

Press Release

After a record 2022 fiscal year, Infineon significantly increases its long-term financial targets, and is planning a major investment in a new factory in Dresden; positive outlook for 2023

- **Future target operating model: More than 10 percent revenue growth (previously 9 percent +), 25 percent Segment Result Margin (previously 19 percent), 10 to 15 percent adjusted Free Cash Flow¹ of revenue, in each case over the cycle**
- **Expansion of manufacturing: Supervisory board approves further planning for the construction of a new factory for 300-millimeter analog/mixed-signal and power semiconductors for about €5 billion; planned location is Dresden (Germany), subject to adequate public funding**
- **Q4 FY 2022: Revenue €4.143 billion, Segment Result €1.058 billion, Segment Result Margin 25.5 percent, Free Cash Flow €709 million**
- **FY 2022: Revenue €14.218 billion, up 29 percent on the prior year; Segment Result €3.378 billion, up 63 percent year on year; Segment Result Margin 23.8 percent (previous year: 18.7 percent); Free Cash Flow €1.648 billion (previous year: €1.574 billion).**
- **Outlook for Q1 FY 2023: Based on an assumed exchange rate of US\$1.00 to the euro, revenue of around €4.0 billion predicted. On this basis, Segment Result Margin forecast to be around 25 percent**
- **Outlook for FY 2023: Based on an assumed exchange rate of US\$1.00 to the euro, revenue of around €15.5 billion (plus or minus €500 million) anticipated for the 2023 fiscal year, with an adjusted gross margin of around 45 percent and a Segment Result Margin of around 24 percent at the mid-point of the guided revenue range. Investments of approximately €3.0 billion planned. Taking the planned expansion in frontend buildings into account, Free Cash Flow is expected to be around €0.8 billion, adjusted Free Cash Flow should come in around €1.5 billion**
- **Dividend proposal for FY 2022: Increase from €0.27 to €0.32 per share**

¹ Free Cash Flow adjusted for major investments in frontend buildings
For the Business and Trade Press: INFXX202211.025e

Neubiberg, 14 November 2022 – Infineon Technologies AG is increasing its target operating model and reporting its results for the fourth quarter and for the full fiscal year, both of which ended on 30 September 2022.

“Decarbonization and digitalization are causing structurally increasing demand for semiconductors. Infineon will benefit disproportionately from this development thanks to its strategic positioning. This dynamic has further accelerated, so now is the right time for us to define an even more ambitious target operating model,” says Jochen Hanebeck, Chief Executive Officer of Infineon. “Furthermore, by the planned investment in a new factory we are continuing the consistent execution of our strategy and are broadening the base for our accelerated profitable growth trajectory in a forward-looking way. We are pleased to have political support for an investment at the Dresden site (Germany) and we are counting on adequate funding through the European Chips Act. We concluded the challenging 2022 fiscal year very successfully, with an excellent fourth quarter. The 2023 fiscal year has also started well. In view of ongoing macroeconomic and geopolitical uncertainties, heightened vigilance is required in the coming quarters. We are prepared to act swiftly and flexibly if necessary.”

In its target markets automotive, industrial and IoT applications, as well as renewable energies Infineon sees increasing dynamic and strong structural growth drivers. The company is therefore upgrading its target operating model, which defines financial targets over the cycle. In future, based on an exchange rate of US\$1.00 to the euro, the expected average rate of revenue growth will be more than 10 percent, increased from 9 percent + previously. Growth will in particular be driven by electromobility, autonomous driving, renewable energies, data centers and IoT, such growth being accompanied by a significant improvement in profitability: the Segment Result Margin is expected to reach an average level of 25 percent, compared with 19 percent to date. The main factors influencing the rise in earnings will be an increasing proportion of system solutions, a higher-value product/technology mix due to portfolio management, the expansion of cost-effective 300-millimeter production, and operational expenses rising at a lower rate than revenue due to digitalization and economies of scale.

For the first time, Infineon is including an explicit Free Cash Flow target in its target operating model, replacing the investment-to-sales rate previously used. Free Cash Flow, adjusted for major investments in frontend buildings, should be within a range of 10 to 15 percent of revenue over the cycle.

For the Business and Trade Press: INFXX202211.025e

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Infineon is planning to continue expanding its 300-millimeter manufacturing capacity, to enable the expected acceleration in growth of analog/mixed-signal and power semiconductors. The intended location is Dresden (Germany). Adequate public funding is required for the investment decision. With a planned total investment of €5 billion, this would be the largest single investment in Infineon's history. Thereby, the company would strengthen its position as a global semiconductor leader in power systems. When operating at full capacity, the planned factory would have the potential to generate annual revenue equal to the level of the investment. The new factory is expected to create up to 1,000 new highly qualified jobs and according to planning could be ready to start production in autumn of 2026.

Analyst webcast and press conference on the annual results

The Management Board of Infineon Technologies AG will host a live webcast for analysts and investors (in English only) on 15 November 2022 at **8:30 am (CET)**. During the call, the Infineon Management Board will present the company's new target operating model, its results for the fourth quarter of the 2022 fiscal year and the outlook for the first quarter and the 2023 fiscal year. In addition, the Management Board will host a press conference on the annual results at 11:00 am (CET), which can be followed over the Internet in both English and German. Both conferences will be available live and for download on Infineon's website at www.infineon.com/investor.

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€ in millions (unless otherwise stated)	3 months ended 30 Sep 22	sequential +/- in %	3 months ended 30 Jun 22	year-on-year +/- in %	3 months ended 30 Sep 21
Revenue	4,143	15	3,618	38	3,007
Segment Result	1,058	26	842	72	616
Segment Result Margin (in %)	25.5%		23.3%		20.5%
Profit (loss) from continuing operations	730	39	525	57	465
Profit (loss) from discontinued operations, net of income taxes	5	+++	(8)	+++	(1)
Profit (loss) for the period	735	42	517	58	464
Basic earnings per share (in euro) attributable to shareholders of Infineon Technologies AG: ¹					
Basic earnings per share (in euro) from continuing operations	0.56	40	0.40	56	0.36
Basic earnings per share (in euro) from discontinued operations	-	+++	(0.01)	-	-
Basic earnings per share (in euro)	0.56	44	0.39	56	0.36
Diluted earnings per share (in euro) attributable to shareholders of Infineon Technologies AG: ¹					
Diluted earnings per share (in euro) from continuing operations	0.56	40	0.40	56	0.36
Diluted earnings per share (in euro) from discontinued operations	-	+++	(0.01)	-	-
Diluted earnings per share (in euro)	0.56	44	0.39	56	0.36
Adjusted earnings per share (in euro) – diluted^{1,2}	0.63	29	0.49	54	0.41
Gross margin (in %)	44.4%		43.2%		41.2%
Adjusted gross margin³ (in %)	46.3%		45.4%		43.9%

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

2 The reconciliation of profit (loss) for the period to adjusted profit (loss) for the period and adjusted earnings per share is presented on page 15.

3 The reconciliation of cost of goods sold to adjusted cost of goods sold and adjusted gross margin is presented on page 14.

Group performance in the fourth quarter of the 2022 fiscal year

In the fourth quarter of the 2022 fiscal year, Group revenue grew by €525 million or 15 percent to €4,143 million, compared with €3,618 million in the previous three-month period. All four segments, Automotive (ATV), Industrial Power Control (IPC), Power & Sensor Systems (PSS) and Connected Secure Systems (CSS) contributed to this revenue growth. The increase in revenue was boosted by the stronger US dollar in the fourth quarter compared to the third quarter.

The gross margin improved from 43.2 percent in the third quarter to 44.4 percent in the final quarter of the 2022 fiscal year. The adjusted gross margin rose to 46.3 percent, compared with 45.4 percent in the previous quarter.

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The Segment Result increased in the fourth quarter of the 2022 fiscal year to €1,058 million, from €842 million in the third quarter. The Segment Result Margin improved from 23.3 percent in the previous quarter to 25.5 percent.

The fourth-quarter non-segment result was a net loss of €138 million, compared with a net loss of €152 million in the previous three-month period. The non-segment result for the fourth quarter comprised €81 million relating to cost of goods sold, €56 million relating to selling, general and administrative expenses and €12 million relating to research and development expenses. Also included in the total for the fourth quarter was a net other operating income of €11 million.

Operating profit for the fourth quarter of the 2022 fiscal year rose to €920 million, up from €690 million in the previous three-month period.

The financial result in the fourth quarter was a net financial loss of €33 million, compared with a net financial loss of €40 million in the third quarter of the 2022 fiscal year.

The tax expense in the fourth quarter of the 2022 fiscal year was €166 million, compared with €134 million in the preceding quarter.

Profit from continuing operations rose in the fourth quarter of the 2022 fiscal year to €730 million, up from €525 million in the previous three-month period. The result from discontinued operations in the fourth quarter was a profit of €5 million (third quarter: loss of €8 million). The profit for the period in the fourth quarter of the 2022 fiscal year rose to €735 million, compared with €517 million in the previous quarter.

Earnings per share from continuing operations increased in the fourth quarter to €0.56 (basic and diluted), compared with €0.40 one quarter earlier. Adjusted earnings per share² (diluted) improved from €0.49 in the third quarter to €0.63 in the fourth quarter of 2022.

² Adjusted profit/loss for the period and adjusted earnings per share (diluted) should not be seen as a replacement or as superior performance indicators, but rather as additional information to profit/loss for the period and earnings per share (diluted) determined in accordance with IFRS. The detailed calculation of adjusted earnings per share is presented on page 15.

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Investments – which Infineon defines as the sum of investments in property, plant and equipment, investments in other intangible assets and capitalized development costs – increased significantly in the fourth quarter of the 2022 fiscal year, as expected, to €866 million, up from €542 million in the preceding three-month period. Depreciation and amortization in the fourth quarter was €443 million, compared with €422 million in the third quarter of the 2022 fiscal year.

Free Cash Flow³ improved in the fourth quarter of the 2022 fiscal year to €709 million, up from €440 million in the preceding quarter. Cash flows from operating activities from continuing operations rose to €1,580 million, compared with €996 million in the third quarter of the 2022 fiscal year.

The gross cash position at the end of the fourth quarter of the 2022 fiscal year was €3,717 million, up from €3,569 million at 30 June 2022. This takes into account the early repayment of the final outstanding amount of US\$ 555 million of bank term loans in connection with the acquisition of Cypress. As a result of this repayment, financial debt at 30 September 2022 stood at €5,662 million, down from €6,054 million at 30 June 2022. Net financial debt decreased accordingly, from €2,485 million at the end of the third quarter to €1,945 million at the end of the fourth quarter.

Outlook for the first quarter of the 2023 fiscal year

Based on an assumed exchange rate of US\$1.00 to the euro, Infineon expects to generate revenue of around €4.0 billion in the first quarter of the 2023 fiscal year. Revenue growth for the ATV segment is forecast to be within a low single-digit percentage range, while revenue in the CSS segment is likely to remain at around the same level as in the quarter before. Due to seasonality revenue generated by the PSS segment is expected to decline by a high single-digit percentage rate, and for the IPC segment a revenue decline of around 10 percent is forecast, in each case compared with the preceding quarter. Based on this revenue forecast, the Segment Result Margin should be around 25 percent.

Outlook for the 2023 fiscal year

Based on an assumed exchange rate of US\$1.00 to the euro, revenue of €15.5 billion (plus or minus €500 million) is forecast for the 2023 fiscal year,

³ For definitions and the calculation of Free Cash Flow and of the gross and net cash positions, please see page 17.
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equivalent to a growth rate of 9 percent compared with the 2022 fiscal year. Revenue growth for the ATV segment is expected to be above Group average. In the IPC and CSS segments, revenue is likely to grow at around the average rate for the Group. Revenue generated by the PSS segment is forecast to grow below Group average. At the mid-point of the guided revenue range, the adjusted gross margin should be around 45 percent and the Segment Result Margin around 24 percent.

Investments – which Infineon defines as the sum of investments in property, plant and equipment, investments in other intangible assets and capitalized development costs – are planned at around €3.0 billion for the 2023 fiscal year. The focus here will be on the construction of the third manufacturing module on the Kulim site (Malaysia), designed to produce compound semiconductors, the planned start of construction work on the new factory in Dresden mentioned above, and the continuing expansion of front-end manufacturing capacity, especially in Dresden (Germany) and Villach (Austria).

Depreciation and amortization are predicted to be about €1.9 billion in the 2023 fiscal year, of which approximately €450 million is attributable to purchase price allocations arising mainly from the acquisition of Cypress. Taking the planned expansion in frontend buildings into account, Free Cash Flow is forecast to be around €0.8 billion. Adjusted Free Cash Flow is expected to be around €1.5 billion, or about 10 percent of the forecast revenue for the year.

Predictability of future revenue and earnings is currently strongly limited by various geopolitical and macroeconomic factors, such as the war in Ukraine, the coronavirus pandemic, and also sustained high inflation rates and thus increasing interest rates.

Proposed dividend for the 2022 fiscal year: €0.32 per share

Infineon's dividend policy is aimed at allowing its shareholders to participate appropriately in the success of the business. Following the increase of €0.05 per share compared with the prior year in the dividend distributed for the 2021 fiscal year to €0.27 per share, it is now planned to put forward a proposal to the Annual General Meeting in February 2023 to increase the dividend once again by €0.05 per share due to Infineon's continuously improved business performance in the 2022 fiscal year. Should the Annual General Meeting approve the planned

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proposal, the dividend payment for the past fiscal year would rise to €0.32 per share. The expected dividend payout would then be €417 million, compared with €351 million in the prior year.

Segment earnings for the fourth quarter of the 2022 fiscal year

€ in millions (unless otherwise stated)						
	in % of total revenue	3 months ended 30 Sep 22	sequential +/- in %	3 months ended 30 Jun 22	year-on- year +/- in %	3 months ended 30 Sep 21
Infineon (total)						
Revenue	100	4,143	15	3,618	38	3,007
Segment Result		1,058	26	842	72	616
Segment Result Margin (in %)		25.5%		23.3%		20.5%
Automotive (ATV)						
Segment Revenue	47	1,934	14	1,701	53	1,267
Segment Result		506	27	399	+++	211
Segment Result Margin (in %)		26.2%		23.5%		16.7%
Industrial Power Control (IPC)						
Segment Revenue	13	542	24	436	33	407
Segment Result		136	66	82	89	72
Segment Result Margin (in %)		25.1%		18.8%		17.7%
Power & Sensor Systems (PSS)						
Segment Revenue	28	1,169	14	1,021	24	945
Segment Result		338	22	277	22	276
Segment Result Margin (in %)		28.9%		27.1%		29.2%
Connected Secure Systems (CSS)						
Segment Revenue	12	492	8	456	27	386
Segment Result		86	2	84	43	60
Segment Result Margin (in %)		17.5%		18.4%		15.5%
Other Operating Segments (OOS)						
Segment Revenue	0	6	50	4	+++	2
Segment Result		2	+++	1	+++	-
Corporate and Eliminations (C&E)						
Segment Revenue	0	-	-	-	-	-
Segment Result		(10)	---	(1)	---	(3)

ATV segment revenue rose to €1,934 million in the fourth quarter of the 2022 fiscal year, up from €1,701 million in the preceding quarter. The increase of 14 percent was mainly due to higher revenue in the area of electromobility and from microcontrollers for driver assistance systems and other applications. The Segment Result increased significantly in the fourth quarter of the 2022 fiscal year to €506 million, compared with €399 million in the third quarter. The Segment

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Result Margin rose from 23.5 percent in the third quarter to 26.2 percent in the fourth quarter.

IPC segment revenue grew in the fourth quarter of the 2022 fiscal year to €542 million, up from €436 million in the previous quarter. The increase of 24 percent was due to higher revenue in all application areas. Demand trends were particularly strong in the areas of renewable energies, energy infrastructure and industrial drives. The Segment Result increased in the fourth quarter of 2022 to €136 million, compared with €82 million in the preceding quarter. The Segment Result Margin saw a significant rise, from 18.8 percent in the third quarter to 25.1 percent in the fourth quarter of 2022.

PSS segment revenue improved in the fourth quarter of the 2022 fiscal year to €1,169 million, up from €1,021 million in the previous quarter. The 14 percent increase was due to good demand in various application areas. Particularly dynamic business trends were to be seen in the business of microinverters for roof-top solar systems, charging stations for electric vehicles and onboard chargers. Demand for semiconductors for industrial battery-powered applications also remained high. On the other hand, demand was weaker for consumer products like silicon microphones for smartphones or power supply for PCs, notebooks, TVs and game consoles. The Segment Result increased in the fourth quarter to €338 million, up from €277 million in the preceding quarter. The Segment Result Margin rose to 28.9 percent, compared with 27.1 percent in the previous three-month period.

CSS segment revenue increased in the fourth quarter of the 2022 fiscal year, from €456 million in the prior quarter to €492 million. The 8 percent growth was due to higher levels of revenue in the areas of connectivity, microcontrollers, payment and government identification. The Segment Result in the fourth quarter of 2022 was €86 million, compared with €84 million in the third quarter. The Segment Result Margin was 17.5 percent (previous quarter: 18.4 percent).

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Analyst webcast and press conference on the annual results

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The **Q4 Investor Presentation** is available (in English only) at: <https://www.infineon.com/cms/en/about-infineon/investor/reports-and-presentations/>

Infineon Financial Calendar (* preliminary)

- 16 – 17 Nov 2022 Morgan Stanley European TMT Conference, Barcelona
- 22 – 23 Nov 2022 Power presentation (IPC, PSS) and roadshow with Peter Wawer, head of IPC and Adam White, head of PSS
- 28 – 29 Nov 2022 Credit Suisse TMT Conference, Scottsdale
- 6 Dec 2022 Berenberg European Conference, London
- 13 Dec 2022 Deutsche Bank Auto Conference (virtual)
- 2 Feb 2023* Earnings Release for the First Quarter of the 2023 Fiscal Year
- 16 Feb 2023 Annual General Meeting
- 4 May 2023* Earnings Release for the Second Quarter of the 2023 Fiscal Year
- 3 Aug 2023* Earnings Release for the Third Quarter of the 2023 Fiscal Year
- 15 Nov 2023* Earnings Release for the Fourth Quarter and the 2023 Fiscal Year

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About Infineon

Infineon Technologies AG is a global semiconductor leader in power systems and IoT. Infineon drives decarbonization and digitalization with its products and solutions. The company has around 56,200 employees worldwide and generated revenue of about €14,2 billion in the 2022 fiscal year (ending 30 September). Infineon is listed on the Frankfurt Stock Exchange (ticker symbol: IFX) and in the USA on the OTCQX International over-the-counter market (ticker symbol: IFNNY). Further information is available at www.infineon.com

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FINANCIAL INFORMATION
According to IFRS – preliminary and unaudited

Consolidated Statement of Profit or Loss

€ in millions	3 months ended			12 months ended	
	30 Sep 22	30 Jun 22	30 Sep 21	30 Sep 22	30 Sep 21
Revenue	4,143	3,618	3,007	14,218	11,060
Cost of goods sold	(2,304)	(2,054)	(1,769)	(8,087)	(6,800)
Gross profit	1,839	1,564	1,238	6,131	4,260
Research and development expenses	(486)	(466)	(399)	(1,798)	(1,448)
Selling, general and administrative expenses	(452)	(414)	(373)	(1,565)	(1,354)
Other operating income	36	18	17	129	64
Other operating expenses	(17)	(12)	(5)	(52)	(52)
Operating profit	920	690	478	2,845	1,470
Financial income	5	(1)	3	7	22
Financial expenses	(38)	(39)	(40)	(168)	(182)
Share of profit (loss) of associates and joint ventures accounted for using the equity method	9	9	8	39	9
Profit (loss) from continuing operations before income taxes	896	659	449	2,723	1,319
Income taxes	(166)	(134)	16	(537)	(144)
Profit (loss) from continuing operations	730	525	465	2,186	1,175
Profit (loss) from discontinued operations, net of income taxes	5	(8)	(1)	(7)	(6)
Profit (loss) for the period	735	517	464	2,179	1,169
Attributable to:					
Shareholders and hybrid capital investors of Infineon Technologies AG	735	517	464	2,179	1,169
Earnings per share (in euro) attributable to shareholders of Infineon Technologies AG: ¹					
Weighted average shares outstanding (in million) – basic	1,302	1,302	1,301	1,302	1,301
Earnings (loss) per share (in euro) from continuing operations - basic	0.56	0.40	0.36	1.66	0.88
Earnings (loss) per share (in euro) from discontinued operations - basic	-	(0.01)	-	(0.01)	(0.01)
Earnings per share (in euro) - basic	0.56	0.39	0.36	1.65	0.87
Weighted average shares outstanding (in million) – diluted	1,304	1,304	1,303	1,304	1,304
Earnings (loss) per share (in euro) from continuing operations - diluted	0.56	0.40	0.36	1.65	0.88
Earnings (loss) per share (in euro) from discontinued operations - diluted	-	(0.01)	-	-	(0.01)
Earnings per share (in euro) - diluted	0.56	0.39	0.36	1.65	0.87

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 15.

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Regional revenue development

€ in millions, except percentages	3 months ended						12 months ended			
	30 Sep 22		30 Jun 22		30 Sep 21		30 Sep 22		30 Sep 21	
Revenue:										
Europe, Middle East, Africa	967	23%	855	24%	699	23%	3,399	24%	2,773	25%
therein: Germany	444	11%	403	11%	336	11%	1,594	11%	1,278	12%
Asia-Pacific (excluding Japan, Greater China)	682	17%	590	16%	480	16%	2,343	16%	1,744	16%
Greater China ¹	1,528	37%	1,313	36%	1,194	40%	5,204	37%	4,195	38%
therein: Mainland China, Hong Kong	1,203	29%	1,031	28%	903	30%	4,063	29%	3,178	29%
Japan	410	10%	364	10%	297	10%	1,415	10%	1,094	10%
Americas	556	13%	496	14%	337	11%	1,857	13%	1,254	11%
therein: USA	471	11%	419	12%	274	9%	1,564	11%	1,027	9%
Total	4,143	100%	3,618	100%	3,007	100%	14,218	100%	11,060	100%

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

Segment Revenues and Segment Results

Segment Result is defined as operating profit excluding certain net impairments and reversal of impairments (in particular on goodwill), the impact on earnings of restructuring and closures, share-based payment, acquisition-related depreciation/amortization and other expense, impact on earnings of sales of businesses or interests in subsidiaries, and other income (expense).

Revenues and Segment Result for the three and twelve months ended 30 September 2022 and 2021

Revenue, € in millions (unless otherwise stated)	3 months ended			12 months ended		
	30 Sep 22	30 Sep 21	+/- in %	30 Sep 22	30 Sep 21	+/- in %
Automotive	1,934	1,267	53	6,516	4,841	35
Industrial Power Control	542	407	33	1,790	1,542	16
Power & Sensor Systems	1,169	945	24	4,070	3,268	25
Connected Secure Systems	492	386	27	1,822	1,397	30
Other Operating Segments	6	2	+++	20	12	67
Corporate and Eliminations	-	-	-	-	-	-
Total	4,143	3,007	38	14,218	11,060	29

Segment Result, € in millions (unless otherwise stated)	3 months ended			12 months ended		
	30 Sep 22	30 Sep 21	+/- in %	30 Sep 22	30 Sep 21	+/- in %
Automotive	506	211	+++	1,490	792	88
Industrial Power Control	136	72	89	384	275	40
Power & Sensor Systems	338	276	22	1,137	823	38
Connected Secure Systems	86	60	43	378	182	+++
Other Operating Segments	2	-	+++	5	2	+++
Corporate and Eliminations	(10)	(3)	---	(16)	(2)	---
Total	1,058	616	72	3,378	2,072	63
Segment Result Margin (in %)	25.5%	20.5%		23.8%	18.7%	

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Reconciliation of Segment Result to operating profit

€ in millions	3 months ended			12 months ended	
	30 Sep 22	30 Jun 22	30 Sep 21	30 Sep 22	30 Sep 21
Segment Result:	1,058	842	616	3,378	2,072
Plus/minus:					
Reversal of impairments (impairments) (in particular on goodwill)	6	-	9	6	1
Share-based payment	(19)	(22)	(10)	(62)	(27)
Acquisition-related depreciation/amortization and other expenses	(117)	(122)	(130)	(484)	(544)
Gains (losses) on sales of businesses, or interests in subsidiaries, net	-	-	-	-	(1)
Other income and expenses, net	(8)	(8)	(7)	7	(31)
Operating profit	920	690	478	2,845	1,470

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) 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			12 months ended	
	30 Sep 22	30 Jun 22	30 Sep 21	30 Sep 22	30 Sep 21
Cost of goods sold	2,304	2,054	1,769	8,087	6,800
Plus/minus:					
Share-based payment	(3)	(4)	(1)	(10)	(4)
Acquisition-related depreciation/amortization and other expenses	(73)	(70)	(76)	(288)	(295)
Other income and expenses, net	(5)	(4)	(6)	(19)	(21)
Adjusted cost of goods sold	2,223	1,976	1,686	7,770	6,480
Adjusted gross margin (in %)	46.3%	45.4%	43.9%	45.4%	41.4%

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.

Number of employees

	30 Sep 22	30 Jun 22	30 Sep 21
Infineon	56,194	54,946	50,288
Thereof: Research and development	12,005	11,636	10,372

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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), 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			12 months ended	
	30 Sep 22	30 Jun 22	30 Sep 21	30 Sep 22	30 Sep 21
Profit (loss) from continuing operations – diluted	730	525	465	2,186	1,175
Compensation of hybrid capital investors ¹	(7)	(7)	(2)	(29)	(26)
Profit (loss) from continuing operations, attributable to shareholders of Infineon Technologies AG – diluted	723	518	463	2,157	1,149
Plus/minus:					
Impairments (reversal of impairments) (in particular on goodwill)	(6)	-	(9)	(6)	(1)
Share-based payment	19	22	10	62	27
Acquisition-related depreciation/amortization and other expenses	117	122	130	484	544
Losses (gains) on sales of businesses, or interests in subsidiaries, net	-	-	-	-	1
Other income and expenses, net	8	8	7	(7)	31
Acquisition-related expenses within financial result	-	-	2	4	7
Tax effect on adjustments	(32)	(31)	(34)	(116)	(131)
Revaluation of deferred tax assets resulting from the annually updated earnings forecast	(12)	(1)	(30)	(15)	(64)
Adjusted profit (loss) for the period from continuing operations attributable to shareholders of Infineon Technologies AG – diluted	817	638	539	2,563	1,563
Weighted-average number of shares outstanding (in millions) – diluted	1,304	1,304	1,303	1,304	1,304
Adjusted earnings per share (in euro) – diluted ²	0.63	0.49	0.41	1.97	1.20

¹ Including the cumulative tax effects.

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

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

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Consolidated Statement of Financial Position

€ in millions	30 Sep 2022	30 Jun 2022	30 Sep 2021
ASSETS			
Cash and cash equivalents	1,438	1,594	1,749
Financial investments	2,279	1,975	2,173
Trade receivables	1,887	1,730	1,483
Inventories	3,081	2,834	2,181
Current income tax receivables	58	121	57
Contract assets	85	87	82
Other current assets	625	649	518
Assets classified as held for sale	-	-	9
Total current assets	9,453	8,990	8,252
Property, plant and equipment	5,545	5,019	4,443
Goodwill	7,083	6,657	5,962
Other intangible assets	3,483	3,392	3,349
Right-of-use assets	405	379	336
Investments accounted for using the equity method	100	100	71
Non-current income tax receivables	2	2	1
Deferred tax assets	527	605	695
Other non-current assets	314	271	225
Total non-current assets	17,459	16,425	15,082
Total assets	26,912	25,415	23,334
LIABILITIES AND EQUITY			
Short-term financial debt and current portion of long-term financial debt	752	752	833
Trade payables	2,260	1,863	1,569
Current provisions	983	807	815
Current income tax payables	356	515	288
Current lease liabilities	76	75	66
Other current liabilities	1,161	1,013	872
Total current liabilities	5,588	5,025	4,443
Long-term financial debt	4,910	5,302	5,752
Pensions and similar commitments	297	351	617
Deferred tax liabilities	371	356	324
Other non-current provisions	289	286	319
Non-current lease liabilities	310	305	265
Other non-current liabilities	203	193	213
Total non-current liabilities	6,380	6,793	7,490
Total liabilities	11,968	11,818	11,933
Equity:			
Ordinary share capital	2,612	2,612	2,612
Additional paid-in capital	6,579	6,558	6,513
Retained earnings	3,506	2,720	1,407
Other reserves	1,067	537	(306)
Own shares	(23)	(23)	(28)
Hybrid capital	1,203	1,193	1,203
Total equity	14,944	13,597	11,401
Total liabilities and equity	26,912	25,415	23,334

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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. 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 Sep 22	30 Jun 22	30 Sep 21
Cash and cash equivalents	1,438	1,594	1,749
Financial investments	2,279	1,975	2,173
Gross cash position	3,717	3,569	3,922
Minus:			
Short-term financial debt and current portion of long-term financial debt	752	752	833
Long-term financial debt	4,910	5,302	5,752
Gross financial debt	5,662	6,054	6,585
Net cash position	(1,945)	(2,485)	(2,663)

Free Cash Flow

Infineon reports the Free Cash Flow figure defined as cash flows from operating activities and cash flows from investing activities, both from continuing operations, after adjusting for cash flows 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			12 months ended	
	30 Sep 22	30 Jun 22	30 Sep 21	30 Sep 22	30 Sep 21
Cash flow from operating activities ¹	1,580	996	971	3,986	3,063
Cash flow from investing activities ¹	(1,175)	(607)	(822)	(2,441)	(2,284)
Purchases of (proceeds from sales of) financial investments, net	304	51	229	103	795
Free Cash Flow	709	440	378	1,648	1,574

¹ from continuing operations

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Condensed Consolidated Statement of Cash Flows

€ in millions	3 months ended			12 months ended	
	30 Sep 22	30 Jun 22	30 Sep 21	30 Sep 22	30 Sep 21
Profit (loss) for the period	735	517	464	2,179	1,169
Plus: profit (loss) from discontinued operations, net of income taxes	(5)	8	1	7	6
Adjustments to reconcile to cash flows from operating activities:					
Depreciation and amortization	443	422	397	1,664	1,513
Other expenses and income	205	177	11	703	310
Change in assets, liabilities and equity	408	13	188	(78)	390
Interests received and paid	(5)	(75)	(9)	(139)	(145)
Income taxes paid	(201)	(66)	(81)	(350)	(180)
Cash flows from operating activities from continuing operations	1,580	996	971	3,986	3,063
Cash flows from operating activities from discontinued operations	(4)	(1)	(1)	(6)	2
Cash flows from operating activities	1,576	995	970	3,980	3,065
Proceeds from sales of (purchases of) financial investments, net	(304)	(51)	(229)	(103)	(795)
Acquisitions of businesses, net of cash acquired	-	(17)	(2)	(36)	(19)
Purchases of other intangible assets and other assets	(91)	(67)	(58)	(257)	(229)
Purchases of property, plant and equipment	(775)	(475)	(538)	(2,053)	(1,268)
Other investing activities	(5)	3	5	8	27
Cash flows from investing activities	(1,175)	(607)	(822)	(2,441)	(2,284)
Proceeds from issuance of (repayment of) short-/long-term financial debt	(558)	(2)	(310)	(1,393)	(486)
Proceeds from hybrid capital (cash outflow to hybrid capital investors)	-	(39)	-	(39)	(39)
Dividend payments	-	-	-	(351)	(286)
Other financing activities	(27)	(20)	(19)	(86)	(74)
Cash flows from financing activities	(585)	(61)	(329)	(1,869)	(885)
Net change in cash and cash equivalents	(184)	327	(181)	(330)	(104)
Effect of foreign exchange rate changes on cash and cash equivalents	28	(17)	10	19	2
Cash and cash equivalents at beginning of period	1,594	1,284	1,920	1,749	1,851
Cash and cash equivalents at end of period	1,438	1,594	1,749	1,438	1,749

DISCLAIMER

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 preliminary and unaudited.

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