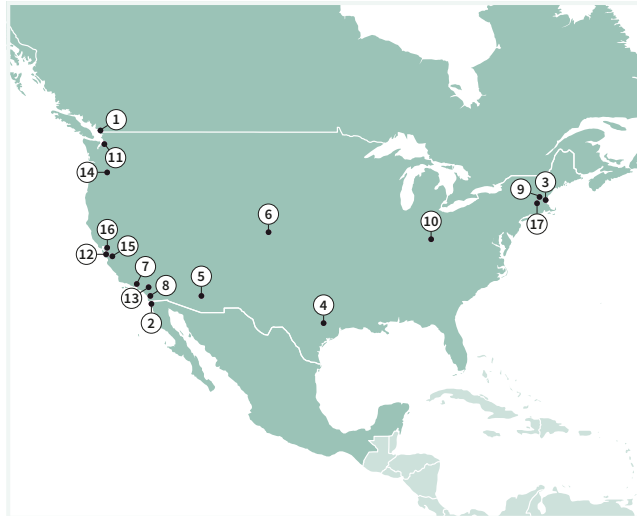
On the other hand, the digitization of products and solutions is an essential prerequisite for the implementation of our P2S strategic approach. The opportunity to offer customers all-in-one solutions is particularly important. This provides them with benefits in terms of system performance, system costs and development time. The main development fields here are microcontrollers, connectivity, security solutions, and software. Software development, in particular, is gaining ever more importance in this context. In the field of edge computing, artificial intelligence methods are increasingly being used. The ongoing development and expansion of our sensor product range is a key factor in the area of IoT. The range includes radar sensors, position sensors, gas sensors and pressure sensors as well as microphones.

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

Patents

Another indication of Infineon's innovative power and long-term competitiveness is the number of our patents. As in the previous fiscal year, in the 2022 fiscal year, we applied for around 1,700 patents worldwide. 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 by LexisNexis® and Clarivate® in their innovation reports. At the end of the 2022 fiscal year, the worldwide patent portfolio comprised around 29,600 patents and patent applications (previous year: around 29,500).

R&D sites



Americas

Canada

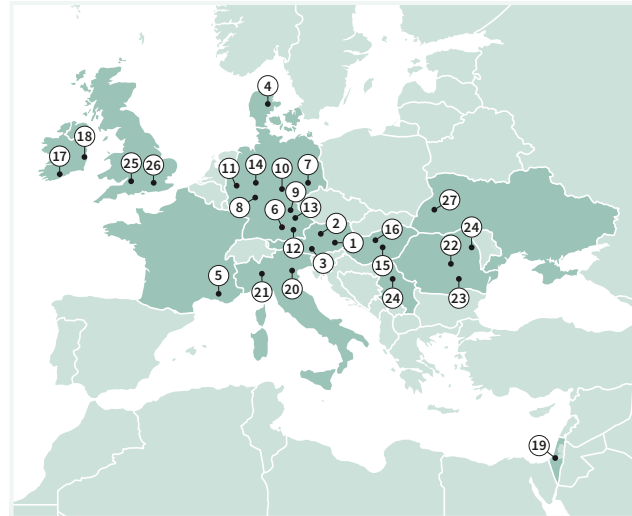
1 Richmond

Mexico

2 Tijuana

USA

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



Europe, Middle East, Africa

Austria

- 1 Graz
- 2 Linz
- 3 Villach
- 10 Ilmenau
- 11 Langen
- 12 Neubiberg
- 13 Regensburg
- 14 Warstein

Denmark

4 Herlev

France

5 Le Puy-Sainte-Réparate

Germany

- 6 Augsburg
- 7 Dresden
- 8 Duisburg
- 9 Erlangen

Hungary

- 15 Budapest
- 16 Cegléd

Ireland

- 17 Cork
- 18 Dublin

Israel

19 Netanya

Italy

- 20 Padua
- 21 Pavia

Romania

- 22 Braşov
- 23 Bucharest
- 24 Iaşi

Serbia

24 Belgrad

UK

- 25 Bristol
- 26 Reigate

Ukraine

27 Lviv



Asia-Pacific

India

1 Bangalore

Indonesia

2 Batam

Korea

- 3 Cheonan
- 4 Seoul

Malaysia

- 5 Kulim
- 6 Melaka
- 7 Penang

Philippines

8 Muntinlupa

Singapore

9 Singapore

Greater China

- 10 Chengdu
- 11 Shanghai
- 12 Shenzhen
- 13 Wuxi
- 14 Xi'an

Taiwan

- 15 Hsinchu
- 16 Taipei

Japan

- 17 Nagoya
- 18 Sendai
- 19 Tokyo

Sites >10 employees.

Internal management system

The internal management system at Infineon is designed to help implement Group strategy, [p. 26 ff.](#), and the related long-term financial targets, [p. 26 f.](#) 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 the Company by generating a permanent premium on the cost of capital.

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

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

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

As part of the process of managing business performance, management also attaches great importance to ensuring that Infineon acts in strict compliance with all relevant legal requirements and that it also complies with its internal corporate governance standards (see the chapter "Corporate Governance", [p. 79 ff.](#)).

Performance indicators

Principal performance indicators

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

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

The three performance indicators set out above are also the cornerstones of the system for variable remuneration. Most of the variable salary components pertaining to employees and management are directly linked to these performance indicators.

Segment Result

Segment Result is the key figure used by the Group to measure operating performance (for an analysis of the development of the Segment Result of Infineon and of the individual segments in the 2022 fiscal year, see the chapter "2022 fiscal year", [p. 41 ff.](#)). Expressed as a percentage of revenue (Segment Result Margin), it measures the profitability of revenue and shows how well operations are being managed. The activities of Infineon's segments are managed on the basis of the Segment Result. Responsibility for optimizing the Segment Result within the framework of the Group strategy (as approved by the Management Board) rests with the management teams of the relevant segments, acting, however, in close coordination with the Management Board.

Segment Result is defined as follows:

Operating profit, adjusted for:
Net of certain reversal of impairments and impairments (in particular on goodwill)
Impact on earnings of restructuring and closures, net
Share-based payment
Acquisition-related depreciation/amortization and other expense
Impact on earnings of sales of businesses, or interests in subsidiaries
Net of other income and expenses
= Segment Result

Free Cash Flow

Free Cash Flow measures the ability to generate sufficient cash flows to finance day-to-day operations and to fund required investments out of the ongoing business. It is Infineon's stated target to sustainably generate positive Free Cash Flow (for an explanation of changes in Free Cash Flow during the 2022 fiscal year, see the chapter "Review of liquidity", [p. 55](#)). Free Cash Flow is managed by Infineon at Group level only and not at segment level.

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

Free Cash Flow at Infineon is defined as follows:

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

Return on Capital Employed (RoCE)

The performance indicator RoCE measures the return on capital and shows the correlation between profitability and the capital resources required to run the business (for the mathematical derivation and development of RoCE in the 2022 fiscal year, see the chapter "Review of financial condition", [p. 53](#)). RoCE describes how efficiently a company uses its resources and serves as an instrument for value-based corporate management. It is also analyzed by Infineon at Group level only and not at segment level.

RoCE is defined as follows:

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

Selected supplementary performance indicators

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

Growth and profitability indicators

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

In order to analyze operating profitability in detail, the result and cost block components of the Segment Result are considered. These are gross profit, research and development costs, 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 in the 2022 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 2022 fiscal year, see the chapter “Review of liquidity”. [p. 54 ff.](#)

Non-financial performance indicators

Non-financial performance indicators at Infineon include CO₂ emissions and indicators relating to diversity.

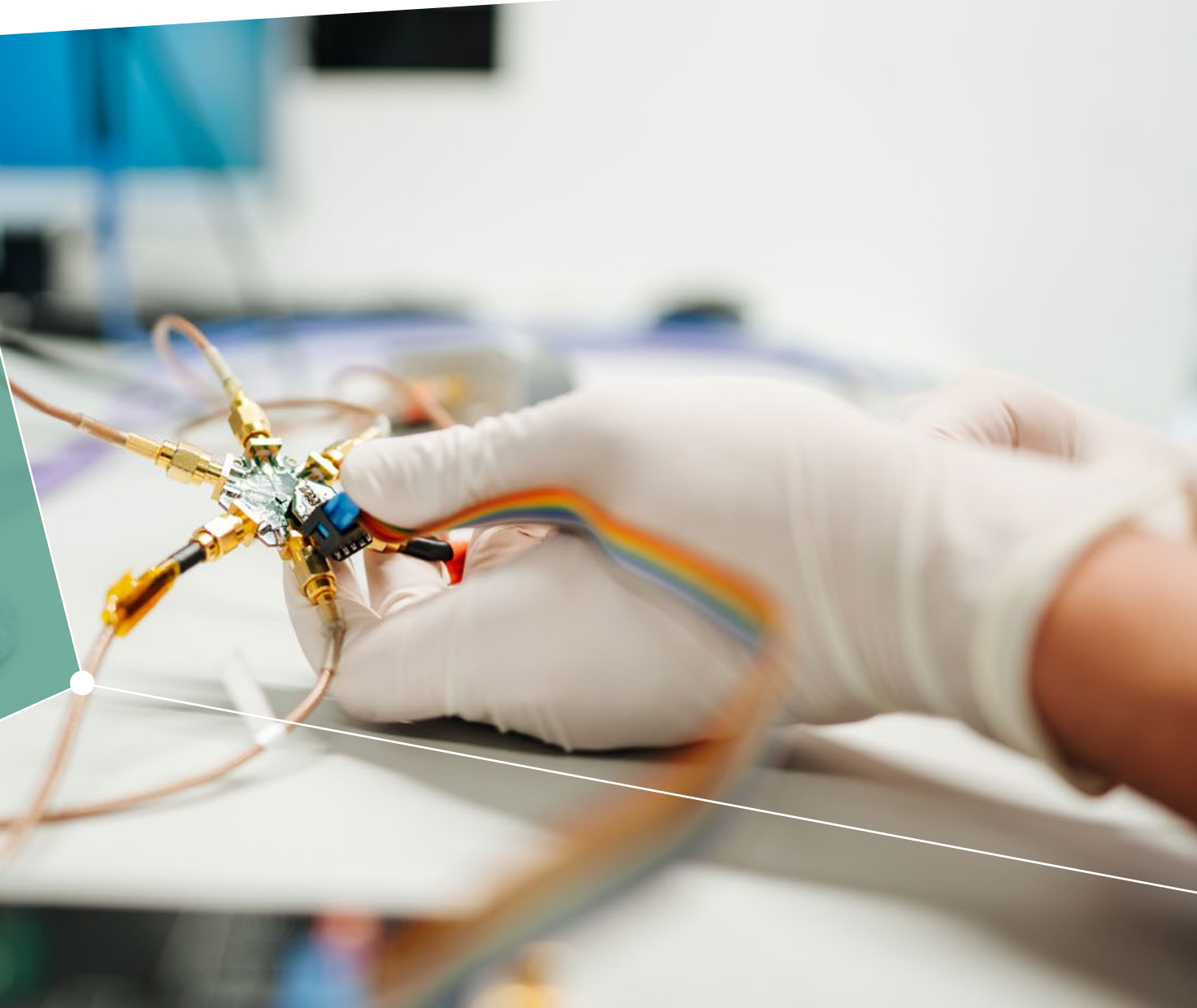
Already at the 2020 Annual General Meeting, Infineon announced that it wanted to become carbon-neutral by 2030. By 2025, Infineon would like to reduce its CO₂ emissions by 70 percent compared to the 2019 calendar year.

The degree of target achievement for these non-financial performance indicators is also reflected in the remuneration of the Management Board (see the chapter “Remuneration Report”, [p. 82](#)).

Actual and target values for performance indicators

The chapter “Outlook”, [p. 61](#), contains a table comparing the actual values achieved in the 2022 fiscal year for principal and selected supplementary performance indicators with the values forecasted and the expectations for the 2023 fiscal year.

Review of the semiconductor industry



Review of the global economy in the 2021 and 2022 calendar year

Following the downturn in the 2020 calendar year related to the coronavirus pandemic, there was a significant recovery in the 2021 calendar year, with growth of 5.8 percent (☰ R01). The rapid development and approval of effective Covid vaccines and the comprehensive measures taken by many governments to support their economies contributed towards the strong recovery.

For the 2022 calendar year, experts at the International Monetary Fund (IMF) expect the global economy to grow at a slower rate of 2.9 percent (☰ R01). Overall, the economic risks have increased significantly in the course of the 2022 calendar year. The war in Ukraine is dampening the outlook. Also, the coronavirus pandemic has not yet been fully overcome. Local lockdowns, such as the pandemic response measures in China, are exacerbating supply bottlenecks. Sharp rises in consumer and producer prices and the resulting significantly higher inflation rates are forcing central banks in the industrialized countries to tighten their monetary policy and raise interest rates faster and more significantly than originally planned. These measures are also having a dampening effect on the economy. At 2.9 percent growth in the 2022 calendar year, however, the global economy would still expand in line with the long-term trend (☰ R01). The growth figures relate to market size, translated into US dollars at market exchange rates.

Review of the semiconductor market in the 2022 fiscal year

Worldwide semiconductor revenue totaled €550.213 billion in the 2022 fiscal year, an increase of 26 percent on the prior-year figure of €437.135 billion. Expressed in US dollars, the increase was 14 percent (☰ R02).

The increase seen in the 2022 fiscal year was based on a broad range of products and solutions that reflect the trends decarbonization and digitalization in particular. Semiconductor content in vehicles increased partly as a result of increasing demand for electric vehicles, comfort features and efficient driver assistance systems. There was also an increasing demand for semiconductors in the renewable energy sector. Further growth drivers included intelligent applications such as smart watches, smart speakers and digital assistants. In the computing market segment, servers for data centers developed the strongest momentum. There was also high demand for smartphones and 5G equipment in the 2022 fiscal year (☰ R03), although it flattened out later on.

Infineon's reference market (i.e., the global market for semiconductors excluding DRAM and NAND flash memory chips and microprocessors) grew by 33 percent, from €276.774 billion in the 2021 fiscal year to €367.357 billion in the 2022 fiscal year. If the figures are expressed in US dollars, the increase was 20 percent (☰ R02).

Market position

Infineon ranked 11th place in the global semiconductor market in the 2021 calendar year with a market share of 2.3 percent. In the Infineon reference market, Infineon ranked seventh place worldwide in the 2021 calendar year with a market share of 3.9 percent. This puts Infineon in 1st place among European semiconductor manufacturers in both markets (☰ R04).

In the first nine months of the 2022 fiscal year, Infineon achieved a market share of 2.3 percent in the global semiconductor market, ranking 12th place. In the Infineon reference market, Infineon achieved a market share of 3.8 percent in the first nine months of the fiscal year, ranking 6th place. Infineon also ranked 1st place among European semiconductor manufacturers in both markets in the first nine months (☰ R04). Data for the full 2022 fiscal year was not yet available at the time this report was prepared.

2022 fiscal year



Group performance

Despite challenging conditions, Infineon was very successful in the 2022 fiscal year, once again achieving significant increases in revenue and profitability compared with the already strong previous fiscal year. In key applications such as automotive, industrial, renewable energy, data centers and IoT, demand for Infineon's products and solutions substantially exceeded supply. The much-cited chip shortage continued, which Infineon was able to counter to some extent by continued expansion of its manufacturing capacity. However, particularly in the case of semiconductors purchased by Infineon from contract manufacturers, supply was not sufficient by the end of the 2022 fiscal year to meet the high level of demand from customers in the core markets of Infineon. In contrast, demand began to weaken in the second half of the year in the areas of computing, consumer products and smartphones. Details about the performance of the segments can be found in the chapter "Segment performance". [p. 43 ff.](#)

Group revenue up by 29 percent

Infineon generated Group revenue of €14,218 million in the 2022 fiscal year, a 29 percent increase on the previous year's figure of €11,060 million. Against a backdrop of high demand for semiconductors and an increase in available manufacturing capacity, more than half of the revenue growth was the result of higher volumes. Factors contributing to the increase in frontend manufacturing capacity include the new chip factory for power electronics on 300-millimeter thin wafers on the Villach site (Austria), opened in September 2021, and the continual expansion of capacity in Dresden (Germany) and in Kulim (Malaysia). Other factors which had a positive impact on revenue were price rises, product mix improvements and exchange rate effects, mainly as a result of the strong US dollar.

Segment Result Margin of 23.8 percent achieved

Despite the increase in procurement prices for raw materials, preliminary products and energy, Infineon was able to achieve a 63 percent increase in its Segment Result, from €2,072 million in the 2021 fiscal year to €3,378 million in the 2022 fiscal year. This was not only due to higher volumes but also to price, product mix and exchange

rate effects. The impact of higher procurement prices and adverse exchange rate effects on cost of goods sold was more than offset by the impact of higher sales prices and positive exchange rate effects on revenue. Other factors contributing to the improvement in the Segment Result were synergies arising from the integration of Cypress and positive one-off effects such as insurance settlements.

Moreover, both revenue and the Segment Result in the 2021 fiscal year were adversely affected by pandemic-related restrictions on manufacturing, such as in Melaka (Malaysia) and at contract manufacturers, and by the shutdown of the fabrication plant in Austin (Texas, USA) due to a winter storm.

The Segment Result Margin of 23.8 percent was accordingly significantly higher than the figure for the previous fiscal year of 18.7 percent.

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



Segment performance





Review of the Automotive segment in the 2022 fiscal year

In the Automotive segment, Infineon generated revenue in the 2022 fiscal year of €6,516 million, an increase of 35 percent compared with the figure for the previous fiscal year of €4,841 million. The segment contributed 45 percent of Infineon's Group revenue.

Electromobility, driver assistance systems and, above all, the trend towards higher levels of electronic equipment in vehicles continued to be the main drivers behind our growth in the 2022 fiscal year. Electromobility benefited not only from purchase incentive schemes but also from the increasing availability of charging stations, the wider range of models being produced by almost all vehicle manufacturers and a change in attitude in society towards sustainable technologies. Positive exchange rate effects as well as higher prices also contributed to revenue growth.

We were able to win additional contracts worldwide for SiC, both in the power train and in onboard chargers. We therefore anticipate achieving significant increases in revenue in this area over the next few years.

Another reason for the increase in revenue was the improving supply situation at our manufacturing partners. In the last two years, products in consumer, computing and communication segments (such as consumer electronics and home-office equipment) benefited from the Covid crisis. Falling demand for these products enabled contract manufacturers to allocate newly available manufacturing space to other customers. The automotive industry and thus our AURIX™, TRAVEO™ and PSoC™ microcontroller families were also able to benefit from this development. However, we were still not able to meet the demand from our customers. We assume that the situation for microcontrollers will remain fraught until well into the 2023 fiscal year.

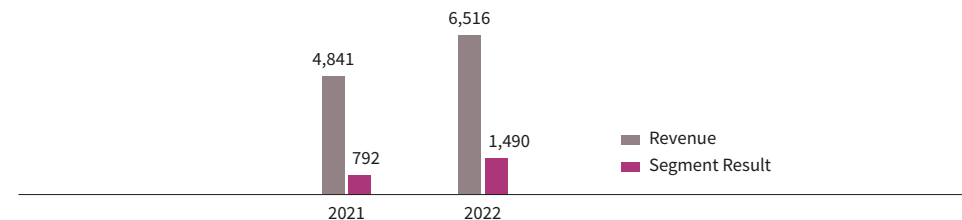
On the other hand, the 2022 fiscal year was adversely affected by shortages and/or the lack of availability of products as a result of pandemic-related suspensions of deliveries in China, which had a negative impact on global vehicle production, especially in the first half of the 2022 calendar year.

The Segment Result in the 2022 fiscal year was €1,490 million, an increase of 88 percent compared with the Segment Result for the previous fiscal year of €792 million. Based on revenue, the Segment Result Margin was 22.9 percent (previous year: 16.4 percent), see [III C04](#).

The increase in the Segment Result Margin was due to the higher level of revenue, improvements in the product mix and a further reduction in underutilization costs compared with the prior year. Furthermore, positive currency effects contributed to the increase of the Segment Result Margin.

C04 Revenue and Segment Result of the Automotive segment

€ in millions





Review of the Industrial Power Control segment in the 2022 fiscal year

In the Industrial Power Control segment, Infineon generated revenue in the 2022 fiscal year of €1,790 million, an increase of 16 percent compared with the figure for the previous fiscal year of €1,542 million. The revenue growth was the result of higher volumes as well as positive price and exchange rate effects. The segment contributed 13 percent to Infineon's Group revenue.

Revenue in the segment's largest field of application, automation and electric drives, benefited from increased demand in the area of factories and automation due to supply chain bottlenecks in many industry sectors.

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

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

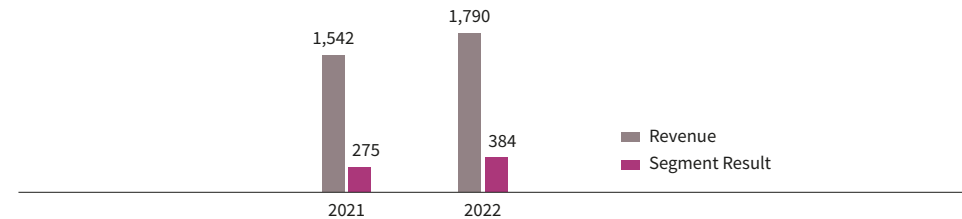
The energy infrastructure business comprises the transmission, distribution and storage of energy, as well as the charging infrastructure for electromobility. This last area enjoyed particularly strong demand. As the proportion of renewable energy in the energy mix continues to grow, so too does the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

In home appliances, the trend towards inverterized motor control systems continued. As a result of energy efficiency regulations, demand for inverterized home appliances, especially air conditioning units and washing machines, remained high.

Revenue in the transportation sector fell once again. As a result of the coronavirus pandemic, the expansion of transport capacity was postponed in many regions. New business areas such as the electrification of buses, trucks and farm machinery were unable to fully compensate for the decline in trains.

In the 2022 fiscal year, the Segment Result was €384 million, an increase of 40 percent compared with the figure for the previous fiscal year of €275 million. As a result of the increase in revenue and positive price and exchange rate effects, the Segment Result Margin improved from 17.8 percent in the 2021 fiscal year to 21.5 percent in the 2022 fiscal year, see [III C05](#).

C05 Revenue and Segment Result of the Industrial Power Control segment
€ in millions





Review of the Power & Sensor Systems segment in the 2022 fiscal year

In the Power & Sensor Systems segment, Infineon generated revenue in the 2022 fiscal year of €4,070 million, an increase of 25 percent compared with the figure for the previous fiscal year of €3,268 million, [↑ C06](#). Good demand for semiconductors used in servers, data centers and in industrial applications was the reason for the growth in revenue. Other contributory factors were positive exchange rate effects and higher prices. The segment contributed 29 percent of Infineon's Group revenue.

Ever-increasing demand for semiconductors in a variety of applications was the reason for the significant growth in revenue. In particular, strong upward demand trends were seen in the area of servers and data centers as well as in telecommunications infrastructure. The rise in data volumes to be transmitted continued unabated. Structural growth in cloud computing also persisted in the 2022 fiscal year, resulting in the building of additional data centers and the ongoing expansion of server capacity. Not only has there been a steady increase in the number of servers installed, but the number and value of semiconductors required in a server have also risen as a result of the trend towards greater use of artificial intelligence and machine learning. The continuing expansion of the 5G cellular infrastructure in many countries is also linked to the constant increase in the volume of data generated and is another reason for the revenue growth seen in the 2022 fiscal year.

There was consolidation in the consumer goods market, which was due to weakening retail spending when compared with elevated revenue in the prior year as a result of the coronavirus pandemic. In the case of smartphones, games consoles, PCs, laptops and television sets, demand returned to normal levels and sales were rather lower than in the prior year. Demand for battery-powered consumer applications was also slightly weaker. In contrast, demand for battery-powered industrial end products continued to rise. Moreover, customers for chargers, adapters and power supplies showed significantly increased interest in Infineon products based on the new material GaN.

Demand for industrial applications saw very positive trends. Worth highlighting in particular are products associated with renewable energy, such as roof-top solar systems, charging stations and onboard chargers for electric vehicles. Other industrial application areas with increased demand were LED lighting systems, smart building technology and medical devices.

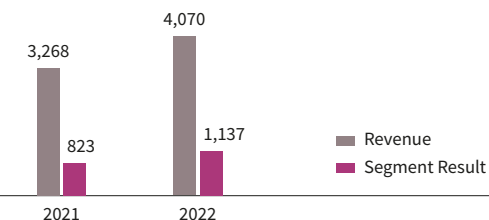
In the area of sensor technologies, there was a slight increase in revenue from radar sensors. Interesting new application areas include smart TVs, smart home and security applications. This is where 60-gigahertz radar sensors are mainly used. After strong growth in prior years, demand for MEMS microphones normalized and there was a slight decline in revenue.

The successful introduction of new products such as antenna tuners had a positive impact on revenue in the area of radio frequency. Revenue from RF antenna switches also made a good contribution to growth. In addition, in the 2022 fiscal year, we generated our first significant revenue from GaN-based RF power transistors for energy-efficient use in 5G base stations.

As a result of the positive revenue trends, increases were seen once again for the Segment Result and Segment Result Margin. Favorable trends in exchange rates and higher prices also had a positive impact. The Segment Result improved in the 2022 fiscal year to €1,137 million, an increase of 38 percent compared with the prior-year figure of €823 million. The Segment Result Margin rose to 27.9 percent, from 25.2 percent in the 2021 fiscal year, see [↑ C06](#).

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

€ in millions





Review of the Connected Secure Systems segment in the 2022 fiscal year

In the Connected Secure Systems segment, Infineon generated revenue in the 2022 fiscal year of €1,822 million, an increase of 30 percent compared with the figure for the previous fiscal year of €1,397 million. The segment contributed 13 percent of Infineon's Group revenue.

The growth in revenue was driven by exchange rate effects, higher prices, the product mix, and volume growth in dedicated applications. Due to restricted capacity at contract manufacturers the buoyant demand for multi-purpose microcontrollers, Wi-Fi and Bluetooth components, solutions for payment cards and governmental identification documents could not be fully met. Without these capacity constraints, revenue would have been significantly higher.

Demand for connectivity solutions and microcontrollers remained strong due to the increasing digitalization of applications in the context of the IoT. Demand for Wi-Fi and Bluetooth components was driven primarily by an increase in the penetration rate of end devices, especially in the area of industrial and consumer applications.

The trend towards cashless and contactless payment is continuing. Supply chain bottlenecks remained here too, with the result that demand could not be fully satisfied.

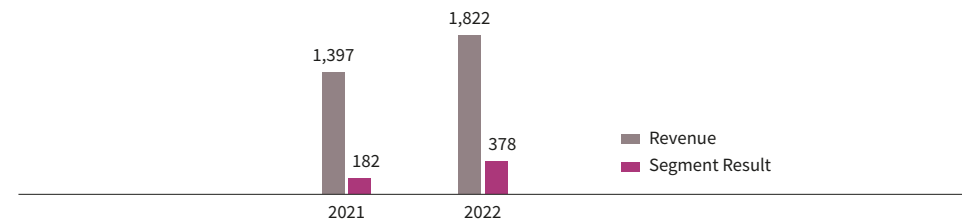
As the pandemic situation began to stabilize, international travel continued to increase. Demand for governmental identification documents rose accordingly, leading to a strong recovery in this area.

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

Authentication products are gaining in importance. Device manufacturers increasingly see consumer protection as a key element of a positive customer experience. As a result, revenue grew slightly in this application area.

Given the growth in revenue, both the Segment Result and Segment Result Margin were higher than in the 2021 fiscal year. Exchange rate effects and higher prices also had a positive impact. The Segment Result in the 2022 fiscal year was €378 million, an increase of 108 percent compared with the prior-year figure of €182 million. Based on revenue, the Segment Result Margin was 20.7 percent (previous year: 13.0 percent), see [III C07](#).

C07 Revenue and Segment Result of the Connected Secure Systems segment
€ in millions



Review of results of operations

Consolidated Statement of Profit or Loss

€ in millions, except earnings per share	2022	2021
Revenue	14,218	11,060
Gross profit	6,131	4,260
Research and development expenses	(1,798)	(1,448)
Selling, general and administrative expenses	(1,565)	(1,354)
Other operating income and expenses, net	77	12
Operating profit	2,845	1,470
Net financial result (financial income and expenses, net)	(161)	(160)
Share of profit (loss) of associates and joint ventures accounted for using the equity method	39	9
Income tax	(537)	(144)
Profit (loss) from continuing operations	2,186	1,175
Profit (loss) from discontinued operations, net of income taxes	(7)	(6)
Profit (loss) for the period	2,179	1,169
Basic earnings per share (in euro)	1.65	0.87
Diluted earnings per share (in euro)	1.65	0.87
Adjusted earnings per share (in euro) – diluted	1.97	1.20

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

Revenue grew by €3,158 million or 29 percent in the 2022 fiscal year to €14,218 million (previous year: €11,060 million). Against a backdrop of high demand for semiconductors and the increase in available manufacturing capacity, more than half of the revenue growth was the result of higher volumes. Factors contributing to the increase in front-end manufacturing capacity included the new chip factory for power electronics on 300-millimeter thin wafers on the Villach site in Austria opened in September 2021 and the continual expansion of capacity in Dresden (Germany) as well as in Kulim (Malaysia).

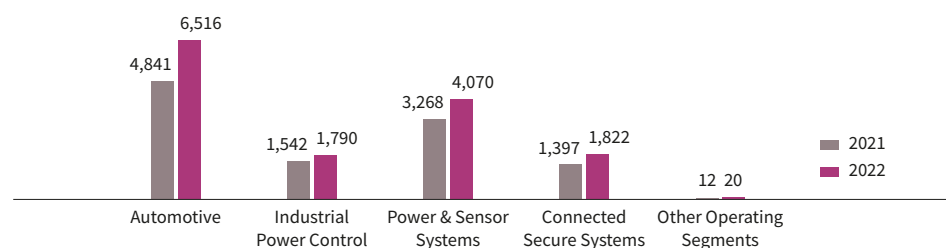
The growth in revenue was caused not only by price increases and product mix improvements, but also by positive exchange rate effects. A significant portion of revenue in the 2022 fiscal year was earned in foreign currencies, primarily in the US dollar. The average euro/US dollar exchange rate was 1.19 in the 2021 fiscal year and 1.08 in the 2022 fiscal year.

Moreover, revenue in the 2021 fiscal year was adversely affected by pandemic-related restrictions on manufacturing in Melaka (Malaysia) and at contract manufacturers, as well as by the shutdown of the fabrication plant in Austin (Texas, USA) due to a winter storm.

Revenue by segment is disclosed below:

C08 Revenue by segment

€ in millions



Details on the performance of the segments can be found in the chapter “Segment performance”. [p. 43 ff.](#)

Regional distribution of revenue largely unchanged year-on-year

€ in millions, except percentages

	2022		2021	
	€ million	%	€ million	%
Europe, Middle East, Africa	3,399	24%	2,773	25%
therein: Germany	1,594	11%	1,278	12%
Asia-Pacific (excluding Japan, Greater China)	2,343	16%	1,744	16%
Greater China ¹	5,204	37%	4,195	38%
therein: Mainland China, Hong Kong	4,063	29%	3,178	29%
Japan	1,415	10%	1,094	10%
Americas	1,857	13%	1,254	11%
therein: USA	1,564	11%	1,027	9%
Total	14,218	100%	11,060	100%

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

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

€ in millions, except percentages

	2022	2021
Cost of goods sold	8,087	6,800
Change year-on-year	19%	17%
Percentage of revenue	56.9%	61.5%
Gross profit	6,131	4,260
Percentage of revenue (gross margin)	43.1%	38.5%

At €8,087 million, cost of goods sold during the reporting year was €1,287 million or 19 percent higher than the previous year's figure of €6,800 million. The increase in the cost of goods sold was less than the increase in revenue. The impact of higher procurement prices for raw materials, preliminary products and energy and adverse exchange rate effects on cost of goods sold was more than offset by the impact of higher sales prices, product mix effects and positive exchange rate effects on revenue.

Cost of goods sold also includes expenses incurred mainly in connection with the acquisition of Cypress of €288 million (previous year: €295 million). These include the amortization of fair value adjustments of €278 million (previous year: €278 million) identified in the course of purchase price allocations and other acquisition-related expenses of €10 million (previous year: €17 million).

Gross profit (revenue less cost of goods sold) in the 2022 fiscal year was €6,131 million, 44 percent higher than the prior-year figure of €4,260 million. The gross margin improved accordingly from 38.5 percent in the 2021 fiscal year to 43.1 percent in the 2022 fiscal year.

Operating expenses have fallen as a percentage of revenue

Operating expenses (research and development expenses, and selling, general and administrative expenses) rose at a lower rate than revenue by €561 million in the 2022 fiscal year to €3,363 million (previous year: €2,802 million), corresponding to 23.7 percent of revenue (previous year: 25.3 percent).

Research and development expenses

€ in millions, except percentages	2022	2021
Research and development expenses, gross	2,120	1,770
Minus:		
Grants received	(113)	(123)
Capitalized development costs	(209)	(199)
Research and development expenses	1,798	1,448
Change year-on-year	24%	30%
Percentage of revenue	12.6%	13.1%

Research and development expenses increased by €350 million or 24 percent, from €1,448 million in the 2021 fiscal year to €1,798 million in the 2022 fiscal year. The increase reflects the higher volume of business and results mainly from the intensification of research and development activities and the higher headcount in this area. A total of 12,005 people were employed in research and development as of 30 September 2022, an increase of 16 percent over the figure for 30 September 2021 of 10,372.

Expressed as a percentage of revenue, research and development expenses comprised 12.6 percent of revenue in the 2022 fiscal year, which was lower than the prior-year figure of 13.1 percent.

Selling, general and administrative expenses

€ in millions, except percentages	2022	2021
Selling, general and administrative expenses	1,565	1,354
Change year-on-year	16%	30%
Percentage of revenue	11.0%	12.2%

Selling, general and administrative expenses increased by €211 million or 16 percent compared with the previous fiscal year to €1,565 million. Expressed as a percentage of revenue, selling, general and administrative expenses comprised 11.0 percent of revenue in the 2022 fiscal year, which was lower than the prior-year figure of 12.2 percent. This was due not only to the positive trend in revenue but also to other synergies arising from the integration of Cypress. In addition, the impact on earnings of the purchase price allocations and acquisition-related expenses fell by €42 million to €177 million (previous year: €219 million).

Increase in net amount of other operating income and expenses

The net amount of other operating income and expenses improved in the course of the 2022 fiscal year to €77 million (previous year: €12 million). This includes income from insurance settlements and the release of provisions in a double-digit million euro amount.

Financial result virtually unchanged

The financial result, a net loss of €161 million, was virtually unchanged from the prior-year figure of a net loss of €160 million. Further information is provided in note 3 to the Consolidated Financial Statements. [p. 104](#)

Effective tax rate increased to 19.7 percent

The income tax expense in the 2022 fiscal year increased to €537 million (previous year: €144 million). Based on the profit from continuing operations before income taxes of €2,723 million (previous year: €1,319 million), the tax rate for the reporting year was 19.7 percent (previous year: 10.9 percent). The increase in the tax rate resulted from the sharp rise in profit, particularly in the high-tax countries of Germany, Austria and the USA.

Further details regarding the income tax expense are provided in note 5 to the Consolidated Financial Statements. [p. 105 ff.](#)

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

After deducting income taxes and adjusting for the profit/loss from discontinued operations, Infineon recorded a profit for the period of €2,179 million in the 2022 fiscal year (previous year: €1,169 million).

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

Both basic and diluted earnings per share stood at €1.65 for the 2022 fiscal year (previous year: €0.87).

The calculation of earnings per share in accordance with IFRS is presented in detail in note 7 to the Consolidated Financial Statements. [p. 108 f.](#)

Increase in adjusted earnings per share

Earnings per share in accordance with IFRS is influenced by amounts relating to purchase price allocations for acquisitions (in particular Cypress), and other exceptional items. To enable better comparability of operating performance over time, Infineon

calculates adjusted earnings per share (diluted). Adjusted profit (loss) for the period and adjusted earnings per share (diluted) should not be seen as a replacement or as superior performance indicators, but rather as additional information to the profit (loss) for the period and earnings per share (diluted) determined in accordance with IFRS.

Adjusted earnings per share (diluted) increased from €1.20 in the 2021 fiscal year to €1.97 per share in the 2022 fiscal year and is calculated as follows:

€ in millions (unless otherwise stated)	2022	2021
Profit (loss) from continuing operations – diluted	2,186	1,175
Compensation of hybrid capital investors ¹	(29)	(26)
Profit (loss) from continuing operations attributable to shareholders of Infineon Technologies AG – diluted	2,157	1,149
Plus/minus:		
Impairments (reversal of impairments) (in particular on goodwill)	(6)	(1)
Impact on earnings of restructuring and closures, net	–	–
Share-based payment	62	27
Acquisition-related depreciation/amortization and other expenses	484	544
Losses (gains) on sales of businesses, or interests in subsidiaries, net	–	1
Other income and expenses, net	(7)	31
Acquisition-related expenses within financial result	4	7
Tax effect on adjustments	(116)	(131)
Revaluation of deferred tax assets resulting from the annually updated earnings forecast	(15)	(64)
Adjusted profit (loss) for the period from continuing operations attributable to shareholders of Infineon Technologies AG – diluted	2,563	1,563
Weighted-average number of shares outstanding (in millions) – diluted	1,304	1,304
Adjusted earnings per share (in euro) – diluted²	1.97	1.20

¹ Including the cumulative tax effect.

² The calculation of the adjusted earnings per share is based on unrounded figures.

Review of financial condition

Increase of business volume results in a rise in inventories and trade receivables

Inventories, and in particular work in progress, increased by €900 million to €3,081 million as of 30 September 2022. In line with the growth in revenue, trade receivables also increased by €404 million to €1,887 million.

€ in millions	30 September 2022	30 September 2021
ASSETS		
Cash and cash equivalents and financial investments	3,717	3,922
Trade receivables	1,887	1,483
Inventories	3,081	2,181
Property, plant and equipment	5,545	4,443
Goodwill	7,083	5,962
Other intangible assets	3,483	3,349
Remaining current and non-current assets	2,116	1,994
Total assets	26,912	23,334
LIABILITIES AND EQUITY		
Trade payables	2,260	1,569
Other current liabilities	1,161	872
Financial debt	5,662	6,585
Pensions and similar commitments	297	617
Remaining current and non-current liabilities	2,588	2,290
Equity	14,944	11,401
Total liabilities and equity	26,912	23,334

Currency-related increase in goodwill and other intangible assets

Goodwill increased by €1,121 million to €7,083 million as of 30 September 2022. The increase was almost solely as a result of exchange rate effects, due in particular to the strong US dollar. Other intangible assets also rose mainly as a result of exchange rate effects, by €134 million to €3,483 million.

Increase in property, plant and equipment as a result of investments

Property, plant and equipment increased by €1,102 million to €5,545 million as of 30 September 2022. Additions of €2,061 million significantly exceeded depreciation of €1,050 million. Further information about investments made in the 2022 fiscal year can be found in the chapter “Review of liquidity”. [p. 54 ff.](#)

Increase in liabilities

The increase in trade payables of €691 million to €2,260 million resulted mainly from the increase in business volume. Other current liabilities also rose by €289 million. The main reason for this was the increase in reimbursement obligations to customers, which have increased by €198 million, partly as a result of exchange rate effects.

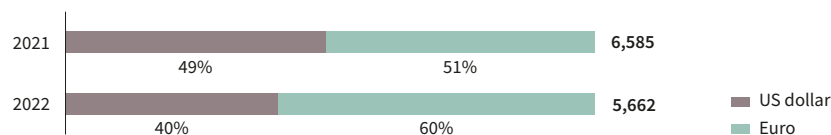
Repayments result in a reduction in financial debt

Financial debt decreased by €923 million to €5,662 million, mainly as a result of several repayments made during the 2022 fiscal year as well as a bond issuance, the proceeds of which were used to refinance euro-denominated capital market obligations, resulting in a net reduction of €1,393 million in total. Repayments included the voluntary early redemption of the last outstanding term loan raised in connection with the acquisition of Cypress as well as a convertible bond which was acquired in the course of the acquisition of Cypress. The reductions in financial debt were offset by exchange rate effects of €461 million arising from financial debt denominated in US dollars.

More detailed information on financial debt is provided in note 15 to the Consolidated Financial Statements. [p. 116 f.](#)

C09 Financial debt by currency

€ in millions



Pension commitments lower as a result of higher interest rates

Provisions for pensions and similar commitments decreased in the 2022 fiscal year by €320 million. The main reason for this was the measurement of net pension obligations at a higher discount rate, due to interest rate and credit margin developments in the financial markets in the past twelve months (see note 18 to the Consolidated Financial Statements, [p. 119 ff.](#)). This resulted in an actuarial gain of €310 million after tax.

Equity up mainly due to profit for the period and exchange rate effects

Equity increased by €3,543 million to €14,944 million as of 30 September 2022. The main contributory factor was the profit for the period of €2,179 million. Other factors with a positive impact on equity were exchange rate effects recognized in other comprehensive income of €1,369 million and actuarial gains arising on the measurement of pensions and similar commitments of €310 million after tax. These increases in equity were offset by the dividend of €351 million paid out for the 2021 fiscal year.

The equity ratio as of 30 September 2022, based on total assets of €26,912 million, was 55.5 percent (30 September 2021: 48.9 percent).

Improvement in RoCE due to higher operating profit

In the 2022 fiscal year, operating profit from continuing operations after tax increased significantly by €992 million to €2,317 million (previous year: €1,325 million) and therefore at a faster rate than capital employed. Volume, price and currency effects contributed to the increase in operating profit (see the chapter “Review of results of operations”, [p. 48 ff.](#)). Capital employed rose by €2,566 million to €18,359 million as of 30 September 2022.

As a result, Return on Capital Employed (RoCE) increased from 8.4 percent to 12.6 percent.

RoCE for the 2022 and 2021 fiscal years is calculated as follows:

€ in millions, except percentage	2022	2021
Operating profit	2,845	1,470
Plus/minus:		
Financial result excluding interest result ¹	(30)	(10)
Share of profit (loss) of associates and joint ventures accounted for using the equity method	39	9
Income tax	(537)	(144)
Operating profit from continuing operations after tax ①	2,317	1,325
Assets	26,912	23,334
Plus/minus:		
Cash and cash equivalents	(1,438)	(1,749)
Financial investments	(2,279)	(2,173)
Assets classified as held for sale	-	(9)
Total current liabilities	(5,588)	(4,443)
Short-term financial debt and current maturities of long-term financial debt	752	833
Capital employed ②	18,359	15,793
RoCE ①/②	12.6%	8.4%

¹ The financial result for the 2022 and 2021 fiscal years amounted to negative €161 million and negative €160 million, respectively, and included negative €131 million and negative €150 million, respectively, of net interest result.

Review of liquidity

Cash flow

€ in millions	2022	2021
Cash flow from operating activities from continuing operations	3,986	3,063
Cash flow from investing activities	(2,441)	(2,284)
Cash flow from financing activities	(1,869)	(885)
Net change in cash and cash equivalents from discontinued operations	(6)	2
Cash-relevant change in cash and cash equivalents	(330)	(104)
Effect of foreign exchange rate changes on cash and cash equivalents	19	2
Change in cash and cash equivalents	(311)	(102)

The €923 million increase in cash flows from operating activities from continuing operations to €3,986 million was primarily the result of the significant improvement of €1,010 million in profit from continuing operations. This was offset by the development of working capital. Here, the positive effect from the increase in trade payables was more than offset by the increase in inventories and higher trade receivables.

Cash outflows from investing activities rose by €157 million compared with the previous fiscal year to €2,441 million. The higher figure in the 2022 fiscal year was mainly due to an increase of €785 million in purchases of property, plant and equipment. Set against this was a reduction of €692 million in net cash outflows from purchases and sales of financial investments.

The main focus of Infineon's investing activities in the 2022 fiscal year was on the expansion of its frontend manufacturing facilities in Villach (Austria) and Dresden (Germany). It is also extending its frontend manufacturing site in Kulim (Malaysia), where it will invest a total of more than €2 billion in a third module (Kulim 3). When operating at full capacity, Kulim 3 will create 900 skilled jobs and enable the generation of around €2 billion of additional annual revenue, with products based on the compound semiconductors SiC and GaN. Construction work started in June 2022 and it is expected the new factory will be ready to be equipped in the summer of 2024. The first wafers should be coming off the production line in the second half of the 2024 calendar year.

Investments as a proportion of revenue increased from 13.5 percent in the 2021 fiscal year to 16.2 percent in the 2022 fiscal year. This reflects the continuing expansion of capacity in frontend manufacturing, in order to continue to meet the expected growth in demand from our customers in the medium term (see the chapter "Outlook", [p. 61 ff.](#)).

The net result of proceeds from and repayment of financial debt in the 2022 fiscal year was a net cash outflow of €1,393 million (previous year: net cash outflow of €486 million). Combined with the increase of €65 million in the dividend payment, this resulted on an increase in the net cash outflows from financing activities by €984 million to €1,869 million.

More information about financial debt is provided in note 15 to the Consolidated Financial Statements. [p. 116 f.](#)

Increase in Free Cash Flow

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, as dividends, debt-servicing obligations and other fixed disbursements have not been deducted. Free Cash Flow should not be seen as a replacement or as a superior performance indicator, but rather as a useful item of 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 only includes amounts from continuing operations and is derived as follows from the Consolidated Statement of Cash Flows:

€ in millions	2022	2021
Cash flow from operating activities ¹	3,986	3,063
Cash flow from investing activities ¹	(2,441)	(2,284)
Purchases of (proceeds from sales of) financial investments, net	103	795
Free Cash Flow	1,648	1,574

¹ From continuing operations.

Gross cash position and net cash position

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

€ in millions	30 September 2022	30 September 2021
Cash and cash equivalents	1,438	1,749
Financial investments	2,279	2,173
Gross cash position	3,717	3,922
Minus:		
Short-term financial debt and current portion of long-term financial debt	752	833
Long-term financial debt	4,910	5,752
Gross financial debt	5,662	6,585
Net cash position	(1,945)	(2,663)

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 €80 million (2021: €69 million, see note 15 to the Consolidated Financial Statements, [p. 117](#)), – Infineon assumes that it will be able to cover those capital requirements for the 2023 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 22 to the Consolidated Financial Statements, [p. 129 f.](#)). Investments planned for the 2023 fiscal year are discussed in the chapter “Outlook”. [p. 61 ff.](#)

Infineon is party to two financing agreements that contain a number of standard covenants, including a debt coverage ratio that provides for a certain relationship between the size of debt (adjusted) and earnings (adjusted) (see note 20 to the Consolidated Financial Statements, [p. 126](#)).

Principles and structure of Infineon's treasury

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

As a general rule, debt should only constitute a modest proportion of the financing mix to ensure that sufficient headroom is available at all times. The key objective is to maintain an investment grade rating. Since S&P Global Ratings upgraded Infineon in February 2022, the Company has been rated "BBB" with a stable outlook. Infineon's original medium-term objective of reducing its debt level after the closing of the Cypress transaction to or below the maximum target value of twice the gross financial debt to EBITDA has already been achieved in the 2022 fiscal year. For further information on the nature, maturity, currency and interest rate structure of gross financial debt, see note 15 to the Consolidated Financial Statements. [p. 116 f.](#)

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

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

In the context of centralized liquidity management and, as far as permitted by law and economically reasonable, cash pooling structures are in place in order to ensure the best possible allocation of liquidity within the Group and reduce external financing demand. Liquidity accumulated at Group level is invested centrally by the Group Finance & Treasury department based on a conservative approach to investments, in which preservation of capital is prioritized over return maximization. The Group Finance & Treasury department is also responsible for managing currency and interest rate risks and executing commodity price hedging. For hedging purposes, we employ the following derivative financial instruments in our continuous 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 note 26, [p. 136 ff.](#), and note 27 to the Consolidated Financial Statements, [p. 143 ff.](#)

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 coordinate key liquidity, hedging and financing topics. The Committee, which meets on a quarterly basis, comprises the CFO and representatives from the Finance & Treasury, Accounting, Controlling and Tax departments.

Following the acquisition of Cypress, the financing and treasury activities of Cypress are being gradually integrated into Infineon's core structures. Most of this integration was completed in the course of the 2022 fiscal year.

Infineon on the capital market

Basic information on shares

Share types	Ordinary registered shares in the form of shares or American Depository Shares (ADS) with a notional value of €2 each (ADS : shares = 1 : 1)
Share capital	€2,611,842,274 (as of 30 September 2022), €2,611,842,274 (as of 30 September 2021)
Shares issued ¹	1,305,921,137 (as of 30 September 2022), 1,305,921,137 (as of 30 September 2021)
Own shares	3,689,901 (as of 30 September 2022), 4,545,602 (as of 30 September 2021)
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	€29.574 billion (based on closing price of €22.71 as of 30 September 2022)
Daily average shares traded on Xetra	4,717,059 (in the 2022 fiscal year)
Trading in the USA	ADS, over-the-counter trading on the OTC market (OTCQX International)
Market capitalization ²	US\$28.597 billion (based on closing price of US\$21.96 as of 30 September 2022)
Daily average ADS traded	256,404 (in the 2022 fiscal year)
Index membership (selected)	DAX 40 TecDAX EURO STOXX 50 Dow Jones STOXX Europe 600 Dow Jones Euro STOXX TMI Technology Hardware & Equipment Dow Jones Germany Titans 30 MSCI Germany S&P-Europe-350 Dow Jones Sustainability World Index

¹ The number of shares issued includes own shares.

² Calculation of market capitalization: ("shares issued" – "own shares") x share price.

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

0.750% Bond from 24 June 2020	€750 million	due on 24 June 2023, ISIN: XS2194282948
0.625% Bond from 17 February 2022	€500 million	due on 17 February 2025, ISIN: XS2443921056
1.125% Bond from 24 June 2020	€750 million	due on 24 June 2026, ISIN: XS2194283672
1.625% Bond from 24 June 2020	€750 million	due on 24 June 2029, ISIN: XS2194283839
2.000% Bond from 24 June 2020	€650 million	due on 24 June 2032, ISIN: XS2194192527
2.875% Hybrid Bond from 1 October 2019	€600 million	first call date 1 January 2025, ISIN: XS2056730323
3.625% Hybrid Bond from 1 October 2019	€600 million	first call date 1 January 2028, ISIN: XS2056730679
US Private Placement from 5 April 2016	US\$350 million	due on 5 April 2024
US Private Placement from 5 April 2016	US\$350 million	due on 5 April 2026
US Private Placement from 5 April 2016	US\$235 million	due on 5 April 2028
US Private Placement from 16 June 2021	US\$350 million	due on 16 June 2027
US Private Placement from 16 June 2021	US\$350 million	due on 16 June 2029
US Private Placement from 16 June 2021	US\$350 million	due on 16 June 2031
US Private Placement from 16 June 2021	US\$250 million	due on 16 June 2033
Rating of S&P Global Ratings		since 1 February 2022: "BBB", Outlook: "stable"

Share price performance

The closing price for Infineon shares at the end of the 2022 fiscal year was €22.71. This was down 36 percent on the closing price at the end of the 2021 fiscal year of €35.53.

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 2022 fiscal year (daily closing prices)

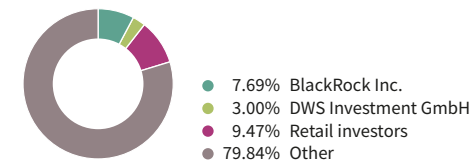


Initially, in the first quarter of the 2022 fiscal year, Infineon continued its share price increase from the previous fiscal year, culminating in the share price high for the current fiscal year of €43.46 on 18 November 2021. From the end of the 2021 calendar year, the increasingly more difficult stock market environment led to declines in the price not only of Infineon shares but also in the benchmark indices. The price of Infineon shares decreased by 36 percent in the 2022 fiscal year. The US benchmark indices Philadelphia Semiconductor Index (SOX) and Dow Jones US Semiconductor Index both lost 29 percent of their value. The smallest decline was to be seen in the German stock market index, the DAX, which fell by only 21 percent. The year low for Infineon shares in the 2022 fiscal year was €21.07 on 5 July 2022. With a closing price of €22.71, Infineon's market capitalization as of 30 September 2022 was €29,574 million, compared with €46,231 million at the end of the 2021 fiscal year when the share price was €35.53.

Shareholder structure

As of 30 September 2022, two shareholders each held more than 3 percent of the Infineon shares issued. The share capital held by retail investors rose to 9.47 percent at the end of the 2022 fiscal year, compared with 8.54 percent at the end of the 2021 fiscal year.

C11 Shareholder structure as of the end of the 2022 fiscal year

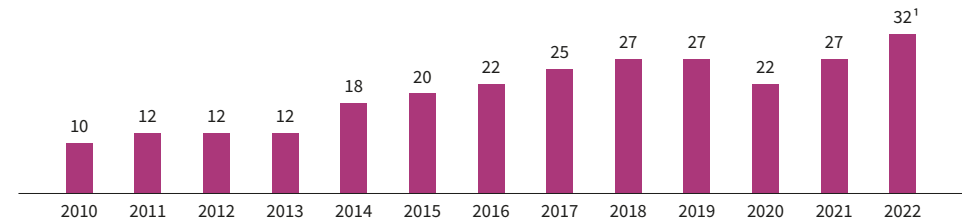


Dividend

Our dividend policy is aimed at letting shareholders adequately participate in Infineon's economic development and, in general, at paying out at least an unchanged dividend even in the event of stagnating or declining earnings. After the dividend payout for the 2021 fiscal year was increased by €0.05 compared with the prior year to €0.27, the plan is to put forward a proposal at the Annual General Meeting in February 2023 for another increase of €0.05 in the dividend. The reason for this was the Company's even better business performance in the 2022 fiscal year. If the planned proposal is approved at the Annual General Meeting, the dividend for the 2022 fiscal year would rise to €0.32 per share. The number of shares issued totaled 1,305,921,137 as of 30 September 2022. This figure included 3,689,901 shares owned by the Company that are not entitled to a dividend. The total amount to be distributed to shareholders is therefore anticipated to rise to €417 million, compared with €351 million one year earlier.

C12 Dividend per share for the 2010 to 2022 fiscal years

in € cents



¹ Proposal to the Annual General Meeting to be held on 16 February 2023.

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

Our macroeconomic and geopolitical environment is currently severely impacted by a number of factors. The war in Ukraine is causing not only unspeakable human suffering but also shortages and rising prices for energy and key raw materials. High rates of inflation are depressing demand and making central banks adopt more restrictive monetary policies. Climate change is having a noticeable impact, with increasingly extreme weather events. The coronavirus pandemic is still with us and is continuing to impose restrictions on global supply chains. All these factors are having an adverse impact on economic growth. Other important issues include geopolitical tensions and uncertainties, not least as a result of intense technological competition in the world's leading regions.

Despite the challenging conditions, Infineon was very successful in the 2022 fiscal year, in particular because of structurally increasing demand for semiconductors. This is also reflected in our current figures, see the chapters "Group performance", [p. 41 f.](#), "Review of results of operations", [p. 48 ff.](#), "Review of financial condition", [p. 52 f.](#), and "Review of liquidity", [p. 54 ff.](#)

Report on outlook, risk and opportunity

Outlook

Actual and target values for performance indicators

The following table and subsequent comments compare the actual and forecast values of Infineon's key performance indicators for the 2022 fiscal year (FY) and show the outlook for the 2023 fiscal year.

€ in millions, except percentages	Actuals FY 2021	Outlook for FY 2022 ¹	Actuals FY 2022	Outlook for FY 2023
Principal performance indicators				
Segment Result Margin	18.7%	More than 23% (at a revenue level of around €14 billion)	23.8%	Around 24% (at a revenue level of €15.5 billion)
Free Cash Flow from continuing operations	1,574	Around €1.4 billion	1,648	Around €0.8 billion
RoCE	8.4%	Around 11%	12.6%	Around 12%
Selected supplementary performance indicators				
Revenue respectively change in revenue compared to previous year	11,060	Revenue increase to around €14 billion	14,218	Revenue increase to around €15.5 billion plus or minus €500 million
Investments	1,497	Around €2.4 billion	2,310	Around €3.0 billion
Gross cash position	3,922	In the range of €4 billion and therefore within the target range of €1 billion plus at least 10% of revenue	3,717	In the range of €3 billion and therefore within the target range of €1 billion plus at least 10% of revenue

¹ The forecast presented here corresponds to the forecast last finalized in the second respectively third quarter of the 2022 fiscal year.

Comparison of original outlook with actual figures for the 2022 fiscal year

Revenue for the 2022 fiscal year was originally forecast in November 2021 to be €12.7 billion, plus or minus €500 million. In light of Infineon's positive business performance, this outlook was raised incrementally in the following quarters to an expected revenue of around €14 billion. The actual amount of revenue generated in the 2022 fiscal year was €14,218 million. This figure was slightly above the final forecast on 3 August 2022 and significantly above the original forecast in November 2021. This was due to good demand and price increases. Positive exchange rate effects also contributed to the increase in revenue.

In conjunction with the adjustments to the revenue forecast, the expected Segment Result Margin was also increased during the period. Originally, a Segment Result Margin of around 21 percent was forecast for the 2022 fiscal year. The most recent forecast was more than 23 percent. In line with the increase in revenue, the actual figure was 23.8 percent.

Free Cash Flow was originally expected to reach around €1 billion. As a result of the steady adjustments to the revenue forecasts, adjustments were made on a regular basis to the expected figure for Free Cash Flow. The most recent forecast for Free Cash Flow of around €1.4 billion was made in August 2022. Here too, the increase in revenue had a positive impact, and Infineon therefore generated Free Cash Flow of €1,648 million in the 2022 fiscal year.

The actual figure for Return on Capital Employed (RoCE) in the 2022 fiscal year was 12.6 percent, exceeding both the original forecast made in November 2021 of "at least 10 percent" and the increased forecast at the end of the first half of the 2022 fiscal year of "around 11 percent" as a result of the good operating profit from continuing operations.

The actual figure for investments in the 2022 fiscal year of €2.3 billion was slightly below the forecast for investments of around €2.4 billion.

Explanatory comments on the outlook for the 2023 fiscal year

Assumed euro/US dollar exchange rate

As a globally operating organization, Infineon generates revenue not only in euros, but also in foreign currencies, predominantly in US dollars. It also incurs expenses in US dollars and, to some extent, in currencies correlated with the US dollar, such as the Singapore dollar, the Malaysian ringgit and the Chinese renminbi. The impact of non-euro-denominated revenue and expenses does not always balance out. For this reason, fluctuations in exchange rates, particularly between the euro and the US dollar, influence the amounts reported for revenue and earnings. A stronger US dollar against the euro has a positive effect, whereas a weaker US dollar against the euro has an adverse effect on revenue and earnings. Due to the higher level of revenue and the stronger US dollar, the level of effects has now increased compared with previous years. Excluding the effect of currency hedging instruments, the impact of a deviation of 1 US cent in the actual exchange rate of the US dollar against the euro compared to the forecast rate would amount to a change in Segment Result of around €10 million per quarter or around €40 million per fiscal year compared to the forecast value. These figures are calculated on the assumption that the exchange rates of currencies correlated with the US dollar – in which costs arise for Infineon – change in line with the euro/US dollar exchange rate. In terms of revenue, the impact of exchange rates is limited primarily to the euro/US dollar rate, where a deviation of 1 US cent in the actual exchange rate compared to the forecast rate would continue to have an impact on revenue of around €25 million per quarter or around €100 million per fiscal year. Planning for the 2023 fiscal year is based on an assumed exchange rate of US\$1.00 to the euro.

Growth prospects for the global economy and the semiconductor market

High inflation, the tightening of monetary policy, the war in the Ukraine and the ongoing coronavirus pandemic are having an adverse impact on the development of the global economy. Given these factors, the experts at the International Monetary Fund expect the global economy to grow by 2.9 percent for the 2022 calendar year, followed by 2.1 percent in the 2023 calendar year in their forecast dated 11 October 2022 (☰ R01).¹ Steep price increases have resulted in various central banks tightening their monetary policy. The zero-Covid strategy of the Chinese government is repeatedly leading to economic activity being restricted by lockdowns, and Europe finds itself in the middle of an energy crisis with an uncertain outcome. Downside risks for the global economy are currently relatively high.

Market analysts at Omdia expect Infineon's reference market (i.e., the semiconductor market excluding DRAM and NAND flash memory chips and microprocessors) to grow by 12 percent in US dollar terms in the 2022 calendar year (☰ R03). Demand for semiconductors for automotive applications is expected to grow at a faster rate, whereas revenue from semiconductors in the consumer market segment is forecast to be somewhat lower than in the 2021 calendar year.

The experts at Omdia expect the Infineon reference market to grow by 4 percent in the 2023 calendar year (☰ R03). The trends of decarbonization and digitalization are still intact and continuing to drive demand for semiconductors, especially in the automotive, industrial and renewable energy sectors. However, should there be a stronger economic downturn, even these sectors of the semiconductor industry will probably be unable to entirely avoid a downward trend in the short term, although the long-term structural growth drivers will remain.

¹ The growth figures relate to market size, translated at market exchange rates into US dollars.

Outlook for the 2023 fiscal year

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

Revenue forecast to grow to €15.5 billion plus or minus €500 million

Based on the forecasts for the growth of the global economy and the semiconductor market segments relevant for Infineon described above and an assumed exchange rate of US\$1.00 to the euro, Infineon forecasts that Group revenue will grow in the 2023 fiscal year to €15.5 billion, plus or minus €500 million. This is equivalent to a 9 percent increase in revenue compared with the prior year. Revenue growth for the Automotive segment is expected to be above Group average. In Industrial Power Control and Connected Secure Systems, revenue is likely to grow at around the average rate for the Group. Revenue generated by Power & Sensor Systems is forecast to grow below Group average.

Segment Result Margin of around 24 percent of revenue expected

If the middle of the range for the revenue forecast is reached, the Segment Result Margin is expected to be around 24 percent in the 2023 fiscal year.

Free Cash Flow from continuing operations

For the 2023 fiscal year, Infineon forecasts Free Cash Flow of around €0.8 billion.

RoCE

For the 2023 fiscal year, Return on Capital Employed (RoCE) is forecasted to reach about 12 percent.

Gross cash position

The gross cash position at the end of the 2023 fiscal year is expected to be around €3 billion.

Investments and depreciation/amortization

Investments (defined by Infineon as the sum of investments in property, plant and equipment, investments in other intangible assets and capitalized development costs) are planned at around €3.0 billion for the 2023 fiscal year. The main focus is on the construction of the third fabrication facility at the Kulim site (Malaysia), which is designed to manufacture compound semiconductors, the new factory planned in Dresden (Germany), and the continuing expansion of frontend manufacturing capacity especially in Dresden and Villach (Austria), so that we can continue to meet the expected growth in demand from our customers in the medium term. Further investments in frontend facilities will be used to implement structural measures, optimize product quality, increase the degree of automation and promote innovation. A significant amount of investment is also planned in order to expand capacity and implement structural measures at backend facilities, albeit at a much lower level than for frontend facilities.

In the 2022 fiscal year, investments totaled €2,310 million, comprising €2,053 million for property, plant and equipment and €257 million for capitalized development costs and other intangible assets. In the 2023 fiscal year, investments in capitalized development costs and other intangible assets are expected to be at about the same level as in the 2022 fiscal year.

Depreciation and amortization are predicted to be about €1.9 billion. Approximately €450 million relates to depreciation and amortization resulting from 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 2023 calendar year, Infineon expects Group revenue to grow to €15.5 billion, plus or minus €500 million. The Segment Result Margin is forecast, at the middle of the range for the revenue forecast, to be around 24 percent of revenue. Investments are expected to be in the region of €3.0 billion. Depreciation and amortization are expected to total about €1.9 billion. Free Cash Flow from continuing operations should reach around €0.8 billion. Return on Capital Employed (RoCE) is forecast to be about 12 percent.

Risk and opportunity report

Risk policy: Basis of our risk and opportunity management

Effective risk and opportunity management is an important element of our business activities and supports the implementation of our strategy to achieve our strategic goals. Infineon's risk and opportunity situation continues to be characterized by the dynamic market environment in the semiconductor industry, a substantial need for capital investment to achieve and sustain the market position, extraordinarily rapid technological change, decarbonization and digitalization. In this context, competition to gain an innovative edge is also fought out at the legal level, for example, for patents. Against this background, Infineon's risk policy is aimed on the one hand at realizing the opportunities that arise quickly in a way that increases enterprise value, and on the other hand actively mitigating risks – particularly those 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 to pursue our stated risk policy. Alongside the "Risk and Opportunity Management System" and "Internal Control System with respect to financial reporting processes" described below, these elements include, in particular, the related forecasting, management and internal reporting processes as well as our Compliance Management System.

Risk and Opportunity Management System

The new IDW Auditing Standard 340 on the audit of the early risk detection system came into force on 1 January 2021. As a result, we have adapted our Risk and Opportunity Management System to the methodology of the new standard. Significant changes made involve implementing a risk-bearing capacity concept based on shareholders' equity and improving risk aggregation by using Monte Carlo simulations. Furthermore, in addition to categorizing risks (classifying risk events into various thematic blocks) and setting threshold levels for risk tolerance, the review period for risk reporting (with regard to the degree of impact of the risks and opportunities) was amended. The new review period is now divided into three time slices (impact in the current fiscal year, the coming fiscal year and a trend statement for years three to five), and not cumulatively for five years as in previous business years. This adjustment of the risk assessment now enables us to calculate the risk-bearing capacity for the individual fiscal years.

Infineon's centralized Risk Management System is based on a Group-wide, management-oriented Enterprise Risk Management (ERM) approach, which aims to cover all relevant risks and opportunities. This approach is based on the "Enterprise Risk Management (ERM) – Integrated 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. We therefore define risk/opportunity as the occurrence of future uncertainties that could result in either a negative or positive variance from the plan. We incorporate all relevant organizational units of the Group in this analysis, thus covering all segments as well as significant central functions and regions.

Responsibility for processes and systems relating to risk and opportunity management rests with the Risk Management and Internal Control System (ICS) function within the Group Finance department as well as designated Risk Officers working at

segment, corporate function and regional levels. Responsibility for the identification, measurement, management and reporting of risks and opportunities lies with the management of the organizational unit concerned.

In organizational terms, the Risk and Opportunity Management System is structured in a closed-loop, multiple-stage process, which stipulates the manner and criteria to be applied to identify, measure, manage 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 consolidated entities, an analysis of the overall situation at segment, regional and Group levels, and reporting to the Management Board on the risk and opportunity situation as well as on major management measures undertaken. The Management Board, in turn, reports regularly to the Supervisory Board’s Investment, Finance and Audit Committee. Where necessary, standard processes are supplemented by the ad hoc reporting of any major risks identified between the regular reporting dates.

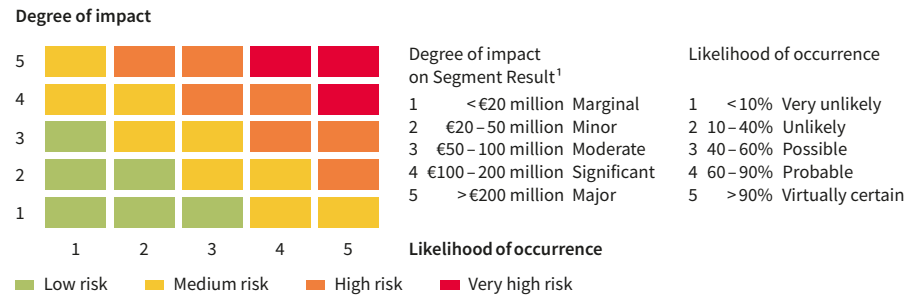
Risks and opportunities are measured on a net basis by taking into account any existing risk mitigation or hedging measures. The time periods and measurement categories used are closely linked to our short-term and medium-term business planning and entrepreneurial targets.

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

The scales used to measure these two factors (degree of impact and likelihood of occurrence) and the resulting risk assessment matrix for the presentation of risks for impact years 1 and 2 are depicted in chart [III C13](#).

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

C13 Risk assessment matrix



¹ Relating to a planning year.

All risks and opportunities reported for Infineon are reviewed for possible cumulative effects and analyzed using an Infineon-specific categorization model that also takes non-financial risks into account. Interdisciplinary workshops held at segment, corporate and regional levels support our risk and opportunity analysis and enhance our risk and opportunity management culture. Important information relevant for Infineon’s Risk and Opportunity Management System is available to all employees via our intranet system, including access to our ERM 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, transfer or acceptance). Working closely with corporate functions and individual managers responsible for measures, the Risk and Opportunity Manager is also responsible for defining and monitoring the measures aimed at implementing the management strategy. The active and specific management and monitoring of risks and opportunities are critical to the success of our system.

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

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

Internal Control System with respect to the financial reporting process

In comparison with the Risk Management System, the principal focus of the Internal Control System (ICS) is on the financial reporting process, with the aim of monitoring the proper maintenance, appropriateness and effectiveness of accounting and financial reporting. The ICS aims to minimize the risk of misstatement in Group accounting and external reporting and to prepare Consolidated Financial Statements that comply with all relevant regulations. Company-wide compliance with legal and internal regulations must be ensured. Clear responsibilities are assigned to each of the processes.

The ICS is based on the "Internal Control – Integrated Framework" developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) 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 Annual and Consolidated Financial Statements; and
- › processes are in place for the segregation of duties and for the four-eye principle in the context of preparing financial statements, as well as for authorization and access rules for relevant IT accounting systems.

Assessment of appropriateness and effectiveness

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

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

At the end of the annual cycle, the main legal entities review and confirm the appropriateness and effectiveness of the Internal Control System with regard to the accounting and 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 and about the effectiveness of the internal controls in place.

Both the Risk and Opportunity Management System and the Internal Control System are continuously developed and expanded to ensure compliance with internal and external requirements. Improvements made to these systems contribute to the continuous monitoring of the relevant risk areas, including the responsible organizational units.

The internal control system of Cypress has been integrated into the Group's ICS as part of the merger of legal entities and processes.

Significant risks

In the following section, we describe risks that could have a significant or material adverse impact on the Segment Result and/or business objectives, reputation or compliance and that have therefore been allocated to the “very high”, “high” or “medium” risk classes. Unless otherwise stated, the risks described apply to all segments. Depending on the potential degree of impact and the estimated likelihood of occurrence, the risk class is shown in parentheses for each risk (e.g., “RC: high”).

Strategic risks

Uncertain political and economic environment (RC: high)

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 have increased significantly in the 2022 fiscal year, especially as a result of the war in Ukraine, which has greatly reduced the predictability of economic development. The war in Ukraine is giving rise to risks and adverse impacts, such as potential interruptions in the supply of natural gas to production sites, price increases and scarcity of energy and raw materials. Any escalation of the conflict beyond Ukraine would further increase the risk of a global economic downturn. Furthermore, rising inflation and increases in interest rates may lead to a significant decline in consumption.

Customs disputes as well as trade restrictions, such as those between the USA and China and the current conflict between Taiwan and China, may constrain global trade, thereby dampening global economic growth. This may have a significant impact on Infineon's revenue and earnings.

Our relative dependence on the Chinese market in relation to the total Group revenue of the business remains essentially unchanged. This includes the risk of a decline in foreign demand from a Chinese perspective and hence a decline in China's gross domestic product. There is also a 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.

The government debt situation worldwide has worsened considerably and will continue to do so for a long time to come due to the consequences of the coronavirus pandemic and the impact of the war in Ukraine. Regardless of our assessment of potential scenarios and outcomes within this complex set of risks, these developments may have an adverse impact on Infineon's business, net assets, financial position and earnings situation.

Cyclical market and sector trends (RC: high)

The worldwide semiconductor market is dependent on global economic growth and hence subject to fluctuations. Our target markets are exposed to the risk of short-term market fluctuations. As a result, our own forecasts of future business trends are subject to strong uncertainty. It is possible, for instance, that future market downturns will follow another pattern, such as an L-shape with longer phases of economic stagnation. The absence of market growth or its decline would make it considerably more difficult to attain our own growth target. If we were unprepared for market fluctuations or our mitigation strategy proved to be inappropriate, this could have a sustained adverse impact on Infineon's business, net assets, financial position and earnings situation.

Increased market competition and commoditization of products (RC: high)

The rapid pace of technological change in the market also results in a greater replaceability of products. Due to the resulting aggressive pricing policies, 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 & Acquisition) activities within the semiconductor industry could result in even tougher competition. Potential benefits for competitors in this market include improved cost structures and more effective sales channels. Overall, this situation could have an adverse impact on Infineon's earnings.

Risks arising from the coronavirus pandemic (RC: medium)

As a result of the global economic recovery in the 2022 fiscal year, which led to very strong demand for semiconductors, the impact of the coronavirus pandemic was considerably less in the 2022 fiscal year than in the previous fiscal year. The pandemic disrupted manufacturing output or supply chains in certain countries, such as China and Malaysia, affecting not only Infineon's sites but also those of its international suppliers and customers. This had and continues to have an impact on the availability of raw materials and components as well as on Infineon's revenue. These risks could be exacerbated if the coronavirus pandemic were to flare up again. The coronavirus pandemic, and indeed any other pandemic, epidemic or outbreak of infectious disease, could have a materially adverse effect on the business, earnings and financial position of Infineon.

Operational risks

Dependence on individual suppliers (RC: high)

We cooperate with numerous suppliers who provide us with materials and services or manage parts of our supply chain. We do not always have alternative sources for some of these suppliers and therefore depend on their delivery capability and quality. Higher-than-expected demand for semiconductor products in the 2022 fiscal year – particularly for the automotive market, renewable energy applications, data centers, the expansion of mobile communications infrastructure, digitalization in many areas, and the electronics used at work and in homes in general – caused supply problems, especially for our contract manufacturers. The situation has not only led to delays in supplying our customers but has also resulted in an actual loss of revenue in the 2022 fiscal year. At the same time, we are currently confronted with price increases from suppliers, and there is a risk that it will not be possible to pass on these increases in full to our customers. In addition, the current conflict between Taiwan and China may affect the supply situation for our Taiwanese partners. Any failure of one or more of these suppliers to meet their obligations to Infineon could have an adverse impact on Infineon's business, financial position and earnings.

Data and IT systems security (RC: high)

The reliability and security of Infineon's IT systems are of crucial importance. At the same time, the world has seen a rise in threats to data security. This increasingly applies to the use of IT systems to support business processes, as well as to 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 reliability of data and systems used in research and development, manufacturing, selling or administration functions, which, in turn, could have an adverse impact on our reputation, competitiveness and operations.

Potential cyber-attacks on IT systems used in 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.

Increasingly dynamic markets (RC: high)

The increasingly dynamic markets and customer requirements 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, fluctuations in capacity utilization levels or purchase commitments entered into, coupled with idle costs at the manufacturing sites, nevertheless pose risks related to our cost position. These risks could jeopardize our growth and profitability targets over the cycle.

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 a 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 financial position and earnings.

Dependence on the success of specific customers may also grow if they account for an above-average share of Infineon's revenue and earnings. This situation could be driven by the exceptionally strong performance of a particular customer, resulting, for instance, from exceptional demand for its products or consolidation trends, particularly those affecting our first-tier and second-tier customers.

Manufacturing cost trends – raw materials prices, cost of materials and process costs (RC: high)

Our medium-term and long-term forecasts are based on expected manufacturing cost trends. In this context, measures aimed at optimizing manufacturing costs for raw materials and supplies, energy, labor and automation, as well as for bought-in services from external partners, may not be feasible to the extent envisaged.

Moreover, our dependence on energy supplies for our production and on various components (such as wafer), raw materials (including gold, copper and rare earths) and specialty gases expose us to substantial price and supply risks. In particular, a restriction of or interruption to the supply of natural gas for manufacturing sites in Europe could result in significant disruptions to production. Raw material and energy prices are currently subject to substantial fluctuations due, among others, to inflation. These fluctuations in market prices are expected to persist. In such a situation, if we are unable to offset cost increases or pass them on to customers, it could have an adverse impact on our financial position and earnings.

Product quality trends (RC: medium)

Product quality assurance is a key factor for our business success. Potential quality risks – for example, due to high production capacity utilization – can affect yield fluctuations and hence our delivery reliability. Shortfalls in product quality can lead to product recalls at our customers and related potential costs for liability claims. In addition, quality risks could also damage Infineon's reputation and thus have a significant adverse impact on its future business, financial position and earnings.

Product development delays (RC: medium)

The ever-increasing complexity of technologies and products, shorter development cycles and dynamized 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. In the event we are unable to execute our development plans at the desired quality levels, the outcome could result in delays and increased development costs, which could have an adverse impact on Infineon's business, net assets, financial position and earnings.

Coordination and flexible adjustment of manufacturing (RC: medium)

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

One risk that semiconductor companies operating in-house manufacturing facilities typically face is that of delays in the ramping up of production volumes at new manufacturing sites or in the transfer of technology. One good example is the Automotive segment, 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 could result in capacity shortages and hence lower revenue, on the one hand, as well as costs incurred due to underutilization and therefore an adverse impact on earnings, on the other.

Dependence on individual manufacturing sites (RC: medium)

Our South-East Asian manufacturing sites are of high importance for our production. If, for example, political upheavals, natural disasters or pandemic outbreaks in the region were to restrict or completely obstruct our ability to manufacture at these sites at the planned scale or to export products manufactured at those sites, it would have an adverse impact on our net assets, financial position and earnings. A transfer of manufacturing capacities from these sites would not only involve a great deal of time and technical effort, but Infineon would also be required to bear all of the necessary cost of investment.

Need for qualified employees (RC: medium)

One of the key factors in our success is the availability of sufficient numbers of qualified employees at all times. There is, however, a general risk of losing qualified staff or of not being able to recruit, train and retain adequately qualified people within the business. A lack of technical or management staff could, among other things, restrict future growth and hence adversely impact Infineon's financial position and earnings.

Financial risks

Currency risks (RC: high)

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, on the one hand, and of operating costs and capital expenditures, on the other, is denominated in US dollars and correlated currencies. For the most part, Infineon generates a US dollar surplus from these transactions. The integration of Cypress has increased this surplus.

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

Risk of default of banks and financing partners (RC: medium)

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

Further information regarding the management of financial risks is provided in note 27 to the Consolidated Financial Statements. [p. 143 ff.](#)

Legal and compliance risks

Qimonda insolvency (RC: medium)

The insolvency proceedings relating to Qimonda and the resulting actions of the insolvency administrator expose Infineon to potential risks, which are described in detail in note 23 to the Consolidated Financial Statements. [p. 130 ff.](#)

Provisions are recognized in connection with these matters as of 30 September 2022. The provisions reflect the amount of those liabilities that management believes are probable and can be estimated with reasonable accuracy as of that date. There can be no assurance that these provisions will be sufficient to cover all liabilities that may be incurred in conjunction with the insolvency proceedings relating to Qimonda.

Intellectual property rights and patents (RC: medium)

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

Whilst we often benefit from cross-licensing arrangements with major competitors, no such opportunities exist to safeguard against risks of this nature in the case of companies specializing in the exploitation of patent rights.

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 net assets, financial position and earnings.

Further information regarding litigation and government inquiries is provided in note 23 to the Consolidated Financial Statements. [p. 130 ff.](#)

Impact of our global operations (RC: medium)

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, technology and cost factors. Risks could therefore arise if adverse economic and geopolitical crises were to affect 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. We could also be exposed to the risk of fines, sanctions and reputational damage.

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

Acquisitions and cooperation arrangements (RC: medium)

In order to develop or expand our business, we may seek to acquire other businesses or enter into various forms of cooperation arrangements. In the case of acquisitions, there is a risk that these activities prove to be unsuccessful, particularly regarding the integration of employees and products in existing business structures. These issues could adversely impact our net assets and earnings.

In the case of acquisitions or portfolio decisions, there is a risk of non-compliance with antitrust or other legal regulations due to a lack of knowledge or failure to make the people involved in such transactions adequately aware of the issues. This could result in high levels of cost (e.g., significant time spent by management, assignment of attorneys) and fines. Infineon's reputation could also suffer under these circumstances.

Tax, fair trade and capital market regulations can all entail additional business risks. In order to mitigate these risks, we rely upon the advice of both in-house and external experts and provide suitable training to our employees on an ongoing basis.

Non-achievement of strategic targets and risks relating to the integration of Cypress (RC: medium)

The strategic targets we have set with respect to the acquisition and integration of Cypress are based on assumptions and estimates that may subsequently prove to be incorrect. These include the financial and operational performance of Cypress, the synergy and innovation potential of the two companies, future economic developments and market changes.

Measures to implement our risk management strategy

At a strategic risk level, we encounter the economic and demand fluctuations typical of the semiconductor sector business and the associated risks to our business activities, net assets, financial position and earnings by, among other things, continuously monitoring the development of what we consider to be key early warning indicators. Furthermore, we counter them as far as possible with specifically defined mitigation strategies appropriate to the current position in the economic cycle. This can be done, for instance, by rigorously adjusting capacities and inventory levels at an early stage, initiating cost-saving measures and making flexible use of external manufacturing capacities at both frontend and backend facilities.

To avoid quality risks, we have adopted various quality management strategies at the operational level, such as "FMEA" (Failure Mode and Effects Analysis) and "Six Sigma", in order to prevent or solve problems and to continue to improve all our business processes. Our Group-wide quality management system has been certified for a number of years on a worldwide basis in accordance with ISO 9001 and ISO/TS 16949 and encompasses supplier development. Our processes and initiatives to ensure continuous improvement are aimed, among others, at identifying and eliminating the causes of quality-related problems at an early stage.

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

We seek to minimize procurement-related risks through appropriate purchasing strategies and techniques, including constant product and cost analysis ("Best Cost Country Sourcing" and "Focus on Value"). These programs include cross-functional teams of experts who are responsible for standardizing purchasing processes for materials and technical equipment. We can reduce the risk of disruption to production caused by interruptions in the supply of natural gas by switching from gas to

alternative energy sources for the operation of cogeneration plants at selected manufacturing sites. In addition, in some cases, we have used derivatives to hedge, for example, price risks with respect to the amount of gold wire and electricity that we expect to require for the 2023 fiscal year.

To take account of the growing importance of Infineon's ecosystem partners, a partner risk evaluation system for Go2Market and IP/R&D partners has been developed and integrated. This partner risk assessment focuses on the dependency of Infineon on its ecosystem partners. As a result, the high-risk ecosystem partners throughout the Group are now identified and continuously assessed, and corrective risk mitigation measures are implemented to avoid an adverse impact on the Segment Result and/or on Infineon's business objectives, reputation or compliance.

In response to the general increase in threats to data security and the high degree of professionalism now applied to the area of cyber-crime, we have initiated an information security program to further improve protection against potential hacking attacks and related risks to our IT systems, networks, products, solutions and services. Information security is achieved primarily with the aid of Infineon's systematically applied global Information Security Management System (ISMS). With the systematic approach of the management system, we aim to identify and measure all potential IT risks and to ensure that effective processes and tools are in place to minimize and avoid risk. The ISMS covers all areas of Infineon's business and is certified in accordance with the globally recognized ISO/IEC 27001 standard. All relevant risk areas are continuously monitored and optimized in conjunction with regular internal and external audits.

We minimize legal risks relating to intellectual property rights and patents by pursuing a well-defined patent strategy, including thorough patent research and the selective development and registration of Infineon patents, as well as precautionary protective measures in the form of agreements with major competitors. However, no such possibility for contractual protection exists in the case of companies that specialize in exploiting patent rights.

We have implemented a Group-wide Compliance Management System (CMS) with the aim of managing compliance-related risks in a systematic, comprehensive and sustainable manner. We are continuously enhancing the key elements of our CMS to prevent, detect and respond to compliance-related incidents. The Corporate Compliance Officer reports to the Chief Financial Officer and, on a quarterly basis, to the Management Board and the Investment, Finance and Audit Committee of the Supervisory Board. At entities or locations formerly operated by Cypress, we have appointed Compliance Contacts, who are responsible for the implementation of the CMS at these entities or locations.

In certain cases, insurance policies have been taken out to protect against potential claims and liability risks, with the aim of avoiding or at least minimizing any adverse impact on Infineon's net assets, financial position and earnings.

Overall statement by Group management on the risk situation

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

Opportunities

The principal opportunities are described in the following section. The list represents only a cross-section of the opportunities available. Our assessment of these opportunities is also subject to continuous change, reflecting the fact that our business, our markets, and the technologies we deploy are continuously subject to new developments, bringing with them fresh opportunities, causing others to become less relevant or otherwise changing the significance of an opportunity from our perspective. Depending on the potential degree of impact and estimated likelihood of occurrence, each of these opportunities is assigned to an "opportunity class" (OC) in the same way that risks are allocated to a risk class. These classifications are shown in parentheses (e.g., "OC: medium").

Decarbonization and acceleration of the energy transition (OC: high)

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

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

Digitalization (OC: high)

The trend towards digitalization offers substantial business potential for Infineon. This is reflected, on the one hand, in the optimization of internal processes, such as for our interconnected manufacturing lines on a global scale, as well as in sales and administration. On the other hand, our portfolio of sensors, microcontrollers, power semiconductors, security chips and security solutions, as well as specific software, puts us in an excellent position to successfully exploit growing market potential. Our strategic approach "Product to System" makes us very well prepared to penetrate and develop the markets involved. Good examples already apparent today include automated driving, the smart home, voice and gesture control for devices and machines (such as services supporting the elderly) and the advancing development of the IoT. Additional opportunities are arising from accelerated and/or broader market penetration by digital products. In this context, the issue of "security and data integrity" plays a very important role. We are able to address this issue by offering our customers appropriate security chips and security solutions.

Strategic approach "Product to System" (OC: high)

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 to reduce customers' development costs and shorten the lead times required to bring their products to market and thereby support our growth and margin targets.

Opportunities for synergies arising from the acquisition of Cypress (OC: medium)

The products and technologies of Infineon and Cypress complement one another very well. The previous focus on power semiconductors, sensors and microcontrollers for automotive and security applications has now been broadened to include connectivity-related products, multi-purpose microcontrollers for industrial and IoT applications, together with the related software, and memories for specialty applications ("grow in scope").

The result is a comprehensive portfolio for offering complete system solutions that are needed to link the real world with the digital world. The key to success is ensuring secure connectivity for energy-efficient devices. Advances in functional integration mean that a whole host of relevant applications are currently in an early phase of growth. Furthermore, the acquisition has broadened Infineon's market access, especially in Japan, as well as with distributors. The combination of the two companies will help our business diversify, make it more robust and enable us to generate additional synergies.

Growth from data centers and mobile applications (OC: medium)

The ongoing trend in the area of Artificial Intelligence (AI) training and Machine Learning (ML) systems 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, driver ICs and control ICs) for data centers. In addition, demand for mobile applications (such as smartphones and tablets) is continuing to rise. One of the areas where Infineon is able to benefit from this development is MEMS microphones and CMOS RF switches.

Further growth of semiconductor content in vehicles (OC: medium)

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

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

High demand for semiconductors allows price increases (OC: medium)

High demand worldwide for semiconductor products and their strategic importance for our customers gives us the opportunity to increase our sales prices. This may have a positive impact on Infineon's business, financial position and earnings.

New technologies and materials (OC: medium)

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

We therefore see numerous opportunities for working with new materials, such as those associated with SiC or 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.

Ability to meet supply requirements with available capacity (OC: medium)

Our in-house manufacturing capacities, together with those of our external partners, provide us with a degree of flexibility to meet demand. In particular, the further expansion of 300-millimeter production in Dresden (Germany) and of the second fully automated 300-millimeter factory at the Villach site (Austria), as well as the third manufacturing module in Kulim (Malaysia) currently under construction, will strengthen our ability to meet the growing demand for power semiconductors.

Liquidity position (OC: medium)

Our current liquidity position, which we describe 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.

Market access and activities in China (OC: medium)

Infineon generates more revenue in China than in any other country. Accordingly, developments and growth opportunities in China are of great importance to the Group and relate to the following markets we serve:

China is the world's largest automotive market, 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. SIAPM, the joint venture formed by Infineon with SAIC Motor (China's largest car manufacturer), which offers power semiconductor solutions for electric vehicles, is strengthening our position in China.

With China's ratification of the Paris Climate Agreement in 2016 and with China's last two five-year plans, climate protection has become more important for China. As a consequence, the importance of expanding renewable energy sources in China increased enormously. Our presence in this market, alongside our collaboration with leading companies in the wind and solar power sectors, will create further opportunities for long-term growth.

Infineon Technologies AG

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

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

Unlike the Consolidated Financial Statements, which are prepared in accordance with International Financial Reporting Standards (IFRS), the Separate Financial Statements of Infineon Technologies AG are prepared in accordance with the provisions of the German Commercial Code (HGB). The complete Separate Financial Statements are published separately.

www.infineon.com/cms/en/about-infineon/investor/reporting/financial-statements-hgb/

Earnings position

Continuing high demand for semiconductor products (which had an impact on both volume and price), combined with exchange rate effects, led to an increase in revenue for Infineon Technologies AG of 26 percent to €7,920 million (2021: €6,311 million). Gross profit rose accordingly by 48.7 percent to €3,238 million (2021: €2,178 million). The gross margin was 40.9 percent in the 2022 fiscal year (2021: 34.5 percent). Operating expenses (research and development expenses, selling, general and administrative

expenses) increased in the 2022 fiscal year by €351 million to €2,227 million (2021: €1,876 million), thus comprising 28.1 percent of revenue (2021: 29.7 percent). There were also increases in other expenses, interest expenses and tax expenses. This development is primarily attributable to higher interest expense from the measurement of pension provisions and to higher foreign exchange losses. The increase in foreign exchange losses is mainly due to the development of the US dollar exchange rate. The net profit of Infineon Technologies AG in the 2022 fiscal year was €646 million, following a net profit of €239 million in the previous fiscal year. After transferring a total of €228 million to retained earnings, unappropriated profit amounted to €418 million.

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

€ in millions	2022	2021
Revenue	7,920	6,311
Cost of goods sold	(4,682)	(4,133)
Gross profit	3,238	2,178
Research and development expenses	(1,394)	(1,203)
Selling expenses	(533)	(444)
General and administrative expenses	(300)	(229)
Other income (expense), net	(119)	26
Result from investments, net	67	64
Interest result	(201)	(147)
Other financial result	(3)	36
Income tax	(109)	(42)
Income after taxes/net profit	646	239
Transfers from retained earnings	-	114
Transfers to retained earnings	(228)	-
Unappropriated profit	418	353

Net assets and financial position

Total assets increased by 4 percent, from €19,946 million as of 30 September 2021 to €20,766 million as of 30 September 2022. Non-current assets rose by €264 million, mainly due to an increase in loans to affiliated companies. Current assets increased by €541 million as a result of the higher volume of business. Receivables and other assets rose by €451 million and inventories by €344 million. Offsetting these increases was the decrease in cash and cash equivalents and marketable securities of €254 million to €3,402 million (30 September 2021: €3,656 million). Cash and cash equivalents and marketable securities accounted for 46 percent of current assets.

The increase in equity of €321 million was mainly due to the net profit for the 2022 fiscal year of €646 million, offset by the dividend paid out for the 2021 fiscal year of €351 million.

Provisions for pensions and similar commitments increased by a total of €79 million. In addition to an increase in the settlement amount, there was a decrease in the value of the plan assets. Other provisions rose by €127 million, mainly due to provisions for obligations to employees of €354 million (30 September 2021: €315 million) and reimbursement obligations to customers of €68 million (30 September 2021: €45 million). Liabilities increased in the 2022 fiscal year by €292 million to €9,620 million, compared with €9,328 million as of 30 September 2021, mainly as a result of the higher volume of business and the related increase in cost of goods sold and operating costs.

At the end of the reporting year, the equity ratio was 47.2 percent, compared with 47.6 percent one year earlier.

For information on Infineon's own shares, please see the comments relating to section 160, paragraph 1, no. 2 of the German Stock Corporation Act (AktG) provided in the Separate Financial Statements of Infineon Technologies AG.

www.infineon.com/cms/en/about-infineon/investor/reporting/financial-statements-hgb/

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

€ in millions	30 September 2022	30 September 2021
Intangible assets, property, plant and equipment	620	592
Financial assets	12,682	12,446
Non-current assets	13,302	13,038
Inventories	1,601	1,257
Receivables and other assets	2,323	1,872
Cash and cash equivalents, marketable securities	3,402	3,656
Current assets	7,326	6,785
Prepaid expenses	137	121
Active difference resulting from offsetting	1	2
Total assets	20,766	19,946
Share capital	2,605	2,603
Capital reserves	3,545	3,525
Retained earnings	3,241	3,007
Unappropriated profit	418	353
Shareholders' equity	9,809	9,488
Provisions for pensions and similar commitments	400	321
Other provisions	935	808
Provisions	1,335	1,129
Bonds	4,632	4,634
Loans payable to banks	1	2
Advance payments received	-	1
Trade payables	464	378
Liabilities to affiliated companies	3,627	3,430
Other liabilities	896	883
Liabilities	9,620	9,328
Deferred income	2	1
Total liabilities and shareholders' equity	20,766	19,946

Dividend

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

The ultimate parent company Infineon Technologies AG, after transfer to other retained earnings, reported unappropriated profit of €418 million in its financial statements for the fiscal year ended 30 September 2022. With regard to the 2022 fiscal year, a proposal will be made to pay a dividend of €417 million respectively €0.32 per dividend-entitled share out of the unappropriated profit of Infineon Technologies AG. The disbursement of the proposed dividend is subject to approval by the shareholders.

The Company paid a dividend of €0.27 per share (€351 million in total) for the 2021 fiscal year.

For information regarding Infineon's long-term dividend policy, see the "Dividend" paragraph in the chapter "Infineon on the capital market". [p. 59](#)

Expected developments and associated significant risks and opportunities

Expected developments at Infineon Technologies AG and the associated significant risks and opportunities are essentially identical to those of the Group as a whole. Moreover, it is assumed that the result from investments will make a major contribution to Infineon Technologies AG's earnings. As a general rule, Infineon Technologies AG participates in the risks of its subsidiaries and equity investments on the basis of the extent of its shareholding. As the parent company of the Group, Infineon Technologies AG is integrated into the Group-wide risk management and internal control systems. For more information on this topic, expected developments and associated significant risks and opportunities, see the chapter "Risk and opportunity report". [p. 64 ff.](#)

Most transactions within the Group involving derivative financial instruments are handled by Infineon Technologies AG. The comments provided in "Principles and structure of Infineon's treasury" within the chapter "Review of liquidity", [p. 56](#), regarding the nature and scope of transactions involving derivative financial instruments and hedged risks also apply to Infineon Technologies AG. Information on this subject is also provided in the Notes to the Separate Financial Statements of Infineon Technologies AG.

www.infineon.com/cms/en/about-infineon/investor/reporting/financial-statements-hgb/

Corporate Governance

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

Structure of the subscribed capital

The share capital of Infineon Technologies AG stood at €2,611,842,274 as of 30 September 2022. 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 shareholders at the Annual General Meeting.

The Company held 3,689,901 of the abovementioned issued shares as own shares as of 30 September 2022 (30 September 2021: 4,545,602 shares). 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 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 of Infineon Technologies AG, 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 related to the entry in the share register are actually owned by the registered party and, if not, to receive the information necessary for the maintenance of the share register in relation to the party for whom the shares are held. Section 67, paragraph 2, AktG stipulates that the shares concerned do not confer voting rights until such time as the information requested has been supplied in the appropriate manner.

Direct or indirect shareholdings exceeding 10 percent of the voting rights

Section 33, paragraph 1, WpHG requires each shareholder whose voting rights reach, exceed, or after exceeding, fall below 3, 5, 10, 15, 20, 25, 30, 50 or 75 percent of the voting rights of a listed corporation to notify such corporation and the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – “BaFin”) immediately. As of 30 September 2022, 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 2022 are presented in the Notes to the Separate Financial Statements of Infineon Technologies AG under the information pursuant to section 160, paragraph 1, no. 8, AktG.

Shares with special rights that confer control rights

No shares conferring special control rights have been issued.

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

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

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

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

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

Pursuant to section 84, paragraph 1, sentence 1, AktG, the maximum term of appointment for Management Board members is five years. Re-appointment or an extension of the term of office, in each case for a maximum of five years, is permitted (section 84, paragraph 1, sentence 2, AktG). Section 5, paragraph 1, of the Articles of Association and section 84, paragraph 2, AktG stipulate that the Supervisory Board may appoint a chairman and a deputy chairman to the Management Board. The Supervisory Board may revoke the appointment of a Management Board member and the Chairman of the Management Board for good cause (section 84, paragraph 3, 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, in particular with respect to the issuing or buying back of shares

The power of the Management Board to issue shares derives from section 4 of the Articles of Association of the Company, in conjunction with applicable legal provisions. Further information relating to the Company’s existing Authorized and Conditional Capital can be found in note 19 to the Consolidated Financial Statements, [p. 123 ff.](#)

Authorization to issue convertible bonds and/or bonds with warrants

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

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

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

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

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

Authorization to acquire own shares

A resolution passed by the Annual General Meeting on 22 February 2018 authorized Infineon Technologies AG, in the period through 21 February 2023, 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 purposes 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. Subject to the approval of the Supervisory Board, under specified circumstances, 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 and stock option plans, offered for sale or granted as a remuneration component to members of corporate bodies and employees within the Group and, finally, used to repay securities-backed loans. The subscription right of shareholders is excluded in all of the above cases (except when the shares are canceled). 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 22 February 2018, the acquisition of Infineon Technologies AG shares may also be affected 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, determined 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 their execution, term, servicing and price.

If own shares are acquired using derivatives in accordance with the requirements stipulated in the authorization, any right of the shareholders to conclude such derivative transactions with the Company will be excluded in 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 with Management Board members are intended to provide financial security to those members in the event of a change of control, with a view to preserving their independence in this situation.

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

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

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

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

Remuneration Report

The Remuneration Report is publicly available.

www.infineon.com/remuneration-report

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

List of references

R01	International Monetary Fund (IMF): <i>World Economic Outlook</i> . October 2022.	Neubiberg, 21 November 2022		
R02	World Semiconductor Trade Statistics (WSTS): <i>Semiconductor Industry Blue Book History</i> . October 2022.	Management Board		
R03	Based on or includes research from Omdia: <i>Application Market Forecast Tool – 3Q22</i> . September 2022.	Jochen Hanebeck	Constanze Hufenbecher	Dr. Sven Schneider
R04	Based on or includes research from Omdia: <i>Competitive Landscaping Tool CLT Quarterly – 2Q22</i> . August 2022.	Andreas Urschitz	Dr. Rutger Wijburg	



Consolidated Financial Statements

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Consolidated Statement of Profit or Loss

€ in millions	Notes	2022	2021
Revenue	3	14,218	11,060
Cost of goods sold	3	(8,087)	(6,800)
Gross profit		6,131	4,260
Research and development expenses	3	(1,798)	(1,448)
Selling, general and administrative expenses	3	(1,565)	(1,354)
Other operating income		129	64
Other operating expenses		(52)	(52)
Operating profit		2,845	1,470
Financial income	3	7	22
Financial expenses	3	(168)	(182)
Share of profit (loss) of associates and joint ventures accounted for using the equity method	4	39	9
Profit (loss) from continuing operations before income taxes		2,723	1,319
Income taxes	5	(537)	(144)
Profit (loss) from continuing operations		2,186	1,175
Profit (loss) from discontinued operations, net of income taxes	6	(7)	(6)
Profit (loss) for the period		2,179	1,169
Attributable to:			
Shareholders and hybrid capital investors of Infineon Technologies AG		2,179	1,169
Basic earnings per share (in euro) attributable to shareholders of Infineon Technologies AG: ¹			
Basic earnings per share (in euro) from continuing operations	7	1.66	0.88
Basic earnings (loss) per share (in euro) from discontinued operations	7	(0.01)	(0.01)
Basic earnings per share (in euro)	7	1.65	0.87
Diluted earnings per share (in euro) attributable to shareholders of Infineon Technologies AG: ¹			
Diluted earnings per share (in euro) from continuing operations	7	1.65	0.88
Diluted earnings (loss) per share (in euro) from discontinued operations	7	-	(0.01)
Diluted earnings per share (in euro)	7	1.65	0.87

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

Consolidated Statement of Comprehensive Income

€ in millions	Notes	2022	2021
	19		
Profit (loss) for the period		2,179	1,169
Actuarial gains (losses) on pensions and similar commitments		310	128
Total items that will not be reclassified subsequently to profit or loss		310	128
Foreign currency translation differences		1,369	90
Net change in fair value of hedging instruments		4	64
Total items that may be reclassified subsequently to profit or loss		1,373	154
Other comprehensive income (loss), net of tax		1,683	282
Total comprehensive income (loss), net of tax		3,862	1,451
Attributable to:			
Shareholders and hybrid capital investors of Infineon Technologies AG		3,862	1,451

Consolidated Statement of Financial Position

€ in millions	Notes	30 September 2022	30 September 2021
ASSETS			
Cash and cash equivalents		1,438	1,749
Financial investments	8	2,279	2,173
Trade receivables	9	1,887	1,483
Inventories	10	3,081	2,181
Current income tax receivables	5	58	57
Contract assets		85	82
Other current assets	11	625	518
Assets classified as held for sale		–	9
Total current assets		9,453	8,252
Property, plant and equipment	12	5,545	4,443
Goodwill	13	7,083	5,962
Other intangible assets	12	3,483	3,349
Right-of-use assets	14	405	336
Investments accounted for using the equity method	4	100	71
Non-current income tax receivables	5	2	1
Deferred tax assets	5	527	695
Other non-current assets	26	314	225
Total non-current assets		17,459	15,082
Total assets		26,912	23,334

€ in millions	Notes	30 September 2022	30 September 2021
LIABILITIES AND EQUITY			
Short-term financial debt and current portion of long-term financial debt	15	752	833
Trade payables		2,260	1,569
Current provisions	16	983	815
Current income tax payables	5	356	288
Current lease liabilities	14	76	66
Other current liabilities	17	1,161	872
Total current liabilities		5,588	4,443
Long-term financial debt	15	4,910	5,752
Pensions and similar commitments	18	297	617
Deferred tax liabilities	5	371	324
Other non-current provisions	16	289	319
Non-current lease liabilities	14	310	265
Other non-current liabilities	26	203	213
Total non-current liabilities		6,380	7,490
Total liabilities		11,968	11,933
Equity:	19		
Ordinary share capital		2,612	2,612
Additional paid-in capital		6,579	6,513
Retained earnings		3,506	1,407
Other reserves		1,067	(306)
Own shares		(23)	(28)
Hybrid capital		1,203	1,203
Total equity		14,944	11,401
Total liabilities and equity		26,912	23,334

Consolidated Statement of Cash Flows

€ in millions	Notes	2022	2021
	25		
Profit (loss) for the period		2,179	1,169
Plus: profit (loss) from discontinued operations, net of income taxes		7	6
Adjustments to reconcile profit (loss) for the period to cash flows from operating activities:			
Depreciation and amortization	12, 14	1,664	1,513
Income tax	5	537	144
Interest result	3	131	150
Gains on disposals of property, plant and equipment		(12)	(5)
Dividends received	4	6	4
Impairments/reversals of impairments	12, 13, 28	24	12
Share-based payment	21	62	27
Other non-cash result		(45)	(22)
Change in trade receivables	9	(307)	(279)
Change in inventories	10	(766)	(121)
Change in trade payables		640	407
Change in provisions	16	89	372
Change in other assets and other liabilities		266	11
Interests received	3	10	3
Interests paid	3	(149)	(148)
Income taxes paid	5	(350)	(180)
Cash flows from operating activities from continuing operations		3,986	3,063
Cash flows from operating activities from discontinued operations		(6)	2
Cash flows from operating activities		3,980	3,065

€ in millions	Notes	2022	2021
Purchases of financial investments	8	(5,605)	(4,275)
Proceeds from sales of financial investments	8	5,502	3,480
Acquisitions of businesses, net of cash acquired		(36)	(19)
Proceeds from sales of businesses and interests in subsidiaries, net of cash disbursed		-	13
Investments in related companies		(8)	-
Purchases of other intangible assets and other assets	12	(257)	(229)
Purchases of property, plant and equipment	12	(2,053)	(1,268)
Proceeds from sales of property, plant and equipment and other assets		16	14
Cash flows from investing activities		(2,441)	(2,284)
Net change in related party financial receivables and payables	24	-	2
Proceeds from issuance of long-term financial debt	15	500	1,084
Repayments of long-term financial debt	15	(1,893)	(1,570)
Payments for lease liabilities	14	(84)	(76)
Change in cash deposited as collateral		(2)	-
Dividend payments	19	(351)	(286)
Cash outflow to hybrid capital investors	19	(39)	(39)
Cash flows from financing activities		(1,869)	(885)
Net change in cash and cash equivalents		(330)	(104)
Effect of foreign exchange rate changes on cash and cash equivalents		19	2
Cash and cash equivalents at beginning of period		1,749	1,851
Cash and cash equivalents at end of period		1,438	1,749

Consolidated Statement of Changes in Equity

for the fiscal year ended 30 September 2022

	Notes	Share capital	Capital reserves	Retained earnings	Other reserves		Own shares	Equity attributable to shareholders of Infineon Technologies AG	Equity attributable to hybrid capital investors	Total equity
					Foreign currency translation differences	Hedges				
€ in millions										
Balance as of 1 October 2021		2,612	6,513	1,407	(309)	3	(28)	10,198	1,203	11,401
Total comprehensive income (loss), net of tax										
Profit (loss) for the period		-	-	2,140	-	-	-	2,140	39	2,179
Other comprehensive income (loss), net of tax		-	-	310	1,369	4	-	1,683	-	1,683
Total comprehensive income (loss), net of tax		-	-	2,450	1,369	4	-	3,823	39	3,862
Transactions with owners										
Contributions by and distributions to owners										
Dividends	19	-	-	(351)	-	-	-	(351)	-	(351)
Share-based payment	21	-	57	-	-	-	-	57	-	57
Disposal (purchase) of own shares	19	-	-	-	-	-	5	5	-	5
Other contributions and distributions	19	-	9	-	-	-	-	9	-	9
Total contributions by and distributions to owners		-	66	(351)	-	-	5	(280)	-	(280)
Total transactions with owners		-	66	(351)	-	-	5	(280)	-	(280)
Transactions with hybrid capital investors										
Compensations to hybrid capital investors	19	-	-	-	-	-	-	-	(39)	(39)
Total transactions with hybrid capital investors		-	-	-	-	-	-	-	(39)	(39)
Balance as of 30 September 2022		2,612	6,579	3,506	1,060	7	(23)	13,741	1,203	14,944

Consolidated Statement of Changes in Equity

for the fiscal year ended 30 September 2021

	Notes	Share capital	Capital reserves	Retained earnings	Other reserves		Own shares	Equity attributable to shareholders of Infineon Technologies AG	Equity attributable to hybrid capital investors	Total equity
					Foreign currency translation differences	Hedges				
€ in millions										
Balance as of 1 October 2020		2,612	6,462	435	(399)	(61)	(33)	9,016	1,203	10,219
Total comprehensive income (loss), net of tax										
Profit (loss) for the period		-	-	1,130	-	-	-	1,130	39	1,169
Other comprehensive income (loss), net of tax		-	-	128	90	64	-	282	-	282
Total comprehensive income (loss), net of tax		-	-	1,258	90	64	-	1,412	39	1,451
Transactions with owners										
Contributions by and distributions to owners										
Dividends	19	-	-	(286)	-	-	-	(286)	-	(286)
Share-based payment	21	-	24	-	-	-	-	24	-	24
Disposal (purchase) of own shares	19	-	-	-	-	-	5	5	-	5
Other contributions and distributions	19	-	27	-	-	-	-	27	-	27
Total contributions by and distributions to owners		-	51	(286)	-	-	5	(230)	-	(230)
Total transactions with owners		-	51	(286)	-	-	5	(230)	-	(230)
Transactions with hybrid capital investors										
Compensations to hybrid capital investors	19	-	-	-	-	-	-	-	(39)	(39)
Total transactions with hybrid capital investors		-	-	-	-	-	-	-	(39)	(39)
Balance as of 30 September 2021		2,612	6,513	1,407	(309)	3	(28)	10,198	1,203	11,401

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, designs, develops, manufactures and markets a broad range of semiconductors and related system solutions. The focus of activities is on the key markets ranging from automotive to industrial and consumer-related segments. The product spectrum ranges from standard components, through to special components for digital, analog as well as mixed-signal applications, and to 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 Neuburg (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, prepared by Infineon Technologies AG as the ultimate parent company for the year ended 30 September 2022, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and related interpretations effective as of 30 September 2022 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 2022.

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 2022:

Standard/amendment/interpretation	Effective date	Impact on Infineon
IFRS 4 Extension to the temporary exemption from applying IFRS 9 (amendments to IFRS 4)	1 January 2021	none
IFRS 16 Rent concessions related to the Coronavirus pandemic (amendment to IFRS 16) – extension	1 April 2021	immaterial
Interest rate benchmark reform (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) – Phase 2	1 January 2021	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 2022 since they are not yet mandatory or, alternatively, have not yet been endorsed by the EU. The new or amended Standards are applicable for fiscal years beginning on or after their respective effective date. As a general rule, they are not applied before their effective date, even if this is permitted for certain Standards.

Standard/amendment/interpretation	Effective date	Impact on Infineon
IAS 1 Classification of liabilities as current or non-current (amendments to IAS 1)	1 January 2024	none
IAS 1 Disclosure of accounting policies (amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023	immaterial
IAS 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 16 Property, plant and equipment — income before intended use (amendments to IAS 16)	1 January 2022	none
IAS 37 Onerous contracts — costs of fulfilling a contract (amendments to IAS 37)	1 January 2022	immaterial
IFRS 3 References to the conceptual framework	1 January 2022	none
IFRS 16 Lease liability in a sale and leaseback (amendments to IFRS 16)	1 January 2024	none
IFRS 17 Insurance contracts including amendments to IFRS 17	1 January 2023	none
Annual IFRS improvement cycle 2018–2020	1 January 2022	none

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 which, directly or indirectly, is 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. After re-examination, any excess of Infineon's share of the fair value of items acquired over consideration paid is 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 29. [📄 p. 157 ff.](#)

In the absence of control over an entity, but the entity is a joint venture or an associated company, these are included in the Consolidated Financial Statements using the equity method (see note 4, [📄 p. 104 ff.](#)). Where objective indications of impairment in the carrying amount of an equity-based investment are present, an impairment test is carried out. If the carrying amount exceeds the recoverable amount, an impairment loss is recognized in financial expenses.

Functional currency and foreign currency translation

The functional currency of Infineon Technologies AG is the euro.

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

The assets and liabilities of subsidiaries with functional currencies other than the euro are translated into euros 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 resulting from the consolidation are recognized directly in equity and presented as “Other reserves”.

Recognition and measurement principles

Cash and cash equivalents

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

Financial instruments

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

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

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

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

Financial assets

› Classification and measurement of financial assets

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

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

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

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

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

and losses, impairments, and gains or losses from the derecognition of such financial assets are recognized through profit or loss.

As of the reporting date, Infineon did not hold any financial assets with the intention to collect contractual cash flows and to 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 at Infineon whose cash flows are not exclusively interest payments and principal repayments.

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

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

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

› Impairment of financial assets

Infineon determines an impairment charge 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 impairments 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 credit loss) in accordance with the general approach. Due to their short-term maturity, this corresponds to the expected credit losses over the entire term. 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 27, [p. 143 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 credit losses that are expected over the entire term using a simplified procedure. 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 impaired (with impaired creditworthiness) 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. For trade receivables, the impaired creditworthiness is not determined automatically 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 together with, as in previous years, conversion rights from convertible bonds that were acquired in the course of the acquisition of Cypress.

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

Designated hedging instruments (cash flow hedges)

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

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

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

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

Hybrid bonds

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

Inventories

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

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

Inventories include an asset resulting from sales with a right of return, representing Infineon’s right to recover products from customers upon payment of the reimbursement obligation (see “Revenue recognition”, [p. 98 ff.](#)). 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.

Valuation adjustments for expected credit losses on contract assets are determined in accordance with the measurement method for trade receivables (see “Financial instruments”, [p. 92 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 2022 or the 2021 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. 100](#)). 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 the carrying value, the impairment is allocated pro rata to the assets recorded within the scope of IAS 36 therein. 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. 96](#)), or over the duration of the contract if shorter. In subsequent valuations, lease liabilities are measured at the current value of the outstanding lease payments using the effective interest method and are presented as lease liabilities (current and non-current).

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

Defined benefit pension plans

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

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

Other provisions

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

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

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

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

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

Contingent liabilities

Contingent liabilities are either possible obligations whose actual existence is dependent on the occurrence of one or more uncertain future events not wholly within Infineon's control, or they are present obligations that will probably not result in the outflow of resources or whose outflow of resources cannot be quantified reliably. Contingent liabilities are not recognized in the Statement of Financial Position, instead they are disclosed and described in the Notes to the Consolidated Financial Statements (see note 22, [p. 129 f.](#), and note 23, [p. 130 ff.](#)).

Revenue recognition

Infineon generates revenues mainly from the sale of semiconductor products and related system solutions. Revenue is recognized when control over the products is transferred to the customers in accordance with IFRS 15 (power of disposal), and where the receipt of consideration from the customer is probable. Typically, Infineon's

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

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

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

Infineon recognizes revenue for deliveries to distributors by using the “sell in” method, that is, when a product is delivered to the distributor, to the extent that revenue has not already been recognized on an over time basis. The transaction price for sales to distributors, in particular, contains variable components. Distributors can, in accordance with established business practices in the semiconductor industry, under certain circumstances apply for price protection. 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 a so-called ship and debit credit note for price adjustments. As with all product sales, Infineon recognizes revenue based on the transaction price and records an obligation for the estimated consideration to be reimbursed to the customer during the period in which the relevant revenue is recognized. In the case of ship and debit, the determination of the transaction price, and thus also the refund obligation, is based on rolling historical price trends in the difference between contract prices and standard list prices to the distributors. The determination of the transaction price in the case of price protection takes into account current list prices and the relevant distributors’ inventory on hand. The refund liability is disclosed as part of other current liabilities.

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

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 foreign currency 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 process improvements. 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 expense that serves to prepare the asset for use. Such capitalized costs are presented as internally generated intangible assets within "Other intangible assets" (see note 12, [p. 111 f.](#)). Development costs, which 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 3, [p. 103](#)).

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

Estimates and assumptions

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

Estimates and assumptions undergo regular review and must be adjusted where appropriate.

Although these estimates and assumptions are applied by management to the best of its knowledge based on current events and circumstances, actual events may result in deviations from these estimates. This is particularly true in light of the significant increase in geopolitical risks in the 2022 fiscal year, particularly as a result of the war in Ukraine, which is associated with risks and adverse effects such as the possible interruption to the supply of natural gas to production sites or price increases and shortages of energy and raw materials, as well as disruptions in global supply chains, end markets and the overall economic development. An extension of the conflict situation beyond Ukraine would further increase the risk of a global economic downturn, which, in combination with rising inflation and rising interest rates, could lead to a significant decline in consumption. Trade and customs disputes, together with trade restrictions, for example between the US and China, can affect global trade and thus global economic growth. Due to the global economic recovery in the 2022 fiscal year, which led to very strong demand for semiconductors, the effects of the coronavirus pandemic were significantly reduced in the 2022 fiscal year compared to the previous one. In some countries, such as China or Malaysia, manufacturing or supply chain disruptions were caused by the pandemic, which also affected Infineon's production facilities and those of its international suppliers and customers. This had and has an impact on the availability of raw materials and components as well as on Infineon's revenue. Developments in the wake of the geopolitical risks and coronavirus pandemic 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, potentially resulting in a significant impact on Infineon's financial position, results of operations and cash flows.

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

- › recognition and valuation of deferred tax assets as well as uncertain tax positions (see “Current and deferred taxes”, [p. 100 f.](#), and note 5, [p. 105 ff.](#)),
- › valuation of inventory (see “Inventories”, [p. 95](#), and note 10, [p. 110](#)),
- › revenue recognized over time as well as revenue where the transaction price includes a variable component (see “Revenue recognition”, [p. 98 f.](#)),
- › recoverability of non-financial assets, in particular goodwill (see notes 12, [p. 111 f.](#), and 13, [p. 113 f.](#)),
- › recognition and valuation of provisions (see “Other provisions” [p. 98](#), notes 16, [p. 117 f.](#), and 23, [p. 130 ff.](#)) and
- › valuation of defined benefit pension plans (see “Defined benefit pension plans”, [p. 97 f.](#), and note 18, [p. 119 ff.](#)).

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 2022.

3 Notes to the Consolidated Statement of Profit or Loss

Revenue

Breakdowns of revenue by segments, product groups and geographic areas are disclosed in note 28. [p. 149 ff.](#)

The aggregate amount of the transaction prices of the unsatisfied and partially unsatisfied performance obligations, arising from contracts with customers within the meaning of IFRS 15 with original expected durations of more than one year, was as follows as of 30 September 2022 and 2021:

Revenue expected in (€ in millions)	Total	Less than 1 year	1 year and after
As of 30 September 2022	1,257	488	769
As of 30 September 2021	512	157	355

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. Accordingly, these values are not included in the table above.

Cost of materials and purchased services as well as personnel expenses

The Consolidated Statement of Profit or Loss (continuing and discontinued operations) includes the following expenses for purchased services, materials and personnel.

Expenses for materials and purchased services comprised the following in the 2022 and 2021 fiscal years:

€ in millions	2022	2021
Cost of raw materials, supplies and purchased goods	2,788	1,925
Cost of purchased services	3,433	2,609
Total	6,221	4,534

Personnel expenses comprised the following in the 2022 and 2021 fiscal years:

€ in millions	2022	2021
Wages and salaries	3,544	3,108
Social insurance levies and employee benefits	555	471
Expenses for pensions	71	67
Total	4,170	3,646

The average number of employees by geographic region was as follows for the 2022 and 2021 fiscal years:

	2022	2021
Europe	21,703	19,767
therein: Germany	13,687	12,680
Asia-Pacific (excluding Japan, Greater China)	23,762	20,457
Greater China ¹	2,698	2,423
therein: Mainland China, Hong Kong	2,313	2,086
Japan	653	648
Americas	5,470	5,296
therein: USA	3,908	3,772
Total	54,286	48,591

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

Grants

Infineon has received grants from various governmental institutions under government business development programs, including grants for the construction of manufacturing facilities, for research and development activities and employee development. Grants included directly in profit or loss in the Consolidated Financial Statements during the 2022 and 2021 fiscal years were as follows:

€ in millions	2022	2021
Included in the Consolidated Statement of Profit or Loss in:		
Cost of goods sold	61	58
Research and development expenses	113	123
Selling, general and administrative expenses	2	5
Total	176	186

In the 2022 fiscal year, investment grants of €14 million (2021: €20 million) were deducted from acquisition or construction costs for property, plant and equipment and intangible assets. In the 2022 fiscal year, Infineon received investment grants of €22 million (2021: €12 million).

For compliance with the conditions attached to the grants received and potential repayment requirements in case of nonfulfillment, see note 22. [p. 129 f.](#)

Financial income and expenses

Financial income comprised the following in the 2022 and 2021 fiscal years:

€ in millions	2022	2021
Interest income	11	5
Gains on sales of financial assets	-	13
Other financial income ¹	(4)	4
Total	7	22

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

Financial expenses comprised the following in the 2022 and 2021 fiscal years:

€ in millions	2022	2021
Interest expenses	(142)	(155)
Other financial expenses	(26)	(27)
Total	(168)	(182)

Further information on Infineon's financial income and expenses is contained in note 26. [p. 140](#)

4 Investments accounted for using the equity method

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

Summarized financial information for joint ventures

As of 30 September 2022 and 2021, the carrying amount of joint ventures accounted for using the equity method was €56 million and €23 million, respectively.

For the 2022 and 2021 fiscal years, Infineon's proportion of selected items from the statement of comprehensive income of the joint ventures accounted for using the equity method were aggregated as follows:

€ in millions	2022	2021
Profit (loss) for the period	29	2
Other comprehensive income (loss), net of tax	3	-
Total comprehensive income (loss), net of tax	32	2

The pro rata result of the joint ventures accounted for using the equity method is not part of the Segment Result (see note 28, [p. 151](#)).

Summarized financial information for associated companies

As of 30 September 2022 and 2021, the carrying amount of the associated companies accounted for using the equity method was €44 million and €48 million, respectively.

For the 2022 and 2021 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:

€ in millions	2022	2021
Profit (loss) for the period	10	7
Total comprehensive income (loss), net of tax	10	7

The pro rata result of the associated companies accounted for using the equity method is not part of the Segment Result (see note 28, [p. 151](#)).

5 Income tax

Income tax from continuing operations for the fiscal years ending 30 September 2022 and 2021 amounted to:

€ in millions	2022	2021
Current tax expense	(393)	(152)
Deferred tax income	(144)	8
Income tax	(537)	(144)

The German combined statutory tax rate for Infineon Technologies AG was 28 percent for the 2022 and 2021 fiscal years. This is based on a corporate income tax rate of 15 percent, plus a solidarity surcharge of 5.5 percent and a trade tax rate of 12 percent.

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

The reconciliation of income taxes from continuing operations for the fiscal years ended 30 September 2022 and 2021, based on the German combined statutory income tax rate of 28 percent for the 2022 and 2021 fiscal years, is as follows:

€ in millions	2022	2021
Expected income tax expense	(760)	(367)
Tax rate differential	93	47
Effects due to changes in tax rates	13	(15)
Effects from the difference between local and functional currency	8	1
Previous year taxes	77	73
therein: current tax income	73	59
Non-deductible expenses	(52)	(33)
Tax-exempt income	73	66
Change in permanent balance sheet effects	(43)	(50)
Change in valuation allowance on deferred tax assets	(43)	64
Change in available tax credits	96	64
Other	1	6
Actual income taxes	(537)	(144)

“Effects due to changes in tax rates” mainly related to a reduction in the applicable tax rates for deferred taxes in Singapore.

“Change in valuation allowances on deferred tax assets” consisted of the following: In the 2022 fiscal year, amounts recognized in profit or loss included valuation allowances or non-recognition of deferred tax assets for tax loss carry-forwards of €27 million (2021: €23 million), tax credits of €67 million (2021: €8 million), and temporary differences of €0 million (2021: €1 million). A write-up of deferred tax assets for tax loss carry-forwards of €0 million was recorded (2021: €77 million). Within tax credits, the write-up of deferred tax assets amounted to €10 million in the 2022 fiscal year (2021: €0 million) and temporary differences amounted to €41 million (2021: €19 million).

The utilization of tax loss carry-forwards, tax credits and temporary differences for which deferred tax assets had not previously been recorded resulted in current tax income of €1 million in the 2022 fiscal year (2021: €5 million).

Deferred tax assets and liabilities as of 30 September 2022 and 2021 comprised the following:

€ in millions	30 September 2022		Change 2022		30 September 2021		Change 2021	
	Deferred tax assets	Deferred tax liabilities	Total	therein through profit or loss	Deferred tax assets ¹	Deferred tax liabilities ¹	Total	therein through profit or loss
Intangible assets	44	(751)	(15)	74	35	(727)	9	12
Property, plant and equipment	156	(165)	(13)	(2)	146	(142)	(29)	(29)
Inventories	39	(25)	8	6	27	(21)	1	1
Provisions, pensions and similar commitments	339	(35)	24	21	310	(30)	60	73
Other	29	(39)	(5)	(6)	34	(39)	8	-
Total deferred taxes on temporary differences	607	(1,015)	(1)	93	552	(959)	49	57
Tax loss carry-forwards	394	-	(183)	(197)	577	-	(29)	(66)
Unused tax credits and excess foreign tax credits	170	-	(31)	(40)	201	-	17	17
Total deferred taxes	1,171	(1,015)	(215)	(144)	1,330	(959)	37	8
Netting	(644)	644	-	-	(635)	635	-	-
Total	527	(371)	(215)	(144)	695	(324)	37	8

¹ In the context of the separate disclosure of deferred taxes on inventories, the following prior year's positions were adjusted: "Other" and "Provisions, pensions and similar commitments".

Infineon assessed the need for a valuation allowance of its deferred tax assets. Based on the results of this assessment, considering all positive and negative factors and information relating to the foreseeable future based on business plans, Infineon recognized deferred tax assets, after netting, of €527 million as of 30 September 2022 (30 September 2021: €695 million).

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

€ in millions	2022	2021
Corporate tax loss carry-forwards – Germany	716	1,336
Trade tax loss carry-forwards – Germany	1,940	2,515
Corporate tax loss carry-forwards and local tax loss carry-forwards (particularly US state tax loss carry-forwards) – foreign	625	711
Tax credits	714	625

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

€ in millions	2022	2021
Tax loss carry-forwards – Germany	-	-
Thereof expire within the next five years	-	-
Corporate tax loss carry-forwards and local tax loss carry-forwards (particularly US state tax loss carry-forwards) – foreign	412	374
Thereof expire within the next five years	87	59
Tax credits	544	424
Thereof expire within the next five years	-	2
Deductible temporary differences	36	464

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

€ in millions	2022	2021
Deferred taxes, net as of the end of the previous fiscal year	371	334
Deferred tax income (expense), recognized through profit or loss:		
From continuing operations	(144)	8
From discontinued operations	-	-
Change of deferred taxes, recognized directly in equity:		
Deferred tax arising from business acquisitions	(1)	-
Deferred taxes recognized directly in equity	5	28
Deferred taxes recognized in other comprehensive income	(26)	6
Foreign currency translation	(49)	(2)
Adjustment on initial application of IFRS 9 and IFRS 15	-	(3)
Deferred taxes, net as of the end of the fiscal year	156	371

In connection with investments in subsidiaries, there were temporary taxable differences of €242 million (2021: €349 million) for which no deferred taxes have been recognized because the timing of the reversal can be controlled, and it is not probable that the temporary differences will reverse in the foreseeable future.

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

€ in millions	2022	2021
Income taxes from continuing operations, recognized in profit or loss	(537)	(144)
Income taxes from discontinued operations, recognized in profit or loss	-	1
Income taxes recognized directly in equity	9	29
Income taxes recognized in other comprehensive income	(26)	6
Income taxes	(554)	(108)

Income taxes recognized directly in equity in the 2022 fiscal year were mainly the result of tax effects in connection with the compensation for hybrid capital. In the 2021 fiscal year there were, additionally, tax effects from the reversal of valuation allowances on deferred tax assets resulting from capital measures in prior years.

The income taxes recognized in other comprehensive income in the 2022 fiscal year comprise mainly actuarial gains and losses arising from pension commitments of €25 million (2021: €11 million). In the 2021 fiscal year, there were, additionally, offsetting tax effects of €17 million arising from realized and non-realized gains and losses from hedges.

6 Disposals and discontinued operations

Qimonda – discontinued operations

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

The current risks and provisions relating to Qimonda’s insolvency are described in note 23 “Proceedings in relation to Qimonda”. [📄 p. 130 ff.](#)

In the 2022 and 2021 fiscal years, adjustments to individual provisions as well as subsequent income arose as a result of recent developments in connection with the insolvency of Qimonda, which resulted in a loss from discontinued operations, net of income taxes of €7 million and €6 million, respectively.

7 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 19, [📄 p. 124 f.](#)). The related hybrid investors’ remuneration (after tax) represents payments for a component of equity that reduces the earnings available to shareholders for distribution and was therefore taken into account in determining earnings per share (basic and diluted).

Basic and diluted earnings per share are calculated as follows for the fiscal years ended 30 September 2022 and 2021:

€ in millions (unless otherwise stated)	2022	2021
Profit (loss) for the period – basic and diluted	2,179	1,169
Remuneration of hybrid capital investors ¹	(29)	(26)
Profit (loss) for the period attributable to shareholders of Infineon Technologies AG – basic and diluted	2,150	1,143
thereof from continuing operations	2,157	1,149
thereof from discontinued operations	(7)	(6)
Weighted-average number of shares outstanding (in millions):		
Ordinary share capital	1,305.9	1,305.9
Adjustment for own shares	(4.1)	(4.7)
Weighted-average number of shares outstanding – basic	1,301.8	1,301.2
Adjustments for:		
Effect of share-based payment	1.8	2.5
Weighted-average number of shares outstanding – diluted	1,303.6	1,303.7
Basic earnings per share² (in euro):		
Earnings per share (in euro) from continuing operations	1.66	0.88
Earnings (loss) per share (in euro) from discontinued operations	(0.01)	(0.01)
Earnings per share (in euro) – basic	1.65	0.87
Diluted earnings per share² (in euro):		
Earnings per share (in euro) from continuing operations	1.65	0.88
Earnings (loss) per share (in euro) from discontinued operations	-	(0.01)
Earnings per share – diluted	1.65	0.87

1 Including the cumulative tax effect.

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

8 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. 93 f.](#), and note 26, [p. 136 ff.](#)).

Financial investments as of 30 September 2022 and 2021 comprised the following:

€ in millions	30 September 2022	30 September 2021
Fixed-term bank deposits	240	1,108
Investment funds	2,039	1,066
Financial investments, gross	2,279	2,174
Loss allowances	-	(1)
Financial investments, net	2,279	2,173

The loss allowances on financial investments that are measured at amortized cost changed as follows during the 2022 and 2021 fiscal years:

€ in millions	2022	2021
Loss allowances as of the beginning of the fiscal year	1	1
Revaluation of loss allowances, net	(1)	-
Loss allowances as of the end of the fiscal year	-	1

Information on Infineon's credit risk management is contained in note 27. [p. 146 f.](#)

9 Trade receivables

Trade receivables result from contracts with customers that are due within one year. As of 30 September 2022 and 2021, they consisted of the following:

€ in millions	30 September 2022	30 September 2021
Trade receivables, third parties	1,883	1,479
Trade receivables, related parties	10	9
Trade receivables, gross	1,893	1,488
Loss allowances	(6)	(5)
Trade receivables, net	1,887	1,483

Changes in the loss allowances for trade receivables in the 2022 and 2021 fiscal year were as follows:

€ in millions	2022	2021
Loss allowances as of the beginning of the fiscal year	5	5
Current year's loss allowance, net of reversals	1	-
Usage of loss allowances, net	-	-
Loss allowances as of the end of the fiscal year	6	5

Information about Infineon's credit risk management is contained in note 27. [p. 146 f.](#)

10 Inventories

Inventories as of 30 September 2022 and 2021 consisted of the following:

€ in millions	30 September 2022	30 September 2021
Raw materials and supplies	470	279
Work in progress	1,949	1,464
Finished goods and merchandise	662	438
Total	3,081	2,181

Cost of goods sold consisted mainly of inventory-related expenses in the 2022 and 2021 fiscal years.

As of 30 September 2022 and 2021, finished goods and merchandise included an asset of €16 million and €12 million, respectively which resulted from sales with a right of return.

Inventory write-downs as of 30 September 2022 and 2021 amounted to €282 million and €232 million, respectively.

11 Other current assets

Other current assets as of 30 September 2022 and 2021 consisted of the following:

€ in millions	30 September 2022	30 September 2021
VAT and other receivables from tax authorities	303	250
Prepaid expenses	131	106
Grants receivables	86	94
Prepayments	58	39
Derivative financial instruments (see note 26, p. 140 ff.)	5	2
Other	42	27
Total	625	518

12 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 2022 and 2021 was as follows:

	Cost						Depreciation/amortization						Carrying amount			
	1 October 2021	Additions	Additions through business combination	Disposals	Reclassification	Foreign currency effects	30 September 2022	1 October 2021	Depreciation/amortization	Disposals	Reclassification	Impairments/reversals of impairments	Foreign currency effects	30 September 2022	30 September 2022	30 September 2021
€ in millions																
Property, plant and equipment																
Land, land rights and buildings	2,302	69	3	(6)	136	61	2,565	(989)	(83)	5	-	6	(19)	(1,080)	1,485	1,313
Technical equipment and machinery	11,129	972	6	(130)	455	108	12,540	(8,822)	(829)	127	(8)	-	(68)	(9,600)	2,940	2,307
Other plant and office equipment	1,457	131	-	(85)	38	19	1,560	(1,279)	(138)	83	8	-	(12)	(1,338)	222	178
Payments on account and construction in progress	645	889	-	(1)	(629)	-	904	-	-	1	-	(6)	(1)	(6)	898	645
Total property, plant and equipment	15,533	2,061	9	(222)	-	188	17,569	(11,090)	(1,050)	216	-	-	(100)	(12,024)	5,545	4,443
Other intangible assets																
Capitalized development costs	1,220	209	-	-	-	15	1,444	(448)	(94)	-	-	(4)	(1)	(547)	897	772
Customer relationships	1,333	-	-	-	-	212	1,545	(595)	(156)	-	-	-	(90)	(841)	704	738
Technologies	2,214	-	-	-	-	404	2,618	(528)	(243)	-	-	-	(121)	(892)	1,726	1,686
Licenses and similar rights	306	31	-	(5)	-	6	338	(230)	(30)	5	-	-	(6)	(261)	77	76
Remaining other intangible assets	106	-	-	-	-	20	126	(29)	(11)	-	-	-	(7)	(47)	79	77
Total other intangible assets	5,179	240	-	(5)	-	657	6,071	(1,830)	(534)	5	-	(4)	(225)	(2,588)	3,483	3,349

	Cost					30 Sep- tember 2021	Depreciation/amortization					30 Sep- tember 2021	Carrying amount	
	1 October 2020	Additions	Disposals	Reclassi- fication	Foreign currency effects		1 October 2020	Depre- ciation/ amor- tization	Disposals	Impair- ments/ reversals of impair- ments	Foreign currency effects		30 Sep- tember 2021	30 Sep- tember 2021
€ in millions														
Property, plant and equipment														
Land, land rights and buildings	1,996	252	(3)	48	9	2,302	(921)	(76)	3	9	(4)	(989)	1,313	1,075
Technical equipment and machinery	10,328	669	(126)	236	22	11,129	(8,189)	(737)	123	-	(19)	(8,822)	2,307	2,139
Other plant and office equipment	1,349	120	(53)	37	4	1,457	(1,204)	(123)	52	-	(4)	(1,279)	178	145
Payments on account and construction in progress	753	218	(7)	(321)	2	645	(2)	-	2	-	-	-	645	751
Total property, plant and equipment	14,426	1,259	(189)	-	37	15,533	(10,316)	(936)	180	9	(27)	(11,090)	4,443	4,110
Other intangible assets														
Capitalized development costs	1,033	199	(14)	-	2	1,220	(393)	(69)	14	-	-	(448)	772	640
Customer relationships	1,321	-	-	-	12	1,333	(396)	(191)	-	-	(8)	(595)	738	925
Technologies	2,190	-	-	-	24	2,214	(296)	(214)	-	(7)	(11)	(528)	1,686	1,894
Licenses and similar rights	276	30	(1)	-	1	306	(201)	(29)	-	-	-	(230)	76	75
Remaining other intangible assets	105	-	-	-	1	106	(18)	(9)	-	(1)	(1)	(29)	77	87
Total other intangible assets	4,925	229	(15)	-	40	5,179	(1,304)	(512)	14	(8)	(20)	(1,830)	3,349	3,621

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

13 Goodwill

Changes in goodwill during the 2022 and 2021 fiscal years were as follows:

€ in millions	2022	2021
Cost		
Balance as of the beginning of the fiscal year	5,962	5,897
Additions through business combination	28	-
Foreign currency effects	1,093	65
Balance as of the end of the fiscal year	7,083	5,962
Accumulated impairments and other changes		
Balance as of the beginning of the fiscal year	-	-
Impairments	-	-
Disposals	-	-
Foreign currency effects	-	-
Balance as of the end of the fiscal year	-	-
Carrying amount		
Balance as of the beginning of the fiscal year	5,962	5,897
Balance as of the end of the fiscal year	7,083	5,962

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

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

Cash flows, including the underlying parameters such as revenue growth and margins, are projected based on past experience, current operating results and the business plan approved in the fiscal year just ended, which is calculated bottom-up based on certain central assumptions applied consistently throughout Infineon. Cash flows over a five-year period are used to derive the value in use. The derivation of the terminal value is based on a stable business state, reflecting synergies resulting from the acquisition of Cypress. The average revenue growth rates over the planning period are between 10.7 percent and 13.2 percent, which is in part higher than the average historical growth rates of the sectors in which the relevant segments operate because, among other things, the segments benefit to varying degrees from the businesses acquired with Cypress and the related revenue and costs synergies. Investments to increase capacity for which no cash outflow has taken place are not taken into account. Cash flows for periods beyond the planning horizon are estimated using a terminal value.

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

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

Operating segment	Book value of allocated goodwill € in millions		Pre-tax WACC ¹ in %		After-tax WACC ¹ in %		Terminal growth rate ¹ in %	
	2022	2021	2022	2021	2022	2021	2022	2021
Automotive	1,686	1,418	13.2	11.1	9.9	8.6	1.5	1.5
Industrial Power Control	261	228	13.4	11.9	10.0	8.9	1.5	1.5
Power & Sensor Systems	2,011	1,697	14.1	12.5	10.7	9.5	1.5	1.5
Connected Secure Systems	3,123	2,617	12.9	10.8	10.0	8.7	1.5	1.5
Corporate	2	2						
Total	7,083	5,962						

¹ Valuation parameters as of 30 June 2022 and 2021 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 and is based to a large extent on the assumption that the revenue and cost synergies expected from the acquisition of Cypress will be successfully realized. Therefore, sensitivity analyses were carried out at operating segment level, taking into account changes considered

possible in the main assumptions. Even taking these changes into account, no impairment on goodwill was observed as a result of the sensitivity analyses at operating segment level.

In addition, as of the reporting date, 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.

14 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 2022 and 2021 fiscal year were as follows:

€ in millions	1 October 2021	Additions	Additions through business combinations	Depreciation	Other changes ¹	30 September 2022
Land, land rights and buildings	319	119	1	(71)	21	389
Technical equipment and machinery	8	1	-	(3)	-	6
Other plant and office equipment	9	7	-	(6)	-	10
Total	336	127	1	(80)	21	405

¹ Other changes for land, land rights and buildings include reversals of impairments amounting to €0 million.

€ in millions	1 October 2020	Additions	Additions through business combinations	Depreciation	Other changes ¹	30 September 2021
Land, land rights and buildings	267	110	-	(56)	(2)	319
Technical equipment and machinery	9	1	-	(3)	1	8
Other plant and office equipment	10	6	-	(6)	(1)	9
Total	286	117	-	(65)	(2)	336

¹ Other changes for land, land rights and buildings include reversals of impairments amounting to €6 million.

The allocation of discounted and undiscounted lease liabilities by maturity as of 30 September 2022 and 2021 was as follows:

€ in millions	30 September 2022		30 September 2021	
	Discounted lease liabilities	Undiscounted lease liabilities	Discounted lease liabilities	Undiscounted lease liabilities
Due within one year	76	81	66	68
Due after one year to five years	209	235	139	145
Due after more than five years	101	115	126	133
Total	386	431	331	346

The Consolidated Statement of Profit or Loss includes the following amounts in the 2022 and 2021 fiscal year that are attributable to leases:

€ in millions	2022	2021
Depreciation	80	65
Impairment (Reversal of impairment)	-	(6)
Interest expenses	5	4
Expenses for short-term leases with a term of twelve months or less	5	6
Expenses for low-value leases	6	3

The Consolidated Statement of Cash Flows includes the following amounts in the 2022 and 2021 fiscal year that are attributable to leases:

€ in millions	2022	2021
Payments for short-term leases and low-value leases	11	9
Payments for lease prepayments	17	-
Payments for lease liabilities	84	76
Interest payments	5	4
Total	117	89

Some leases contain renewal options that may be exercised by Infineon prior to the expiration of the non-cancelable lease term. Infineon estimates that, if the renewal options were exercised, the potential future lease payments would result in a lease liability of €84 million.

In addition, there are future payment obligations for leases that have not yet started but have already been contracted, as well as for short-term leases with a term of twelve months or less, which are immaterial.

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

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

€ in millions	30 September 2022	30 September 2021
Due within one year	18	20
Due after one year to five years	23	39
Due after more than five years	-	1
Total	41	60

15 Financial debt

Financial debt as of 30 September 2022 and 2021 consisted of the following:

€ in millions	30 September 2022	30 September 2021
Short-term financial debt and current portion of long-term financial debt, weighted average interest rate: 0.87% (2021: 1.25%)	3	3
Bond €750 million, coupon 0.75%, due 2023	749	-
Bond €500 million, coupon 1.50%, due 2022	-	500
Convertible bonds, weighted average interest rate 2021: 4.50%	-	330
Short-term financial debt and current portion of long-term financial debt	752	833
Unsecured loans, weighted average interest rate 2021: 0.87%, due 2023	-	3
Bond €750 million, coupon 0.75%, due 2023	-	747
Bond €500 million, coupon 0.625%, due 2025	497	-
Bond €750 million, coupon 1.125%, due 2026	745	744
Bond €750 million, coupon 1.625%, due 2029	742	741
Bond €650 million, coupon 2.00%, due 2032	639	638
Term loan US\$1,110 million, weighted average interest rate 2021: 1.04%, due 2024 ¹	-	954
USPP notes US\$935 million, weighted average interest rate 4.09%, due 2024 – 2028	958	806
USPP notes US\$1,300 million, weighted average interest rate 2.88%, due 2027 – 2033	1,329	1,119
Long-term financial debt	4,910	5,752
Total	5,662	6,585

¹ This was a variable-interest financial liability.

A US\$382 million convertible bond acquired in the course of the Cypress acquisition and due in 2022 was repaid at maturity on 18 January 2022.

On 17 February 2022, Infineon Technologies AG issued a non-subordinated, unsecured bond with a nominal value of €500 million due in 2025 with a coupon of 0.625 percent per year, under its EMTN (European Medium-Term Notes) program. The bond is listed on the Luxembourg Stock Exchange.

A €500 million bond maturing on 10 March 2022 was repaid as scheduled.

The last remaining term loan, taken out in connection with the acquisition of Cypress and maturing in 2024, was voluntarily prepaid in two tranches of US\$555 million each.

Financial debt was recognized at amortized cost after deduction of directly attributable transaction costs. The conversion rights still outstanding in the previous year, which could only be exercised against cash payment after the acquisition of Cypress, were measured at fair value through profit or loss.

The total lines of credit as of 30 September 2022 and 2021 are summarized in the following table:

Term, € in millions	30 September 2022			30 September 2021		
	Aggregate facility	Drawn	Available	Aggregate facility	Drawn	Available
Short-term	83	3	80	72	3	69
Long-term	-	-	-	962	962	-
Total	83	3	80	1,034	965	69

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

€ in millions	30 September 2022		30 September 2021	
	Financial debt	Interest	Financial debt	Interest
Due within one year	753	120	833	125
Due after one year to five years	2,327	385	3,066	397
Due after more than five years	2,616	215	2,726	261
Total	5,696	720	6,625	783

16 Provisions

Current and non-current provisions as of 30 September 2022 consisted of the following:

€ in millions	1 October 2021	Addition	Usage	Reversal	30 September 2022
Obligations to employees	790	800	(615)	(23)	952
Provisions related to Qimonda (see note 6, p. 108 , and note 23, p. 130 ff.)	211	12	(7)	(5)	211
Warranties	40	15	(5)	(11)	39
Other	93	24	(11)	(36)	70
Total provisions	1,134	851	(638)	(75)	1,272
thereof current	815				983
thereof non-current	319				289

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

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

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

Of the total provisions as of 30 September 2022 and 2021, cash outflows of €983 million and €815 million, respectively, were expected to occur within one year. For the non-current provisions, the cash outflow was expected to occur after more than one year. Besides the provisions in connection with Qimonda, €42 million as of both 30 September 2022 and 2021, respectively, of non-current provisions were attributable to length-of-service related anniversary awards.

17 Other current liabilities

Other current liabilities as of 30 September 2022 and 2021 consisted of the following:

€ in millions	30 September 2022	30 September 2021
Reimbursement obligations	593	395
Payroll and similar obligations to employees	248	206
Accrued interest expense	93	104
Contract liabilities	26	12
Other	201	155
Total	1,161	872

Contract liabilities amounted to €32 million and €25 million as of 30 September 2022 and 2021, respectively. Of this amount, €6 million (30 September 2021: €13 million) related to non-current contract liabilities reported under other non-current liabilities.

18 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 are among the foreign benefit plans to Infineon Technologies Austria AG.

In Germany, Infineon primarily offers defined contribution benefits which provide for the employees when they reach retirement age, or in the event of disability or death. The statutory framework is provided by the Company Pension Act (in German: Betriebsrentengesetz or "BetrAVG") and by employment law in general. With the Infineon pension plan, new entrants receive a defined contribution benefit, which is funded by Infineon. Payments by the Infineon pension plan are generally made in twelve annual installments. For active employees who were entitled to benefits in the form of an annuity before the Infineon Pension Plan came into force, this commitment was transferred into the Infineon Pension Plan and thereby the possibility of an annuity is guaranteed. Together with former employees whose pension benefit obligations were not transferred into the Infineon Pension Plan, this group makes up the largest part of the obligation at this time. A corresponding provision is recorded for the German defined benefit pension plans, which are partly backed by plan assets. Individual agreements are in place for the members of the Management Board, which are backed by plan assets (see the chapter "Remuneration Report", [p. 82](#)). The major portion of the plan assets is managed by a pension trust in the legal form of a registered association. This is composed of executives of Infineon Technologies AG, and the investment strategy is defined by Infineon Technologies AG.

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

The valuation date of the pension plans is 30 September.

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

The development of Infineon's German (domestic) and non-German (foreign) pension plans and the plan assets as of 30 September 2022 and 2021 is presented in the following table:

€ in millions	2022			2021		
	Domestic plans	Foreign plans	Total	Domestic plans	Foreign plans	Total
Change in defined benefit obligations taking into account future salary increases:						
Present value as of the beginning of year	(1,161)	(220)	(1,381)	(1,217)	(221)	(1,438)
Current service cost	(28)	(7)	(35)	(31)	(8)	(39)
Past service income (cost)	(1)	2	1	-	1	1
Interest cost	(14)	(5)	(19)	(11)	(4)	(15)
Actuarial gains (losses) for:						
Experience adjustments	23	(10)	13	20	(1)	19
Adjustments to demographic assumptions	32	-	32	-	-	-
Adjustments to financial assumptions	333	53	386	60	6	66
Plan settlements	-	-	-	-	3	3
Benefits paid	24	11	35	22	9	31
Employee contributions	(10)	-	(10)	(4)	-	(4)
Foreign currency effects	-	(7)	(7)	-	(5)	(5)
Present value of defined benefit obligation as of the end of year	(802)	(183)	(985)	(1,161)	(220)	(1,381)
Change in fair value of plan assets:						
Fair value of plan assets as of the beginning of year	671	93	764	614	85	699
Expected return on plan assets	8	2	10	6	2	8
Actuarial gains (losses)	(70)	(29)	(99)	49	5	54
Contributions from Infineon	22	11	33	20	8	28
Employee contributions	10	-	10	4	-	4
Benefits paid	(24)	(11)	(35)	(22)	(9)	(31)
Foreign currency effects	-	5	5	-	2	2
Fair value of plan assets as of the end of year	617	71	688	671	93	764
Net pension liability	(185)	(112)	(297)	(490)	(127)	(617)
thereof: Infineon Technologies AG	(167)	-	(167)	(447)	-	(447)
thereof: Infineon Technologies Austria AG	-	(51)	(51)	-	(58)	(58)

Pension obligations are reported in the Consolidated Statement of Financial Position under “Pensions and similar commitments”. [p. 86](#)

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 2022 and 2021.

The funding of the defined benefit obligations as of 30 September 2022 and 2021 was as follows:

€ in millions	30 September 2022			30 September 2021		
	Domestic plans	Foreign plans	Total	Domestic plans	Foreign plans	Total
Plans that are wholly unfunded	48	82	130	8	95	103
Plans that are wholly or partly funded	754	101	855	1,153	125	1,278
Total	802	183	985	1,161	220	1,381

Actuarial assumptions

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

in %	30 September 2022		30 September 2021	
	Domestic plans	Foreign plans	Domestic plans	Foreign plans
Discount rate at the end of the fiscal year	3.8	4.8	1.3	2.4
Rate of salary increase	2.5	5.0	2.0	4.3
Projected future pension increases	2.3	2.9	1.8	2.8

In order to determine the present value as of the balance sheet date, the Willis Towers Watson RATE:Link approach was applied, which is based on high-grade fixed-interest corporate bonds from issuers carrying a very high credit rating, with the same maturity and in the same currency as the pension obligations to be assessed.

The 2018 G mortality tables by Dr. Klaus Heubeck were used for Germany as in the previous year, and for Austria, the AVÖ 2018-P tables were applied.

Sensitivity analysis

The following sensitivity analysis table shows how the present value of all defined benefit pension obligations would be affected by changes in the aforementioned actuarial assumptions. In each case, they reflect the effect of changes in one actuarial assumption while all other assumptions remain constant.

€ in millions	30 September 2022			30 September 2021		
	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	753	173	926	1,072	205	1,277
a 50 basis points lower discount rate	857	193	1,050	1,264	235	1,499
a 50 basis points higher expected rate of salary increase	809	187	996	1,170	225	1,395
a 50 basis points lower expected rate of salary increase	796	179	975	1,154	215	1,369
a 50 basis points higher expected rate of pension increase	825	186	1,011	1,207	225	1,432
a 50 basis points lower expected rate of pension increase	781	180	961	1,121	214	1,335
Increase in life expectancy by one year	820	185	1,005	1,198	224	1,422

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, by 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 2022 and 2021, the allocation of invested plan assets to the major asset categories was as follows:

€ in millions	30 September 2022		30 September 2021	
	Quoted in an active market	Not quoted in an active market	Quoted in an active market	Not quoted in an active market
Government bonds	130	1	118	1
Corporate bonds	173	-	236	-
Equity securities	231	-	275	-
Cash and cash equivalents	29	-	8	-
Reinsurance policies	-	39	-	37
Property	3	30	3	30
Other	36	16	32	24
Total	602	86	672	92

Government and corporate bonds are traded in liquid markets and the majority of them 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 table above comprises exchange-traded commodities (ETC) and other investment funds. The market value of the ETC held domestically was €35 million as of 30 September 2022 (previous year: €31 million).

The market value of the land and real estate leased to Group companies by the legally independent pension trust amounted to €30 million as of both 30 September 2022 and 2021.

The actual negative return on plan assets in the fiscal year ended 30 September 2022 was €89 million (30 September 2021: positive €62 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 2022 and 2021 fiscal years comprised the following:

€ in millions	2022			2021		
	Domestic plans	Foreign plans	Total	Domestic plans	Foreign plans	Total
Current service cost	(28)	(7)	(35)	(31)	(8)	(39)
Past service (cost) benefit	(1)	2	1	-	1	1
Interest cost	(14)	(5)	(19)	(11)	(4)	(15)
Expected return on plan assets	8	2	10	6	2	8
Pension cost	(35)	(8)	(43)	(36)	(9)	(45)

Service costs were recorded within cost of goods sold to the extent that they relate to production employees; otherwise they are recorded as research and development or selling, general and administrative expenses. Interest costs and expected return on plan assets were recorded net as part of financial expenses.

Actuarial gains before taxes of €332 million and €139 million for the 2022 and 2021 fiscal years, respectively, had been recognized outside of profit (loss) for the period in other comprehensive income.

As of 30 September 2022 and 2021, cumulative actuarial losses amounted to €71 million and €403 million, respectively.

In the 2023 fiscal year, payments of €37 million are expected to be made to plan assets, of which €33 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 17 years as of 30 September 2022 and 2021, respectively.

The following table shows the expected disbursements for defined benefit plans for the next ten fiscal years as of 30 September 2022 and 2021:

€ in millions	30 September 2022	30 September 2021
Due within one year	46	38
Due after more than one year to five years	192	172
Due after more than five years up to ten years	325	282
Total	563	492

Defined contribution plans

In connection with defined contribution plans, fixed contributions are made to external insurance providers or funds. Infineon has no further performance obligations or risks with regard to these pension plans in excess of the fixed contributions paid. Additionally, the Group makes contributions to government pension schemes. Expenses for defined contribution plans amounted to €309 million and €234 million in the 2022 and 2021 fiscal years.

19 Equity

Ordinary share capital

The following table shows a reconciliation of the number of ordinary shares issued as of 30 September 2022 and 2021:

quantity	2022	2021
Shares outstanding at the beginning of the fiscal year	1,301,375,535	1,300,669,746
Transfer of own shares under the Performance Share and Restricted Stock Unit Plans (see note 21, p. 127 ff.)	855,701	705,789
Shares outstanding at the end of the fiscal year	1,302,231,236	1,301,375,535
Repurchased own shares	3,689,901	4,545,602
Shares issued at the end of the fiscal year	1,305,921,137	1,305,921,137

As of 30 September 2022, the ordinary share capital amounted to €2,611,842,274 and was fully paid up. It was divided into 1,305,921,137 no par value registered shares, each representing €2 of the Company's ordinary share capital. Each share grants the holder one vote and an equal portion of the profits in the form of a dividend, as resolved by the Annual General Meeting. Own shares held by the Company, as of the date of the Annual General Meeting carry no voting rights and are not entitled to a dividend.

Additional paid-in capital

The pro rata expense for share-based payment resulted in an increase in additional paid-in capital of €62 million in the 2022 fiscal year (2021: €27 million). Due to the transfer of own shares to employees and members of the Management Board, additional paid-in capital, as well as the line item for own shares, decreased by €5 million (2021: €5 million). Tax effects totaling €9 million (2021: €29 million) increased the additional paid-in capital.

Authorized share capital

As of 30 September 2022, the Company's Articles of Associations provided for two authorized share capitals amounting to up to €670,000,000:

- › Section 4, paragraph 4 of the Articles of Association provides that the Management Board is authorized, with the approval of the Supervisory Board, to increase the share capital in the period until 19 February 2025 once or in several partial amounts by a total of up to €640,000,000 through the issue of new no par value registered shares, against contributions in cash or in kind (Authorized Capital 2020/I). The new shares participate in profits from the beginning of the fiscal year of their issue. To the extent legally permissible, the Management Board may, with the approval of the Supervisory Board, and contrary to section 60, paragraph 2 of the German Stock Corporation Act, stipulate that the new shares participate in the profits from the beginning of an already ended fiscal year for which no resolution of the Annual General Meeting on the use of the distributable profit has yet been made at the time of their issue. The originally authorized capital 2020/I, of €750,000,000 was reduced to €640,000,000 by the capital increase of €110,000,000 as decided by the Management Board and the Supervisory Board on 26 May 2020 and entered in the Commercial Register on 27 May 2020. Within the framework of the Authorized Capital 2020/I, the Management Board is authorized, with the approval of the Supervisory Board, to exclude the subscription rights of the shareholders in certain cases. Cash capital increases with subscription rights excluded pursuant to section 186, paragraph 3, sentence 4, of the German Stock Corporation Act, are not permitted to exceed 10 percent of a company's share capital – neither at the time of the resolution of the authorization in the Annual General Meeting, nor at the effective date of the authorization, or its exercise. The capital increase of 26/27 May 2020 utilized around 4 percent of this framework. For share capital increases against contributions in kind or a combination of cash contributions and contributions in

kind, the authorization further provides an upper limit of 10 percent of the share capital in place at the date of the authorization in the Annual General Meeting.

- › Section 4, paragraph 7, of the Articles of Association provides that the Management Board is authorized, with the approval of the Supervisory Board, to increase the share capital in the period up to 24 February 2026 – either once or in partial amounts – by a total of up to €30,000,000 by issuing new no par value registered shares against contributions in cash for the purpose of increasing the issue to employees and members of the Executive Board of the Company or its Group companies. The subscription rights of the shareholders are excluded in relation to these shares. The shares may be issued to employees in such a manner that the contribution to be paid on such shares is covered by the portion of the profit for the year that the Management Board and Supervisory Board could transfer to retained earnings in accordance with section 58, paragraph 2 of the German Stock Corporation Act. The Management Board, with the approval of the Supervisory Board, decides on the additional content of the share rights and the conditions of share issue (Authorized Capital 2021/I).

Conditional capital

As of 30 September 2022, the Company's Articles of Associations provided for a conditional capital amounting to up to €260,000,000:

- › Pursuant to section 4, paragraph 6, of the Articles of Association the share capital is conditionally increased by up to €260,000,000 through the issue of up to 130,000,000 new no par value registered shares for the granting of shares to creditors or the holders of warrants or convertible bonds, which due to the authorization by the Annual General Meeting on 20 February 2020 are issued by the Company or a subsidiary company (Conditional Capital 2020/1).

Hybrid capital

Infineon Technologies AG issued a perpetual hybrid bond on 1 October 2019 to refinance the acquisition of Cypress, which is an equity instrument under IAS 32. The term is not contractually limited; the bond has no final maturity date. The hybrid bond can only be canceled by Infineon subject to certain conditions. The investors have no cancellation rights and cannot trigger a premature repayment liability for Infineon. Distributions are at Infineon's sole discretion.

In the 2022 fiscal year, €39 million (2021: €39 million) was recognized in equity as compensation to hybrid capital investors. For the purpose of calculating earnings per share, the profit (loss) for the period attributable to the shareholders and hybrid capital investors of Infineon Technologies AG of €2,179 million (2021: €1,169 million) was reduced by compensation to the hybrid capital investors of €29 million (2021: €26 million; net of tax), to €2,150 million (2021: €1,143 million) (see note 7, [p. 108 f.](#)).

The hybrid capital investors' compensation is paid in arrears on 1 April of each year, subject to repayment or redemption. On 1 April 2022, €39 million (2021: €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 2022 and 2021:

€ in millions

As of 1 October 2020	435
Profit (loss) for the period attributable to shareholders and hybrid capital investors of Infineon Technologies AG	1,169
Dividends to shareholders of Infineon Technologies AG	(286)
Compensation of hybrid capital investors	(39)
Actuarial gains (losses) on pensions and similar commitments net of tax of €11 million	128
As of 30 September 2021	1,407
Profit (loss) for the period attributable to shareholders and hybrid capital investors of Infineon Technologies AG	2,179
Dividends to shareholders of Infineon Technologies AG	(351)
Compensation of hybrid capital investors	(39)
Actuarial gains (losses) on pensions and similar commitments net of tax of €25 million	310
As of 30 September 2022	3,506

“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 2022 fiscal year of €3 million (2021: €0 million).

Dividends

For the 2021 fiscal year, a cash dividend of €0.27 per share (total amount: €351 million) was paid. For the 2020 fiscal year, a cash dividend of €0.22 per share (total amount: €286 million) was paid.

With regard to the 2022 fiscal year, a dividend of €0.32 for each share entitled to a dividend shall be proposed to be paid from the €418 million of distributable profits of Infineon Technologies AG. This would result in an expected distribution of approximately €417 million. The payment of this dividend depends on the approval of the Annual General Meeting on 16 February 2023.

Other reserves

Changes in other reserves during the 2022 and 2021 fiscal years were as follows:

€ in millions	2022			2021		
	Pre-tax	Tax	Net of tax	Pre-tax	Tax	Net of tax
Foreign currency translation differences	1,369	–	1,369	90	–	90
Unrealized gains (losses) resulting from hedge accounting	(2)	–	(2)	(1)	–	(1)
Realized gains (losses) resulting from hedge accounting	7	(1)	6	48	17	65
Total	1,374	(1)	1,373	137	17	154

20 Capital management

Infineon's main capital management objective is to ensure financial flexibility 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.

Based on these principles and the clear intention to operate only in the investment grade rating, Infineon has derived long-term key objectives for capital management. For liquidity, the gross cash should amount to €1 billion plus at least 10 percent of revenue. Infineon's gross financial debt is capped at a maximum of two times EBITDA. As a result of the acquisition of Cypress, Infineon had temporarily exceeded its gross debt target, but only to an extent that was still compatible with maintaining the investment grade rating. The original medium-term objective of Infineon to reduce its debt level to or below the maximum target value after the closing of the Cypress transaction has already been achieved in the 2022 fiscal year.

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 determined on the basis of 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 (loss) from continuing operations before interest, taxes and depreciation and amortization.

The gross cash position decreased from €3,922 million as of 30 September 2021, to €3,717 million as of 30 September 2022 (for details, see the chapter "Review of liquidity" in the Combined Management Report, [p. 55](#)). Based on revenues of €14,218 million, the ratio of gross cash to revenue as of 30 September 2022 was €1 billion, plus an additional 19.1 percent of revenue (previous year: €1 billion plus 26.4 percent of revenue).

With gross financial debt of €5,662 million as of 30 September 2022 (30 September 2021: €6,585 million) following the financing of the acquisition of Cypress, and EBITDA of €4,518 million for the 2022 fiscal year (2021: €2,982 million), the gross debt to EBITDA ratio was 1.3 as of 30 September 2022 (30 September 2021: 2.2). Infineon continues to have sufficient financial flexibility to ensure that, in addition to financing its planned investments, it is also able to regularly pay dividends (see note 19, [p. 125](#)).

The USPP notes totaling US\$2,235 million issued in April 2016 and June 2021 contain a number of standard covenants, including a debt coverage ratio, which provides for a certain relationship between the size of debt (adjusted) and earnings (adjusted).

In the 2022 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 2022 amounting to US\$2,235 million (see note 15, [p. 116](#)) could become immediately repayable.

21 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 the members of the Management Board and selected senior executives.

Under this plan, (virtual) performance shares are initially provisionally granted on 1 April (up to the 2020 fiscal year: 1 March) of the fiscal year according to a predetermined LTI grant amount in euros.

Plan conditions for tranches up to and including 1 March 2020

With the granting of a (virtual) performance share, the participants in the plan acquire the right to receive a (real) Infineon shares once a personal investment in Infineon shares – depending on position and LTI grant amount – has reached a four-year holding period.

For the tranches up to and including 1 March 2020, the performance shares are split between 50 percent performance-related shares and 50 percent that are not dependent on performance. The performance-related shares are finally granted only when the Infineon share outperforms the Philadelphia Semiconductor Index (SOX) during the period between the date of the provisional allocation and the end of the vesting period. If at the end of the vesting period the requirements for an allocation of performance shares – either all or only those that are not performance-related – are fulfilled, then entitlement to the transfer of the corresponding number of (real) Infineon shares is acquired. The value of the performance shares ultimately assigned to members of the Management Board must not exceed 250 percent of the respective LTI grant amount; above this cap, performance shares lapse.

The fair value of the performance shares at the date of allocation was determined by an external expert using a recognized financial-mathematical method (Monte Carlo simulation model for the prediction of share price and index developments).

The fair value of the instruments granted was determined, taking into account future dividends as well as the payment cap.

The following is an overview of the allocations made:

Tranche	End of the waiting period	Average share price in the nine months before grant in €	Number of performance shares outstanding as of 30 September 2022	Fair value per performance share in €
2020 fiscal year: Employees	29 February 2024	18.10	975,402	12.95
2020 fiscal year: Members of the Management Board	29 February 2024	18.10	70,850	12.50
2019 fiscal year: Employees	28 February 2023	20.02	688,510	14.20
2019 fiscal year: Members of the Management Board	28 February 2023	20.02	44,954	13.79

Plan conditions for tranches from 1 April 2021

With the granting of a (virtual) performance share, the participants in the plan acquire the right to receive (real) Infineon shares once a personal investment in Infineon shares – depending on position and LTI grant amount – 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 & governance (ESG) objectives. The TSR target accounts for 80 percent and the ESG 20 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 2022	Fair value per performance share in €
2022 fiscal year: Employees	31 March 2026	34.85	510,720	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	545,202	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)	2022	2021
Outstanding performance shares at the beginning of the fiscal year	3.3	3.5
Granted	0.7	0.8
Allocated	(0.3)	(0.5)
Forfeited	(0.5)	(0.5)
Outstanding performance shares as of the end of the fiscal year	3.2	3.3

Restricted Stock Unit Plan

Under this plan, (virtual) restricted stock units are initially provisionally granted on 1 April (up to the 2020 fiscal year: 1 March) of the fiscal year according to a predetermined LTI grant amount in euros. With the allocation of a (virtual) restricted stock unit, the plan participants acquire the right to receive a (real) Infineon share after the expiry of the vesting period, provided that the employees are still employed by Infineon at this time. The final allocation is made in stages (each representing 25 percent of the provisionally allocated restricted stock units) after the expiry of the vesting period of one year following allocation.

The fair value of the restricted stock units at the date of allocation was determined by an external expert using a recognized financial-mathematical method (Monte Carlo simulation model for the prediction of share price developments). The fair value of the instruments granted is determined, taking into account future dividends.

The following is an overview of the allocations made:

Tranche	End of the waiting period	Price of an Infineon share as of the grant date in €	Number of restricted stock units as of 30 September 2022	Fair value per restricted stock unit in €
2022 fiscal year:				
1st tranche	31 March 2023	30.99	784,116	30.68
2nd tranche	31 March 2024	30.99	784,116	30.33
3rd tranche	31 March 2025	30.99	784,116	29.96
4th tranche	31 March 2026	30.99	784,116	29.56
2021 fiscal year:				
2nd tranche	31 March 2023	36.16	317,942	35.60
3rd tranche	31 March 2024	36.16	317,942	35.29
4th tranche	31 March 2025	36.16	317,942	34.87
2020 fiscal year:				
3rd tranche	28 February 2023	18.62	75,812	17.65
4th tranche	29 February 2024	18.62	75,812	17.31
2019 fiscal year:				
4th tranche	28 February 2023	19.66	55,763	18.58

The development of the restricted stock units is as follows:

in number of shares (in millions)	2022	2021
Outstanding restricted stock units at the beginning of the fiscal year	1.8	0.7
Granted	3.3	1.4
Allocated	(0.5)	(0.2)
Forfeited	(0.3)	(0.1)
Outstanding restricted stock units as of the end of the fiscal year	4.3	1.8

Costs for share-based payment

The costs for share-based payment amounted to €62 million in the 2022 fiscal year (2021: €27 million).

22 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 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 2022 amounted to €2,344 million (30 September 2021: €894 million). Commitments arising from orders placed for investments in intangible asset projects amount to €6 million as of 30 September 2022 (30 September 2021: €1 million).

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. Certain grants have been received contingent upon Infineon complying with particular project-related requirements, such as creating a specified number of jobs over a defined period of time. From today's perspective, Infineon expects to comply with these requirements. Nevertheless, should such requirements not be met, as of 30 September 2022, a maximum of €275 million (30 September 2021: €236 million) of subsidies already received could be refundable.

Through certain sales and other agreements, Infineon may be obligated in the normal course of business to indemnify or compensate its counterparties under certain conditions for warranties, patent infringement or other matters. The maximum amount of potential future payments under these types of agreements is not predictable with any degree of certainty since the potential obligations are contingent on events that

may or may not occur in the future and depend on certain facts and circumstances specific to each agreement. Historically, payments made by Infineon under these types of agreements have not had a material effect on Infineon's financial condition, liquidity position and results of operations.

23 Legal risks

Litigation and government inquiries

Smart card chips antitrust litigation

In October 2008, the EU Commission initiated an investigation into the Company and other manufacturers of chips for smart cards for alleged violations of antitrust laws. In September 2014, the EU Commission imposed a fine of €83 million on Infineon, which in July 2020 was reduced to €76.9 million by the General Court of the European Union.

In July 2019, a direct customer filed a lawsuit against Infineon Technologies UK Limited and several Renesas entities in London (United Kingdom) relating to the aforementioned EU antitrust case. The London court dismissed the complaint for being time-barred. The dismissal was confirmed by the Court of Appeal. The plaintiff filed a further appeal to the UK Supreme Court.

Any further statements about this matter by the Company could seriously compromise the Company's position in this dispute.

Proceedings in relation to Qimonda

All significant assets, liabilities and business activities attributable to the memory business (Memory Products) were carved out from Infineon and transferred to Qimonda in the form of a contribution in kind with economic effect from 1 May 2006. Qimonda filed an application at the Munich local court to commence insolvency proceedings on 23 January 2009. On 1 April 2009, the insolvency proceedings were formally opened. The insolvency of Qimonda has given rise to various disputes between the insolvency administrator and Infineon.

Alleged activation of a shell company and liability for impairment of capital

The insolvency administrator filed a request for declaratory judgment in an unspecified amount against Infineon Technologies AG and, by way of third-party notice, Infineon Technologies Holding B.V. and Infineon Technologies Investment B.V., at Regional Court Munich I in November 2010. This requested that Infineon be deemed liable to make good the deficit balance of Qimonda as it stood when the insolvency proceedings in respect of the assets of Qimonda began, i.e., to refund to Qimonda the difference between the latter's actual business assets when the insolvency proceedings began and its share capital (in German: "Unterbilanzhaftung"). The insolvency administrator contended that the commencement of operating activities by Qimonda amounted to what is considered in case law to be the activation of a shell company (in German: "Wirtschaftliche Neugründung"), and that this activation of a shell company was not disclosed in the correct manner. On 6 March 2012, with respect to another matter, the German Federal High Court issued a ruling on principle that any liability resulting from the activation of a shell company only depends on the situation at the date of the activation of a shell company and not, as asserted by the insolvency administrator, on the situation at the date on which insolvency proceedings are opened.

In addition to the request for declaratory judgment against Infineon in an unspecified amount, on 14 February 2012 the insolvency administrator also lodged a request for payment based on an alternative claim (in German: "Hilfsantrag"), as well as making other additional claims. In conjunction with this alternative claim, the insolvency administrator has requested the payment of at least €1.71 billion plus interest in connection with the alleged activation of a shell company. On 15 June 2012, the insolvency administrator increased his request for the payment of 14 February 2012 on the grounds of activation of a shell company to at least approximately €3.35 billion plus interest. Furthermore, the insolvency administrator continues to base a substantial part of his alleged payment claims, as already asserted out of court against Infineon in August 2011 for an unspecified amount, on liability for impairment of capital (in German: "Differenzhaftung"). This claim is based on the allegation that, from the very beginning, the carved-out memory products business had a negative billion euro value. The insolvency administrator therefore asserts that Infineon is obliged to make good

the difference between this negative value and the lowest issue price (in German: “geringster Ausgabebetrag”) of the subscribed stock. Additionally, the insolvency administrator has asserted a claim for repayment of allegedly unjustly charged consultancy fees in an amount of €10 million in connection with the flotation of Qimonda.

The alleged impairment of capital runs contrary to two valuations prepared as part of the preparatory documentation for the capital increase by independent auditing companies, one of which had been engaged by Infineon and the other of which was acting in the capacity of a court-appointed auditor of contributions in kind and post-formation acquisitions. The auditing company engaged by Infineon concluded in its valuation that the business area contributed had a value of several times the lowest issue price of the shares issued, while the court-appointed auditor of contributions in kind and post-formation acquisitions confirmed to the court that the lowest issue price of the shares issued was covered – as legally required – by the value of the contributions in kind. Additionally, in the course of its defense against the claims asserted by the insolvency administrator, Infineon has commissioned several expert opinions, all of which arrived at the same conclusion that the objections raised by the insolvency administrator against the valuation of the contribution in kind are not valid.

The legal dispute has, in the meantime, focused on the claims asserted for alleged lack of value. On 29 August 2013, the court appointed an independent expert to clarify the valuation issues raised by the insolvency administrator and to address technical matters.

The legal dispute is being pursued with great effort by both parties, and many extensive written submissions have already been exchanged between the parties. Both sides have engaged numerous specialists and experts who are supporting the respective parties with assessments and opinions.

On 21 September 2018, in consultation with the parties, the independent expert appointed by the court presented an interim report on his preliminary assessment of the value of the contribution in kind. The Company is in principle prepared to conduct discussions about an out-of-court settlement of the legal dispute on the basis of the interim report.

The parties are exchanging further written submissions. It is not clear at this stage if the legal dispute can be resolved with an out-of-court settlement, and, if this is not the case, when a first-instance court decision would be reached.

Residual liability of Infineon as former shareholder of Qimonda Dresden GmbH & Co. OHG

Infineon was a shareholder with personal liability of Qimonda Dresden until the carve-out of the memory business; as a result, certain long-standing creditors have residual liability claims against Infineon. These claims can only be exercised by the insolvency administrator acting in the name of the creditors concerned. In the meantime, settlements have been concluded with most of the major liability creditors.

Liabilities, provisions and contingent liabilities relating to Qimonda

Infineon recognizes provisions and liabilities for such obligations and risks, which it assesses at the end of each reporting period, are more likely than not to be incurred (that is where, from Infineon’s perspective at the end of each reporting period, the probability of having to settle an obligation or risk is greater than the probability of not having to) and the obligation or risk can be estimated with reasonable accuracy at this time.

As described above, Infineon faces certain risks in connection with the insolvency proceedings relating to the assets of Qimonda and that entity’s subsidiaries. In consideration of the interim report from the court-appointed expert, Infineon recorded provisions relating to Qimonda of €211 million in total as of 30 September 2022. This comprises mainly provisions for the still pending legal dispute over the alleged activation of a shell company and liability for impairment of capital, including legal costs. As of 30 September 2021, provisions relating to Qimonda amounted to €211 million.

There can be no certainty that the provisions recorded for Qimonda will be sufficient to cover all of the liabilities that could ultimately be incurred in relation to the insolvency of Qimonda and, in particular, the matters discussed above. In addition, it is possible that liabilities and risks materialize that are currently considered to be unlikely to do so and, accordingly, represent contingent liabilities that are not included in provisions. Should the alleged claims relating to the activation of a shell company and liability for impairment of capital prove to be valid, substantial financial obligations above the provisions already recorded could arise for Infineon, which could have an adverse effect on its business and its financial condition, liquidity position and results of operations.

Other

Infineon is also involved in various other legal disputes and proceedings in connection with its existing or previous business activities. These can relate, in particular, to products, services, patents, export control and environmental issues and other matters.

Based on its current knowledge, Infineon does not believe that the ultimate resolution of these other pending legal disputes and proceedings will have a material adverse effect on Infineon's financial condition, liquidity position and results of operations. However, future revisions to this assessment cannot be ruled out, and any reassessment of the miscellaneous legal disputes and proceedings could have a material adverse effect on the financial condition, liquidity position and results of operations, particularly in the period in which reassessment is made.

Furthermore, in connection with its existing or previous business operations, Infineon is also exposed to numerous legal risks, which have until now 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 2022 (2021: €55 million) for withholding tax on capital gains to be paid in arrears as well as corporate income tax and trade tax of €3 million (2021: €0 million), in each case plus interest. Suspension of enforcement was granted as part of the ongoing appeal proceedings for 2011 and 2012. After completion of the current tax audit, suspension of enforcement will also be applied for 2014 and the appeal proceedings will be extended accordingly. Infineon expects that there is a sufficient degree of likelihood of winning any potential appeal or legal action.

Provisions and contingent liabilities for legal proceedings and other uncertain legal issues

Provisions relating to legal proceedings and other uncertain legal issues are recorded when it is probable that a liability has been incurred and the associated amount can be reasonably estimated. To the extent that liabilities arising from legal disputes and other uncertain legal positions are not probable or cannot be reliably estimated, then they qualify as contingent liabilities.

Any potential liability is reviewed again as soon as additional information becomes available and the estimates are revised if necessary. Provisions with respect to these matters are subject to future developments or changes in circumstances in each of the matters, which could have a material adverse effect on Infineon's financial condition, liquidity position and results of operations.

A settlement or adverse judicial decision in any of the matters described above could result in significant financial liabilities for Infineon and other adverse effects, and these in turn could have a material adverse effect on its business and financial condition, liquidity position and results of operations. Irrespective of the validity of the allegations and the success of the aforementioned claims and other matters described above, Infineon could incur significant costs in the defense of these matters.

24 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 29, [p. 157 ff.](#) Related persons are persons in key management positions, in particular members of the Management and Supervisory Board (see note 29, [p. 154 ff.](#)) 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 2022 and 2021 consisted of the following:

€ in millions	30 September 2022			30 September 2021		
	Joint ventures	Associates	Other related companies	Joint ventures	Associates	Other related companies
Trade and other receivables	8	2	–	6	3	–
Financial receivables	35	–	–	33	1	–
Trade and other payables	8	–	2	7	–	2
Financial payables	–	–	1	–	–	2

Sales and service charges to and products and services received from related companies in the 2022 and 2021 fiscal years consisted of the following:

€ in millions	2022			2021		
	Joint ventures	Associates	Other related companies	Joint ventures	Associates	Other related companies
Sales and service charges	115	21	1	75	18	3
Products and services received	100	–	19	80	–	20

As of 30 September 2022, sales and services relationships with related companies resulted in purchase commitments of €37 million (30 September 2021: €22 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 2022 and 2021 fiscal years received the following remuneration for their activities in accordance with IAS 24.17:

€ in millions	2022	2021
Expense for short-term benefits ¹	11	8
Expense for share-based payment	2	1
Expense from post-employment benefits	1	1
Expense for termination benefits ²	11	-
Total remuneration of the Management Board	25	10
Total remuneration of the Supervisory Board³	3	2
Total remuneration of the executive bodies	28	12

¹ The expense includes the fixed remuneration, including fringe benefits and the one-year variable remuneration (STI).

² Dr. Reinhard Ploss and Dr. Helmut Gassel resigned from the Management Board of Infineon Technologies AG on 31 March 2022 and 31 May 2022, respectively. Their employment contracts run until 31 December 22 and 30 September 2022, respectively. Dr. Reinhard Ploss and Dr. Helmut Gassel are entitled to all remuneration entitlements for this period. In addition, Dr. Helmut Gassel was granted a severance payment and a post-contractual non-competition clause running until November 2023 was agreed, for which Dr. Helmut Gassel will receive a waiting allowance.

³ The employee representatives on the Supervisory Board employed by Infineon also received a salary for their work 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 €15 million (2021: €13 million). This includes a long-term incentive (LTI) in the form of a performance share plan (see note 21, [p. 127 f.](#)). A total of 148,737 (virtual) performance shares (2021: 178,213) were provisionally

allocated to the members of the Management Board in the 2022 fiscal year. The fair value of these provisionally allocated (virtual) performance shares amounted to €4 million (2021: €5 million).

The total remuneration of the members of the Supervisory Board in the 2022 fiscal year amounted to €3 million (2021: €2 million).

Former members of the Management Board received payments (in particular pension payments) of €3 million in the 2022 fiscal year (2021: €3 million). Dr. Reinhard Ploss and Dr. Helmut Gassel were granted remuneration totaling €4 million in connection with the termination of their employment in the 2022 fiscal year.

As of 30 September 2022, pension obligations for former members of the Management Board (including Dr. Reinhard Ploss and Dr. Helmut Gassel) amounted to €63 million (30 September 2021: €72 million).

In the 2022 and 2021 fiscal years, there were no significant transactions between Infineon and related persons that fall outside of the scope of the existing employment, service or appointment terms, or of the contractual arrangements for their remuneration.

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 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).

25 Supplemental cash flow information

Cash and cash equivalents reported as of 30 September 2022 and 2021 totaling €1,438 million and €1,749 million, respectively, included €69 million and €104 million, respectively, which were subject to legal transfer restrictions and so were not available for general use by Infineon. This amount represented cash and cash equivalents

of consolidated companies located in countries where the transfer of cash is legally restricted, for example, China.

The reconciliation below shows changes in those financial liabilities and hedging transactions for which payments received and made are shown under cash flows from financing activities in the statement of cash flows.

€ in millions	Starting balance	Cash-effective changes	Non-cash-effective changes				Ending balance
			Acquisitions	Currency effects	New leases	Other changes	
The 2022 fiscal year							
Short-term and long-term financial debt	6,585	(1,393)	3	461	-	6	5,662
Related party financial payables	2	(1)	-	-	-	-	1
Current and non-current lease liabilities	331	(84)	-	17	122	-	386
Total	6,918	(1,478)	3	478	122	6	6,049
The 2021 fiscal year							
Short-term and long-term financial debt	7,033	(487)	-	29	-	10	6,585
Related party financial payables	1	1	-	-	-	-	2
Current and non-current lease liabilities	294	(76)	-	3	110	-	331
Total	7,328	(562)	-	32	110	10	6,918

26 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 2022 and 2021 according to IFRS 9:

	Carrying amount	Categories of financial assets		Fair value
		At fair value through profit or loss	At amortized cost	
Financial assets, € in millions				
As of 30 September 2022				
Current assets:				
Cash and cash equivalents	1,438	1,045	393	1,438
Financial investments	2,279	2,039	240	2,279
Trade receivables	1,887	–	1,887	1,887
Other current assets	239	5	234	239
Non-current assets:				
Other non-current assets	268	108	160	268
Total	6,111	3,197	2,914	6,111

	Carrying amount	Categories of financial assets		Fair value
		At fair value through profit or loss	At amortized cost	
Financial assets, € in millions				
As of 30 September 2021				
Current assets:				
Cash and cash equivalents	1,749	1,456	293	1,749
Financial investments	2,173	1,066	1,107	2,173
Trade receivables	1,483	–	1,483	1,483
Other current assets	156	2	154	156
Non-current assets:				
Other non-current assets	193	114	79	193
Total	5,754	2,638	3,116	5,754

	Carrying amount	Categories of financial liabilities		Not assignable to any IFRS 9 measurement category		Fair value
		At fair value through profit or loss	Other financial liabilities (amortized cost)	Designated hedging instruments (cash flow hedges)	Others	
Financial liabilities, € in millions						
As of 30 September 2022						
Current liabilities:						
Short-term financial debt and current portion of long-term financial debt	752	-	752	-	-	742
Trade payables	2,260	-	2,260	-	-	2,260
Current lease liabilities	76	-	-	-	76	-
Other current liabilities	975	22	950	3	-	975
Non-current liabilities:						
Long-term financial debt	4,910	-	4,911	-	-	4,333
Non-current lease liabilities	310	-	-	-	310	-
Other non-current liabilities	67	-	67	-	-	67
Total	9,350	22	8,940	3	386	8,377
As of 30 September 2021						
Current liabilities:						
Short-term financial debt and current portion of long-term financial debt	833	143	690	-	-	840
Trade payables	1,569	-	1,569	-	-	1,569
Current lease liabilities	66	-	-	-	66	-
Other current liabilities	751	5	745	1	-	751
Non-current liabilities:						
Long-term financial debt	5,752	-	5,752	-	-	6,049
Non-current lease liabilities	265	-	-	-	265	-
Other non-current liabilities	72	-	72	-	-	72
Total	9,308	148	8,828	1	331	9,281

Within financial assets measured at amortized cost, financial assets with a carrying amount of €14 million (previous year: €12 million) were included as of 30 September 2022, which Infineon has pledged mainly as collateral for rental liabilities and contingent liabilities.

In the 2022 and 2021 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 the ones 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 2022 and 2021 was as follows:

€ in millions	Fair value	Fair value by category		
		Level 1	Level 2	Level 3
30 September 2022				
Current assets:				
Cash and cash equivalents	1,045	1,045	-	-
Financial investments	2,039	2,039	-	-
Other current assets	5	-	5	-
Non-current assets:				
Other non-current assets	108	94	-	14
Total	3,197	3,178	5	14
Current liabilities:				
Other current liabilities	25	-	25	-
Total	25	-	25	-
30 September 2021				
Current assets:				
Cash and cash equivalents	1,456	1,456	-	-
Financial investments	1,066	1,066	-	-
Other current assets	2	-	2	-
Non-current assets:				
Other non-current assets	114	94	4	16
Total	2,638	2,616	6	16
Current liabilities:				
Short-term financial debt and current portion of long-term financial debt	143	-	143	-
Other current liabilities	6	-	6	-
Total	149	-	149	-

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 to hedge planned raw material purchases). 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).

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). In addition, other non-current assets included derivative financial instruments whose fair value was calculated using recognized financial-mathematical models, with only observable input parameters included in the measurement (level 2).

The following table shows the reconciliation of financial instruments classified as level 3 (before tax):

€ in millions	Level 3-equity investments
1 October 2020	17
Sales (including disposals) ¹	(13)
Unrealized losses recognized in profit or loss ²	(1)
Realized gains recognized in profit or loss ^{1,2}	13
30 September 2021	16
Unrealized losses recognized in profit or loss ²	(2)
30 September 2022	14

1 This relates to the sale of an investment acquired in the course of the acquisition of Cypress.

2 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 would have resulted in a theoretical reduction in fair values of €1 million or an increase of €1 million (previous year: both €1 million).

Financial instruments at amortized cost

For assets allocated to the category “At amortized cost”, it is assumed that the fair values correspond to their carrying amounts. The same assumption applies to liabilities resulting from trade payables and other current liabilities categorized as “Other financial liabilities (amortized cost)”.

The fair value of current and non-current financial debt that is measured at amortized cost is based either on quoted prices as of the reporting date (level 1) or is determined based on expected future cash flows discounted using a current market interest rate (level 2).

The allocation to the levels of current and non-current financial debt measured at amortized cost as of 30 September 2022 and 2021 was as follows:

€ in millions	Fair value	Fair value by category		
		Level 1	Level 2	Level 3
30 September 2022				
Short-term financial debt and current portion of long-term financial debt	742	739	3	-
Long-term financial debt	4,333	2,353	1,980	-
Total	5,075	3,092	1,983	-
30 September 2021				
Short-term financial debt and current portion of long-term financial debt	697	504	193	-
Long-term financial debt	6,049	3,077	2,972	-
Total	6,746	3,581	3,165	-

Gains and losses in relation to financial instruments

The net gain or loss on financial instruments (including interest income and expense) within continuing operations in the Consolidated Statement of Profit or Loss amounted to the following as of 30 September 2022 and 2021:

€ in millions	2022	2021
Financial assets measured at amortized cost	255	24
therein interest income	11	5
therein impairment losses	1	-
therein foreign currency exchange	243	19
Financial assets measured at fair value through profit and loss	(13)	13
Financial liabilities measured at amortized cost	(544)	(177)
therein interest expenses	(129)	(139)
therein foreign currency exchange	(414)	(36)
therein other financial expenses	(1)	(2)
Financial liabilities at fair value through profit or loss	-	(2)
Financial assets or liabilities measured at fair value through profit and loss - held for trading	118	3
therein foreign currency exchange	118	3
Total	(184)	(139)

Interest expense on financial liabilities measured at amortized cost mainly included interest on financial debt and effects from using the effective interest method.

Infineon does not net financial instruments. Infineon conducts derivative transactions according to the global netting agreement (Master Agreement) of the International Swaps and Derivatives Association (ISDA) and other comparable national framework agreements. Under the terms of these agreements, any netting arising from the occurrence of certain future events would have had no material effect on the balance sheet presentation of these financial instruments.

Derivative financial instruments and hedging activities

Infineon holds derivative financial instruments exclusively for hedging purposes. This includes the use of forward exchange contracts and interest- and commodity swaps. The objective is to reduce the impact of the exchange rate, interest rate and commodity price fluctuations on future net cash flows.

Derivative financial instruments not designated as a hedging relationship

The nominal values and fair values of Infineon's derivative instruments as of 30 September 2022 and 2021 that were not designated as cash flow hedges were as follows:

€ in millions	30 September 2022		30 September 2021	
	Nominal value	Fair value	Nominal value	Fair value
Forward exchange contracts sold	420	(18)	280	(5)
Forward exchange contracts purchased	337	1	236	2
Total		(17)		(3)

Derivative financial instruments designated as a hedging relationship

As of 30 September 2022 and 2021, Infineon held the following instruments, which were designated as cash flow hedges and were used to hedge against commodity price changes:

	Short term
30 September 2022	
Hedging of other risks	
Commodity swaps	
Nominal value (€ in millions)	51
Average price (US dollar/ounce)	1,797
30 September 2021	
Hedging of other risks	
Commodity swaps	
Nominal value (€ in millions)	21
Average price (US dollar/ounce)	1,813

To hedge the price risks of highly probable gold purchases in the 2023 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 related to positions that were designated as hedged items as of 30 September 2022 and 2021 are shown in the table below. In addition, the table includes the relevant amounts for the transaction-dependent interest rate derivatives entered into in connection with the Cypress acquisition refinancing activities. These interest rate derivatives were settled in full in the 2021 fiscal year.

€ in millions	Change in the value of the hedged item used to determine ineffectiveness	Hedge reserve (before taxes)
30 September 2022		
Hedging of commodity price risks	2	(2)
Total		(2)
30 September 2021		
Hedging of interest risks		
Interest rate swaps	19	(49)
Hedging of commodity price risks	1	(1)
Total		(50)

In the 2022 and 2021 fiscal years, no balances remained in other comprehensive income for which hedge accounting was no longer applied.

The relevant amounts of the derivative financial instruments designated as hedging instruments as of 30 September 2022 and 2021 (before taxes) were as follows:

€ in millions	Carrying amount	Changes in fair value for the measurement of the ineffectiveness in the reporting period	Changes in fair value of the hedging instrument recognized in other comprehensive income	Amount reclassified from hedge reserve to the Statement of Profit or Loss	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 2022						
Other current liabilities:						
Hedging of commodity price risks	3	(2)	(2)	-	-	Inventories
Total	3	(2)	(2)	-	-	
30 September 2021						
Other current liabilities:						
Hedging of interest rate risks	-	(21)	44	5	-	Financial expenses
Hedging of commodity price risks	1	(1)	(1)	-	(1)	Inventories
Total	1	(22)	43	5	(1)	

The following table shows the reconciliation for the reserve for cash flow hedges (before taxes) by risk category:

€ in millions	Hedging of interest risks	Hedging of commodity price risks	Total
1 October 2020	(98)	1	(97)
Change in fair value	44	(1)	43
Amount reclassified to Statement of Profit or Loss	5	-	5
Amount reclassified to the cost of non-financial items	-	(1)	(1)
30 September 2021	(49)	(1)	(50)
Change in fair value	-	(2)	(2)
Amount reclassified to Statement of Profit or Loss	8	-	8
30 September 2022	(41)	(3)	(44)

27 Financial risk management

Infiniteon'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. Infiniteon's financial risk management seeks to minimize potential adverse effects on its profitability and liquidity. Infiniteon uses derivative financial instruments to hedge certain risks to which it is exposed. Financial risk management is carried out by the central Finance & Treasury (FT) department in accordance with policies approved by the Chief Financial Officer. The FT department identifies, evaluates and hedges financial risks in close cooperation with the operating units. The FT department's policies contain principles for overall risk management as well as guidance covering specific areas such as foreign exchange risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments, and the investment of excess liquidity.

Geopolitical conflicts such as the war in Ukraine and the ongoing coronavirus pandemic can have direct and indirect effects on financial risks. The course of events and their impact on Infiniteon's risk position is continually monitored and is taken into account in the methods, models and processes used to control financial risks. Possible longer-term effects on Infiniteon 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.

Infiniteon is exposed to various market risks in the ordinary course of business, primarily resulting from changes in foreign exchange rates and interest rates. Infiniteon 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 Infiniteon's reporting currency are not risks within the meaning of IFRS 7.

Although Infiniteon 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 Infiniteon in the 2022 and 2021 fiscal years.

The Management Board has established policies that require Infiniteon'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. Infiniteon'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. Infiniteon calculates this remaining risk based on net cash flows considering items in the Statement of Financial Position, actual orders received or placed and all other planned cash receipts and payments.

For the net result related to foreign currency hedging transactions and foreign currency transactions included within profit (loss) for the period, see note 26. [p. 136 ff.](#)

Foreign exchange risk at Infineon arises predominantly from main foreign currency positions. The following table shows the value of the net risk position as of 30 September 2022 and 2021:

€ in millions	30 September 2022	30 September 2021
Euro/US dollar	(292)	(138)
Euro/Japanese yen	(131)	(64)
Euro/Singapore dollar	(82)	(74)
Euro/Malaysian ringgit	(106)	(42)
Euro/British pound	(7)	-
Financial position exposure	(618)	(318)
Euro/US dollar	(330)	(280)
Euro/Japanese yen	82	116
Euro/Singapore dollar	50	31
Euro/Malaysian ringgit	102	48
Euro/British pound	5	7
Forward exchange contracts	(91)	(78)
Net exposure	(709)	(396)

The following table shows the effects on profit or loss for the 2022 and 2021 fiscal year of a ± 10 percent shift in exchange rates. The assumed exchange rate changes relate only to financial instruments within the meaning of IAS 32.

€ in millions	Profit or Loss	
	plus 10%	minus 10%
30 September 2022	65	(79)
Euro/US dollar	57	(69)
Euro/Japanese yen	5	(6)
Euro/Singapore dollar	3	(4)
Euro/Malaysian ringgit	-	-
30 September 2021	36	(44)
Euro/US dollar	38	(46)
Euro/Japanese yen	(5)	6
Euro/Singapore dollar	4	(5)
Euro/Malaysian ringgit	(1)	1

Interest rate risk

In accordance with IFRS 7, interest rate risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates.

Infineon is exposed to interest rate risk through its financial investment instruments and financial debt resulting from bond issuances and debt financing. Due to the cyclical nature of its core business and the need to maintain high operational flexibility, Infineon holds a relatively high level of liquid financial assets that are invested in short-term fixed-interest instruments. These financial assets generally are invested with a contract duration of between one day and twelve months maturity at interest rates achievable in the short-term. The risk to these assets of changing interest rates was not material in the 2022 fiscal year in view of the previous period of low interest rates.

To reduce the net remaining risks caused by changes in interest rates, Infineon is able to make use of interest rate derivatives in order to align the fixed interest periods of assets and liabilities.

IFRS 7 requires a sensitivity analysis showing the effect of possible changes in market interest rates on profit or loss. Infineon prepares this using the iteration method.

Changes in market interest rates affect Infineon's interest income and expenses from variable-yield financial instruments as well as from fixed-yield financial instruments that were measured at fair value through profit or loss.

The following table shows the effects on profit or loss for the 2022 and 2021 fiscal year of a ± 100 basis points shift in market interest rates:

€ in millions	Nominal value	Profit or loss	
		plus 100 basis points	minus 100 basis points
30 September 2022	3,084	31	(31)
Variable-interest financial assets	3,084	31	(31)
30 September 2021	1,356	15	(24)
Variable-interest financial assets	2,458	25	(25)
Variable-interest financial liabilities	(959)	(10)	1
Fixed-interest financial liabilities measured at fair value through profit or loss	(143)	-	-

Other price risk

According to IFRS 7, other price risk is defined as the risk that the fair value or future cash flows of a financial instrument could fluctuate because of changes in market prices (other than those arising from interest rate risk or exchange rate risk), irrespective of whether those changes are caused by factors specific to the individual financial instrument or its issuer, or by factors affecting all similar financial instruments traded in the market.

In the 2022 and 2021 fiscal years, Infineon held financial instruments that were exposed to market price risks. A change in the relevant market prices would have had no significant impact on the result of the 2022 and 2021 fiscal years.

Additionally, Infineon is exposed to price risks with respect to raw materials upon which it is dependent. Infineon seeks to minimize these risks through its procurement policy (including the use of multiple sources, where possible) and its operating procedures. In line with these measures, Infineon concluded additional financial derivative contracts for certain commodity supplies (gold) for the following fiscal year in order to mitigate the remaining risk arising from the fluctuation of commodity prices (see note 26, [p. 141](#)).

The following table presents the effect on equity of a change in the relevant market prices by ± 10 percent as of 30 September 2022 and 2021.

€ in millions	Nominal value	Equity	
		plus 10%	minus 10%
30 September 2022			
Commodity swaps	51	5	(5)
30 September 2021			
Commodity swaps	21	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, the carrying amount of financial investments, cash and cash equivalents and trade receivables corresponds to the maximum credit risk.

Foreign exchange and interest 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 ratings (S&P, Moody's or Fitch) and credit default swap premiums. Possible breaches of stipulated investment thresholds result in immediate notification and the requirement to reduce the risk. This methodology is also used to identify a significant increase in credit risk in the context of the recognition of expected credit losses within the meaning of IFRS 9 at the balance sheet date.

Infineon applies the general impairment model in accordance with IFRS 9 for cash and cash equivalents as well as financial investments. Since Infineon invests exclusively in high-quality financial assets from issuers with a rating of at least investment grade in order to minimize default risk, Infineon assumes that its financial assets carry low credit risk arising from the creditworthiness of its contract parties, so that any impairment loss recorded at first-time recognition is limited to the twelve-month expected credit losses. Infineon considers low credit risk to be an internal credit rating "Holding Quality 1". A change in the internal rating from "Holding Quality 1" to "Holding Quality 0" indicates a significant increase in credit risk. The impairment is calculated using a weighted-probability method. This impairment is calculated as a measure of the probability of default based on the exposure at the balance sheet date, the loss ratio for that exposure, and the credit default swap spread.

The following table provides information on the credit risk for cash and cash equivalents measured at amortized cost, as well as financial investments as of 30 September 2022 and 2021:

Infineon rating	External rating	Basis for the determination of the loss allowance	At amortized cost	
			Expected 12-month credit loss	Expected lifetime credit loss non-credit-impaired
30 September 2022				
Holding Quality 1	AA- to BBB	633	-	-
Holding Quality 0	-	-	-	-
Total		633	-	-
30 September 2021				
Holding Quality 1	AA- to BBB	1,401	1	-
Holding Quality 0	-	-	-	-
Total		1,401	1	-

As in the previous year, Infineon had no financial assets that were overdue or impaired as of 30 September 2022. There was no reclassification between the impairment levels in the 2022 and 2021 fiscal years.

As in the previous year, Infineon spread its cash investments over more than ten banks as of 30 September 2022. As of 30 September 2022, no financial institution was responsible for more than 13 percent (30 September 2021: 18 percent) of Infineon's cash investments. This gave rise to a maximum risk position of €55 million (30 September 2021: €220 million) in the event of the default of a single financial institution assuming no deposit insurance scheme is in place. In addition, to spread the risk of investment, investments were made in money market funds with the best rating, and in money market investment funds. Infineon also held derivative financial instruments with a positive fair value of €5 million as of 30 September 2022 (30 September 2021: €2 million).

Infineon manages the credit risk with respect to trade receivables through a comprehensive credit evaluation for all major customers, the use of credit limits and continual monitoring procedures. New customers are evaluated for creditworthiness in accordance with Infineon guidelines. Credit limits are also in place per customer and creditworthiness and credit limits are constantly monitored. A further measure taken to reduce credit risk is the use of reservation of title clauses. However, despite continuous monitoring, Infineon cannot fully exclude the possibility of a loss arising from the default of one of its contract parties.

Infineon assigns trade receivables to different risk classes based on external ratings, the analysis of customer balance sheet figures, default probabilities (credit default swaps), customer payment behavior and country risks. The simplified method is used to determine the expected losses from trade receivables. The expected losses over the entire term of the trade receivables are determined. The allowance is calculated for each customer using a weighted-probability method. In calculating the expected credit losses, for each customer, Infineon takes into account a forward-looking probability of default provided by a credit rating agency. Individual allowances are recorded based on case-by-case facts or other risk indicators.

The following table provides information about the credit risk position for trade receivables from third parties as of 30 September 2022 and 2021:

€ in millions			At amortized cost	
Infineon rating	Risk class	External credit rating	Basis for the determination of the loss allowance	
			30 September 2022	30 September 2021
1	low risk	A- to AAA	300	406
2	average risk	BBB to BBB+	714	489
3	above average risk	BB+ to BBB-	559	418
4	increased risk	BB- to BB	221	73
5	high risk	C to B+	62	43
-	individual	none	4	4
-	others	none	23	46
Total			1,883	1,479

As of 30 September 2022, expected credit losses on trade receivables (see note 9, [p. 110](#)) amounted to €2 million for all risk classes (30 September 2021: €1 million). The individual allowances on trade receivables (no rating) amounted to €4 million in both the 2022 and 2021 fiscal years.

Developments in the wake of geopolitical conflicts such as the war in Ukraine and the development of the coronavirus pandemic are very 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 as well as ensuring 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 value of financial liabilities with variable interest payments is determined for the previous year using the interest rate from the last interest fixing date before 30 September 2021. 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.

€ in millions	Total	Due in the fiscal year					
		2023	2024	2025	2026	2027	Beyond 2027
30 September 2022							
Non-derivative financial liabilities	10,081	4,133	554	681	1,294	473	2,946
Derivative financial liabilities:							
Cash outflow	596	596	-	-	-	-	-
Cash inflow ¹	(557)	(557)	-	-	-	-	-
Total	10,120	4,172	554	681	1,294	473	2,946
	Total	2022	2023	2024	2025	2026	Beyond 2026
30 September 2021							
Non-derivative financial liabilities	10,120	3,308	940	1,424	133	1,207	3,108
Derivative financial liabilities:							
Cash outflow	307	307	-	-	-	-	-
Cash inflow ¹	(301)	(301)	-	-	-	-	-
Total	10,126	3,314	940	1,424	133	1,207	3,108

¹ Cash inflows from derivative financial liabilities that arise upon settlement of the instrument.

Future cash flows from derivative financial instruments (see note 26, [p. 140 ff.](#)) may differ from the amounts shown in the table, since exchange rates or relevant factors are subject to change.

28 Segment reporting

Identification of segments

The basis for identifying the reporting segments is the differences between the products and applications. In the 2022 fiscal year, Infineon's business was structured into the four operating segments Automotive, Industrial Power Control, 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 power train and energy systems management, networking and infotainment, chassis and passenger comfort electronics, driver safety and data security. The product portfolio ranges from sensors, microcontrollers, software solutions, reliable power supplies, storage systems for specific applications, Si and SiC power semiconductors, as well as components for human-machine interaction and vehicle networking.

Industrial Power Control

The Industrial Power Control segment specializes in semiconductor solutions for the intelligent management and efficient conversion of electrical energy across the entire value chain, including the generation, transmission, storage and use of electricity. The product portfolio consists mainly of IGBT power transistors, driver ICs for their control, and power semiconductors based on SiC.

Power & Sensor Systems

The Power & Sensor Systems segment comprises a wide range of power semiconductor, high frequency and sensor technologies. The portfolio of products consists of control ICs, drivers and MOSFET power transistors, USB controllers and high frequency products such as HF antenna switches, HF power transistors and signal amplifiers.

Connected Secure Systems

The Connected Secure Systems segment provides comprehensive systems which are based on microcontrollers as well as on wireless connectivity and security solutions. Notably, this includes microcontroller, Wi-Fi, Bluetooth and combined connectivity solutions (so-called combo chips), hardware-based security technologies, and a powerful software environment for programming and configuring microcontrollers and connectivity components, covering a wide range of applications including: Devices for IoT applications, connected home and smart home devices, IT equipment, consumer electronics, cloud security and connected vehicles, as well as credit and debit cards, electronic passports and identity cards.

Other Operating Segments

Other Operating Segments comprise the remaining activities of divested businesses and other business activities. Since the sale of the Wireless mobile phone business, services to Intel Mobile Communications and supplies to MaxLinear are included in this segment. Also included are supplies of LDMOS wafers and related components and services to Wolfspeed, Inc. (formerly Cree, Inc.), since the sale of the major part of Infineon's Radio Frequency Power Components business.

Corporate and Eliminations

Corporate and Eliminations reflects the elimination of intragroup revenue and profits/losses to the extent that these arise between the segments.

Similarly, certain items are included in Corporate and Eliminations, which are not allocated to the other segments. These include certain corporate headquarters costs and selected topics, which are not allocated to the segments since they arise from corporate decisions and are not within the direct control of segment management.

Furthermore, raw materials and supplies are mostly not under the control or responsibility of the operating segment management and are therefore mostly allocated to corporate functions. Work in progress and finished goods are allocated to the operating segments.

Chief Operating Decision Maker, definition of Segment Result and allocation of assets and liabilities to the individual segments

The Management Board, as joint Chief Operating Decision Maker, decides how resources are allocated to the segments.

Based on revenue and Segment Result, the Management Board assesses performance and defines operating targets and budgets for the segments.

Segment Result is defined as operating profit excluding certain net impairments and reversal of impairments (in particular on goodwill), the impact on earnings of restructuring and closures, share-based payment, acquisition-related depreciation/ amortization and other expense, impact on earnings of sales of businesses or interests in subsidiaries, and other income (expense).

Decisions relating to financing and the investment of cash funds are taken at a Group level and not at a segment level. For this reason, neither financial income nor financial expense (including interest income and expense) is allocated internally to the segments.

Neither assets, liabilities nor cash flows per segment is reported to the Management Board on a regular basis, nor is segment performance assessed on this basis.

The exception to this approach is certain inventory information which is regularly analyzed at a segment level. Infineon also allocates depreciation and amortization expense to the operating segments based on production volume and products produced using standard costs.

Segment information

€ in millions	Product category									
	Total		Power semiconductors		Embedded control & Connectivity		RF & sensors		Memory ICs for specific applications	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Revenue from contracts with customers:										
Automotive	6,516	4,841	3,298	2,364	1,742	1,228	733	648	743	601
Industrial Power Control	1,790	1,542	1,790	1,542	-	-	-	-	-	-
Power & Sensor Systems	4,070	3,268	3,034	2,299	330	265	706	704	-	-
Connected Secure Systems	1,822	1,397	-	-	1,822	1,397	-	-	-	-
Subtotal	14,198	11,048	8,122	6,205	3,894	2,890	1,439	1,352	743	601
Other Operating Segments	20	12								
Corporate and Eliminations	-	-								
Total	14,218	11,060								

There were limited levels of trading relationships between the operating segments during the 2022 and 2021 fiscal years. Costs are generally recharged without impact on profit or loss.

€ in millions	2022	2021
Segment Result:		
Automotive	1,490	792
Industrial Power Control	384	275
Power & Sensor Systems	1,137	823
Connected Secure Systems	378	182
Other Operating Segments	5	2
Corporate and Eliminations	(16)	(2)
Total	3,378	2,072

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

€ in millions	2022	2021
Segment Result:	3,378	2,072
Plus/minus:		
Reversal of impairments (impairments) (in particular on goodwill)	6	1
Share-based payment	(62)	(27)
Acquisition-related depreciation/amortization and other expenses	(484)	(544)
Gains (losses) on sales of businesses, or interests in subsidiaries, net	-	(1)
Other income and expenses, net	7	(31)
Operating profit	2,845	1,470
Financial income	7	22
Financial expenses	(168)	(182)
Share of profit (loss) of associates and joint ventures accounted for using the equity method	39	9
Profit (loss) from continuing operations before income taxes	2,723	1,319

Of the €484 million (2021: €544 million) “Acquisition-related depreciation/amortization and other expenses” incurred in the 2022 fiscal year, €288 million (2021: €295 million) was attributable to cost of goods sold, €12 million (2021: €15 million) to research and development expenses, €177 million (2021: €220 million) to selling, general and administrative expenses and €7 million (2021: €14 million) to other operating income and expense.

€ in millions	2022	2021
Depreciation and amortization:		
Automotive	631	509
Industrial Power Control	187	186
Power & Sensor Systems	279	272
Connected Secure Systems	85	70
Other Operating Segments	2	3
Depreciation and amortization allocated to the segments	1,184	1,040
Depreciation and amortization not allocated to the segments	480	473
Total depreciation and amortization	1,664	1,513

€ in millions	30 September 2022	30 September 2021
Inventories:		
Automotive	1,337	990
Industrial Power Control	290	232
Power & Sensor Systems	798	565
Connected Secure Systems	311	149
Other Operating Segments	3	2
Corporate and Eliminations	342	243
Total	3,081	2,181

Impairment losses on assets in the 2022 fiscal year amounted to €4 million (2021: €0 million) in the Automotive segment, €20 million (2021: €18 million) in the Power & Sensor Systems segment, and €7 million (2021: €9 million) in Corporate and Eliminations. Also allocated to Corporate and Eliminations in the 2022 fiscal year was €7 million (2021: €15 million) of reversal of impairments to assets.

Entity-wide disclosures in accordance with IFRS 8

Revenue for the 2022 and 2021 fiscal years by region was as follows:

€ in millions	2022	2021
Revenue:		
Europe, Middle East, Africa	3,399	2,773
therein: Germany	1,594	1,278
Asia-Pacific (excluding Japan, Greater China)	2,343	1,744
Greater China ¹	5,204	4,195
therein: Mainland China, Hong Kong	4,063	3,178
Japan	1,415	1,094
Americas	1,857	1,254
therein: USA	1,564	1,027
Total	14,218	11,060

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 3. [p. 103](#)

No single customer accounted for more than 10 percent of Infineon's revenue during the 2022 and 2021 fiscal years.

Non-current assets as of 30 September 2022 and 2021, by region, were as follows:

€ in millions	30 September 2022	30 September 2021
Non-current assets:		
Europe	4,836	4,107
therein: Germany	2,904	2,582
Asia-Pacific (excluding Japan, Greater China)	1,601	1,167
Greater China ¹	152	106
therein: Mainland China, Hong Kong	137	92
Japan	67	18
Americas	9,993	8,790
therein: USA	9,978	8,778
Total	16,649	14,188

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.

29 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 17 February 2022, the shareholders elected KPMG AG Wirtschaftsprüfungsgesellschaft ("KPMG"), Munich, as auditor for the 2022 Separate Financial Statements and the Consolidated Financial Statements of Infineon Technologies AG. The audit fees charged by KPMG in the 2022 fiscal year amounted to €4.1 million for the audit of the Consolidated Financial Statements and various annual audits, including an audit review of the Interim Financial Statements.

Fees for other advisory services

In addition to the amounts described above, KPMG charged an aggregate of €0.3 million in the 2022 fiscal year for other audit services, which mainly included the provision of a comfort letter, the audit of the disclosures in the Sustainability Report as well as the substantive audit of the Remuneration Report.

Fees for tax advisory services

In addition to the amounts described above, KPMG charged €44 thousand in the 2022 fiscal year for tax consulting services in connection with the assessment of individual items.

Fees for other services

Fees of €0.4 million were charged by KPMG to the Company in the 2022 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 2022 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 24. [p. 134](#)

Disclosure of the remuneration of individual members of the Management Board and the Supervisory Board, as required by section 162 of the AktG, can be found in the Remuneration Report, which is prepared according to stock corporation law and is available under the following link:

www.infineon.com/remuneration-report

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

Management Board

The Management Board members during the 2022 fiscal year were as follows:

Name	Position	Membership of Supervisory Boards and other comparable governing bodies of domestic and foreign companies (as of 30 September 2022)	Name	Position	Membership of Supervisory Boards and other comparable governing bodies of domestic and foreign companies (as of 30 September 2022)
Jochen Hanebeck	Chief Executive Officer, Labor Director (since 1 April 2022, before Chief Operations Officer)	Supervisory Board member <ul style="list-style-type: none"> › Infineon Technologies Austria AG, Austria (Chairman since 1 April 2022) Member of the Board of Directors <ul style="list-style-type: none"> › Infineon Technologies Americas Corp., USA (Chairman) (since 1 April 2022) 	Dr. Rutger Wijburg	Chief Operations Officer (since 1 April 2022)	Supervisory Board member <ul style="list-style-type: none"> › SMART Photonics B.V., Netherlands › Infineon Technologies Dresden Verwaltungs GmbH, Germany (Chairman)
Constanze Hufenbecher	Chief Digital Transformation Officer	Supervisory Board member <ul style="list-style-type: none"> › Voith GmbH & Co. KGaA, Germany Member of the Shareholders' Committee <ul style="list-style-type: none"> › Voith Management GmbH, Germany 	Dr. Reinhard Ploss	Chief Executive Officer, Labor Director (until 31 March 2022)	Supervisory Board member <ul style="list-style-type: none"> › Infineon Technologies Austria AG, Austria (Chairman) (until 31 March 2022) › Futurium gGmbH, Germany (until 30 June 2022) Member of the Board of Directors <ul style="list-style-type: none"> › Infineon Technologies Americas Corp., USA (until 31 March 2022)
Dr. Sven Schneider	Chief Financial Officer	Supervisory Board member <ul style="list-style-type: none"> › Covestro AG, Germany (since 21 April 2022) › Infineon Technologies Austria AG, Austria Member of the Board of Directors <ul style="list-style-type: none"> › Infineon Technologies China Co., Ltd., People's Republic of China › Infineon Technologies Asia Pacific Pte., Ltd., Singapore › Infineon Technologies Americas Corp., USA › Infineon Technologies Japan K.K., Japan (since 31 May 2022) 	Dr. Helmut Gassel	Chief Marketing Officer (until 31 May 2022)	Member of the Board of Directors <ul style="list-style-type: none"> › Infineon Technologies Asia Pacific Pte., Ltd., Singapore (Chairman) (until 31 May 2022) › Infineon Technologies Japan K.K., Japan (Chairman) (until 31 May 2022) › Infineon Technologies China Co., Ltd., People's Republic of China (until 1 June 2022) › Infineon Technologies Americas Corp., USA (Chairman) (until 31 May 2022)
Andreas Urschitz	Chief Marketing Officer (since 1 June 2022)	Supervisory Board member <ul style="list-style-type: none"> › pmdtechnologies ag, Germany (until 10 August 2022) › XMOS Limited, Great Britain (until 22 September 2022) Member of the Board of Directors <ul style="list-style-type: none"> › Infineon Technologies Asia Pacific Pte., Ltd., Singapore (Chairman) (since 31 May 2022) › Infineon Technologies Japan K.K., Japan (since 31 May 2022) › Infineon Technologies China Co., Ltd., People's Republic of China (since 1 June 2022) › Infineon Technologies Americas Corp., USA (since 1 June 2022) 			

The Supervisory Board

The Supervisory Board members during the 2022 fiscal year, the Supervisory Board position held by them, their occupation, and their membership of other supervisory and governing bodies are as follows:

Name	Position	Membership of other Supervisory Boards and other comparable governing bodies of domestic and foreign companies (as of 30 September 2022)
Dr. Wolfgang Eder Chairman	Member of various supervisory bodies	Supervisory Board member <ul style="list-style-type: none"> › voestalpine AG, Austria (listed) (Chairman since 1 April 2022)
Johann Dechant ¹ Deputy Chairman	Vice-Chairman of the Joint Works Council and Chairman of the Works Council Regensburg, Infineon Technologies AG	Member of the Administrative Board <ul style="list-style-type: none"> › SBK Siemens-Betriebskrankenkasse, Germany
Xiaoqun Clever	Member of various supervisory bodies (until 5 September 2022 Managing Director of LuxNova Suisse GmbH)	Supervisory Board member <ul style="list-style-type: none"> › Capgemini SE, France (listed) › Amadeus IT Group SA, Spain (listed) Member of the Administrative Board <ul style="list-style-type: none"> › Cornelsen Group, Germany Member of the Board of Directors <ul style="list-style-type: none"> › BHP Group Plc., Great Britain (listed) and BHP Group Ltd., Australia (listed)
Dr. Friedrich Eichiner	Member of various supervisory bodies	Supervisory Board member <ul style="list-style-type: none"> › Festo Management SE, Germany (Chairman) › Allianz SE, Germany (listed)
Annette Engelfried ¹	Labor union secretary IG Metall district management, Berlin-Brandenburg-Saxony	Supervisory Board member <ul style="list-style-type: none"> › Infineon Technologies Dresden Verwaltungs GmbH, Germany › Siemens Gamesa Renewable Energy Management GmbH, Germany
Peter Gruber ¹ Representative of Senior Management	Chief Financial Officer Operations, Infineon Technologies AG	Supervisory Board member <ul style="list-style-type: none"> › Infineon Technologies Dresden Verwaltungs GmbH, Germany
Hans-Ulrich Holdenried	Independent Management Consultant	Member of the Advisory Board <ul style="list-style-type: none"> › Bridge imp GmbH, Germany
Dr. Susanne Lachenmann ¹	Principal Engineer, Infineon Technologies AG	

Name	Position	Membership of other Supervisory Boards and other comparable governing bodies of domestic and foreign companies (as of 30 September 2022)
Géraldine Picaud	Chief Financial Officer, Holcim Ltd., Switzerland	Member of the Board of Directors <ul style="list-style-type: none"> › Danone S.A., France (listed) (since 26 April 2022) Following Holcim Group mandates: <ul style="list-style-type: none"> › Holcim Group Services Ltd, Switzerland › Holcim Technology Ltd, Switzerland › Lafarge Maroc SA, Morocco › LafargeHolcim Maroc SAS, Morocco (listed) › LafargeHolcim Maroc Afrique SAS, Morocco › Huaxin Cement Co., Ltd., People's Republic of China (listed)
Dr. Manfred Puffer	Independent Management Consultant	Supervisory Board member <ul style="list-style-type: none"> › Athora Lebensversicherung AG, Germany › Nova KBM Bank, Slovenia › Oldenburgische Landesbank AG, Germany Member of the Administrative Board <ul style="list-style-type: none"> › Servicios Prescriptor y Medios de Pagos, S.A.U., Spain (until 30 June 2022) Member of the Board of Directors <ul style="list-style-type: none"> › Athene Holding Ltd., Bermuda (listed) › Catalina Holdings (Bermuda) Ltd., Bermuda
Melanie Riedl ¹	Analysis Engineer and Vice Chairwoman of the Works Council Campeon	
Jürgen Scholz ¹	First authorized agent of IG Metall Regensburg	Supervisory Board member <ul style="list-style-type: none"> › Kronos AG, Germany (listed) Member of the Administrative Board <ul style="list-style-type: none"> › BKK of BMW AG, Germany

Name	Position	Membership of other Supervisory Boards and other comparable governing bodies of domestic and foreign companies (as of 30 September 2022)
Kerstin Schulzendorf (until 31 May 2022)	Specialist in the frontend production, Infineon Technologies Dresden GmbH & Co. KG	
Dr. Ulrich Spiesshofer	Senior advisor – The Blackstone Group, member of various advisory boards and investor	Member of the Board of Directors <ul style="list-style-type: none"> › Schlumberger N.V. (Schlumberger Ltd), Curaçao (listed)
Margret Suckale	Member of various supervisory bodies	Supervisory Board member <ul style="list-style-type: none"> › HeidelbergCement AG, Germany (listed) › Deutsche Telekom AG, Germany (listed) › DWS Group GmbH & Co. KGaA, Germany (listed)
Mirco Synde ¹ (since 1 June 2022)	Supervisor frontend production, Infineon Technologies Dresden GmbH & Co. KG	
Diana Vitale ¹	Chairwoman of the Infineon Works Council, Warstein, Infineon Technologies AG (since 1 May 2022, before deputy Chairwoman)	

¹ Employee representative.

The business address of each member of the Supervisory Board is:
Infineon Technologies AG, Am Campeon 1 – 15, D-85579 Neubiberg (Germany).

Supervisory Board committees

Mediation Committee

Dr. Wolfgang Eder (Chairman)

Johann Dechant

Hans-Ulrich Holdenried

Jürgen Scholz

Executive Committee

Dr. Wolfgang Eder (Chairman)

Johann Dechant

Annette Engelfried

Hans-Ulrich Holdenried

Margret Suckale

Diana Vitale

Investment, Finance and Audit Committee

Dr. Friedrich Eichiner (Chairman)

Johann Dechant

Dr. Wolfgang Eder

Annette Engelfried

Strategy and Technology Committee

Dr. Ulrich Spiesshofer (Chairman)

Xiaoqun Clever

Dr. Wolfgang Eder

Peter Gruber

Dr. Susanne Lachenmann

Jürgen Scholz

Nomination Committee

Dr. Friedrich Eichiner (Member and Chairman since 19 May 2022)

Dr. Wolfgang Eder (Chairman until 19 May 2022)

Géraldine Picaud (Member since 19 May 2022)

Dr. Manfred Puffer

Margret Suckale

Subsidiaries, associated companies, joint ventures and other companies (not consolidated) as of 30 September 2022

GRI 102-45

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	10, 22, 27
AgigA Tech, Inc.	Wilmington, Delaware, USA	100	0	2.55	(14.01)	10, 27
CYLand Corp.	General Trias, Philippines	40	0	1.46	0.00	14, 23
Cypress Innovates G.K.	Tokyo, Japan	100	0	21.44	1.57	10
Cypress International, LLC	Wilmington, Delaware, USA	100	0	0.00	0.00	10, 27
Cypress Manufacturing, Ltd.	Camana Bay (George Town), Cayman Islands	100	0	49.54	1.84	10, 27
Cypress Semiconductor (Canada), Inc.	Kanata, Ontario, Canada	100	0	0.31	0.26	11
Cypress Semiconductor (Mauritius) LLC	Ebène, Mauritius	100	0	0.18	(0.03)	8
Cypress Semiconductor (Scandinavia) AB	Stockholm, Sweden	100	0	0.97	0.38	14
Cypress Semiconductor (Switzerland) Sàrl	Lausanne, Switzerland	100	0	5.76	1.53	14
Cypress Semiconductor (Thailand) Limited	Nonthaburi, Thailand	100	0	92.51	9.12	14
Cypress Semiconductor Corporation	Wilmington, Delaware, USA	100	0	6,546.76	(189.34)	10, 27
Cypress Semiconductor International, Inc.	Wilmington, Delaware, USA	100	0	349.23	38.68	10, 27
Cypress Semiconductor Ireland Limited	Cork, Ireland	100	0	6.55	2.18	7
Cypress Semiconductor México, S. de R.L. de C.V.	Guadalajara, Mexico	100	0	(0.05)	0.00	14
Cypress Semiconductor Philippines Headquarters, Ltd.	Camana Bay (George Town), Cayman Islands	100	0	6.87	0.00	10, 27
Cypress Semiconductor Singapore Pte. Ltd.	Singapore, Singapore	100	0	13.12	5.81	14
Cypress Semiconductor Technology (Shanghai) Co. Ltd.	Shanghai, People's Republic of China	100	0	12.48	7.19	14
Cypress Semiconductor Technology Ltd.	Camana Bay (George Town), Cayman Islands	100	0	299.14	36.53	10, 27
Cypress Semiconductor Ukraine LLC	Lviv, Ukraine	100	0	2.09	0.16	14
Cypress Semiconductor World Trade Corp.	Camana Bay (George Town), Cayman Islands	100	0	7.22	0.00	10, 27
Hitex GmbH	Karlsruhe, Germany	100	100	2.16	0.00	3, 16, 17
Infineon Integrated Circuit (Beijing) Co., Ltd.	Beijing, People's Republic of China	100	0	16.48	1.11	14
Infineon Semiconductors (Shenzhen) Co., Ltd.	Shenzhen, People's Republic of China	100	0	3.63	2.17	14
Infineon Semiconductors (Wuxi) Co., Ltd.	Wuxi, People's Republic of China	100	0	49.86	2.42	14
Infineon Technologies (Advanced Logic) Sdn. Bhd.	Melaka, Malaysia	100	0	19.32	5.05	10
Infineon Technologies (Kulim) Sdn. Bhd.	Kulim, Malaysia	100	0	416.32	68.59	10
Infineon Technologies (Malaysia) Sdn. Bhd.	Melaka, Malaysia	100	0	404.21	45.96	10
Infineon Technologies (Penang) Sdn. Bhd.	Kuala Lumpur, Malaysia	100	0	8.52	1.06	14

Name of company	Registered office	Shareholdings in %	thereof Infineon Technologies AG	Equity (€ in millions)	Net result (€ in millions)	Footnote
Infineon Technologies (Wuxi) Co., Ltd.	Wuxi, People's Republic of China	100	0	143.84	13.25	14
Infineon Technologies (Xi'an) Co., Ltd.	Xi'an, People's Republic of China	100	0	9.04	0.43	14
Infineon Technologies 2. Vermögensverwaltungsgesellschaft mbH	Neubiberg, Germany	100	0	0.04	(0.01)	10
Infineon Technologies Americas Corp.	Wilmington, Delaware, USA	100	0	3,106.59	313.89	10, 27
Infineon Technologies Asia Pacific Pte Ltd	Singapore, Singapore	100	0	628.85	167.80	10
Infineon Technologies Australia Pty Limited	Blackburn, Australia	100	0	1.53	0.03	10
Infineon Technologies Austria AG	Villach, Austria	100	0.004	1,477.44	291.42	10
Infineon Technologies Cegléd Kft.	Cegléd, Hungary	100	0	36.02	2.08	10
Infineon Technologies Center of Competence (Shanghai) Co., Ltd.	Shanghai, People's Republic of China	100	0	3.80	0.62	14
Infineon Technologies China Co., Ltd.	Shanghai, People's Republic of China	100	0	217.57	27.28	14
Infineon Technologies Denmark ApS	Herlev, Denmark	100	0	4.93	0.21	10
Infineon Technologies Dresden GmbH & Co. KG	Dresden, Germany	100	100	263.33	16.81	10, 19
Infineon Technologies Dresden Verwaltungs GmbH	Neubiberg, Germany	100	0	0.09	0.00	10, 16, 18
Infineon Technologies Epi Services, Inc.	Wilmington, Delaware, USA	100	0	15.10	5.41	10, 27
Infineon Technologies Finance B.V.	Rotterdam, The Netherlands	100	100	1.93	(0.04)	10
Infineon Technologies France S.A.S.	St. Denis, France	100	0	10.06	1.60	10
Infineon Technologies Holding Asia Pacific Pte. Ltd.	Singapore, Singapore	100	0	918.77	9.23	10
Infineon Technologies Holding B.V.	Rotterdam, The Netherlands	100	100	11,401.40	586.73	10
Infineon Technologies Hong Kong Ltd.	Hong Kong, People's Republic of China	100	0	2.45	0.67	10
Infineon Technologies India Private Limited	Bangalore, India	100	0	18.77	3.23	8
Infineon Technologies Investment B.V.	Rotterdam, The Netherlands	100	0	0.11	0.00	6
Infineon Technologies Ireland Limited	Dublin, Ireland	100	100	0.43	0.16	10
Infineon Technologies Italia s.r.l.	Milan, Italy	100	0	6.60	1.52	10
Infineon Technologies IT-Services GmbH	Klagenfurt, Austria	100	0	10.57	5.94	10
Infineon Technologies Japan K.K.	Tokyo, Japan	100	0	43.61	6.24	10
Infineon Technologies Korea Co., LLC	Seoul, Republic of Korea	100	0	14.81	4.95	10
Infineon Technologies Linz GmbH & Co KG	Linz, Austria	100	0	6.92	6.87	10
Infineon Technologies LLC	Wilmington, Delaware, USA	100	0	909.39	72.63	10, 27
Infineon Technologies Maasstad C.V.	Rotterdam, The Netherlands	100	0	23.83	3.83	10
Infineon Technologies Memory Solutions Germany GmbH	Neubiberg, Germany	100	0	0.02	0.00	10
Infineon Technologies Memory Solutions Holdings Inc.	Wilmington, Delaware, USA	100	0	81.34	0.00	10, 27
Infineon Technologies Memory Solutions India LLP	Bangalore, India	100	0	0.01	0.00	9
Infineon Technologies Memory Solutions Israel Ltd.	Netanya, Israel	100	0	85.17	11.36	5

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.	Kawasaki, Japan	100	0	0.41	0.38	10
Infineon Technologies Memory Solutions Malaysia Sdn. Bhd.	Kuala Lumpur, Malaysia	100	0	0.31	0.31	13
Infineon Technologies Memory Solutions Taiwan Ltd.	Taipei, Taiwan	100	0	0.22	0.06	12
Infineon Technologies Nijmegen B.V.	Nijmegen, The Netherlands	100	0	n.a.	n.a.	15
Infineon Technologies Nordic AB	Kista, Sweden	100	0	4.96	0.37	10
Infineon Technologies Philippines, Inc.	Muntinlupa City, Philippines	100	0	1.17	0.80	10
Infineon Technologies Power Semitech Co., Ltd.	Cheonan, Republic of Korea	100	100	55.91	4.82	10
Infineon Technologies Reigate Limited	Bristol, Great Britain	100	0	3.41	1.00	10
Infineon Technologies Romania & Co. Societate in Comandita	Bucharest, Romania	100	0	5.20	2.13	10
Infineon Technologies Semiconductor GmbH	Aschheim, Germany	100	0	8.64	1.36	4
Infineon Technologies Semiconductor India Private Limited	Bangalore, India	100	0	48.63	15.30	8
Infineon Technologies Shared Service Center, Unipessoal Lda.	Maia, Portugal	100	100	4.73	0.67	10
Infineon Technologies Taiwan Co., Ltd.	Taipei, Taiwan	100	0	12.91	4.02	10
Infineon Technologies UK Limited	Bristol, Great Britain	100	0	1.36	1.27	10
Infineon Technologies US HoldCo Inc.	Wilmington, Delaware, USA	100	0	9,811.74	28.73	10, 27
Infineon Technologies US InterCo LLC	Wilmington, Delaware, USA	100	0	8,983.67	7.77	10, 27
Infineon Technologies US Investment LLC	Wilmington, Delaware, USA	100	0	(0.04)	19.19	10, 27
Infineon Technologies Vermögensverwaltungsgesellschaft mbH	Neubiberg, Germany	100	100	286.47	0.00	10, 16, 18
International Rectifier HiRel Denmark ApS	Herlev, Denmark	100	0	1.05	0.26	10
International Rectifier HiRel Products, Inc.	Wilmington, Delaware, USA	100	0	240.15	64.57	10, 27
MOLSTANDA Vermietungsgesellschaft mbH	Neubiberg, Germany	100	6	304.94	0.00	10, 16, 18
MOTEON GmbH	Neubiberg, Germany	100	100	0.11	0.08	10
MoTo Objekt CAMPEON GmbH & Co. KG	Neubiberg, Germany	93	0	100.88	29.53	10, 20
Nihon Cypress G.K.	Tokyo, Japan	100	0	8.94	3.07	10
NoBug Consulting SRL	Bucharest, Romania	100	0	0.53	0.36	14
NoBug DOO	Belgrade, Serbia	100	0	0.00	0.00	14
PT Infineon Technologies Batam	Batam, Indonesia	100	0	23.16	3.20	10
Ramtron International Corporation	Wilmington, Delaware, USA	100	0	0.00	0.00	10, 27
Rectificadores Internacionales, S.A. de C.V.	Tijuana, Mexico	100	0	11.54	2.65	10, 27
SILTECTRA GmbH	Dresden, Germany	100	0	3.45	0.26	10
Spansion Inc.	Wilmington, Delaware, USA	100	0	1,392.29	82.29	10, 27
Spansion LLC	Wilmington, Delaware, USA	100	0	1,846.54	339.13	10, 27
Syntronix Asia Sdn. Bhd.	Melaka, Malaysia	100	0	4.92	(0.24)	14

Name of company	Registered office	Shareholdings in %	thereof Infineon Technologies AG	Equity (€ in millions)	Net result (€ in millions)	Footnote
Associated companies:						
Deca Technologies, Inc.	Dover, Delaware, USA	42.5	0	10.87	0.12	14, 26, 27
pmdtechnologies ag	Siegen, Germany	15	15	18.02	(12.10)	14, 24
SkyHigh Memory Limited	Hong Kong, People's Republic of China	40	0	42.73	36.76	14.26
Joint ventures:						
Infineon Technologies Bipolar GmbH & Co. KG	Warstein, Germany	60	60	34.94	(3.71)	10, 25
SAIC Infineon Automotive Power Modules (Shanghai) Co., Ltd	Shanghai, People's Republic of China	49	25	11.66	23.24	14
Other companies (not consolidated):¹						
CHiL Semiconductors Corporation	Wilmington, Delaware, USA	100	0	0.00	0.00	10
EPOS embedded core & power systems GmbH & Co. KG	Duisburg, Germany	100	100	0.98	0.28	10
EPOS embedded core & power systems Verwaltungs GmbH	Duisburg, Germany	100	100	0.07	0.00	10
Futurium gGmbH	Berlin, Germany	n.a.	n.a.	n.a.	n.a.	21
Hitex (UK) Limited	Coventry, Great Britain	100	0	1.95	0.20	10
Industrial Analytics IA GmbH	Neubiberg, Germany	100	100	0.59	(0.17)	14
Infineon Technologies Bipolar Verwaltungs GmbH	Warstein, Germany	60	60	0.03	0.00	10
Infineon Technologies Campeon Verwaltungsgesellschaft mbH	Neubiberg, Germany	100	0	0.13	0.02	10
Infineon Technologies Delta GmbH	Neubiberg, Germany	100	100	0.01	(0.01)	10
Infineon Technologies Gamma GmbH	Neubiberg, Germany	100	100	0.00	(0.01)	10
Infineon Technologies Holding GmbH	Neubiberg, Germany	100	100	0.13	0.00	10, 16
Infineon Technologies Iberia, S.L.U.	Madrid, Spain	100	0	0.15	0.05	10
Infineon Technologies Israel Ltd.	Israel	100	0	n.a.	n.a.	15
Infineon Technologies Linz Verwaltungs GmbH	Linz, Austria	100	0	0.15	0.03	10
Infineon Technologies Mantel 26 AG	Neubiberg, Germany	100	100	0.03	(0.01)	10
Infineon Technologies Mantel 27 GmbH	Neubiberg, Germany	100	100	0.03	0.00	10, 16
Infineon Technologies Mantel 29 GmbH	Neubiberg, Germany	100	100	0.03	0.00	10, 16
Infineon Technologies Polska Sp. z o.o.	Warsaw, Poland	100	0	0.13	0.02	10
Infineon Technologies Romania s.r.l.	Bucharest, Romania	100	0	0.06	0.01	14
Infineon Technologies RUS LLC	Moscow, Russian Federation	100	0	0.34	0.02	14
Infineon Technologies South America Ltda	São Paulo, Brazil	100	0	0.08	0.00	14
Infineon Technologies Vietnam Company Ltd.	Hanoi, Vietnam	100	0	0.13	0.03	10
IR International Holdings China, Inc.	Wilmington, Delaware, USA	100	0	0.00	0.00	10

Name of company	Registered office	Shareholdings in %	thereof Infineon Technologies AG	Equity (€ in millions)	Net result (€ in millions)	Footnote
KAI Kompetenzzentrum Automobil- und Industrieelektronik GmbH	Villach-St. Magdalen, Austria	100	0	0.57	0.00	14
KFE Kompetenzzentrum Fahrzeug Elektronik GmbH	Lippstadt, Germany	24	24	1.18	(0.22)	14
Metawave Corporation	Dover, Delaware, USA	n.a.	0	n.a.	n.a.	21
MicroLinks Technology Corp.	Kaohsiung, Taiwan	n.a.	0	n.a.	n.a.	21
OSPT IP Pool GmbH	Neubiberg, Germany	100	100	0.00	(0.01)	10
PT Infineon Technologies Indonesia	Jakarta, Indonesia	100	0	0.21	0.04	10
R Labco, Inc.	Wilmington, Delaware, USA	100	0	0.00	0.00	10
Schweizer Electronic AG	Schramberg, Germany	9	9	49.12	2.84	14
Silicon Alps Cluster GmbH	Villach, Austria	n.a.	0	n.a.	n.a.	21
TTTech Auto AG	Vienna, Austria	n.a.	n.a.	n.a.	n.a.	21
Virtual Vehicle Research GmbH	Graz, Austria	n.a.	n.a.	n.a.	n.a.	21
XMOS Limited	Bristol, Great Britain	n.a.	0	n.a.	n.a.	21
Qimonda AG and its subsidiaries:²						
Celis Semiconductor Corp.	Colorado Springs, Colorado, USA	17	0	-	-	2
Itarion Solar Lda.	Vila do Conde, Portugal	40	0	-	-	2
Qimonda (Malaysia) Sdn. Bhd. (in liquidation)	Melaka, Malaysia	77	0	-	-	2
Qimonda AG (in insolvency)	Munich, Germany	77	28	-	-	2
Qimonda Asia Pacific Pte. Ltd.	Singapore, Singapore	77	0	-	-	2
Qimonda Belgium BVBA (in insolvency)	Leuven, Belgium	77	0	-	-	2
Qimonda Bratislava s.r.o. (in liquidation)	Bratislava, Slovakia	77	0	-	-	2
Qimonda Dresden GmbH & Co. OHG (in insolvency)	Dresden, Germany	77	0	-	-	2
Qimonda Dresden Verwaltungsgesellschaft mbH (in insolvency)	Dresden, Germany	77	0	-	-	2
Qimonda Finance LLC (in insolvency)	Wilmington, Delaware, USA	77	0	-	-	2
Qimonda Flash GmbH (in insolvency)	Dresden, Germany	77	0	-	-	2
Qimonda France SAS (in liquidation)	St. Denis, France	77	0	-	-	2
Qimonda Holding B.V. (in insolvency)	Rotterdam, The Netherlands	77	0	-	-	2
Qimonda International Trade (Shanghai) Co. Ltd.	Shanghai, People's Republic of China	77	0	-	-	2
Qimonda Investment B.V.	Rotterdam, The Netherlands	77	0	-	-	2
Qimonda IT (Suzhou) Co., Ltd. (in liquidation)	Suzhou, People's Republic of China	77	0	-	-	2
Qimonda Italy s.r.l. (in liquidation)	Padua, Italy	77	0	-	-	2
Qimonda Korea Co. Ltd. (in liquidation)	Seoul, Republic of Korea	77	0	-	-	2

Name of company	Registered office	Shareholdings in %	thereof Infineon Technologies AG	Equity (€ in millions)	Net result (€ in millions)	Footnote
Qimonda Licensing LLC	Fort Lauderdale, Florida, USA	77	0	-	-	2
Qimonda Memory Product Development Center (Suzhou) Co. (in liquidation)	Suzhou, People's Republic of China	77	0	-	-	2
Qimonda North America Corp. (in insolvency)	Wilmington, Delaware, USA	77	0	-	-	2
Qimonda Richmond LLC (in insolvency)	Wilmington, Delaware, USA	77	0	-	-	2
Qimonda Taiwan Co. Ltd. (in liquidation)	Taipei, Taiwan	77	0	-	-	2
Qimonda UK Ltd. (in liquidation)	High Blantyre, Scotland	77	0	-	-	2

1 Certain subsidiaries were not consolidated due to immateriality.

2 On 23 January 2009, Qimonda AG applied to the Munich local court for insolvency proceedings to be opened. Insolvency proceedings were formally opened on 1 April 2009. The equity and earnings of Qimonda AG and its subsidiaries are not disclosed due to the substantial and ongoing restriction of Infineon's rights as a result of Qimonda AG's insolvency. The list of subsidiaries held by Qimonda AG is based on information from 30 September 2010, since Infineon had not received any further information from the insolvency administrator of Qimonda AG with respect to the insolvency or liquidation of Qimonda companies, and further reflects information from the German commercial register. Since all Qimonda-related investments were written down in full in previous years, this has no effect on Infineon's net assets, financial position and results of operations.

3 Equity and net result as of 30 September 2019.

4 Equity and net result as of 31 December 2019.

5 Equity and net result as of 29 September 2020.

6 Equity and net result as of 30 September 2020.

7 Equity and net result as of 31 December 2020.

8 Equity and net result as of 31 March 2021.

9 Equity and net result as of 31 March 2021 (period from 26 November 2020 until 31 March 2021).

10 Equity and net result as of 30 September 2021.

11 Equity and net result as of 30 September 2021 (period from 28 September 2020 until 30 September 2021).

12 Equity and net result as of 30 September 2021 (period from 23 October 2020 until 30 September 2021).

13 Equity and net result as of 3 October 2021 (period from 29 May 2020 until 3 October 2021).

14 Equity and net result as of 31 December 2021.

15 The entity was founded in the 2022 fiscal year.

16 Control and profit transfer agreement.

17 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.

18 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.

19 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.

20 Exemption pursuant to section 264b German Commercial Code from the obligations to prepare a management report and to disclose the annual financial statements.

21 Because criteria pursuant to section 285, no. 11, German Commercial Code are not met, investments in the affiliate are not disclosed.

22 Non-stock entity. Disclosure of ownership in percent does not apply.

23 The entity owns land of which Infineon is the sole tenant.

24 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.

25 Infineon accounts for its interest using the equity method as Infineon lacks controlling influence due to certain contractual participation rights of the co-shareholder.

26 Consolidated financial statements.

27 IFRS figures.

Neubiberg, 21 November 2022

Infineon Technologies AG
Management Board

Jochen Hanebeck

Constanze Hufenbecher

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, 25 November 2022

Infineon Technologies AG
Management Board

Jochen Hanebeck

Constanze Hufenbecher

Dr. Sven Schneider

Andreas Urschitz

Dr. Rutger Wijburg

For the Consolidated Financial Statements and Group Management Report we have issued an unqualified auditor's report. The English language text below is a translation of the auditor's report. The original German text shall prevail in the event of any discrepancies between the English translation and the German original. We do not accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

Independent Auditor's Report

To Infineon Technologies AG, Neubiberg

Report on the Audit of the Consolidated Financial Statements and of the Group Management Report

Opinions

We have audited the consolidated financial statements of Infineon Technologies AG, Neubiberg, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as of 30 September 2022, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the fiscal year from 1 October 2021 to 30 September 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report of Infineon Technologies AG and of the Group (hereinafter: the "group management report") for the fiscal year from 1 October 2021 to 30 September 2022.

In accordance with German legal requirements, we have not audited the content of those components of the group management report specified in the "Other Information" section of our auditor's report.

The group management report contains cross-references that are not required by law and which are marked as unaudited. In accordance with German legal requirements, we have not audited the cross-references and the information to which the cross-references refer.

In our opinion, on the basis of the knowledge obtained in the audit,

- › the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as of 30 September 2022, and of its financial performance for the fiscal year from 1 October 2021 to 30 September 2022, and
- › the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the group management report does not cover the content of those components of the group management report specified in the "Other Information" section of the auditor's report. The group management report contains cross-references that are not required by law and which are marked as unaudited. Our audit opinion does not extend to the cross-references and the information to which the cross-references refer.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Section 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as “EU Audit Regulation”) and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) [Institute of Public Auditors in Germany]. Our responsibilities under those requirements and principles are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report” section of our auditor’s report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2)(f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the fiscal year from 1 October 2021 to 30 September 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Impairment testing of goodwill

Please refer to note 2 in the notes to the consolidated financial statements for information on the accounting policies applied and the assumptions used. Information on the value of goodwill can be found under note 13.

The financial statement risk

The consolidated financial statements of Infineon Technologies AG reported goodwill in the amount of EUR 7,083 million as of 30 September 2022. At 26 percent of the balance sheet total, goodwill accounts for a considerable share of total assets.

Infineon tests goodwill for impairment in accordance with IAS 36 at the operating segment level annually in the fourth quarter of the fiscal year ending 30 September, as well as in cases where events or changes to the prevailing conditions provide indications that the recoverable amount may have fallen below the carrying amount. The recoverable amount is the higher of fair value less costs of disposal and value in use. Goodwill is impaired if the carrying amount of the operating segment to which the goodwill is allocated exceeds the recoverable amount of this unit. Infineon determines the recoverable amount of the respective cash generating unit to which goodwill was allocated according to value in use.

Impairment testing of goodwill is complex and based on a range of assumptions that require judgement. Such judgement includes, among other elements, the assumptions found in the adopted corporate planning for a period of five years, such as revenue growth and margins, assumed long-term growth rates in perpetuity, which consider a steady state taking into account the synergy effects of the acquisition of Cypress Semiconductor Corporation, and the underlying discount rates.

As a result of the impairment test performed, the Company did not identify any impairment. In light of the discretionary judgement of the assumptions underlying impairment testing, there is the risk for the consolidated financial statements that a required impairment was not recognised. There is also the risk that the related disclosures in the notes are not appropriate.

Our audit approach

When assessing the impairment test, we also assessed the appropriateness of key assumptions. We assessed the Company’s calculation method and selected assumptions in terms of their appropriateness with the help of our valuation specialists. For this purpose, we checked that corporate planning was updated for the next five years and adopted by the Management Board. Using elements selected on the basis of risk, we had the staff responsible for preparing corporate planning explain to us in particular revenue and margin performance, as well as the long-term growth rates assumed in perpetuity, which consider a steady state taking into account the synergy effects of the acquisition of Cypress Semiconductor Corporation. In this context, revenue performance in particular was critically reviewed and assessed based on publicly available market estimates and information to determine whether the revenue performance

used for measurement is within a reasonable range. We also confirmed the accuracy of the Company's previous forecasts by comparing the budgets of previous fiscal years with actual results and by analysing deviations.

We checked how the discount rates used were derived and their amounts. For this purpose, we compared the assumptions and data underlying the discount rates, in particular the risk-free rate, the market risk premium and the beta factor with our own assumptions and publicly available data.

To ensure the computational accuracy of the valuation method used, we verified the Company's calculations on the basis of selected risk-based elements.

In order to take account of the existing forecast uncertainty and the earlier cut-off date selected for impairment testing, the Company examined the effects of possible changes in the discount rates, revenue and margin performance and the long-term growth rate in perpetuity on the value in use by calculating alternative scenarios and comparing these with its own reported figures (sensitivity analysis). We have assessed this analysis. In order to take into account the earlier cut-off date for impairment testing, we also assessed the impact of events until 30 September 2022 on impairment testing.

Finally, we assessed whether the disclosures in the notes regarding impairment testing of goodwill are appropriate.

Our observations

The calculation method used for impairment testing of goodwill is appropriate and in line with the accounting policies to be applied.

The Company's assumptions used for measurement are appropriate.

The related disclosures in the notes are appropriate.

Other information

The Management Board and the Supervisory Board, respectively, are responsible for the other information. The other information comprises the following components of the group management report, whose content was not audited:

- › the separate combined non-financial report of the Company and Group, which is referred to in the group management report,
- › the combined corporate governance statement for the Company and the Group referred to in the group management report, and
- › information extraneous to management reports and marked as unaudited.

The other information also includes the remaining parts of the annual report. The other information does not include the consolidated financial statements, the group management report information audited for content and our auditor's report thereon.

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management Board and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The Management Board is responsible for the preparation of consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the Management Board is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Management Board is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, 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 Management Board is responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the Management Board is responsible for such arrangements and measures (systems) as it has considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- › Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- › Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
 - › Evaluate the appropriateness of accounting policies used by the Management Board and the reasonableness of estimates made by the Management Board and related disclosures.
 - › Conclude on the appropriateness of the Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
 - › Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
 - › Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
 - › Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
 - › Perform audit procedures on the prospective information presented by the Management Board in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the Management Board as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB

We have performed assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file "Infineon_Technologies_AG_KA+KLB_ESEF_2022-09-30.zip" (SHA256-Hashwert: 2019628bb003c80e8f588354474d74473df720b12fbc5e60693ea6095eed1675) made available and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained in these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file made available, identified above and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the fiscal year from 1 October 2021 to 30 September 2022 contained in the "Report on the Audit of the Consolidated Financial Statements and the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the file made available and identified above in accordance with Section 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW AsS 410 (10.2021)). Our responsibility in accordance therewith is further described below. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1).

The Company's Management Board is responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the group management report in accordance with Section 328 (1) sentence 4 item 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 item 2 HGB.

In addition, the Company's Management Board is responsible for such internal control as it has considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

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

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the assurance work. We also:

- › Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

- › Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- › Evaluate the technical validity of the ESEF documents, i.e. whether the file made available containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815, as amended as of the reporting date, on the technical specification for this electronic file.
- › Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and the audited group management report.
- › Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of Commission Delegated Regulation (EU) 2019/815, as amended as of the reporting date, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor at the Annual General Meeting on 17 February 2022. We were engaged by the Supervisory Board on 6 May 2022. We have been the group auditor of Infineon Technologies AG without interruption since fiscal year 2000.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other matter – Use of the Auditor's Report

Our auditor's report should always be read in conjunction with the audited consolidated financial statements and the audited group management report as well as the examined ESEF documents. The consolidated financial statements and group management report converted to the ESEF format – including the versions to be published in the German Federal Gazette [Bundesanzeiger] – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the examined ESEF documents made available in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Michael Pritzer.

Munich, 25 November 2022

KPMG AG
Wirtschaftsprüfungsgesellschaft

Pritzer
Wirtschaftsprüfer
[German Public Auditor]

Schmitt
Wirtschaftsprüfer
[German Public Auditor]

Applications and product range

Automotive

Applications

Assistance systems and safety systems

- > ABS (Anti-blocking system)
- > Airbag
- > Automatic parking
- > Blind spot detection
- > Cruise control
- > Distance control
- > Electronic chassis control
- > Electronic power steering
- > Emergency braking assistant
- > ESP (Electronic Stability Program)
- > Lane departure warning system
- > Tire pressure monitoring system

Comfort electronics

- > Air conditioning
- > Body control units
- > Door electronics
- > Electronic seat adjustment
- > Hatch door
- > Lighting
- > Power window
- > Steering
- > Sunroof
- > Suspension
- > Windshield wipers

Infotainment

- > Connectivity for in-cabin infotainment
- > Digital instrument cluster

Powertrain

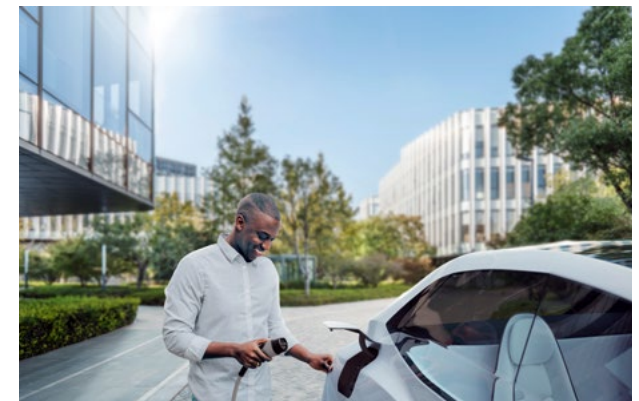
- > Battery charging control
- > Battery management
- > Combustion engine control
- > Electric motor control
- > Generator control
- > Start-stop system
- > Transmission control

Security

- > Communication
 - Car-to-car
 - Car-to-infrastructure
- > Original spare parts authentication
- > Protection against manipulation (e.g., odometer)
- > Protection against software manipulation
- > Tachograph

Product range

- > 32-bit automotive microcontrollers for powertrain, safety, driver assistance systems, infotainment and digital display systems
- > 3D ToF sensors
- > Discrete power semiconductors
- > IGBT modules
- > Industrial microcontrollers
- > Magnetic and pressure sensors
- > Memory ICs (NOR flash, SRAM, nvSRAM, F-RAM)
- > Power ICs
- > Radar sensor ICs (77 GHz)
- > SiC diodes, SiC MOSFETs and SiC modules
- > Transceivers (CAN, CAN FD, LIN, Ethernet, FlexRay™)
- > Voltage regulators



Industrial Power Control

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 drives¹

- > Air conditioning technology
- > Automation technology
- > Drives technologies
- > Elevator systems
- > Escalators

- > Materials handling
- > Oil derricks
- > Pipelines
- > Rolling mills

Industrial power supplies

- > Auxiliary power supplies
- > Battery chargers
- > Charging stations for electric vehicles
- > Home energy storage
- > Uninterruptable power supplies

Industrial robotics

Industrial vehicles

- > Agricultural vehicles
- > Construction vehicles
- > Electric delivery vehicles
- > Forklifts
- > Hybrid buses

Traction

- > High-speed trains
- > Locomotives
- > Metro trains
- > Trams

¹ Including motors, compressors, pumps and fans.

Product range

- > Bare die business
- > Discrete IGBTs
- > Driver ICs
- > IGBT modules (low-power, medium-power, high-power)
- > IGBT module solutions, including IGBT stacks
- > Intelligent IGBT modules with integrated control unit, driver and switch
- > SiC diodes, SiC MOSFETs, SiC modules



Power & Sensor Systems

Applications

Audio amplifiers

- > Battery-powered loudspeakers
- > Smart speakers

Automotive electronics

- > Blind spot detection
- > In-cabin USB PD charging
- > Onboard charger
- > Power train for low-speed electric vehicles

BLDC motor

- > Battery-powered gardening equipment, e.g.,
 - Hedge trimmers
 - Lawn mowers
- > Battery-powered home appliances, e.g.,
 - Vacuum cleaners
- > Battery-powered power tools, e.g.,
 - Cordless screwdrivers
 - Drills
 - Power saws
- > eBikes
- > eScooters
- > Multi-copters

Cellular communications infrastructure

- > Base stations

Charging stations for electric vehicles

Human-machine interaction

IoT

- > Communications
- > Sensors
- > Smart speakers
- > Voice control

LED and conventional lighting systems

Microinverter for roof-top systems

Mobile devices

- > Activity trackers
- > Health care trackers
- > Navigation devices
- > Smartphones
- > Tablets

Power management (chargers, adapters, power supplies, DC-DC conversion, wireless charging)

- > Consumer electronics
- > Data centers
- > Home appliances
- > Mobile devices
- > PCs and notebooks
- > Servers
- > Telecommunication technology

Special applications in harsh environments

- > Aerospace systems
- > Aviation technologies
- > Defense technologies
- > Oil and gas exploration
- > Submarine telecommunications

Product range

- > 3D ToF sensors
- > Chips for gas sensors
- > Chips for MEMS microphones
- > Chips for pressure sensors
- > Control ICs for power switches
- > Customized chips (ASICs)
- > Discrete low-voltage, mid-voltage and high-voltage power MOSFETs (Si-based)
- > GaN power switches
- > GPS low-noise amplifier
- > 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) diode
- > USB controller



Connected Secure Systems

Applications

Authentication

- › Accessories
- › Brand protection
- › Game consoles
- › Industrial control systems
- › Printer cartridges

Automotive

- › Connected vehicles
 - eCall
 - Car-to-car communications
 - Car-to-infrastructure communications
- › Electronic toll collection (toll collect)
- › In-cabin infotainment
- › Protection against manipulation (e.g., tachographs)

Consumer electronics

- › Game consoles
- › Remote control
- › Smart watches and activity trackers

Government identification documents

- › Driver's licenses
- › Healthcare cards
- › National identity cards
- › Passports
- › Social insurance cards

IoT

- › Industry 4.0
- › IT equipment
- › Smart city
- › Smart home

Mobile communications

- › Embedded SIM (machine-to-machine communication)
 - Consumer applications
 - IoT applications
- › SIM cards

Payment systems

- › Credit/debit cards
- › Mobile payment
- › NFC-based contactless payment

Ticketing, access control

Trusted computing

Product range

- › Connectivity solutions (Wi-Fi, Bluetooth, BLE)
- › Embedded security controllers
- › Microcontroller for consumer electronics and industrial applications
- › Security controllers (contact-based, contactless, dual-interface)



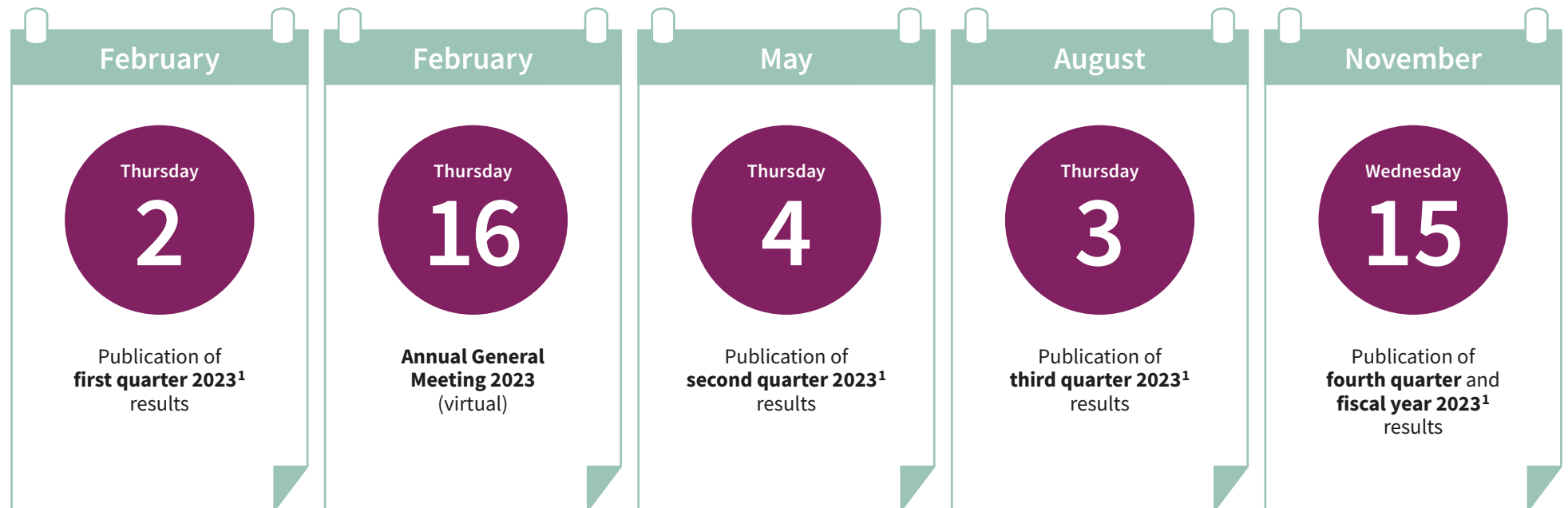
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List of abbreviations

ADAS	advanced driver assistance system
AI	artificial intelligence
ASIC	application-specific integrated circuit
BLDC	brushless direct current
BLE	bluetooth low energy
CSR	corporate social responsibility
DC-DC	direct current to direct current conversion
DRAM	dynamic random access memory
GaN	gallium nitride
IC	integrated circuit
IGBT	insulated gate bipolar transistor
IoT	Internet of Things
LED	light-emitting diode
MEMS	micro-electromechanical system
ML	machine learning
MOSFET	metal-oxide-semiconductor field-effect transistor
NAND	not AND
NFC	near-field communication
PSoC	programmable system-on-chip
RF	radio frequency
Si	silicon
SiC	silicon carbide
ToF	time-of-flight
USB	universal serial bus
Wi-Fi	wireless fidelity

Financial calendar 2023



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Note

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Infineon, the Infineon logo, AURIX™, CoolSiC™, FlexRay™, HybridPACK™, ModusToolbox™, PSOC™, TRAVEO™.

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