

Press Release

Positive revenue and earnings trajectory continuing; strong free cash flow; annual forecast raised slightly again

- **Q2 FY 2021: Revenue €2.7 billion; Segment Result €470 million; Segment Result Margin 17.4 percent; free cash flow €407 million**
- **Outlook for Q3 FY 2021: Based on an assumed exchange rate of US\$1.20 to the euro, revenue is predicted to come in between €2.6 billion and €2.9 billion. At the mid-point of the guided revenue range, the Segment Result Margin is expected to be around 18 percent**
- **Outlook for FY 2021: Based on an assumed exchange rate of US\$1.20 to the euro, revenue of around €11.0 billion (plus or minus 3 percent) is expected. At the mid-point of the guided revenue range, the Segment Result Margin is expected to come in at around 18 percent. Investments are still planned to be around €1.6 billion. Free cash flow is now anticipated to exceed €1.2 billion**

Neubiberg, Germany – 4 May 2021 – Today, Infineon Technologies AG is reporting results for the second quarter of the 2021 fiscal year (period ended 31 March 2021).

"The semiconductor market is booming; electronics that help accelerate the energy transition and make work and home life easier remain in high demand. The push for digitalization continues unabated. Infineon is firmly on course to meet its targets for the current fiscal year," said Dr. Reinhard Ploss, CEO of Infineon.

"Demand greatly exceeds supply for the majority of applications. Infineon's manufacturing facilities are running at full speed and we continue to invest in additional capacity. We see bottlenecks in those segments where we depend on chips supplied by foundries, especially in the case of automotive microcontrollers and IoT products. We are doing everything we can to provide our customers with the best possible support in this situation."

For the Business and Trade Press: INFXX202105.066e

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

€ in millions (unless otherwise stated)	3 months ended 31 Mar 21	sequential +/- in %	3 months ended 31 Dec 20	year-on-year +/- in %	3 months ended 31 Mar 20
Revenue	2,700	3	2,631	36	1,986
Segment Result	470	(4)	489	72	274
Segment Result Margin (in %)	17.4%		18.6%		13.8%
Income from continuing operations	209	(18)	256	17	178
Income (loss) from discontinued operations, net of income taxes	(6)	---	—	---	—
Net income	203	(21)	256	14	178
Basic earnings per share (in euro) attributable to shareholders of Infineon Technologies AG: ¹					
Basic earnings per share (in euro) from continuing operations	0.15	(21)	0.19	15	0.13
Basic losses per share (in euro) from discontinued operations	—	—	—	—	—
Basic earnings per share (in euro)	0.15	(21)	0.19	15	0.13
Diluted earnings per share (in euro) attributable to shareholders of Infineon Technologies AG: ¹					
Diluted earnings per share (in euro) from continuing operations	0.15	(21)	0.19	15	0.13
Diluted losses per share (in euro) from discontinued operations	—	—	—	—	—
Diluted earnings per share (in euro)	0.15	(21)	0.19	15	0.13
Adjusted earnings per share (in euro) - diluted^{1,2}	0.24	(14)	0.28	85	0.13
Gross margin (in %)	36.0%		37.4%		34.5%
Adjusted gross margin³ (in %)	39.3%		40.3%		35.6%

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

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

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

Group performance in second quarter of 2021 fiscal year

In the second quarter of the 2021 fiscal year, Group revenue rose by €69 million to €2,700 million, compared to €2,631 million in the preceding three-month period.

The 3 percent growth in revenue was driven by brisk demand, particularly in the Automotive segment (ATV) and to a lesser extent in the Power & Sensor Systems segment (PSS), whereas revenue generated in the Industrial Power Control (IPC) and Connected Secure Systems (CSS) segments declined slightly.

The gross margin came in at 36.0 percent, compared to 37.4 percent in the previous quarter. The adjusted gross margin was 39.3 percent after 40.3 percent one quarter earlier.

The Segment Result for the second quarter amounted to €470 million, compared to €489 million in the preceding three-month period, while the Segment Result

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Margin declined to 17.4 percent. The Segment Result Margin of 18.6 percent in the previous quarter benefitted from a number of positive non-recurring items such as research subsidies and patent-related revenue.

The non-segment result for the second quarter was a net loss of €156 million, compared to a net loss of €157 million in the previous quarter. The non-segment result for the three-month period contained €89 million of cost of goods sold, €58 million of selling, general and administrative expenses and €4 million of research and development expenses. Net other operating expenses amounting to €5 million were also recorded in the second quarter.

Operating income for the period from January to March 2021 amounted to €314 million, compared to €332 million in the preceding quarter.

The financial result came in at negative €42 million and was therefore down on the negative €26 million reported for the first quarter, which had benefitted from positive one-off items.

The tax expense increased from €49 million to €62 million quarter-on-quarter.

For the second quarter of the 2021 fiscal year, Infineon generated income from continuing operations totaling €209 million, down on the figure of €256 million reported for the first quarter. The loss from discontinued operations amounted to €6 million in the second quarter, compared to a break-even result for the previous three-month period. Net income for the second quarter was €203 million compared with €256 million in the first quarter.

Earnings per share from continuing operations amounted to €0.15 (basic and diluted), compared to €0.19 in the preceding three-month period. Adjusted earnings per share¹ (diluted) came in at €0.24 after €0.28 in previous quarter.

Investments – which Infineon defines as the sum of purchases of property, plant and equipment, purchases of other intangible assets and capitalized development costs – rose to €332 million in the second quarter of the current fiscal year,

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

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compared with €283 million in the preceding three-month period. At €368 million, depreciation and amortization remained unchanged from the previous quarter.

Free cash flow² for the second quarter increased from €313 million to €407 million quarter-on-quarter. Net cash provided by operating activities from continuing operations increased to €742 million, up by €154 million compared to the previous quarter's corresponding figure of €588 million.

At the end of the second quarter of the 2021 fiscal year, the gross cash position stood at €3,444 million, compared to €3,334 million at 31 December 2020. Net debt increased from €3,369 million to €3,415 million over the course of the second quarter. Due to the increase in the exchange rate of the US dollar between the measurement dates, financial debt increased to €6,859 million at the end of the quarter under report, compared with €6,703 million at 31 December 2020.

Outlook for the third quarter of the 2021 fiscal year

Based on an assumed exchange rate of US\$1.20 to the euro, Infineon expects to generate revenue of between €2.6 billion and €2.9 billion in the third quarter of the 2021 fiscal year. Revenue growth will continue to be held down by supply constraints, including the temporary shutdown of our manufacturing facilities in Austin, Texas, in February, as well as capacity limitations at foundries. Taking account of these developments, revenue in the CSS segment is expected to decline slightly, whereas the IPC segment – which is less severely affected by them than the other segments – is expected to grow revenue by a high single-digit percentage rate quarter-on-quarter. Revenue generated by the ATV and PSS segments is forecast to increase slightly. At the mid-point of the guided revenue range, the Segment Result Margin is expected to come in at about 18 percent.

Outlook for the 2021 fiscal year

Based on its good performance in the first two quarters of the current fiscal year, and continuously strong momentum of the semiconductor market, Infineon again slightly raises its guidance for revenue and Segment Result Margin for the fiscal year as a whole, despite tight capacities at foundries. Based on an unchanged assumed exchange rate of US\$1.20 to the euro, revenue is now forecast at around €11.0 billion (plus or minus 3 percent). All segments are expected to benefit from an improving supply situation and continued growth in demand during

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

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the second half of the fiscal year. At the mid-point of the guided revenue range, the Segment Result Margin is now expected to be about 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. Also unchanged, depreciation and amortization are expected to amount to between €1.5 billion and €1.6 billion, of which approximately €500 million is attributable to depreciation and amortization from purchase price allocations arising mainly in connection with the acquisition of Cypress and to a lesser extent with the acquisition of International Rectifier. In light of strong business performance, free cash flow is now expected to exceed €1.2 billion, compared with the previous forecast of more than €800 million.

Besides geopolitical and macroeconomic factors, the economic disruption caused by the coronavirus pandemic makes accurate prediction difficult. Key factors influencing the expected development of revenue and earnings during the pandemic will be the progression of global infection rates over time, 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.

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Segment earnings in the second quarter of the 2021 fiscal year

€ in millions (unless otherwise stated)	in % of total revenue	3 months ended 31 Mar 21	sequential +/- in %	3 months ended 31 Dec 20	year-on- year +/- in %	3 months ended 31 Mar 20
Infineon						
Revenue	100	2,700	3	2,631	36	1,986
Segment Result		470	(4)	489	72	274
Segment Result Margin (in %)		17.4%		18.6%		13.8%
Automotive (ATV)¹						
Segment Revenues	45	1,219	6	1,150	45	842
Segment Result		197	6	185	+++	49
Segment Result Margin (in %)		16.2%		16.1%		5.8%
Industrial Power Control (IPC)						
Segment Revenues	14	361	(0)	362	1	358
Segment Result		59	(3)	61	(5)	62
Segment Result Margin (in %)		16.3%		16.9%		17.3%
Power & Sensor Systems (PSS)						
Segment Revenues	29	787	1	779	28	617
Segment Result		184	(7)	197	33	138
Segment Result Margin (in %)		23.4%		25.3%		22.4%
Connected Secure Systems (CSS)¹						
Segment Revenues	12	329	(2)	335	98	166
Segment Result		30	(33)	45	20	25
Segment Result Margin (in %)		9.1%		13.4%		15.1%
Other Operating Segments (OOS)						
Segment Revenue	0	4	(20)	5	33	3
Segment Result		-	---	1	-	-
Corporate and Eliminations (C&E)						
Segment Revenue	0	-	-	-	-	-
Segment Result		-	-	-	-	-

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 rose from €1,150 million in the first quarter to €1,219 million in the second quarter, with almost all lines of business contributing to the 6 percent growth. In particular, demand for components for electric vehicles continued to develop very positively. The Segment Result improved from €185 million to €197 million and the Segment Result Margin from 16.1 percent to 16.2 percent quarter-on-quarter.

IPC segment revenue totaled €361 million in the second quarter of the current fiscal year, compared to €362 million in the preceding three-month period. A significant decline in revenue recorded for transportation was offset by growth in other areas, particularly power infrastructure and home appliances, but also renewable energy and industrial drives. The Segment Result decreased slightly from €61 million to €59 million and the Segment Result Margin from 16.9 percent to 16.3 percent quarter-on-quarter.

PSS segment revenue grew by 1 percent to €787 million in the second quarter, up from €779 million in the preceding three-month period. Whereas revenue

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generated from the sale of smartphone components declined due to seasonal factors, demand for discrete power switches in particular for server-related applications developed well. The Segment Result for the second quarter of the current fiscal year amounted to €184 million, compared to €197 million in the first quarter. The Segment Result Margin came in at 23.4 percent, down from 25.3 percent in the previous three-month period.

CSS segment revenue in the second quarter amounted to €329 million, compared to €335 million one quarter earlier. The 2 percent decline was attributable to capacity-related decreases in revenue generated with microcontrollers and connectivity (including for IoT applications), which were not fully offset by revenue growth recorded for contactless payment cards, government ID, authentication and embedded SIM. The Segment Result decreased from €45 million to €30 million quarter-on-quarter and the Segment Result Margin came in at 9.1 percent compared to 13.4 percent in the first quarter of the current fiscal year.

Analyst telephone conference and telephone press conference

The Management Board of Infineon will host a telephone conference call including a webcast for analysts and investors (in English only) on 4 May 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 second quarter of the 2021 fiscal year as well as the outlook for the third 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.

The **Q2 Investor Presentation** is available (in English only) at:

<https://www.infineon.com/cms/en/about-infineon/investor/reports-and-presentations/>

Infineon Financial Calendar (* preliminary)

- 6 May 2021 IPC Business Update Call along with PCIM trade show, Nuremberg (virtual)
- 19 May 2021 Berenberg US Conference, Tarrytown (virtual)

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- 25 May 2021 3rd Annual Mizuho Auto Technology Seminar, New York (virtual)
- 26 May 2021 Equita 16th European Conference, Milan (virtual)
- 27 May 2021 JPMorgan European TMT Conference, London (virtual)
- 1 Jun 2021 Cowen TMT Conference, New York (virtual)
- 8 – 9 Jun 2021 23rd Exane BNP Paribas European CEO Conference, Paris (virtual)
- 10 Jun 2021 Bank of America Global Technology Conference, San Francisco (virtual)
- 16 Jun 2021 dbAccess Berlin Conference, Berlin (virtual)
- 17 Jun 2021 GS European Digital Economy Conference (virtual)
- 1 Jul 2021 PSS Business Update Call along with MWC trade show, Barcelona (virtual)
- 3 Aug 2021* Earnings Release for the Third Quarter of the 2021 Fiscal Year
- 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)
- 4 / 5 Oct 2021 Infineon CMD “IFX Day 2021”, London // virtual

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			6 months ended	
	31 Mar 21	31 Dec 20	31 Mar 20	31 Mar 21	31 Mar 20
Revenue	2,700	2,631	1,986	5,331	3,903
Cost of goods sold	(1,728)	(1,646)	(1,300)	(3,374)	(2,507)
Gross profit	972	985	686	1,957	1,396
Research and development expenses	(341)	(333)	(241)	(674)	(485)
Selling, general and administrative expenses	(328)	(311)	(214)	(639)	(418)
Other operating income	23	13	11	36	43
Other operating expenses	(12)	(22)	(16)	(34)	(44)
Operating income	314	332	226	646	492
Financial income	-	18	5	18	9
Financial expenses	(42)	(44)	(32)	(85)	(49)
Gain (loss) from investments accounted for using the equity method	(1)	(1)	-	(3)	-
Income from continuing operations before income taxes	271	305	199	576	452
Income tax	(62)	(49)	(21)	(110)	(64)
Income from continuing operations	209	256	178	466	388
Loss from discontinued operations, net of income taxes	(6)	-	-	(6)	(1)
Net income	203	256	178	460	387
Basic earnings per share (in euro) attributable to shareholders of Infineon Technologies AG: ¹					
Weighted average shares outstanding (in million) – basic	1,301	1,301	1,246	1,301	1,245
Basic earnings per share (in euro) from continuing operations	0.15	0.19	0.13	0.34	0.30
Basic losses per share (in euro) from discontinued operations	-	-	-	-	-
Basic earnings per share (in euro)	0.15	0.19	0.13	0.34	0.30
Diluted earnings per share (in euro) attributable to shareholders of Infineon Technologies AG: ¹					
Weighted average shares outstanding (in million) – diluted	1,303	1,303	1,247	1,303	1,246
Diluted earnings per share (in euro) from continuing operations	0.15	0.19	0.13	0.34	0.30
Diluted losses per share (in euro) from discontinued operations	-	-	-	-	-
Diluted earnings per share (in euro)	0.15	0.19	0.13	0.34	0.30

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 11.

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Regional Revenue Development

€ in millions, except percentages	3 months ended						6 months ended			
	31 Mar 21		31 Dec 20		31 Mar 20		31 Mar 21		31 Mar 20	
Revenue:										
Europe, Middle East, Africa	714	26%	642	25%	640	32%	1,356	25%	1,193	31%
therein: Germany	325	12%	290	11%	300	15%	615	12%	548	14%
Asia-Pacific (excluding Japan, Greater China)	425	16%	403	15%	316	16%	828	15%	589	15%
Greater China ¹	988	37%	1,025	39%	642	32%	2,014	38%	1,357	35%
therein: Mainland China, Hong Kong	747	28%	788	30%	496	25%	1,534	29%	1,058	27%
Japan	254	9%	264	10%	119	6%	517	10%	253	6%
Americas	319	12%	297	11%	269	14%	616	12%	511	13%
therein: USA	258	10%	246	9%	221	11%	505	9%	421	11%
Total	2,700	100%	2,631	100%	1,986	100%	5,331	100%	3,903	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 six months ended 31 March 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			6 months ended		
	31 Mar 21	31 Mar 20	+/- in %	31 Mar 21	31 Mar 20	+/- in %
Automotive	1,219	842	45	2,369	1,666	42
Industrial Power Control	361	358	1	723	691	5
Power & Sensor Systems	787	617	28	1,566	1,210	29
Connected Secure Systems	329	166	98	664	329	+++
Other Operating Segments	4	3	33	9	7	29
Corporate and Eliminations	-	-	-	-	-	-
Total	2,700	1,986	36	5,331	3,903	37

Segment Result, € in millions (unless otherwise stated)	3 months ended			6 months ended		
	31 Mar 21	31 Mar 20	+/- in %	31 Mar 21	31 Mar 20	+/- in %
Automotive	197	49	+++	381	115	+++
Industrial Power Control	59	62	(5)	121	124	(2)
Power & Sensor Systems	184	138	33	381	284	34
Connected Secure Systems	30	25	20	75	49	53
Other Operating Segments	-	-	-	2	-	+++
Corporate and Eliminations	-	-	-	-	(1)	+++
Total	470	274	72	960	571	68
Segment Result Margin (in %)	17.4%	13.8%		18.0%	14.6%	

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Reconciliation of Segment Result to Operating Income

€ in millions	3 months ended			6 months ended	
	31 Mar 21	31 Dec 20	31 Mar 20	31 Mar 21	31 Mar 20
Segment Result	470	489	274	960	571
Plus/minus:					
Reversal of impairments (impairments) (in particular on goodwill)	-	(8)	-	(8)	-
Share-based compensation	(3)	(3)	(3)	(6)	(6)
Acquisition-related depreciation/amortization and other expenses	(148)	(137)	(26)	(285)	(59)
Gains (losses) on sales of businesses, or interests in subsidiaries, net	-	-	-	-	1
Other income and expense, net	(5)	(9)	(19)	(15)	(15)
Operating income	314	332	226	646	492

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			6 months ended	
	31 Mar 21	31 Dec 20	31 Mar 20	31 Mar 21	31 Mar 20
Income from continuing operations – diluted	209	256	178	466	388
Compensation of hybrid capital investors ¹	(8)	(8)	(10)	(16)	(18)
Income from continuing operations, attributable to shareholders of Infineon Technologies AG – diluted	201	248	168	450	370
Plus/minus:					
Impairments (reversal of impairments) (in particular on goodwill)	-	8	-	8	-
Share-based compensation	3	3	3	6	6
Acquisition-related depreciation/amortization and other expenses	148	137	26	285	59
Losses (gains) on sales of businesses, or interests in subsidiaries, net	-	-	-	-	(1)
Other income and expense, net	5	9	19	15	15
Acquisition-related expenses within financial result	3	2	10	4	10
Tax effects on adjustments	(37)	(35)	(12)	(72)	(16)
Revaluation of deferred tax assets resulting from the annually updated earnings forecast	(15)	(10)	(47)	(25)	(61)
Adjusted net income from continuing operations attributable to shareholders of Infineon Technologies AG – diluted	308	362	167	671	382
Weighted-average number of shares outstanding – diluted	1,303	1,303	1,247	1,303	1,246
Adjusted earnings per share (in euro) – diluted ²	0.24	0.28	0.13	0.52	0.31

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			6 months ended	
	31 Mar 21	31 Dec 20	31 Mar 20	31 Mar 21	31 Mar 20
Cost of goods sold	1,728	1,646	1,300	3,374	2,507
Plus/minus:					
Share-based compensation expense	-	(1)	-	(1)	(1)
Acquisition-related depreciation/amortization and other expenses	(84)	(69)	(8)	(152)	(21)
Other income and expense, net	(5)	(5)	(13)	(11)	(17)
Adjusted cost of goods sold	1,639	1,571	1,279	3,210	2,468
Adjusted gross margin (in %)	39.3%	40.3%	35.6%	39.8%	36.8%

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

Employees

	31 Mar 21	31 Dec 20	31 Mar 20
Infineon	48,150	47,058	40,813
thereof: Research and development	9,791	9,612	7,754

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Consolidated Statement of Financial Position

€ in millions	31 Mar 2021	31 Dec 2020	30 Sep 2020
ASSETS			
Cash and cash equivalents	1,873	1,894	1,851
Financial investments	1,571	1,440	1,376
Trade receivables	1,348	1,155	1,196
Inventories	1,937	1,955	2,052
Current income tax receivables	36	39	77
Contract Assets	89	102	97
Other current assets	545	527	530
Total current assets	7,399	7,112	7,179
Property, plant and equipment	4,149	4,088	4,110
Goodwill	5,889	5,633	5,897
Other intangible assets	3,470	3,409	3,621
Right-of-use assets	312	290	286
Investments accounted for using the equity method	78	79	87
Non-current income tax receivables	1	1	1
Deferred tax assets	618	625	627
Other non-current assets	203	192	191
Total non-current assets	14,720	14,317	14,820
Total assets	22,119	21,429	21,999
LIABILITIES AND EQUITY			
Short-term financial debt and current portion of long-term financial debt	831	318	505
Trade payables	1,273	1,127	1,160
Current provisions	479	322	436
Current income tax payables	337	323	340
Current leasing liabilities	63	60	59
Other current liabilities	858	953	950
Total current liabilities	3,841	3,103	3,450
Long-term financial debt	6,028	6,385	6,528
Pension plans and similar commitments	668	745	739
Deferred tax liabilities	301	277	293
Non-current provisions	299	292	313
Non-current leasing liabilities	253	235	235
Other non-current liabilities	212	221	222
Total non-current liabilities	7,761	8,155	8,330
Total liabilities	11,602	11,258	11,780
Equity:			
Ordinary share capital	2,612	2,612	2,612
Additional paid-in capital	6,468	6,468	6,462
Hybrid capital	1,223	1,213	1,203
Retained earnings	660	682	435
Other reserves	(417)	(771)	(460)
Own shares	(29)	(33)	(33)
Total equity	10,517	10,171	10,219
Total liabilities and equity	22,119	21,429	21,999

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Consolidated Statement of Cash Flows

Gross and Net Cash Position

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

€ in millions	31 Mar 21	31 Dec 20	31 Mar 20
Cash and cash equivalents	1,873	1,894	1,129
Financial investments	1,571	1,440	3,459
Gross cash position	3,444	3,334	4,588
Less:			
Short-term financial debt and current portion of long-term financial debt	831	318	185
Long-term financial debt	6,028	6,385	1,352
Total financial debt	6,859	6,703	1,537
Net cash position	(3,415)	(3,369)	3,051

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			6 months ended	
	31 Mar 21	31 Dec 20	31 Mar 20	31 Mar 21	31 Mar 20
Net cash provided by operating activities from continuing operations	742	588	354	1,330	537
Net cash used in investing activities from continuing operations	(465)	(339)	(191)	(804)	(1,229)
Purchases of (proceeds from sales of) financial investments, net	130	64	(55)	193	714
Free Cash Flow	407	313	108	719	22

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Consolidated Statement of Cash Flows

€ in millions	3 months ended		
	31 Mar 21	31 Dec 20	31 Mar 20
Net income	203	256	178
Plus: loss from discontinued operations, net of income taxes	6	-	-
Adjustments to reconcile to net cash provided by operating activities:			
Depreciation and amortization	368	368	249
Other expenses and income	103	92	53
Change in assets, liabilities and equity	139	(87)	(80)
Interest received and paid	(39)	(24)	(5)
Income tax paid	(38)	(17)	(41)
Net cash provided by operating activities from continuing operations	742	588	354
Net cash used in operating activities from discontinued operations	(1)	(1)	(2)
Net cash provided by operating activities	741	587	352
Proceeds from sales/purchases of financial investments	(130)	(64)	55
Acquisitions of businesses, net of cash acquired	(5)	(9)	-
Purchases of other intangible assets and other assets	(68)	(50)	(39)
Purchases of property, plant and equipment	(264)	(233)	(208)
Other investing activities	2	17	1
Net cash used in investing activities	(465)	(339)	(191)
Proceeds from issuance/repayment of short-/long-term financial debt	-	(174)	(6)
Proceeds from hybrid capital/cash outflow to hybrid capital investors	-	-	(1)
Dividend payments	(286)	-	(336)
Other financing activities	(20)	(18)	(15)
Net cash used in financing activities	(306)	(192)	(358)
Net change in cash and cash equivalents	(30)	56	(197)
Effect of foreign exchange rate changes on cash and cash equivalents	9	(13)	(17)
Cash and cash equivalents at beginning of period	1,894	1,851	1,343
Cash and cash equivalents at end of period	1,873	1,894	1,129

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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