Q4 FY 2026

106th Quarterly Results of Infineon Technologies AG

Analyst Call Intro Statement

Jochen Hanebeck (CEO), Dr. Sven Schneider (CFO)

Jochen Hanebeck:

General Introduction

Let's begin with a little retrospective of our very eventful 2026 fiscal year: twelve months ago, we predicted only a gradual, uneven recovery. In hindsight, cyclical and structural growth momentum has strengthened and broadened strongly. The difference in revenue between our weakest and our strongest quarter amounted to more than one billion Euros! AI drove unprecedented structural growth, and with 1.7 billion Euros we again more than doubled our revenue in this area!

And the convergence of structural growth and upcycle is continuing, driven by AI in its many shapes and forms, power infrastructure as well as automotive, where electrification and software defined vehicles are strong secular drivers.

To prepare Infineon optimally for the coming high-growth phase, we executed successfully on major pillars of our strategy in 2026: we opened our new Smart Power Fab in Dresden at the best possible point in time; we shaped our business portfolio further through acquisitions and divestitures, the same way as we continued to streamline our manufacturing footprint further; since 2022 we went from 20 sites down to 13. To further strengthen our application focus as well as to improve speed and agility of our organization, we adopted a new, more application-centric divisional setup. Overall, we feel very well positioned for significant profitable growth in our just-started 2027 fiscal year. But before we come to our outlook, let's look back at the recent past.

Group performance in Q4

The fourth and final quarter of our 2026 fiscal year saw record **revenues** of 4 billion 706 million Euros, up 13 percent sequentially. The year-over-year growth rate of 19 percent is further illustrating the acceleration of our business. For the full fiscal year, revenues amounted to 16 billion 353 million, an annual increase of 12 percent, which at a constant US-Dollar/Euro exchange rate would have even been 15 percent. This growth rate was twice as high as the one we had originally anticipated. Applying our professional cycle management, our teams handled the rapid turn in the cycle very well.

In lockstep with revenue, also our profitability expanded throughout the 2026 fiscal year, with Q4 clearly being the strongest with a **Segment Result** of 1 billion 119 million Euros. This corresponded to a **Segment Result Margin** of 23.8 percent, 470 basis points up from the quarter before, and slightly better than anticipated, mainly driven by positive volume and mix-effects. For the full 2026 fiscal year the Segment Result Margin was 19.7 percent, up 220 basis points year-over-year.

Regarding our order **backlog** we have decided to provide qualitative color going forward and cease to disclose specific numbers, in line with the majority of peers. That being said, we did see a further increase in incoming orders continuing over the course of the September quarter, relating to widening supply constraints while distribution and customer inventories are at or below target levels, thus supporting visibility into the new fiscal year.

Now to our divisional review, which we are doing one last time along our former four-divisional setup, commencing as usual with Automotive.

Division-level performance in Q4

1 *Automotive*

In the final quarter of our 2026 fiscal year, **revenues** of ATV increased by 8 percent quarter-over-quarter to 2 billion 89 million Euros. Growth was driven mainly by microcontrollers, smart power components and MOSFETs.

The **Segment Result** of ATV increased to 468 million Euros, corresponding to a **Segment Result Margin** of 22.4 percent, compared to 18.4 percent in the previous quarter. The improvement was driven mainly by higher volumes, supported by some positive mix and pricing effects.

Looking at the last fiscal year, our China auto business grew twice as fast as our global ATV revenue, as we could fortify our quality lead in an otherwise supply-constrained local automotive-grade semiconductor market.

Currently we see a rising order intake from automotive customers, as unchanged long-term trends driving content growth are complemented by some healthy restocking. In an overall muted car market, fuel cost increases and the introduction of more affordable models are supporting rising xEV adoption in Europe, India and Southeast Asia. At the same time, OEMs are starting to roll out more advanced software-defined vehicle architectures across all major regions.

The ATV segment is the prime example of our stringent portfolio management: we strengthen our strengths, as in the case of Ethernet solutions. which plays out very successfully in combination with our microcontroller position. We are fixing core areas in need of fixing, as the refocusing of our high-voltage drivetrain business is showing. And we exit when non-core areas can have a better owner: therefore we announced in September an agreement to sell our NOR Flash and F-RAM

businesses to Winbond in an all-cash transaction valued at 1.12 billion US dollars. Subject to required approvals, we target closing in the second half of calendar year 27.

Our constantly evolving portfolio is rewarded in the marketplace: we have recently secured a major design win for a dynamic domain-control system at a leading Japanese car manufacturer. The solution is based on our latest-generation AURIX™ TC4x microcontrollers and underlines our pole position in software-defined vehicle architectures, also in Japan.

Another example is a design win with a North American electric vehicle manufacturer. Our HybridPACK™ Drive silicon-carbide modules will be used in the traction inverter, alongside AURIX™ microcontrollers, power-management ICs, transceivers and gate drivers, demonstrating once more the breadth of our profitable system offering.

2 *Green Industrial Power*

Let's now look at Green Industrial Power: GIP's **revenues** increased by 13 percent quarter-over-quarter to 503 million Euros, marking the September quarter the third consecutive one of double-digit growth. All application areas contributed to the sequential increase. The **Segment Result** improved to 69 million Euros, corresponding to a **Segment Result Margin** of 13.7 percent. The improvement was driven by higher volumes and a favorable product mix.

The recovery in industrial markets continues to broaden, while power infrastructure remains the strongest structural growth engine. Customer orders continued their upward trajectory, accompanied by emerging supply tightness in high-performance silicon-carbide products and high-power modules. Investments in grid modernization, renewable energy integration and AI-related power infrastructure are supporting demand for energy storage systems, solid-state transformers and solid-state circuit breakers. We note a strongly growing design-win pipeline in these applications. Our technological and reliability differentiation and our system understanding positions us well to benefit from continued growth in power infrastructure, with additional opportunities emerging from factory automation and broader industrial markets.

A word on silicon carbide, which in Infineon's case is driven jointly by industrial, datacenter and automotive applications. In our 2026 fiscal year we achieved revenues of 700 million Euros, an annual growth of 10 percent. For the coming year, growth is expected to significantly accelerate and we project silicon carbide revenues of well above 1 billion Euros driven by our broad portfolio targeting a multitude of applications. We are determined to keep leading in innovative wide-bandgap semiconductor technologies, as demonstrated by our industry-first processing of functional silicon-carbide power devices on 300 millimeter wafers, announced yesterday.

3 *Power & Sensor Systems*

Now to Power & Sensor Systems, which had a stellar quarter and accelerated further on its profitable growth trajectory. PSS achieved **revenues** of 1 billion 796 million Euros in the September quarter, a full 25 percent up sequentially. Compared to the same quarter one year ago, the growth rate was a staggering 48 percent. Similarly, the margin of PSS expanded significantly: the **Segment Result** increased to 554 million Euros, leading to a **Segment Result Margin** of 30.8 percent, approximately 6 percentage points more than in the previous quarter. Besides the significant volume increase, also mix and pricing had a positive impact. The very positive growth and profitability development relates first and foremost to our leadership position in AI power solutions. We achieved 1.7 billion Euros of dedicated AI power revenues in the concluded fiscal year 26, equivalent to a bit above 10 percent of Group revenue. Together with power solutions for non-AI racks and servers, our overall datacenter business amounted to around 2.2 billion Euros in the last fiscal year, of which around 800 million pertained to the September quarter. Going forward, we will report and forecast one unified number for the overall datacenter business.

New AI processor generations and higher compute density go hand in hand with higher power density and novel architectures for central datacenters. At the same time, evolving AI workloads like inference and task coordination translate into significantly rising CPU growth rates. Our key focus is to increase our dollar per kilowatt content by addressing the needs of our customers for even more sophisticated vertical power delivery and other modules, the transition to 800 Volt architectures as well as high-power parts reaching into the grid like solid-state transformers. Said differently, AI is broadening and continues to be a substantial tailwind for us in terms of growth and profitability. In our just-started 2027 fiscal year, revenue growth will again be supply-limited, in other words a function of successfully executing manufacturing capacity expansions. We strongly benefit from the fact that we will be ramping our new Smart Power Fab in Dresden as well as scaling up manufacturing partners to serve unabated customer demand. In our last earnings call we already flagged that leading customers across the datacenter ecosystem are engaging through multi-year delivery and capacity reservation agreements with us. The total cumulative sales volume of these agreements, both signed and in negotiation, has surpassed the 10 billion Euro mark. Through volume commitments and prepayments investment risks are being shared. For our 2027 fiscal year we project datacenter revenues of close to 4 billion Euros, adding another year of tremendous growth.

A key ingredient to our unrivalled leadership, besides a highly differentiated portfolio, system-level expertise and in-house manufacturing capacity, is innovation, which helps us drive up our average dollar content per kilowatt. As a prime example, we are advancing our collaboration with Nvidia to include gallium nitride-based intermediate bus converters. Our GaN offering supports the full range

of conversion ratios from 800 Volt to 50, 12 and 6 Volt, giving data center operators the flexibility to optimize future rack architectures without compromising power density or efficiency.

Accelerating innovation to customer value in AI was also the motive behind our acquisition of C2i Semiconductors, a Bangalore-based technology company specializing in software-defined multiphase controllers and smart power stages for vertical power delivery including substrate-integrated voltage regulators. All-in-all, Infineon remains the pre-eminent provider of solutions across the full power delivery chain from grid to core.

4 *Connected Secure Systems*

Let's complete the divisional review with Connected Secure Systems. CSS recorded **revenues** of 318 million Euros in the September quarter. The sequential decline of 9 percent related to temporary fluctuating project business and supply constraints affecting embedded security and identification solutions, which more than offset positive momentum from the ramp of consumer eSIM and improving microcontroller and connectivity demand. The **Segment Result** of CSS amounted to 25 million Euros, corresponding to a **Segment Result Margin** of 7.9 percent, reflecting the decline in revenue.

Looking ahead, recovery signals are broadening across industrial, smart-home and medical applications. Edge AI is increasing the need for secure and energy-efficient processing, sensing and connectivity. With the expansion of our PSOC™ Control portfolio targeting motor control and power conversion we are strengthening our ability to bring differentiated system solutions to industrial, including infrastructure, AI and consumer applications.

Physical AI is developing into a major new growth driver for Infineon – not in a distant future, but beginning here and now, as our collaboration with Nvidia is demonstrating. Our integrated motor control solution, combining Ethernet connectivity, microcontrollers, power and sensing is available on Nvidia's robotics developer platform. Digital twins of our reference designs let developers perform tests in Nvidia's simulation environment before hardware is built. Our certified trusted platform modules, integrated into Nvidia's robotics computing platform, provide security across the product lifecycle. Robot developers can thus move robots into deployment quickly and securely. Here at electronica we show a use case in semiconductor manufacturing with a partner.

3 Division setup and link to TOM

This concludes our divisional review for today. Before handing over to Sven for the financials, let me briefly comment on our changed organizational setup and its link to Infineon's target operating model: As you know, we are operating for a bit over four months now in the three divisions Automotive, Edge Systems and Power Systems. The key guiding principle for this streamlined setup is clearer application ownership, including but not limited to our main secular growth drivers. ATV

remains responsible for the structural automotive trends of software-defined vehicles and e-mobility. The focus of ES is on applications at the edge between the physical and digital world, in particular Edge AI and robotics, the latter being jointly supported by all divisions. PS is in charge of powering datacenters from grid to core as well as power infrastructure. The transition into the new structure has worked really well, early customer and employee feedback is very supportive.

To further explain the individual value propositions and how each division drives profitable growth and contributes to Infineon's overall target operating model, the three Division Heads will each do a capital markets update throughout the course of our 2027 fiscal year. ATV will start on 7th December. Our targets for Infineon stay in place, including growing the company by more than 10 percent through the cycle, and we are fully confident of our ability to capture structural opportunities. For the foreseeable future we expect the PS division to grow significantly faster than 10 percent, whereas for ATV and ES we anticipate growth of around 10 percent.

Handover to Sven Schneider

And now to Sven for our key financial figures.

Sven Schneider:

Thank you, Jochen, and good morning everyone. In my part I will focus on the September quarter, occasionally adding comments about full-year numbers.

(Adjusted) Gross Margin and OpEx, NSR

The fourth and final quarter of our 2026 fiscal year saw continued favorable gross margin development. The **reported Gross Margin** increased to 41.8 percent from 40.8 percent in the quarter before. The **adjusted Gross Margin** reached 45.1 percent, up 230 basis points from the previous quarter's 42.8 percent. Higher volumes in conjunction with positive mix and pricing effects drove this margin expansion, more than compensating rising input costs for items like precious metals and freight. As communicated, idle costs stayed on the same level as one quarter before given our continued focus on bringing down inventory reach.

For the full 2026 fiscal year the adjusted Gross Margin increased to 43.1 percent, from 41.4 percent in the year before. The main factors at play on the positive side were topline expansion, lower idle cost – they declined as predicted from close to one billion Euros to just under 650 million Euros – and further additional benefits from our Step Up program. Main margin burdens were annual price-downs of a low single-digit percentage on Group level and a significantly negative currency impact.

Additionally, the high-voltage drivetrain business within Automotive constituted a margin drag of about one percentage point on Group level.

Now to our operating expenses: **Research and Development** expenses amounted to 671 million Euros in the September quarter, sequentially constant. **Selling, General and Administrative** expenses went from 433 to 470 million Euros. On an annual basis, and net of Non-Segment-Result charges, R&D as a percentage of revenues was just under 15 percent, SG&A close to 9 percent. Further positive contributions from the Step Up program on our Opex were partly offset by higher incentives linked to business performance.

Non-Segment Result charges for the fourth quarter went up to 344 million Euros, bringing the total for the 2026 fiscal year to 1 billion 8 million Euros, practically the same level as one year earlier. The biggest components of the Non-Segment Result are acquisition-related amortization and stock-based compensation.

Financial result

The **financial result** amounted to minus 88 million Euros, after minus 63 million Euros in the prior quarter, and contained adjustments to the carrying value of participations held at-equity.

Tax

Income tax expense for the September quarter was 163 million Euros, equivalent to an effective tax rate of 23 percent. Cash taxes amounted to 93 million Euros. The quarterly cash tax rate stood at 13 percent, unusually low due to tax refunds related to prior years.

For the full 2026 fiscal year the effective tax rate was 23, the cash tax rate 20 percent. Going forward, for modeling purposes, a tax rate between 20 and 25 percent remains a reasonable assumption.

Investments, Depreciation and Amortization

Our **investments** in property, plant and equipment, other intangible assets and capitalized development costs increased to 931 million Euros in the final quarter of the 2026 fiscal year, bringing the annual total to 2.6 billion Euros, a good 100 million below our projection.

Depreciation and amortization expenses including acquisition-related Non-Segment Result effects amounted to 499 million Euros, the annual total for D&A came in at 1.9 billion Euros.

Free Cash Flow and Working Capital

Now to our **Free Cash Flow** from continuing operations: in the September quarter the Free Cash Flow increased to 657 million Euros, after 599 million Euros in the quarter before. The closing of the

acquisition of the sensor portfolio from ams OSRAM at the beginning of the quarter was overcompensated by a higher operating result and positive trade working capital effects. The reach of our on-books inventory went down quarter-over-quarter from 165 to 136 days. This number is influenced by reclassifying inventories belonging to the memory businesses to be sold to Winbond as assets-held-for-sale. Adjusting for this effect, the DIO at the end of September would have been 144 days, slightly better than this year's target.

On a full-year basis, our reported **Free Cash Flow** amounted to 993 million Euros. The **adjusted Free Cash Flow**, considering acquisitions and expenditures for large frontend buildings, in particular the mentioned ams OSRAM transaction and expenditures for our Smart Power Fab in Dresden, came in at 1.9 billion Euros, equivalent to 11.8 percent of sales, in line with our Target Operating Model.

Liquidity, leverage, corporate finance

Our **gross cash** position stood at around 2.1 billion Euros at the end of September, benefiting from the positive free cash flow in Q4, less payments made for share buybacks in connection with our equity-based compensation plans. **Gross debt** amounted to around 6.8 billion Euros as per the end of our 2026 fiscal year, **net debt** to around 4.7 billion Euros. Gross leverage of 1.7 times is below our maximum target level of 2 times, net leverage sits at 1.1 times.

RoCE

Our after-tax reported **Return on Capital Employed** continued to develop positively in the final quarter of our 2026 fiscal year and came in at 9.6 percent. That being said and despite the positive trend, the value of 7.2 percent for the full fiscal year is falling short of our aspirations, underscoring the imperative to pursue further profitable growth. Jochen will comment on the positive further RoCE trend in our current fiscal year later in the outlook.

Dividend

As the 2026 fiscal year lies behind us, I would like to briefly comment on our dividend proposal. At our annual shareholders' meeting in February, we will propose a dividend of 38 cents per share, 3 cents up from the prior year. This would result in a payout of about 500 million Euros. Following two downturn years in which we kept the dividend constant, a prudent raise strikes a fair balance between shareholder remuneration and sufficient financial flexibility for the profitable growth of the company in the coming years.

Handover to Jochen Hanebeck

Now back to Jochen, who will present and explain our outlook for Q1 and the entire 2027 fiscal year. He will use our new setup for divisional comments. To enable comparisons, please see our quarterly press release or the analyst presentation for adjusted historical data for ATV, ES and PS. An electronic version is available on our IR website.

Jochen Hanebeck

Thank you, Sven.

The market environment for our outlook is clearly favorable, as structural tailwinds are supported by ongoing cyclical recovery. Broadly speaking, demand is developing very well, and supply conditions are tightening. In particular, secular opportunities such as AI, power infrastructure and software-defined vehicles offer additional growth potential. Lead times continue to stretch further. Customer and channel inventories at or slightly below target levels. Customers increasingly focus on securing supply further out. Rising backlog levels are improving visibility and lead us to expect very positive business performance into and throughout our fiscal 2027 year

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Outlook for Q1

For our outlook for the first quarter as well as for the full fiscal year we are assuming a US-Dollar/Euro exchange of 1.15. Our rule-of-thumb for currency sensitivity going forward is being adjusted in line with our increasing business volume and higher relative US-Dollar share: for every one cent change in the exchange rate, quarterly revenue moves by around 30 million Euros, and quarterly Segment Result by around 15 million Euros.

For the December quarter we expect **revenues** of around 4.6 billion Euros. The very slight sequential decline corresponds to a much better-than-usual seasonality, which is also apparent in a projected year-over-year growth rate of 27 percent for our first fiscal quarter. By segment, for ATV and PS we expect revenues to hold up quarter-over-quarter, whereas for ES we predict revenue to decline moderately.

We expect the first fiscal quarter's **Segment Result Margin** to come in at around 23 percent, reflecting the slight volume decline.

Outlook for FY27

For the full 2027 fiscal year we expect **revenues** to come in at around 20 billion Euros, equivalent to very high annual growth of more than 20 percent. From a segment perspective, PS is poised to even

grow materially faster than group average, on the back of highly dynamic demand for AI power solutions, as already indicated, and increasing momentum in power infrastructure and other industrial markets. For ATV we are expecting mid-teens growth, driven by strong content growth from the broader adoption of software-defined vehicles and rising xEV penetration in some car markets. Specifically on the high-voltage drivetrain business, which we are refocusing, I can report that we are seeing first signs that our efforts are bearing fruit: the revenue run-rate has inflected and profitable design-win activity for future years is picking up again. For the 2027 fiscal year, however, it will still slightly dilute growth and margin for ATV. Lastly, for ES we expect revenues to grow at a low-teens percentage, as gradual recovery in most of the segment's end markets is complemented by structural growth in applications like robotics, smart home and medical devices.

Strong Topline growth on company level will go hand in hand with noticeable margin expansion: we expect the full-year **adjusted Gross Margin** to go up to a mid-to-high 40ies level and the **Segment Result Margin** to increase to a mid 20ies level. Apart from the positive fall-through from significantly higher volumes we project idle costs to go down to an annual level of around 350 million Euros, the decrease being equal to around one and a half percentage points of margin. Furthermore, we expect pricing to have a slightly positive impact over the year on Group level, as well as the full run-rate of contributions from our Step Up program, as commented by Sven. To some extent offsetting these factors will be rising input costs for various materials and energy, higher depreciation and amortization from manufacturing ramps as well as rising absolute operational expenses, primarily on R&D to protect and deepen our competitive moat through innovation.

In order to support our profitable growth we expect to spend between 3 and 3.5 billion Euros on **investments** in the 2027 fiscal year. Key projects in the current and coming years will be the ramp of Dresden 4 for power and analog/mixed-signal technologies, expanding Kulim 3 for silicon carbide and starting to build the world's first gallium nitride production on 300 millimeters in Villach, as commented two weeks ago. On the backend side we will focus on building out our high-volume sites in Melaka and, in the future, Bangkok. The exact magnitude of overall investments within the projected corridor will be a function of tangible customer demand, for 2027 and beyond. By doing so we drive our large-scale manufacturing sites into further improving economies of scale, supporting our competitive differentiation.

For **depreciation and amortization** we anticipate a level of 2.2 billion Euros, including amortization of around 300 million Euros resulting from purchase price allocations, which will be recognized in our Non-Segment Result.

Based on our favorable business outlook, we are expecting the reported **Free Cash Flow** to increase to around 1.8 billion Euros. For the **adjusted Free Cash Flow**, which is net of investments

into major frontend buildings and M&A transactions, we expect a level of around 2.2 billion Euros, which would correspond to around 11 percent of Group revenues.

For our Return-on-Capital Employed we project an increase to a low teens level.

Two housekeeping remarks on our outlook figures: first, we have not baked in the planned divestiture of our NOR Flash and F-RAM memory businesses. Assuming a closing of the transaction within our 2027 fiscal year, our free cash flow would rise by close to 1 billion Euros pre tax. The impact of the sale on Group revenue, Segment Result, adjusted free cash flow and RoCE would be immaterial due to closing assumed to occur in the second half of calendar 2027. Second, our forecast implicitly assumes that geopolitical conflicts or trade tensions do not significantly escalate further.

Sustainability

Complementing the business and financial aspects I would like to briefly touch on our sustainability metrics: we are very well on track to reduce our CO2 emissions related to Scope 1 and 2. Notwithstanding significantly rising production volumes, we have reduced such emissions by 81 percent by end of September, compared to the base year 2019.

Also for our scope 3 target, which we have set last year, we are very well on track. By 2029, 72,5% of our suppliers should have a Science Based Target. Currently, we are already close and at 65 percent. In addition, we have given ourselves a water recycling target this year: by 2030, we want to recycle 50 percent of our process water. Currently, we are at 28 percent.

Closing remarks

Ladies and gentlemen, let me summarize:

- The September quarter was a strong finish of our fiscal year 26, with record 4.7 billion of revenue, 45 percent gross and 23.8 percent Segment Result Margin.
- Secular growth drivers are proving to be very strong. At the same time, the upcycle is fully on track, end-market strength is broadening, and supply continues to tighten.
- AI is highly dynamic and Infineon remains at the forefront of powering datacenters from grid to core. Our unrivalled portfolio coupled with significant additional cleanroom space will propel growth. We expect revenues in this area to significantly increase to close to 4 billion Euros in our fiscal year 27.
- We are growing strongly also beyond AI. Our great business diversification is letting us benefit from further key growth drivers such as power infrastructure and software-defined vehicles.

- Based on a bright business outlook, we expect significant profitable growth in fiscal 27: around 20 billion Euros of revenue, mid to high 40ies gross and mid 20ies Segment Result Margin, and around 2.2 billion Euros of adjusted Free Cash Flow.
- Innovation speed, operational excellence and active portfolio management are the basis for our continued value creation.