# Presseinformation

**2021 fiscal year off to a good start. Target markets showing dynamic momentum. Outlook for year raised slightly. Production start in Villach brought forward**

- **Q1 FY 2021: Revenue €2,631 million; Segment Result €489 million; Segment Result Margin 18.6 percent**
- **Outlook for Q2 FY 2021: Based on an assumed exchange rate of US$1.20 to the euro revenue between €2.5 billion and €2.8 billion predicted. At the mid-point of the guided revenue range, Segment Result Margin is expected to come in at around 16.5 percent**
- **Outlook for FY 2021: Based on an assumed exchange rate of US$1.20 to the euro, revenue of around €10.8 billion (plus or minus 5 percent). At the mid-point of the guided revenue range, Segment Result Margin is predicted to come in at around 17.5 percent. Investments of around 1.6 billion are planned. Free cash flow is predicted to exceed €800 million**

Neubiberg, Germany, 4 February 2021 – Today, Infineon Technologies AG is reporting its results for the first quarter of the 2021 fiscal year (period ended 31 December 2020).

“Infineon has made a good start to the new fiscal year. Despite headwinds from a weak US dollar, we recorded significant increases in both revenue and earnings in the first quarter. In addition to the economic recovery in some regions, we continue to benefit from the digitalization push affecting all areas of life. Semiconductors are needed more than ever,” said Dr. Reinhard Ploss, CEO of Infineon. "We are monitoring ongoing risks closely. Nevertheless, in view of dynamic ordering momentum and manufacturing plants running at good utilization rates in the majority of product areas, we are making a slight upward adjustment to our outlook for the full year. We are increasing our investments in manufacturing capacity and bringing forward the starting date for the new power semiconductor plant in Villach to the last quarter of the current fiscal year."

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| € in millions (unless otherwise stated) | 3 months ended 31 Dec 20 | sequential +/- in % | 3 months ended 30 Sep 20 | year-on-year +/- in % | 3 months ended 31 Dec 19 |
|---|---|---|---|---|---|
| Revenue | 2,631 | 6 | 2,490 | 37 | 1,916 |
| Segment Result | 489 | 29 | 379 | 65 | 297 |
| Segment Result Margin (in %) | 18.6% | | 15.2% | | 15.5% |
| Income from continuing operations | 256 | +++ | 112 | 22 | 210 |
| Loss from discontinued operations, net of income taxes | – | +++ | (3) | – | – |
| **Net income** | **256** | **+++** | **109** | **22** | **210** |
| Basic earnings per share (in euro) attributable to shareholders of Infineon Technologies AG:[1] | | | | | |
| Basic earnings per share (in euro) from continuing operations | 0.19 | +++ | 0.08 | 19 | 0.16 |
| Basic earnings per share (in euro) from discontinued operations | - | - | - | - | - |
| **Basic earnings per share (in euro)** | **0.19** | **+++** | **0.08** | **19** | **0.16** |
| Diluted earnings per share (in euro) attributable to shareholders of Infineon Technologies AG:[1] | | | | | |
| Diluted earnings per share (in euro) from continuing operations | 0.19 | +++ | 0.08 | 19 | 0.16 |
| Diluted earnings per share (in euro) from discontinued operations | - | - | - | - | - |
| **Diluted earnings per share (in euro)** | **0.19** | **+++** | **0.08** | **19** | **0.16** |
| **Adjusted earnings per share (in euro) – diluted[1,2]** | **0.28** | **40** | **0.20** | **65** | **0.17** |
| **Gross margin (in %)** | **37.4%** | | **31.8%** | | **37.0%** |
| **Adjusted gross margin[3] (in %)** | **40.3%** | | **36.6%** | | **37.9%** |

[1] The calculation for earnings per share and adjusted earnings per share is based on unrounded figures.

[2] The reconciliation of net income to adjusted net income and adjusted earnings per share is presented on page 11.

[3] The reconciliation of cost of goods sold to adjusted cost of goods sold and adjusted gross margin is presented on page 12.

## Group performance in first quarter of 2021 fiscal year

Revenue for the three-month period increased from €2,490 million to €2,631 million quarter-on-quarter, with all segments contributing to the 6 percent growth despite the weaker US dollar. Revenue grew particularly strongly in the Automotive (ATV) segment. The Industrial Power Control (IPC) and Power & Sensor Systems (PSS) segments also recorded marked increases, while the Connected Secure Systems (CSS) saw a slight improvement compared to the previous quarter.

Infineon's gross margin rose from 31.8 percent in the previous three-month period to 37.4 percent in the first quarter of the current fiscal year. The adjusted gross margin improved from 36.6 percent to 40.3 percent quarter-on-quarter.

The Segment Result rose considerably from €379 million to €489 million, pushing up the Segment Result Margin for the quarter from 15.2 percent to 18.6 percent. In

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addition to a sharp decrease in underutilization costs, non-recurring items – such as research subsidies received and patent-related revenue – also contributed to the improvement.

The non-segment result for the three-month period was a net loss of €157 million, compared to a net loss of €197 million in the final quarter of the previous fiscal year. The negative effects from the acquisition and consolidation of Cypress, which are primarily related to the purchase price allocation, were lower than one quarter earlier, as expected. The non-segment result for the three-month period contained €75 million of cost of goods sold, €60 million of selling, general and administrative expenses and €8 million of research and development expenses. Net other operating expenses amounting to €14 million were also recorded in the first quarter.

Operating income rose from €182 million to €332 million quarter-on-quarter.

The financial result improved from negative €28 million to negative €26 million.

The tax expense for the three-month period amounted to €49 million, compared to €33 million one quarter earlier.

Income from continuing operations for the first quarter of the 2021 fiscal year increased to €256 million, up from the previous quarter's corresponding figure of €112 million. Income from discontinued operations in the first quarter was break-even, compared to a loss of €3 million in the preceding three-month period. Net income improved from €109 million to €256 million compared to the previous quarter.

Earnings per share from continuing operations improved from €0.08 (basic and diluted) to €0.19 quarter-on-quarter. Adjusted earnings per share[1] (diluted) for the three-month period went up from €0.20 to €0.28.

Investments – which Infineon defines as the sum of purchases of property, plant and equipment, purchases of other intangible assets and capitalized development costs – totaled €283 in the first quarter of the current fiscal year, compared with

[1] Adjusted net income and adjusted earnings per share (diluted) should not be seen as a replacement or superior performance indicator, but rather as additional information to the net income and earnings per share (diluted) determined in accordance with IFRS. The detailed calculation of adjusted earnings per share is presented on page 11.

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€332 million in the preceding three-month period. Depreciation and amortization decreased from €379 million to €368 million quarter-on-quarter.

Free cash flow[2] generated totaled €313 million, down from €387 million one quarter earlier. Net cash provided by operating activities from continuing operations amounted to €588 million, compared to €747 million in the final quarter of the preceding fiscal year.

At the end of the first quarter of the 2021 fiscal year, the gross cash position stood at €3,334 million, compared to €3,227 million at 30 September 2020, while the net debt improved by €437 million from €3,806 million to €3,369 million. Financial debt was reduced from €7,033 to €6,703 million during the three-month period. In addition to the repayment of financial debt of €174 million, the decline in the value of the US dollar against the euro – and hence the lower amount of US dollar-denominated debt – had a positive effect.

**Outlook for the second quarter of the 2021 fiscal year**

Based on an assumed exchange rate of US$1.20 to the euro, Infineon expects to generate revenue of between €2.5 billion and €2.8 billion in the second quarter of the 2021 fiscal year. Revenue generated by the ATV and PSS segments is predicted to grow by a low-single digit percentage compared to the previous quarter. Revenue in IPC is expected to remain at a similar level to the previous quarter while revenue of the CSS segment should see a low-single digit percentage decline quarter-on-quarter. At the mid-point of the guided revenue range, the Segment Result Margin is expected to come in at about 16.5 percent.

**Outlook for the 2021 fiscal year**

Based on an assumed exchange rate of US$1.20 to the euro, Infineon expects to generate revenue of around €10.8 billion (plus or minus 5 percent) in the 2021 fiscal year. Particularly for the ATV and PSS segments, revenue is expected to grow during the second half of the fiscal year, driven by continued market momentum. At the mid-point of the guided revenue range the Segment Result Margin is expected to come in at about 17.5 percent.

Investments in property, plant and equipment and other intangible assets, including capitalized development costs, are planned to be around €1.6 billion for the 2021 fiscal year. Depreciation and amortization are expected to amount to

[2] For definitions and the calculation of free cash flow and of the gross and net cash position, please see page 14.

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between €1.5 billion and €1.6 billion, of which approximately €500 million is attributable to depreciation and amortization from purchase price allocations arising mainly in connection with the acquisition of Cypress and to a lesser extent with the acquisition of International Rectifier. Free cash flow is predicted to exceed €800 million.

Besides geopolitical and macroeconomic factors, the economic disruption caused by the coronavirus pandemic makes accurate prediction difficult. Key factors influencing the expected development of revenue and earnings during the pandemic will be the progression of global infection rates over time, possible restrictions on economic activities, effects on production and supply chains and the level and effectiveness of governmental stimulus programs.

## Segment earnings for the first quarter of 2021 fiscal year

| € in millions (unless otherwise stated) | in % of total revenue | **3 months ended 31 Dec 20** | sequential +/- in % | **3 months ended 30 Sep 20** | year-on-year +/- in % | **3 months ended 31 Dec 19** |
|---|---|---|---|---|---|---|
| **Infineon** | | | | | | |
| Revenue | 100 | 2,631 | 6 | 2,490 | 37 | 1,916 |
| Segment Result | | 489 | 29 | 379 | 65 | 297 |
| Segment Result Margin (in %) | | 18.6% | | 15.2% | | 15.5% |
| **Automotive (ATV)[1]** | | | | | | |
| Segment Revenues | 44 | 1,150 | 10 | 1,045 | 40 | 824 |
| Segment Result | | 185 | +++ | 59 | +++ | 65 |
| Segment Result Margin (in %) | | 16.1% | | 5.6% | | 7.9% |
| **Industrial Power Control (IPC)** | | | | | | |
| Segment Revenues | 14 | 362 | 4 | 349 | 8 | 334 |
| Segment Result | | 61 | (12) | 69 | (2) | 62 |
| Segment Result Margin (in %) | | 16.9% | | 19.8% | | 18.6% |
| **Power & Sensor Systems (PSS)** | | | | | | |
| Segment Revenues | 29 | 779 | 3 | 759 | 31 | 593 |
| Segment Result | | 197 | (6) | 209 | 35 | 146 |
| Segment Result Margin (in %) | | 25.3% | | 27.5% | | 24.6% |
| **Connected Secure Systems (CSS)[1]** | | | | | | |
| Segment Revenues | 13 | 335 | 1 | 333 | +++ | 163 |
| Segment Result | | 45 | 7 | 42 | 88 | 24 |
| Segment Result Margin (in %) | | 13.4% | | 12.6% | | 14.7% |
| **Other Operating Segments (OOS)** | | | | | | |
| Segment Revenue | 0 | 5 | 25 | 4 | +++ | 2 |
| Segment Result | | 1 | - | 1 | +++ | - |
| **Corporate and Eliminations (C&E)** | | | | | | |
| Segment Revenue | 0 | - | - | - | - | - |
| Segment Result | | - | +++ | -1 | - | - |

1 The business with the XMC family of industrial microcontrollers was transferred from the Automotive segment to the Connected Secure Systems segment with effect from 1 October 2020. The previous year's figures have been adjusted accordingly.

Revenue generated by the ATV segment during the three-month period rose from €1,045 million to €1,150 million quarter-on-quarter, with all lines of business contributing to the 10 percent growth. Demand for components for electric vehicles was particularly brisk. Due to a significant reduction of underutilization costs and

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positive non-recurring effects the Segment Result improved from €59 million in the previous quarter to €185 million for the first three months of the 2021 fiscal year. The Segment Result Margin jumped from 5.6 percent to 16.1 percent.

IPC segment revenue rose from €349 million to €362 million, up 4 percent quarter-on-quarter on the back of greater demand for renewables and home appliances. Revenue remained at a similar level for industrial drives and decreased in transportation and power infrastructure. The Segment Result amounted to €61 million, down from the previous quarter's €69 million, while the Segment Result Margin reached 16.9 percent after 19.8 percent in the previous quarter.

PSS segment revenue grew by 3 percent to €779 million in the first quarter, up from €759 million in the preceding three-month period. Revenue from sensors increased significantly, while demand for power semiconductors for server, PCs and laptops remained stable on a high level. The Segment Result for the first quarter of the current fiscal year amounted to €197 million, compared to €209 million in the final quarter of the previous fiscal year. The Segment Result Margin came in at 25.3 percent, down from 27.5 percent one quarter earlier.

CSS segment revenue went up by 1 percent from €333 million to €335 million quarter-on-quarter. Revenue increased in payment cards, microcontrollers and Wi-Fi, whereas demand for government identification and ticketing products declined induced by the crisis. The Segment Result improved from €42 million to €45 million quarter-on-quarter. The Segment Result Margin rose from 12.6 percent to 13.4 percent during the same period.

**Analyst telephone conference and telephone press conference**

The Management Board of Infineon will host a telephone conference call including a webcast for analysts and investors (in English only) on 4 February 2021 at 9:30 am (CET), 3:30 am (EST). During the call, the Infineon Management Board will present the Company's results for the first quarter of the 2021 fiscal year as well as the outlook for the second quarter and the 2021 fiscal year. In addition, the Management Board will host a telephone press conference with the media at 11:00 am (CET), 5:00 am (EST). It can be followed over the Internet in both English and German. Both conferences will also be available live and for download on Infineon's website at www.infineon.com/investor.

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The **Q1 Investor Presentation** is available (in English only) at:
https://www.infineon.com/cms/en/about-infineon/investor/reports-and-presentations/

**Infineon Financial Calendar** (* preliminary)

| | |
|---|---|
| ➢ 10 – 11 Feb 2021 | Goldman Sachs Technology & Internet Conference, San Francisco (virtual) |
| ➢ 25 Feb 2021 | Annual General Meeting, Neubiberg (virtual) |
| ➢ 1 Mar 2021 | dbAccess ESG Engagement Day (virtual) |
| ➢ 3 Mar 2021 | CSS Call along with embedded World trade show, Nuremberg (virtual) |
| ➢ 9 – 10 Mar 2021 | UBS Technology One-on-One Virtual Conference, London (virtual) |
| ➢ 11 Mar 2021 | ODDO BHF 5th Digital TMT Forum (virtual) |
| ➢ 24 Mar 2021 | JPMorgan Fireside Chat (virtual) |
| ➢ 4 May 2021* | Earnings Release for the Second Quarter of the 2021 Fiscal Year |
| ➢ 6 May 2021 | IPC Call along with PCIM trade show, Nuremberg (virtual) |
| ➢ 8 – 9 Jun 2021 | 23rd Exane BNP Paribas European CEO Conference, Paris (virtual) |
| ➢ 10 Jun 2021 | Bank of America Global Technology Conference, San Francisco (virtual) |
| ➢ 17 Jun 2021 | GS European Digital Economy Conference (virtual) |
| ➢ 1 Jul 2021 | PSS Call along with MWC trade show, Barcelona (virtual) |
| ➢ 3 Aug 2021* | Earnings Release for the Third Quarter of the 2021 Fiscal Year |

**About Infineon**

Infineon Technologies AG is a world leader in semiconductor solutions that make life easier, safer and greener. Microelectronics from Infineon are the key to a better future. In the 2020 fiscal year (ending 30 September), Infineon reported revenue of more than €8.5 billion with a workforce of some 46,700 people worldwide. Following the acquisition of the US company Cypress Semiconductor Corporation in April 2020, Infineon is now a global top 10 semiconductor company.

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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). Further information is available at www.infineon.com
This press release is available online at www.infineon.com/press

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# FINANCIAL INFORMATION

According to IFRS – Unaudited

Cypress Semiconductor Corporation has been fully consolidated since 16 April 2020. For this reason, comparability with prior-year periods is restricted.

## Consolidated Statement of Profit or Loss

| € in millions | 3 months ended | | |
|---|---|---|---|
| | **31 Dec 20** | **30 Sep 20** | **31 Dec 19** |
| Revenue | 2,631 | 2,490 | 1,916 |
| Cost of goods sold | (1,646) | (1,697) | (1,207) |
| **Gross profit** | **985** | **793** | **709** |
| Research and development expenses | (333) | (308) | (243) |
| Selling, general and administrative expenses | (311) | (308) | (204) |
| Other operating income | 13 | 24 | 32 |
| Other operating expenses | (22) | (19) | (28) |
| **Operating income** | **332** | **182** | **266** |
| Financial income | 18 | 17 | 5 |
| Financial expenses | (44) | (45) | (18) |
| Loss from investments accounted for using the equity method | (1) | (9) | - |
| **Income from continuing operations before income taxes** | **305** | **145** | **253** |
| Income tax | (49) | (33) | (43) |
| **Income from continuing operations** | **256** | **112** | **210** |
| Loss from discontinued operations, net of income taxes | - | (3) | - |
| **Net income** | **256** | **109** | **210** |
| Attributable to: | | | |
| Shareholders and hybrid capital investors of Infineon Technologies AG | 256 | 109 | 210 |
| Basic earnings per share (in euro) attributable to shareholders of Infineon Technologies AG:[1] | | | |
| Weighted average shares outstanding (in million) – basic | 1,301 | 1,301 | 1,245 |
| Basic earnings per share (in euro) from continuing operations | 0.19 | 0.08 | 0.16 |
| Basic earnings per share (in euro) from discontinued operations | - | - | - |
| **Basic earnings per share (in euro)** | **0.19** | **0.08** | **0.16** |
| Diluted earnings per share (in euro) attributable to shareholders of Infineon Technologies AG:[1] | | | |
| Weighted average shares outstanding (in million) – diluted | 1,303 | 1,302 | 1,246 |
| Diluted earnings per share (in euro) from continuing operations | 0.19 | 0.08 | 0.16 |
| Diluted earning per share (in euro) from discontinued operations | - | - | - |
| **Diluted earnings per share (in euro)** | **0.19** | **0.08** | **0.16** |

1 The calculation of earnings per share is based on unrounded figures. For the consideration of the compensation entitlement of hybrid capital investors when determining earnings per share, see “Reconciliation to adjusted earnings and adjusted earnings per share” on page 11.

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## Regional Revenue Development

| € in millions, except percentages | 3 months ended | | | | | |
|---|---|---|---|---|---|---|
| | 31 Dec 20 | | 30 Sep 20 | | 31 Dec 19 | |
| **Revenue:** | | | | | | |
| Europe, Middle East, Africa | 642 | 25% | 640 | 26% | 553 | 29% |
| therein: Germany | 290 | 11% | 283 | 11% | 248 | 13% |
| Asia-Pacific (excluding Japan, Greater China) | 403 | 15% | 384 | 15% | 273 | 14% |
| Greater China[1] | 1,025 | 39% | 935 | 37% | 715 | 37% |
| therein: Mainland China, Hong Kong | 788 | 30% | 726 | 29% | 561 | 29% |
| Japan | 264 | 10% | 243 | 10% | 134 | 7% |
| Americas | 297 | 11% | 288 | 12% | 241 | 13% |
| therein: USA | 246 | 9% | 237 | 10% | 200 | 10% |
| **Total** | **2,631** | **100%** | **2,490** | **100%** | **1,916** | **100%** |

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

## Segment Revenues and Segment Results

Segment Result is defined as operating income (loss) excluding certain impairment losses (such as in particular impairment losses on goodwill), impact on earnings of restructuring and closures, share-based compensation, acquisition-related depreciation/amortization and other expenses, gains (losses) on sales of businesses, or interests in subsidiaries and other income (expense), including litigation costs.

### Revenues and Segment Result for the three months ended 31 December 2020 and 2019 and 30 September 2020

The business with the XMC family of industrial microcontrollers was transferred from the Automotive segment to the Connected Secure Systems segment with effect from 1 October 2020. The previous year's figures have been adjusted accordingly.

| **Revenue,** € in millions (unless otherwise stated) | 3 months ended | | | 3 months ended | | |
|---|---|---|---|---|---|---|
| | 31 Dec 20 | 31 Dec 19 | +/- in % | 31 Dec 20 | 30 Sep 20 | +/- in % |
| Automotive | 1,150 | 824 | 40 | 1,150 | 1,045 | 10 |
| Industrial Power Control | 362 | 334 | 8 | 362 | 349 | 4 |
| Power & Sensor Systems | 779 | 593 | 31 | 779 | 759 | 3 |
| Connected Secure Systems | 335 | 163 | +++ | 335 | 333 | 1 |
| Other Operating Segments | 5 | 2 | +++ | 5 | 4 | 25 |
| Corporate and Eliminations | - | - | - | - | - | - |
| **Total** | **2,631** | **1,916** | **37** | **2,631** | **2,490** | **6** |

| **Segment Result,** € in millions (unless otherwise stated) | 3 months ended | | | 3 months ended | | |
|---|---|---|---|---|---|---|
| | 31 Dec 20 | 31 Dec 19 | +/- in % | 31 Dec 20 | 30 Sep 20 | +/- in % |
| Automotive | 185 | 65 | +++ | 185 | 59 | +++ |
| Industrial Power Control | 61 | 62 | (2) | 61 | 69 | (12) |
| Power & Sensor Systems | 197 | 146 | 35 | 197 | 209 | (6) |
| Connected Secure Systems | 45 | 24 | 88 | 45 | 42 | 7 |
| Other Operating Segments | 1 | - | +++ | 1 | 1 | - |
| Corporate and Eliminations | - | - | - | - | (1) | +++ |
| **Total** | **489** | **297** | **65** | **489** | **379** | **29** |
| Segment Result Margin (in %) | **18.6%** | **15.5%** | | **18.6%** | **15.2%** | |

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## Reconciliation of Segment Result to Operating Income

| € in millions | 3 months ended | | |
|---|---|---|---|
| | 31 Dec 20 | 30 Sep 20 | 31 Dec 19 |
| **Segment Result** | 489 | 379 | 297 |
| Plus/minus: | | | |
| Reversal of impairments (impairments) (in particular on goodwill) | (8) | 11 | - |
| Impact on earnings of restructuring and closures, net | - | (20) | - |
| Share-based compensation | (3) | (4) | (3) |
| Acquisition-related depreciation/amortization and other expenses | (137) | (182) | (33) |
| Gains (losses) on sales of businesses, or interests in subsidiaries, net | - | - | 1 |
| Other income and expense, net | (9) | (2) | 4 |
| **Operating income** | **332** | **182** | **266** |

## Reconciliation to adjusted earnings and adjusted earnings per share – diluted

Earnings per share in accordance with IFRS are influenced by amounts relating to purchase price allocations for acquisitions (in particular Cypress and International Rectifier), one-time effects in the financial result in connection with the acquisition of Cypress as well as by other exceptional items. To enable better comparability of operating performance over time, Infineon computes adjusted earnings per share (diluted) as follows:

| € in millions (unless otherwise stated) | 3 months ended | | |
|---|---|---|---|
| | 31 Dec 20 | 30 Sep 20 | 31 Dec 19 |
| **Income from continuing operations – diluted** | **256** | **112** | **210** |
| Compensation claims of hybrid capital investors (after taxes)[1] | (8) | (8) | (8) |
| **Income from continuing operations, attributable to shareholders of Infineon Technologies AG – diluted** | **248** | **104** | **202** |
| Plus/minus: | | | |
| Impairments (reversal of impairments) (in particular on goodwill) | 8 | (11) | - |
| Impact on earnings of restructuring and closures, net | - | 20 | - |
| Share-based compensation | 3 | 4 | 3 |
| Acquisition-related depreciation/amortization and other expenses | 137 | 182 | 33 |
| Losses (gains) on sales of businesses, or interests in subsidiaries, net | - | - | (1) |
| Other income and expense, net | 9 | 2 | (4) |
| Acquisition-related expenses within financial result | 2 | 22 | - |
| Tax effects on adjustments | (35) | (48) | (4) |
| Revaluation of deferred tax assets resulting from the annually updated earnings forecast | (10) | (13) | (14) |
| **Adjusted net income from continuing operations attributable to shareholders of Infineon Technologies AG – diluted** | **362** | **262** | **215** |
| Weighted-average number of shares outstanding (in million) – diluted | 1,303 | 1,302 | 1,246 |
| Adjusted earnings per share (in euro) – diluted[2] | 0.28 | 0.20 | 0.17 |

1 Including the cumulative tax effects.

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

Adjusted net income and adjusted earnings per share (diluted) should not be seen as a replacement or superior performance indicator, but rather as additional information to the net income and earnings per share (diluted) determined in accordance with IFRS.

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## Reconciliation to adjusted cost of goods sold and gross margin

The cost of goods sold and the gross margin in accordance with IFRS are influenced by amounts relating to purchase price allocations for acquisitions (in particular Cypress and International Rectifier) as well as by other exceptional items. To enable better comparability of operating performance over time, Infineon computes the adjusted gross margin as follows:

| € in millions (unless otherwise stated) | 3 months ended | | |
|---|---|---|---|
| | **31 Dec 20** | **30 Sep 20** | **31 Dec 19** |
| Cost of goods sold | 1,646 | 1,697 | 1,207 |
| Plus/minus: | | | |
| Share-based compensation expense | (1) | - | - |
| Acquisition-related depreciation/amortization and other expenses | (69) | (111) | (13) |
| Other income and expense, net | (5) | (7) | (5) |
| **Adjusted cost of goods sold** | 1,571 | 1,579 | 1,189 |
| **Adjusted gross margin (in %)** | 40.3% | 36.6% | 37.9% |

Adjusted cost of goods sold and the adjusted gross margin should not be seen as a replacement or superior performance indicator, but rather as additional information to cost of goods sold and the gross margin determined in accordance with IFRS.

## Employees

| | **31 Dec 20** | **30 Sep 20** | **31 Dec 19** |
|---|---|---|---|
| Infineon | 47,058 | 46,665 | 40,992 |
| thereof: Research and development | 9,612 | 9,262 | 7,805 |

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## Consolidated Statement of Financial Position

| € in millions | 31 Dec 20 | 30 Sep 20 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | 1,894 | 1,851 |
| Financial investments | 1,440 | 1,376 |
| Trade receivables | 1,155 | 1,196 |
| Inventories | 1,955 | 2,052 |
| Current income tax receivables | 39 | 77 |
| Contract Assets | 102 | 97 |
| Other current assets | 527 | 530 |
| **Total current assets** | **7,112** | **7,179** |
| Property, plant and equipment | 4,088 | 4,110 |
| Goodwill | 5,633 | 5,897 |
| Other intangible assets | 3,409 | 3,621 |
| Right-of-use assets | 290 | 286 |
| Investments accounted for using the equity method | 79 | 87 |
| Non-current income tax receivables | 1 | 1 |
| Deferred tax assets | 625 | 627 |
| Other non-current assets | 192 | 191 |
| **Total non-current assets** | **14,317** | **14,820** |
| **Total assets** | **21,429** | **21,999** |
| **LIABILITIES AND EQUITY** | | |
| Short-term financial debt and current portion of long-term financial debt | 318 | 505 |
| Trade payables | 1,127 | 1,160 |
| Current provisions | 322 | 436 |
| Current income tax payables | 323 | 340 |
| Current leasing liabilites | 60 | 59 |
| Other current liabilities | 953 | 950 |
| **Total current liabilities** | **3,103** | **3,450** |
| Long-term financial debt | 6,385 | 6,528 |
| Pension plans and similar commitments | 745 | 739 |
| Deferred tax liabilities | 277 | 293 |
| Non-current provisions | 292 | 313 |
| Non-current leasing liabilites | 235 | 235 |
| Other non-current liabilities | 221 | 222 |
| **Total non-current liabilities** | **8,155** | **8,330** |
| **Total liabilities** | **11,258** | **11,780** |
| Equity: | | |
| Ordinary share capital | 2,612 | 2,612 |
| Additional paid-in capital | 6,468 | 6,462 |
| Hybrid capital | 1,213 | 1,203 |
| Retained earnings | 682 | 435 |
| Other reserves | (771) | (460) |
| Own shares | (33) | (33) |
| **Total equity** | **10,171** | **10,219** |
| **Total liabilities and equity** | **21,429** | **21,999** |

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## Consolidated Statement of Cash Flows

### Gross and Net Cash Position

The following table reconciles the gross cash position and net cash position (i.e. after deduction of financial debt). Since some liquid funds are held in the form of financial investments, which, for IFRS purposes, are not considered to be “cash and cash equivalents”, Infineon reports on its gross and net cash positions in order to provide investors with a better understanding of Infineon’s overall liquidity. The gross and net cash positions are determined as follows from the Consolidated Statement of Financial Position:

| € in millions | 31 Dec 20 | 30 Sep 20 | 31 Dec 19 |
|---|---|---|---|
| Cash and cash equivalents | 1,894 | 1,851 | 1,343 |
| Financial investments | 1,440 | 1,376 | 3,516 |
| **Gross cash position** | **3,334** | **3,227** | **4,859** |
| Less: | | | |
| Short-term financial debt and current portion of long-term financial debt | 318 | 505 | 191 |
| Long-term financial debt | 6,385 | 6,528 | 1,340 |
| **Total financial debt** | **6,703** | **7,033** | **1,531** |
| **Net cash position** | **(3,369)** | **(3,806)** | **3,328** |

### Free Cash Flow

Infineon reports the free cash flow figure, defined as net cash provided by and/or used in operating activities and net cash provided by and/or used in investing activities, both from continuing operations, after adjusting for cash flows related to 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, since dividend, debt-servicing obligations and other fixed disbursements are not deducted. Free cash flow should not be seen as a replacement or superior performance indicator, but rather as an additional useful piece of information over and above 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 derived from the IFRS figures. Free cash flow includes only amounts from continuing operations, and is derived as follows from the Consolidated Statement of Cash Flows:

| € in million | 3 months ended | | |
|---|---|---|---|
| | 31 Dec 20 | 30 Sep 20 | 31 Dec 19 |
| Net cash provided by operating activities from continuing operations | 588 | 747 | 183 |
| Net cash used in investing activities from continuing operations | (339) | (735) | (1,038) |
| Purchases of (proceeds from sales of) financial investments, net | 64 | 375 | 769 |
| **Free Cash Flow** | **313** | **387** | **(86)** |

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## Consolidated Statement of Cash Flows

| € in millions | 3 months ended | | |
|---|---|---|---|
| | 31 Dec 20 | 30 Sep 20 | 31 Dec 19 |
| **Net income** | **256** | **109** | **210** |
| Plus: income from discontinued operations, net of income taxes | - | 3 | - |
| Adjustments to reconcile to net cash provided by operating activities: | | | |
| Depreciation and amortization | 368 | 379 | 250 |
| Other expenses and income | 92 | 68 | 40 |
| Change in assets, liabilities and equity | (87) | 250 | (256) |
| Interest received and paid | (24) | (22) | (13) |
| Income tax paid | (17) | (40) | (48) |
| **Net cash provided by operating activities from continuing operations** | **588** | **747** | **183** |
| **Net cash used in operating activities from discontinued operations** | **(1)** | **(1)** | **(2)** |
| **Net cash provided by operating activities** | **587** | **746** | **181** |
| Proceeds from sales/purchases of financial investments | (64) | (375) | (769) |
| Acquisitions of businesses, net of cash acquired | (9) | (29) | - |
| Purchases of other intangible assets and other assets | (50) | (57) | (40) |
| Purchases of property, plant and equipment | (233) | (275) | (215) |
| Other investing activities | 17 | 1 | (14) |
| **Net cash used in investing activities** | **(339)** | **(735)** | **(1,038)** |
| Proceeds from issuance/repayment of short-/long-term financial debt | (174) | (539) | (7) |
| Proceeds from hybrid capital/cash outflow to hybrid capital investors | - | - | 1,184 |
| Proceeds from issuance of ordinary shares | - | (1) | 1 |
| Other financing activities | (18) | (26) | (10) |
| **Net cash provided by (used in) financing activities** | **(192)** | **(566)** | **1,168** |
| Net change in cash and cash equivalents | 56 | (555) | 311 |
| Effect of foreign exchange rate changes on cash and cash equivalents | (13) | (43) | 11 |
| Cash and cash equivalents at beginning of period | 1,851 | 2,449 | 1,021 |
| **Cash and cash equivalents at end of period** | **1,894** | **1,851** | **1,343** |

## DISCLAIMER

This press release is a Quarterly Group Statement according the Frankfurt Stock Exchange's stock exchange regulation 53 paragraph.

This press release contains forward-looking statements about the business, financial condition and earnings performance of the Infineon Group.

These statements are based on assumptions and projections resting upon 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.

Due to rounding, numbers presented throughout this press release and other reports may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

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