Press Release

Positive earnings and free cash flow development. Increase in revenue despite difficult supply environment. Strong final quarter expected

- **Q3 FY 2021: Revenue €2.722 billion; Segment Result €496 million; Segment Result Margin 18.2 percent; free cash flow €477 million**
- **Outlook for Q4 FY 2021: Based on an assumed exchange rate of US$1.20 to the euro, revenue of around €2.9 billion is expected. On this basis, Segment Result Margin is forecast at around 19 percent**
- **Outlook FY 2021: Based on the outlook for Q4 FY 2021, revenue for the full fiscal year is predicted at about €11 billion. At this level, a Segment Result Margin of above 18 percent is expected. Investments still expected at approximately €1.6 billion. Free cash flow anticipated to come in around €1.5 billion**

Neubiberg, Germany, 3 August 2021 – Today, Infineon Technologies AG is reporting results for the third quarter of the 2021 fiscal year (period ended 30 June 2021).

“Demand for semiconductors is unbroken, as they play a key role in enabling the energy transition and digitalization. Currently, however, the market is faced with an extremely tight supply situation,” said Dr. Reinhard Ploss, CEO of Infineon. "Inventories are at a historic low; our chips are being shipped from our fabs straight into the end applications. Under these circumstances, any pandemic-related restrictions on manufacturing, such as those recently imposed in Malaysia, are especially grave. We are doing our utmost to improve matters along the entire value chain and are working as flexibly as possible in the best interests of our customers. At the same time, we are continuously building up additional capacity."

For the Business and Trade Press: INFXX202108.089e

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The Cypress Semiconductor Corporation ("Cypress") has been fully consolidated since 16 April 2020. The comparability of current figures with the same period of the previous year is therefore limited.

€ in millions (unless otherwise stated)	**3 months ended 30 Jun 21**	sequential +/- in %	**3 months ended 31 Mar 21**	year-on-year +/- in %	**3 months ended 30 Jun 20**
Revenue	2,722	1	2,700	25	2,174
Segment Result	496	6	470	+++	220
Segment Result Margin (in %)	18.2%		17.4%		10.1%
Income (loss) from continuing operations	245	17	209	+++	(128)
Income from discontinued operations, net of income taxes	-	+++	(6)	-	-
Net income (loss)	**245**	**21**	**203**	**+++**	**(128)**
Basic earnings per share (in euro) attributable to shareholders of Infineon Technologies AG:[1]					
Basic earnings (loss) per share (in euro) from continuing operations	0.18	20	0.15	+++	(0.11)
Basic earnings per share (in euro) from discontinued operations	-	-	-	-	-
Basic earnings (loss) per share (in euro)	**0.18**	20	**0.15**	**+++**	**(0.11)**
Diluted earnings per share (in euro) attributable to shareholders of Infineon Technologies AG:[1]					
Diluted earnings (loss) per share (in euro) from continuing operations	0.18	20	0.15	+++	(0.11)
Diluted earnings per share (in euro) from discontinued operations	-	-	-	-	-
Diluted earnings (loss) per share (in euro)	**0.18**	20	**0.15**	**+++**	**(0.11)**
Adjusted earnings per share (in euro) – diluted[1,2]	**0.27**	**13**	**0.24**	**+++**	**0.13**
Gross margin (in %)	**39.1%**		**36.0%**		**27.0%**
Adjusted gross margin[3] (in %)	**41.8%**		**39.3%**		**35.9%**

[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 10.
[3] The reconciliation of cost of goods sold to adjusted cost of goods sold and adjusted gross margin is presented on page 11.

Group performance in third quarter of 2021 fiscal year

In the third quarter of the current fiscal year, Group revenue rose by €22 million to €2,722 million, compared to €2,700 million in the preceding three-month period. Despite continued strong demand, revenue grew by only 1 percent due to pandemic-related constraints on our manufacturing capacity in Melaka, Malaysia, and the aftermath of the winter storm in Austin, Texas. These various factors have primarily affected the Automotive (ATV) and Power & Sensor Systems (PSS) segments, both of which saw a decline in revenue compared to the previous quarter. By contrast, the Industrial Power Control (IPC) and Connected Secure Systems (CSS) segments recorded revenue growth.

The gross margin improved significantly from 36.0 percent to 39.1 percent quarter-on-quarter. The adjusted gross margin for the three-month period under report came in at 41.8 percent, up from 39.3 percent in the preceding quarter.

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The Segment Result increased from €470 million to €496 million quarter-on-quarter, with the Segment Result Margin rising from 17.4 percent to 18.2 percent.

The non-segment result for the third quarter was a net loss of €149 million, compared to a net loss of €156 million in the previous three-month period. The non-segment result for the quarter included €74 million of cost of goods sold, €60 million of selling, general and administrative expenses and €6 million of research and development expenses. Net other operating expenses amounting to €9 million were also recorded in the third quarter.

Operating income for the third quarter of the current fiscal year rose to €347 million, compared with €314 million in the preceding three-month period.

The financial result amounted to minus €56 million compared with minus €42 million in the previous quarter.

The tax expense added up to €49 million, down from €62 million one quarter earlier.

Income from continuing operations improved from €209 million to €245 million quarter-on-quarter. Income from discontinued operations in the third quarter was break-even, compared to a loss of €6 million in the previous three-month period. Accordingly, net income for the third quarter of the current fiscal year also amounted to €245 million, compared with €203 million one quarter earlier.

Earnings per share from continuing operations increased to €0.18 (basic and diluted), compared to €0.15 in the preceding three-month period. Adjusted earnings per share[1] (diluted) improved from €0.24 to €0.27 quarter-on-quarter.

Investments – which Infineon defines as the sum of purchases of property, plant and equipment, purchases of other intangible assets and capitalized development costs – totaled €285 million in the third quarter of the 2021 fiscal year, compared with €332 million in the preceding three-month period. Depreciation and amortization increased from €368 million to €380 million quarter-on-quarter.

[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 10.

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Free cash flow[2] continued to improve in the third quarter of the current fiscal year, rising to €477 million, compared with €407 million in the previous quarter. Net cash provided by operating activities from continuing operations went up from €742 million to €762 million.

At the end of the third quarter, the gross cash position stood at €3,863 million, up from €3,444 million at 31 March 2021. Net debt decreased further from €3,415 million to €2,945 million over the course of the three-month period. Gross debt amounted to €6,808 million at the end of the third quarter, compared with €6,859 million at 31 March 2021.

Outlook for the fourth 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 around €2.9 billion in the fourth quarter of the 2021 fiscal year. While demand is rising at a dynamic pace, the overall supply situation remains tight due to various factors, including the pandemic-related manufacturing restrictions in Melaka, Malaysia, at the beginning of the quarter. In light of ongoing bottlenecks, revenue generated by the ATV and IPC segments is likely to remain at a similar level to the previous quarter. The CSS segment is forecast to record a slightly higher level of revenue. PSS segment revenue is set to rise sharply, mainly due to the recovery of demand for smartphones. At the level of revenue currently forecast, the Segment Result Margin is expected to come in at about 19 percent.

Outlook for the 2021 fiscal year

Based on the predicted level of revenue for the fourth quarter and an assumed unchanged exchange rate of US$1.20 to the euro, revenue is expected to total around €11 billion for the full 2021 fiscal year. At this level, the Segment Result Margin is forecast to come in at above 18 percent.

Investments in property, plant and equipment, intangible assets and capitalized development costs for the 2021 fiscal year are forecast at an unchanged level of around €1.6 billion. Depreciation and amortization are also expected to remain unchanged at 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

[2] For definitions and the calculation of free cash flow and of the gross and net cash position, please see page 13.

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lesser extent with the acquisition of International Rectifier. Free cash flow is now anticipated to come in at around €1.5 billion.

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, the progress of vaccination campaigns, possible restrictions on economic activities, effects on production and supply chains, and the level and effectiveness of governmental stimulus programs.

Segment earnings in the third quarter of the 2021 fiscal year

€ in millions (unless otherwise stated)	in % of total revenue	**3 months ended 30 Jun 21**	sequential +/- in %	**3 months ended 31 Mar 21**	year-on-year +/- in %	**3 months ended 30 Jun 20**
Infineon						
Revenue	100	2,722	1	2,700	25	2,174
Segment Result		496	6	470	+++	220
Segment Result Margin (in %)		18.2%		17.4%		10.1%
Automotive (ATV)[1]						
Segment Revenues	44	1,205	(1)	1,219	49	810
Segment Result		199	1	197	+++	(26)
Segment Result Margin (in %)		16.5%		16.2%		(3.2%)
Industrial Power Control (IPC)						
Segment Revenues	15	412	14	361	13	366
Segment Result		82	39	59	30	63
Segment Result Margin (in %)		19.9%		16.3%		17.2%
Power & Sensor Systems (PSS)						
Segment Revenues	28	757	(4)	787	11	681
Segment Result		167	(9)	184	17	143
Segment Result Margin (in %)		22.1%		23.4%		21.0%
Connected Secure Systems (CSS)[1]						
Segment Revenues	13	346	5	329	11	312
Segment Result		47	57	30	21	39
Segment Result Margin (in %)		13.6%		9.1%		12.5%
Other Operating Segments (OOS)						
Segment Revenues	0	2	(50)	4	(60)	5
Segment Result		-	-	-	---	1
Corporate and Eliminations (C&E)						
Segment Revenues	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.

ATV segment revenue totaled €1,205 million in the third quarter of the current fiscal year, compared to €1,219 million in the preceding three-month period. Held down by restricted manufacturing capacities, revenue dropped slightly by 1 percent, while demand continued to rise across all product areas. The Segment

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Result edged up from €197 million to €199 million quarter-on-quarter, whereas the Segment Result Margin improved from 16.2 percent to 16.5 percent.

IPC segment revenue significantly rose from €361 million to €412 million quarter-on-quarter, with all product areas contributing to the 14 percent growth. Demand was particularly dynamic for products relating to industrial drives and renewable energy. The Segment Result improved from €59 million to €82 million quarter-on-quarter, with the Segment Result Margin rising from 16.3 percent to 19.9 percent.

PSS segment revenue amounted to €757 million in the third quarter, down from €787 million in the preceding three-month period, whereby the 4 percent decline was mainly attributable to temporary weaker business with components for smartphones as well as restrictions in manufacturing capacities. Revenue generated with server-related products increased slightly, while business with battery-powered applications also continued to thrive. The Segment Result for the third quarter of the current fiscal year amounted to €167 million, compared to €184 million in the previous quarter; the Segment Result Margin fell from 23.4 percent to 22.1 percent.

CSS segment revenue increased from €329 million to €346 million quarter-on-quarter. The 5 percent growth in revenue was primarily due to the upturn in demand for government ID products and rising levels of business with microcontrollers and connectivity-related products as a result of slight improvements in external manufacturing capacity available in these areas. The Segment Result improved from €30 million to €47 million quarter-on-quarter, with the Segment Result Margin rising from 9.1 percent to 13.6 percent.

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 3 August 2021 at 9:30 am (CEST), 3:30 am (EDT). During the call, the Infineon Management Board will present the Company's results for the third quarter of the 2021 fiscal year as well as the outlook for the fourth quarter and the 2021 fiscal year. In addition, the Management Board will host a telephone press conference with the media at 11:00 am (CEST), 5:00 am (EDT). 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 **Q3 Investor Presentation** is available (in English only) at:
https://www.infineon.com/cms/en/about-infineon/investor/reports-and-presentations/

Infineon Financial Calendar (* preliminary)

➢ 1 Sep 2021	Jefferies Annual Semiconductor Conference, Chicago (virtual)
➢ 2 Sep 2021	Commerzbank Corporate Conference, Frankfurt (virtual)
➢ 2 Sep 2021	dbAccess European TMT Conference, London (virtual)
➢ 5 Oct 2021	Infineon CMD “IFX Day 2021”, London // virtual
➢ 10 Nov 2021*	Earnings Release for the Fourth Quarter and 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.

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			9 months ended	
	30 Jun 21	31 Mar 21	30 Jun 20	30 Jun 21	30 Jun 20
Revenue	2,722	2,700	2,174	8,053	6,077
Cost of goods sold	(1,657)	(1,728)	(1,587)	(5,031)	(4,094)
Gross profit	**1,065**	**972**	**587**	**3,022**	**1,983**
Research and development expenses	(376)	(341)	(321)	(1,050)	(806)
Selling, general and administrative expenses	(342)	(328)	(316)	(981)	(734)
Other operating income	11	23	9	47	52
Other operating expenses	(11)	(12)	(52)	(46)	(96)
Operating income (loss)	**347**	**314**	**(93)**	**992**	**399**
Financial income	1	-	3	19	12
Financial expenses	(57)	(42)	(82)	(142)	(132)
Gain (loss) from investments accounted for using the equity method	3	(1)	-	1	-
Income (loss) from continuing operations before income taxes	**294**	**271**	**(172)**	**870**	**279**
Income tax	(49)	(62)	44	(160)	(19)
Income (loss) from continuing operations	**245**	**209**	**(128)**	**710**	**260**
Loss from discontinued operations, net of income taxes	-	(6)	-	(5)	(1)
Net income (loss)	**245**	**203**	**(128)**	**705**	**259**
Attributable to:					
Shareholders and hybrid capital investors of Infineon Technologies AG	245	203	(128)	705	259
Earnings per share (in euro) attributable to shareholders of Infineon Technologies AG:[1]					
Weighted average shares outstanding (in million) – basic	1,301	1,301	1,266	1,301	1,252
Basic earnings (loss) per share (in euro) from continuing operations	0.18	0.15	(0.11)	0.53	0.19
Basic earnings (loss) per share (in euro) from discontinued operations	-	-	-	(0.01)	-
Basic earnings (loss) per share (in euro)	**0.18**	**0.15**	**(0.11)**	**0.52**	**0.19**
Weighted average shares outstanding (in million) – diluted	1,303	1,303	1,266	1,303	1,254
Diluted earnings (loss) per share (in euro) from continuing operations	0.18	0.15	(0.11)	0.53	0.19
Diluted earnings (loss) per share (in euro) from discontinued operations	-	-	-	(0.01)	-
Diluted earnings (loss) per share (in euro)	**0.18**	**0.15**	**(0.11)**	**0.52**	**0.19**

1 The calculation of earnings per share is based on unrounded figures. For the consideration of the compensation of hybrid capital investors when determining earnings per share, see “Reconciliation to adjusted earnings and adjusted earnings per share” on page 10.

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Regional Revenue Development

€ in millions, except percentages	3 months ended						9 months ended			
	30 Jun 21		31 Mar 21		30 Jun 20		30 Jun 21		30 Jun 20	
Revenue:										
Europe, Middle East, Africa	718	26%	714	26%	488	22%	2,074	26%	1,681	28%
therein: Germany	327	12%	325	12%	225	10%	942	12%	772	13%
Asia-Pacific (excluding Japan, Greater China)	437	16%	425	16%	318	15%	1,265	16%	907	15%
Greater China[1]	986	37%	988	37%	882	41%	3,000	37%	2,239	37%
therein: Mainland China, Hong Kong	741	27%	747	28%	689	32%	2,275	28%	1,746	29%
Japan	280	10%	254	9%	269	12%	797	10%	522	8%
Americas	301	11%	319	12%	217	10%	917	11%	728	12%
therein: USA	248	9%	258	10%	187	9%	753	9%	608	10%
Total	**2,722**	**100%**	**2,700**	**100%**	**2,174**	**100%**	**8,053**	**100%**	**6,077**	**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 and nine months ended 30 June 2021 and 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			9 months ended		
	30 Jun 21	30 Jun 20	+/- in %	30 Jun 21	30 Jun 20	+/- in %
Automotive	1,205	810	49	3,574	2,476	44
Industrial Power Control	412	366	13	1,136	1,057	7
Power & Sensor Systems	757	681	11	2,323	1,891	23
Connected Secure Systems	346	312	11	1,011	641	58
Other Operating Segments	2	5	(60)	9	12	(25)
Corporate and Eliminations	-	-	-	-	-	-
Total	**2,722**	**2,174**	**25**	**8,053**	**6,077**	**33**

Segment Result, € in millions (unless otherwise stated)	3 months ended			9 months ended		
	30 Jun 21	30 Jun 20	+/- in %	30 Jun 21	30 Jun 20	+/- in %
Automotive	199	(26)	+++	581	88	+++
Industrial Power Control	82	63	30	203	188	8
Power & Sensor Systems	167	143	17	547	427	28
Connected Secure Systems	47	39	21	122	89	37
Other Operating Segments	-	1	---	2	1	+++
Corporate and Eliminations	1	-	+++	1	(2)	+++
Total	**496**	**220**	**+++**	**1,456**	**791**	**84**
Segment Result Margin (in %)	**18.2%**	**10.1%**		**18.1%**	**13.0%**	

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Reconciliation of Segment Result to Operating Income

€ in millions	3 months ended			9 months ended	
	30 Jun 21	31 Mar 21	30 Jun 20	30 Jun 21	30 Jun 20
Segment Result	496	470	220	1,456	791
Plus/minus:					
Reversal of impairments (impairments) (in particular on goodwill)	-	-	-	(8)	-
Share-based compensation	(11)	(3)	(4)	(17)	(10)
Acquisition-related depreciation/amortization and other expenses	(129)	(148)	(299)	(413)	(357)
Gains (losses) on sales of businesses, or interests in subsidiaries, net	(1)	-	-	(1)	1
Other income and expense, net	(8)	(5)	(10)	(25)	(26)
Operating income (loss)	**347**	**314**	**(93)**	**992**	**399**

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			9 months ended	
	30 Jun 21	31 Mar 21	30 Jun 20	30 Jun 21	30 Jun 20
Income (loss) from continuing operations – diluted	**245**	**209**	**(128)**	**710**	**260**
Compensation of hybrid capital investors[1]	(8)	(8)	(10)	(23)	(28)
Income (loss) from continuing operations, attributable to shareholders of Infineon Technologies AG – diluted	**237**	**201**	**(138)**	**687**	**232**
Plus/minus:					
Impairments (reversal of impairments) (in particular on goodwill)	-	-	-	8	-
Share-based compensation	11	3	4	17	10
Acquisition-related depreciation/amortization and other expenses	129	148	299	413	357
Losses (gains) on sales of businesses, or interests in subsidiaries, net	1	-	-	1	(1)
Other income and expense, net	8	5	10	25	26
Acquisition-related expenses within financial result	1	3	17	5	27
Tax effects on adjustments	(26)	(37)	(62)	(97)	(78)
Revaluation of deferred tax assets resulting from the annually updated earnings forecast	(8)	(15)	39	(33)	(22)
Adjusted net income from continuing operations attributable to shareholders of Infineon Technologies AG – diluted	**353**	**308**	**169**	**1,026**	**551**
Weighted-average number of shares outstanding (in million) – diluted	1,303	1,303	1,266	1,303	1,254
Adjusted earnings per share (in euro) – diluted[2]	0.27	0.24	0.13	0.79	0.44

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			9 months ended	
	30 Jun 21	31 Mar 21	30 Jun 20	30 Jun 21	30 Jun 20
Cost of goods sold	1,657	1,728	1,587	5,031	4,094
Plus/minus:					
Share-based compensation expense	(2)	-	(1)	(2)	(2)
Acquisition-related depreciation/ amortization and other expenses	(68)	(84)	(183)	(221)	(204)
Other income and expense, net	(4)	(5)	(9)	(15)	(26)
Adjusted cost of goods sold	1,583	1,639	1,394	4,793	3,862
Adjusted gross margin	41.8%	39.3%	35.9%	40.5%	36.4%

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

	30 Jun 21	31 Mar 21	30 Jun 20
Infineon	48,866	48,150	46,730
thereof: Research and development	10,022	9,791	9,494

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Consolidated Statement of Financial Position

€ in millions	30 Jun 21	31 Mar 21	30 Sep 20
ASSETS			
Cash and cash equivalents	1,920	1,873	1,851
Financial investments	1,943	1,571	1,376
Trade receivables	1,237	1,348	1,196
Inventories	2,053	1,937	2,052
Current income tax receivables	40	36	77
Contract assets	82	89	97
Other current assets	596	545	530
Total current assets	**7,871**	**7,399**	**7,179**
Property, plant and equipment	4,139	4,149	4,110
Goodwill	5,812	5,889	5,897
Other intangible assets	3,360	3,470	3,621
Right-of-use assets	310	312	286
Investments accounted for using the equity method	62	78	87
Non-current income tax receivables	1	1	1
Deferred tax assets	590	618	627
Other non-current assets	202	203	191
Total non-current assets	**14,476**	**14,720**	**14,820**
Total assets	**22,347**	**22,119**	**21,999**
LIABILITIES AND EQUITY:			
Short-term financial debt and current portion of long-term financial debt	825	831	505
Trade payables	1,277	1,273	1,160
Current provisions	640	479	436
Current income tax payables	312	337	340
Current leasing liabilites	62	63	59
Other current liabilities	862	858	950
Total current liabilities	**3,978**	**3,841**	**3,450**
Long-term financial debt	5,983	6,028	6,528
Pension plans and similar commitments	662	668	739
Deferred tax liabilities	299	301	293
Non-current provisions	303	299	313
Non-current leasing liabilities	243	253	235
Other non-current liabilities	223	212	222
Total non-current liabilities	**7,713**	**7,761**	**8,330**
Total liabilities	**11,691**	**11,602**	**11,780**
Equity:			
Ordinary share capital	2,612	2,612	2,612
Additional paid-in capital	6,481	6,468	6,462
Hybrid capital	1,193	1,223	1,203
Retained earnings	907	660	435
Other reserves	(509)	(417)	(460)
Own shares	(28)	(29)	(33)
Total equity	**10,656**	**10,517**	**10,219**
Total liabilities and equity	**22,347**	**22,119**	**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	30 Jun 21	31 Mar 21	30 Jun 20
Cash and cash equivalents	1,920	1,873	2,449
Financial investments	1,943	1,571	1,001
Gross cash position	**3,863**	**3,444**	**3,450**
Less:			
Short-term financial debt and current portion of long-term financial debt	825	831	586
Long-term financial debt	5,983	6,028	7,160
Total financial debt	**6,808**	**6,859**	**7,746**
Net cash position	**(2,945)**	**(3,415)**	**(4,296)**

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 millions	3 months ended			9 months ended	
	30 Jun 21	31 Mar 21	30 Jun 20	30 Jun 21	30 Jun 20
Net cash provided by operating activities from continuing operations	762	742	533	2,092	1,070
Net cash used in investing activities from continuing operations	(659)	(465)	(5,208)	(1,463)	(6,437)
Purchases of (proceeds from sales of) financial investments, net	374	130	(2,462)	567	(1,748)
Free Cash Flow	**477**	**407**	**(7,137)**	**1,196**	**(7,115)**

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Consolidated Statement of Cash Flows

for the three months ended 30 June 2021 and 2020 and 31 March 2021

€ in millions	3 months ended		
	30 Jun 21	**31 Mar 21**	**30 Jun 20**
Net income	**245**	**203**	**(128)**
Plus: loss from discontinued operations, net of income taxes	-	6	-
Adjustments to reconcile to net cash provided by operating activities:			
Depreciation and amortization	380	368	381
Other expenses and income	104	103	42
Change in assets, liabilities and equity	149	139	248
Interest received and paid	(72)	(39)	(71)
Income tax received (paid)	(44)	(38)	61
Net cash provided by operating activities from continuing operations	**762**	**742**	**533**
Net cash provided by (used in) operating activities from discontinued operations	4	(1)	(1)
Net cash provided by operating activities	**766**	**741**	**532**
Proceeds from sales/purchases of financial investments	(374)	(130)	2,462
Acquisitions of businesses, net of cash acquired	(3)	(5)	(7,404)
Purchases of other intangible assets and other assets	(53)	(68)	(49)
Purchases of property, plant and equipment	(232)	(264)	(217)
Other investing activities	3	2	-
Net cash used in investing activities	**(659)**	**(465)**	**(5,208)**
Proceeds from issuance/repayment of short-/long-term financial debt	(3)	-	4,996
Proceeds from hybrid capital/cash outflow to hybrid capital investors	(39)	-	(20)
Proceeds from issuance of ordinary shares	-	-	1,042
Dividend payments	-	(286)	-
Other financing activities	(18)	(20)	12
Net cash provided by (used in) financing activities	**(60)**	**(306)**	**6,030**
Net change in cash and cash equivalents	47	(30)	1,354
Effect of foreign exchange rate changes on cash and cash equivalents	-	9	(34)
Cash and cash equivalents at beginning of period	1,873	1,894	1,129
Cash and cash equivalents at end of period	**1,920**	**1,873**	**2,449**

D I S C L A I M E R

The Consolidated Statement of Financial Position, the Consolidated Statement of Income and the (condensed) Consolidated Statement of Cash Flows have been prepared in accordance with IAS 34, “Interim Financial Reporting”. The disclosures required by IAS 34 are not made.

The same accounting policies are applied as in the most recently published consolidated financial statements. An exception to this principle is the application of new and revised standards and interpretations that have become effective during the year.

The Quarterly Group Statement is prepared in accordance with 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.

All figures mentioned in this press release are unaudited.

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