



Consolidated Financial Statements

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Consolidated Statement of Profit or Loss

| € in millions | Notes | 2021 | 2020 |
|---|----------|--------------|--------------|
| Revenue | 3 | 11,060 | 8,567 |
| Cost of goods sold | 3 | (6,800) | (5,791) |
| Gross profit | | 4,260 | 2,776 |
| Research and development expenses | 3 | (1,448) | (1,113) |
| Selling, general and administrative expenses | 3 | (1,354) | (1,042) |
| Other operating income | | 64 | 76 |
| Other operating expenses | | (52) | (116) |
| Operating profit | | 1,470 | 581 |
| Financial income | 3 | 22 | 29 |
| Financial expenses | 3 | (182) | (177) |
| Share of profit (loss) of associates and joint ventures accounted for using the equity method | 4 | 9 | (9) |
| Profit (loss) from continuing operations before income taxes | | 1,319 | 424 |
| Income tax | 5 | (144) | (52) |
| Profit (loss) from continuing operations | | 1,175 | 372 |
| Profit (loss) from discontinued operations, net of income taxes | 6 | (6) | (4) |
| Profit (loss) for the period | | 1,169 | 368 |
| Attributable to: | | | |
| Shareholders and hybrid capital investors of Infineon Technologies AG | | 1,169 | 368 |
| Basic earnings per share (in euro) attributable to shareholders of Infineon Technologies AG: ¹ | | | |
| Basic earnings per share (in euro) from continuing operations | 7 | 0.88 | 0.26 |
| Basic earnings (loss) per share (in euro) from discontinued operations | 7 | (0.01) | – |
| Basic earnings per share (in euro) | 7 | 0.87 | 0.26 |
| Diluted earnings per share (in euro) attributable to shareholders of Infineon Technologies AG: ¹ | | | |
| Diluted earnings per share (in euro) from continuing operations | 7 | 0.88 | 0.26 |
| Diluted earnings (loss) per share (in euro) from discontinued operations | 7 | (0.01) | – |
| Diluted earnings per share (in euro) | 7 | 0.87 | 0.26 |

1 The calculation of earnings per share is based on unrounded figures.

Consolidated Statement of Comprehensive Income

| € in millions | Notes | 2021 | 2020 |
|---|-------|--------------|--------------|
| | 19 | | |
| Profit (loss) for the period | | 1,169 | 368 |
| Actuarial gains (losses) on pensions and similar commitments | | 128 | 21 |
| Total items that will not be reclassified subsequently to profit or loss | | 128 | 21 |
| Foreign currency translation differences | | 90 | (543) |
| Net change in fair value of hedging instruments | | 64 | (213) |
| Cost of hedging | | – | 42 |
| Total items that may be reclassified subsequently to profit or loss | | 154 | (714) |
| Other comprehensive income (loss), net of tax | | 282 | (693) |
| Total comprehensive income (loss), net of tax | | 1,451 | (325) |
| Attributable to: | | | |
| Shareholders and hybrid capital investors of Infineon Technologies AG | | 1,451 | (325) |

Consolidated Statement of Financial Position

| € in millions | Notes | 30 September 2021 | 30 September 2020 |
|---|-------|-------------------|-------------------|
| ASSETS | | | |
| Cash and cash equivalents | | 1,749 | 1,851 |
| Financial investments | 8 | 2,173 | 1,376 |
| Trade receivables | 9 | 1,483 | 1,196 |
| Inventories | 10 | 2,181 | 2,052 |
| Current income tax receivables | 5 | 57 | 77 |
| Contract assets | | 82 | 97 |
| Other current assets | 11 | 518 | 530 |
| Assets classified as held for sale | | 9 | – |
| Total current assets | | 8,252 | 7,179 |
| Property, plant and equipment | 12 | 4,443 | 4,110 |
| Goodwill | 13 | 5,962 | 5,897 |
| Other intangible assets | 12 | 3,349 | 3,621 |
| Right-of-use assets | 14 | 336 | 286 |
| Investments accounted for using the equity method | 4 | 71 | 87 |
| Non-current income tax receivables | 5 | 1 | 1 |
| Deferred tax assets | 5 | 695 | 627 |
| Other non-current assets | 26 | 225 | 191 |
| Total non-current assets | | 15,082 | 14,820 |
| Total assets | | 23,334 | 21,999 |

| € in millions | Notes | 30 September 2021 | 30 September 2020 |
|---|-------|-------------------|-------------------|
| LIABILITIES AND EQUITY | | | |
| Short-term financial debt and current portion of long-term financial debt | 15 | 833 | 505 |
| Trade payables | | 1,569 | 1,160 |
| Current provisions | 16 | 815 | 436 |
| Current income tax payables | 5 | 288 | 340 |
| Current leasing liabilities | 14 | 66 | 59 |
| Other current liabilities | 17 | 872 | 950 |
| Total current liabilities | | 4,443 | 3,450 |
| Long-term financial debt | 15 | 5,752 | 6,528 |
| Pensions and similar commitments | 18 | 617 | 739 |
| Deferred tax liabilities | 5 | 324 | 293 |
| Other non-current provisions | 16 | 319 | 313 |
| Non-current leasing liabilities | 14 | 265 | 235 |
| Other non-current liabilities | 26 | 213 | 222 |
| Total non-current liabilities | | 7,490 | 8,330 |
| Total liabilities | | 11,933 | 11,780 |
| Equity: | 19 | | |
| Ordinary share capital | | 2,612 | 2,612 |
| Additional paid-in capital | | 6,513 | 6,462 |
| Retained earnings | | 1,407 | 435 |
| Other reserves | | (306) | (460) |
| Own shares | | (28) | (33) |
| Hybrid capital | | 1,203 | 1,203 |
| Total equity | | 11,401 | 10,219 |
| Total liabilities and equity | | 23,334 | 21,999 |

Consolidated Statement of Cash Flows

| € in millions | Notes | 2021 | 2020 |
|---|------------|--------------|--------------|
| | 25 | | |
| Profit (loss) for the period | | 1,169 | 368 |
| Plus: profit (loss) from discontinued operations, net of income taxes | | 6 | 4 |
| Adjustments to reconcile profit (loss) for the period to net cash provided by operating activities: | | | |
| Depreciation and amortization | 12 | 1,513 | 1,260 |
| Income tax | 5 | 144 | 52 |
| Net interest result | 3 | 150 | 101 |
| Gains on disposals of property, plant and equipment | | (5) | (22) |
| Dividends received | 4 | 4 | 2 |
| Impairment charges/reversals of impairments | 12, 13, 28 | 12 | 12 |
| Other non-cash result | | 5 | 56 |
| Change in trade receivables | 9 | (279) | 46 |
| Change in inventories | 10 | (121) | 124 |
| Change in trade payables | | 407 | (71) |
| Change in provisions | 16 | 372 | 65 |
| Change in other assets and other liabilities | | 11 | – |
| Interest received | 3 | 3 | 17 |
| Interest paid | 3 | (148) | (129) |
| Income tax paid | 5 | (180) | (68) |
| Net cash provided by operating activities from continuing operations | | 3,063 | 1,817 |
| Net cash provided by (used in) operating activities from discontinued operations | | 2 | (6) |
| Net cash provided by operating activities | | 3,065 | 1,811 |

| € in millions | Notes | 2021 | 2020 |
|---|-------|----------------|----------------|
| Purchases of financial investments | 8 | (4,275) | (6,045) |
| Proceeds from sales of financial investments | 8 | 3,480 | 7,417 |
| Acquisitions of businesses, net of cash acquired | | (19) | (7,433) |
| Proceeds from sales of businesses and interests in subsidiaries, net of cash disbursed | | 13 | (1) |
| Investments in related companies | | – | (44) |
| Purchases of other intangible assets and other assets | 12 | (229) | (184) |
| Purchases of property, plant and equipment | 12 | (1,268) | (915) |
| Proceeds from sales of property, plant and equipment and other assets | | 14 | 33 |
| Net cash used in investing activities from continuing operations | | (2,284) | (7,172) |
| Net cash used in investing activities from discontinued operations | | – | – |
| Net cash used in investing activities | | (2,284) | (7,172) |
| Net change in related party financial receivables and payables | 24 | 2 | – |
| Proceeds from issuance of long-term financial debt | 15 | 1,084 | 9,815 |
| Repayments of long-term financial debt | 15 | (1,570) | (5,372) |
| Payments for leasing liabilities | 14 | (76) | (63) |
| Deposits for financing-related derivatives | 3 | – | 25 |
| Proceeds from issuance of ordinary shares | 19 | – | 1,043 |
| Cash outflows due to changes of non-controlling interests | | – | (2) |
| Dividend payments | 19 | (286) | (336) |
| Proceeds from hybrid capital | 19 | – | 1,184 |
| Cash outflow to hybrid capital investors | 19 | (39) | (20) |
| Net cash provided by (used in) financing activities from continuing operations | | (885) | 6,274 |
| Net cash provided by (used in) financing activities from discontinued operations | | – | – |
| Net cash provided by (used in) financing activities | | (885) | 6,274 |
| Net change in cash and cash equivalents | | (104) | 913 |
| Effect of foreign exchange rate changes on cash and cash equivalents | | 2 | (83) |
| Cash and cash equivalents at beginning of period | | 1,851 | 1,021 |
| Cash and cash equivalents at end of period | | 1,749 | 1,851 |

Consolidated Statement of Changes in Equity

for the fiscal year ended 30 September 2020

| | Notes | Share capital | Capital reserves | Retained earnings | Other reserves | | | Own shares | Equity attributable to shareholders of Infineon Technologies AG | Equity attributable to hybrid capital investors | Total equity |
|---|-------|---------------|------------------|-------------------|--|--------------|-----------------|-------------|---|---|---------------|
| | | | | | Foreign currency translation differences | Hedges | Cost of hedging | | | | |
| € in millions | | | | | | | | | | | |
| Balance as of 1 October 2019 | | 2,501 | 5,494 | 421 | 144 | 152 | (42) | (37) | 8,633 | - | 8,633 |
| Total comprehensive income (loss), net of tax | | | | | | | | | | | |
| Profit (loss) for the period | | - | - | 329 | - | - | - | - | 329 | 39 | 368 |
| Other comprehensive income (loss), net of tax | | - | - | 21 | (543) | (213) | 42 | - | (693) | - | (693) |
| Total comprehensive income (loss), net of tax | | - | - | 350 | (543) | (213) | 42 | - | (364) | 39 | (325) |
| Transactions with owners | | | | | | | | | | | |
| Contributions by and distributions to owners | | | | | | | | | | | |
| Capital increase | 19 | 110 | 934 | - | - | - | - | - | 1,044 | - | 1,044 |
| Dividends | 19 | - | - | (336) | - | - | - | - | (336) | - | (336) |
| Share-based payment | 21 | - | 11 | - | - | - | - | - | 11 | - | 11 |
| Exercise of stock options | 19 | 1 | 1 | - | - | - | - | - | 2 | - | 2 |
| Disposal (purchase) of own shares | 19 | - | - | - | - | - | - | 4 | 4 | - | 4 |
| Other contributions and distributions | 19 | - | 22 | - | - | - | - | - | 22 | - | 22 |
| Total contributions by and distributions to owners | | 111 | 968 | (336) | - | - | - | 4 | 747 | - | 747 |
| Total transactions with owners | | 111 | 968 | (336) | - | - | - | 4 | 747 | - | 747 |
| Transactions with hybrid capital investors | | | | | | | | | | | |
| Emission hybrid capital | 19 | - | - | - | - | - | - | - | - | 1,184 | 1,184 |
| Compensations to hybrid capital investors | 19 | - | - | - | - | - | - | - | - | (20) | (20) |
| Total transactions with hybrid capital investors | | - | - | - | - | - | - | - | - | 1,164 | 1,164 |
| Balance as of 30 September 2020 | | 2,612 | 6,462 | 435 | (399) | (61) | - | (33) | 9,016 | 1,203 | 10,219 |

Consolidated Statement of Changes in Equity

for the fiscal year ended 30 September 2021

| | Notes | Share capital | Capital reserves | Retained earnings | Other reserves | | | Own shares | Equity attributable to shareholders of Infineon Technologies AG | Equity attributable to hybrid capital investors | Total equity |
|---|-------|---------------|------------------|-------------------|--|-------------|-----------------|-------------|---|---|---------------|
| | | | | | Foreign currency translation differences | Hedges | Cost of hedging | | | | |
| € in millions | | | | | | | | | | | |
| Balance as of 1 October 2020 | | 2,612 | 6,462 | 435 | (399) | (61) | - | (33) | 9,016 | 1,203 | 10,219 |
| Total comprehensive income (loss), net of tax | | | | | | | | | | | |
| Profit (loss) for the period | | - | - | 1,130 | - | - | - | - | 1,130 | 39 | 1,169 |
| Other comprehensive income (loss), net of tax | | - | - | 128 | 90 | 64 | - | - | 282 | - | 282 |
| Total comprehensive income (loss), net of tax | | - | - | 1,258 | 90 | 64 | - | - | 1,412 | 39 | 1,451 |
| Transactions with owners | | | | | | | | | | | |
| Contributions by and distributions to owners | | | | | | | | | | | |
| Dividends | 19 | - | - | (286) | - | - | - | - | (286) | - | (286) |
| Share-based payment | 21 | - | 24 | - | - | - | - | - | 24 | - | 24 |
| Disposal (purchase) of own shares | 19 | - | - | - | - | - | - | 5 | 5 | - | 5 |
| Other contributions and distributions | 19 | - | 27 | - | - | - | - | - | 27 | - | 27 |
| Total contributions by and distributions to owners | | - | 51 | (286) | - | - | - | 5 | (230) | - | (230) |
| Total transactions with owners | | - | 51 | (286) | - | - | - | 5 | (230) | - | (230) |
| Transactions with hybrid capital investors | | | | | | | | | | | |
| Compensations to hybrid capital investors | 19 | - | - | - | - | - | - | - | - | (39) | (39) |
| Total transactions with hybrid capital investors | | - | - | - | - | - | - | - | - | (39) | (39) |
| Balance as of 30 September 2021 | | 2,612 | 6,513 | 1,407 | (309) | 3 | - | (28) | 10,198 | 1,203 | 11,401 |

Notes to the Consolidated Financial Statements

The Infineon Group (“Infineon”), comprising Infineon Technologies AG (hereafter also referred to as “the Company”) and its direct and indirect subsidiaries, design, develop, manufacture and market a broad range of semiconductors and related system solutions. The focus of activities is on applications for automotive electronics, industrial electronics, entertainment and household electronics, information and communications infrastructure as well as hardware-based security. The product range includes standard, application-specific and customer-specific components as well as system solutions for power, digital, analog, high frequency and mixed-signal applications. Research and development sites, manufacturing facilities, investments and customers are located mainly in Europe, Asia and North America.

Infineon Technologies AG is a listed company under German law and the ultimate parent company of Infineon. The principal office of the Company is Am Campeon 1 – 15, 85579 Neubiberg (Germany). The Company is registered in the Commercial Register of the District Court of Munich (Germany) under the number HRB 126492.

1 Basis of the Consolidated Financial Statements

The Consolidated Financial Statements, prepared by Infineon Technologies AG as the ultimate parent company for the year ended 30 September 2021, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and related interpretations effective as of 30 September 2021 as issued by the International Accounting Standards Board (“IASB”) to the extent to which the IFRS and interpretations have been endorsed by the European Union (“EU”). The Consolidated Financial Statements also comply with the supplementary requirements set out in section 315e, paragraph 1, of the German Commercial Code (“Handelsgesetzbuch” or “HGB”). The aforementioned standards were complied with in full.

The Consolidated Statement of Profit or Loss is presented using the cost of sales method.

The fiscal year-end for both Infineon and the Company is 30 September of each year.

The Group’s reporting currency is the euro (“€”).

Deviations between amounts presented are possible due to rounding. Negative amounts are presented in parentheses.

The Company’s Management Board presented the Consolidated Financial Statements on 25 November 2021.

Financial reporting rules applied for the first time

The IASB has issued the following Standards or amendments to Standards, which are required to be applied in the Consolidated Financial Statements for the year ended 30 September 2021:

| Standard/amendment/interpretation | Effective date | Impact on Infineon |
|---|----------------|--------------------|
| IAS 1 and IAS 8 Definition of material (amendments to IAS 1 and IAS 8) | 1 January 2020 | none |
| IFRS 3 Definition of a business (amendments to IFRS 3) | 1 January 2020 | none |
| IFRS 16 COVID-19-related rent concessions (amendment to IFRS 16) | 1 June 2020 | immaterial |
| Interest rate benchmark reform (amendments to IFRS 9, IAS 39 and IFRS 7) – Phase 1 | 1 January 2020 | none |
| Revision to the conceptual framework and amendments to references to the conceptual framework in IFRS Standards | 1 January 2020 | none |

Financial reporting rules issued not yet applied

The following new or amended Standards have been issued by the IASB and will be relevant to Infineon from today's perspective. They have not been applied in the Consolidated Financial Statements as of 30 September 2021 since they are not yet mandatory or, alternatively, have not yet been endorsed by the EU. The new or amended Standards are applicable for fiscal years beginning on or after their respective effective date. As a general rule, they are not applied before their effective date, even if this is permitted for certain Standards.

| Standard/amendment/interpretation | Effective date | Impact on Infineon |
|---|----------------|--------------------|
| IAS 16 Property, plant and equipment – income before intended use (amendments to IAS 16) | 1 January 2022 | none |
| IAS 1 Classification of liabilities as current or non-current (amendments to IAS 1) | 1 January 2023 | none |
| IFRS 3 References to the conceptual framework | 1 January 2022 | none |
| IAS 37 Onerous contracts – costs of fulfilling a contract (amendments to IAS 37) | 1 January 2022 | immaterial |
| IFRS 17 Insurance contracts including amendments to IFRS 17 | 1 January 2023 | none |
| IFRS 4 Extension to the temporary exemption from applying IFRS 9 (amendments to IFRS 4) | 1 January 2021 | none |
| Interest rate benchmark reform (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) – Phase 2 | 1 January 2021 | none |
| Annual IFRS improvement cycle 2018 – 2020 | 1 January 2022 | none |
| IAS 12 Deferred tax relating to assets and liabilities arising from a single transaction (amendments to IAS 12) | 1 January 2023 | none |
| IAS 1 Disclosure of accounting policies (amendments to IAS 1 and IFRS Practice Statement 2) | 1 January 2023 | immaterial |
| IAS 8 Definition of accounting estimates (amendments to IAS 8) | 1 January 2023 | none |
| IFRS 16 Rent concessions related to the Coronavirus pandemic (amendment to IFRS 16) – extension | 1 April 2021 | immaterial |

2 Summary of significant accounting policies

Basis of consolidation

The Consolidated Financial Statements presented here include the individual financial statements of Infineon Technologies AG and its direct and indirect subsidiaries on a consolidated basis. A subsidiary is defined as an entity which, directly or indirectly, is controlled by Infineon Technologies AG.

Control exists when Infineon is subjected to variable returns arising from its engagement with the subsidiary or has a right to such, and has the ability to influence these returns as a result of its power over the subsidiary. Power means that Infineon has existing rights that give Infineon the ability to direct the relevant activities of the subsidiary, that is the activities that significantly affect the aforementioned returns.

An entity is included in the Consolidated Financial Statements from the date on which Infineon acquires control. Upon first-time consolidation of an entity, the acquired assets and assumed liabilities are basically measured on the basis of their fair value at the acquisition date. Any excess of consideration paid (purchase price) over the share of the fair value of acquired assets, liabilities and contingent liabilities is recognized as goodwill. After re-examination, any excess of Infineon's share of the fair value of items acquired over consideration paid is recognized as a gain.

The financial statements of entities included in the Consolidated Financial Statements are prepared using uniform valuation and accounting policies.

The balance sheet effects of intragroup transactions as well as gains and losses arising from intragroup business relationships are eliminated on consolidation.

A list of subsidiaries of Infineon Technologies AG is provided in note 29. [p. 225 ff.](#)

In the absence of control over an entity, but the entity is a joint venture or an associated company, these are included in the consolidated financial statements using the equity method (see note 4, [p. 173](#)). Where objective indications of impairment in the carrying amount of an equity-based investment are present, an impairment test is carried out. If the carrying amount exceeds the recoverable amount, an impairment loss is recognized in financial expenses.

Functional currency and foreign currency translation

The functional currency of Infineon Technologies AG is the euro.

Foreign currency transactions of subsidiaries are translated into the functional currency of the relevant entity using the spot rate prevailing at the transaction date. Monetary foreign currency assets and liabilities are translated at the spot rate prevailing at the reporting date. Exchange rate gains and losses from the translation of foreign currency transactions are recognized in the Consolidated Statement of Profit or Loss.

The assets and liabilities of subsidiaries with functional currencies other than the euro are translated into euros using the spot rate at the end of the reporting period. Income and expenses of these entities are translated using the average spot rate of the reporting period. All currency translation differences resulting from the consolidation are recognized directly in equity and presented as “Other reserves”.

Recognition and measurement principles

The following table summarizes the main measurement principles used in the preparation of the Consolidated Financial Statements:

| Balance sheet item | Measurement principle |
|---|--|
| ASSETS | |
| Cash and cash equivalents | Fair value/amortized cost |
| Financial investments | Fair value/amortized cost |
| Trade receivables | Unconditional right to consideration/amortized cost |
| Inventories | Lower of acquisition or production cost and net realizable value |
| Contract assets | Right to consideration/impairment in accordance with IFRS 9 |
| Property, plant and equipment | Amortized acquisition or production cost |
| Goodwill | Impairment-only approach |
| Other intangible assets | Amortized acquisition or production cost |
| Right-of-use assets | Amortized acquisition cost |
| Other assets (current and non-current): | |
| Other financial assets: | |
| At amortized cost | Fair value/amortized cost |
| At fair value through profit or loss | Fair value through profit or loss |
| Designated hedging instruments | Fair value through other comprehensive income |
| Remaining other assets | Amortized cost |

| Balance sheet item | Measurement principle |
|---|---|
| LIABILITIES AND EQUITY | |
| Financial debt (short-term and long-term) | Fair value/amortized cost |
| Trade payables | Fair value/amortized cost |
| Provisions: | |
| Pensions | Projected unit credit method |
| Other provisions (current and non-current) | Expected settlement amount |
| Leasing liabilities (current and non-current) | Amortized present value of outstanding lease payments |
| Other liabilities (current and non-current): | |
| Other financial liabilities: | |
| Measured at fair value through profit or loss | Fair value through profit or loss |
| Designated hedging instruments | Fair value through other comprehensive income |
| Other financial liabilities | Fair value/amortized cost |
| Remaining other liabilities | Fair value/amortized cost |
| Own shares | Acquisition cost |
| Hybrid bonds | Acquisition cost |

Cash and cash equivalents

Cash and cash equivalents represent cash and all financial resources with a maturity at acquisition date of three months or less. Cash equivalents partly include investments in money market funds. The valuation is recorded at amortized acquisition cost or at fair value through profit or loss.

Financial instruments

Financial instruments are initially recognized at their fair value. Transaction costs directly attributable to the acquisition or issuance of financial instruments are only included in the carrying amount if the financial instruments are not measured at fair value through profit or loss.

Trade receivables are recognized based on the amount to which Infineon has an unconditional right to receive. With the exception of matters which result in a partial

refund of the purchase price to the customer, this corresponds to the transaction price determined in accordance with IFRS 15. The subsequent measurement of trade receivables is carried out at amortized cost.

Purchases and sales of financial assets are recognized on the settlement date.

Financial assets are derecognized when the rights to receive payments from the investments have expired or have been transferred and Infineon has transferred all risks and rewards associated with ownership. Financial liabilities are derecognized when they are extinguished, that is when the contractual obligation is discharged, canceled or expired.

Financial assets

› Classification and measurement of financial assets

Upon initial recognition, financial assets are classified for subsequent measurement either as at amortized cost, fair value through other comprehensive income or fair value through profit or loss. This classification depends on the characteristics of the contractual cash flows of the financial assets and Infineon's business model for managing its financial assets.

Infineon's business model for managing financial asset portfolios reflects how the Company controls its financial assets in order to generate cash flows. Depending on the business model, cash flows arise from the receipt of contractual cash flows, the sale of financial assets or both.

In order for a financial asset in the form of a debt instrument to be classified and measured at amortized cost or at fair value through other comprehensive income, cash flows may only arise from the repayment of principal and interest payments on the outstanding principal amount. This assessment is referred to as a cash flow or SPPI test ("solely payments of principal and interest") and is carried out at the level of the individual financial instrument.

On this basis, Infineon's financial asset measurement categories are as follows:

Financial assets measured at amortized cost include all assets whose contractual provisions result in cash flows at fixed times that represent only interest and principal repayments of the outstanding principal amount, provided that those assets are held with the intention of collecting the contractual cash flows expected over their respective duration. In subsequent periods, financial assets measured at amortized cost are measured using the effective interest method. Interest income, currency gains and losses, impairments, and gains or losses from the derecognition of such financial assets are recognized through profit or loss.

At the reporting date, Infineon did not hold any financial assets with the intention to collect contractual cash flows and also to sell them. Therefore, there was no allocation of financial assets in the form of debt instruments to the category "fair value through other comprehensive income".

Financial assets in the form of debt instruments that are measured at fair value through profit or loss include all financial assets at Infineon whose cash flows are not exclusively interest payments and principal repayments.

At Infineon, financial assets in the form of equity instruments are consistently measured at fair value through profit or loss.

Net gains and losses, including interest and dividend income, from financial assets that are measured at fair value through profit or loss (debt and equity instruments) are recognized in the Consolidated Statement of Profit or Loss.

"Designated hedging instruments (cash flow hedges)" also belong to financial assets.

› Impairment of financial assets

Infineon determines an impairment charge for expected credit losses for financial assets in the form of debt instruments that are measured at amortized cost or at fair value through other comprehensive income. The calculation of the expected future credit losses is generally determined by multiplying the probability of default by the carrying amount of the financial asset (exposure at default) and the expected loss ratio (loss given default).

Infineon determines impairments for expected credit losses primarily for cash and cash equivalents, financial investments, trade receivables, and contract assets. The expected credit losses are adjusted at each reporting date to reflect changes in credit risk since the instrument was first recognized.

For cash and cash equivalents and financial investments measured at amortized cost, Infineon determines credit losses expected in the next twelve months (twelve-month credit loss) in accordance with the general approach. Due to their short-term maturity, this corresponds to the expected credit losses over the entire term. Infineon rates the credit risk for cash and cash equivalents and financial investments as low. Infineon assumes that a financial asset has a low credit risk if it has an investment grade rating or a corresponding internal investment grade rating. In order to assess whether there has been a significant increase in credit risk since initial recognition, Infineon considers appropriate and robust information that is relevant and available without disproportionately high levels of effort. This includes both quantitative and qualitative information and analyses, which are based on the Company's historical experience and a sound credit assessment as well as forward-looking information. Macroeconomic information is taken into account in the internal rating model (information on Infineon's financial risk management is included in note 27, [p. 211 ff.](#)). Irrespective of the above analysis, a significant increase in credit risk is assumed if a debtor is more than 30 days overdue with the settlement of a contractual payment.

For trade receivables and contract assets, Infineon recognizes credit losses that are expected over the entire term using a simplified procedure. The estimate of expected credit losses on trade receivables and contract assets is based primarily on the analysis of customer financial data, ratings, credit default spreads, past payment behavior of customers and forward-looking information.

In the case of objective indications that expected future cash flows are affected, a financial asset is classified as impaired (with impaired creditworthiness) and adjusted to its individual value. As a rule, this is the case for financial assets (unless it is a trade receivable) no later than 90 days after the due date. For trade receivables, the impaired creditworthiness is not determined automatically in the event of a payment overdue by more than 90 days but always on the basis of the individual assessment of credit management.

A default event occurs when Infineon concludes that the other party would most likely not be able to meet the payment obligations, or not in full.

Financial assets are partly or completely written off, together with previously recognized impairments, if there is no reasonable expectation of repayment. This is generally the case when Infineon finds that the debtor does not have assets or revenue sources that could generate sufficient cash flows to repay the amounts subject to derecognition. Even when financial assets are written off, Infineon continues to conduct enforcement measures to recover them. Amounts recovered are recognized in profit or loss.

Financial liabilities

Infineon classifies financial liabilities into the following categories: “Financial liabilities measured at fair value through profit and loss” and “Other financial liabilities”. Furthermore, “Designated hedging instruments (cash flow hedges)” belong to financial liabilities.

Liabilities measured at fair value through profit or loss by Infineon include derivatives to hedge currency risks for which hedge accounting is not applied, as well as conversion rights from convertible bonds that were acquired in the course of the acquisition of Cypress.

Upon acquisition, other financial liabilities are measured at fair value after deduction of transaction costs. In subsequent periods, they are measured at amortized cost using the effective interest method. The liabilities are derecognized when the contractual obligations are discharged, canceled or expired.

Designated hedging instruments (cash flow hedges)

Certain derivative financial instruments are used to hedge foreign currency and interest risks or risks of commodity price changes (such as gold prices) for firm commitments as well as expected and highly probable future transactions in order to minimize the associated risk (cash flow hedges).

Derivative financial instruments are measured at their fair value and included in “other current assets” or “other current liabilities”.

The effective portion of changes in the fair value of derivative financial instruments, determined in accordance with IFRS 9, that are designated as cash flow hedges and are part of hedging relationships that meet the criteria for hedge accounting is recognized directly in equity. The gain or loss relating to the ineffective portion is recognized

in profit or loss. Amounts accumulated in equity are recycled in profit or loss in the periods in which the underlying hedged item affects profit or loss, or, if the expected transaction subsequently results in the recognition of a non-financial asset, included in the acquisition cost upon initial recognition.

When a hedging instrument expires or is sold, or when a hedging relationship no longer meets the criteria for hedge accounting, any cumulative gain or loss existing at that time remains in equity until the underlying transaction actually occurs. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss.

Hybrid bonds

The recognition of a hybrid bond depends on the specific form of the instrument. A hybrid bond is measured and recognized in equity when certain conditions are jointly met. These include, but are not limited to, the fact that the hybrid bond has no final maturity date, that investors have no rights of termination, and that distributions are made at Infineon's discretion. In this case, discounts, transaction costs, tax effects and the remuneration of hybrid investors are deducted directly from equity.

Inventories

Inventories are measured at the lower of historical acquisition or fully absorbed production cost – calculated using the weighted-average method – and net realizable value. Net realizable value corresponds to realizable sale proceeds under normal business conditions less estimated expected costs to complete and sell. Production cost comprises costs of material, production wages and an appropriate portion of attributable overheads, along with attributable depreciation and amortization on property, plant and equipment and other intangible assets. Overhead mark-ups are determined on the basis of normal capacity utilization levels.

Write-downs to net realizable value are recorded on inventories using a consistent approach throughout Infineon and are determined at product level for technically obsolete and slow-moving inventories on the basis of the amount of revenues expected to be generated by the relevant product.

Inventories include an asset resulting from sales with a right of return, representing Infineon's right to recover products from customers upon payment of the reimbursement obligation (see "Revenue recognition", [p. 167 f.](#)). The valuation is made by reference to the previous book value of the products.

Contract assets

Contract assets are recognized if Infineon has fulfilled its performance obligations arising from contracts with customers and an unconditional entitlement to customer consideration does not yet exist.

At Infineon, contract assets result from revenue arising from over-time revenue recognition for certain types of contracts, as well as from sales to some customers for whom Infineon maintains a consignment warehouse and where revenue is recorded at the time of delivery to the consignment warehouse, whereas the invoice is only issued at the time of withdrawal of the product by the customer.

Valuation adjustments for expected credit losses on contract assets are determined in accordance with the measurement method for trade receivables (see "Financial instruments", [p. 161 ff.](#)).

Property, plant and equipment

Property, plant and equipment are measured at amortized acquisition or construction cost, and its value is reduced by depreciation and considering any impairment.

Depreciation on property, plant and equipment is recorded using the straight-line method. Land, property rights and construction in progress are not depreciated on a scheduled basis. Depreciation on property, plant and equipment is based on the following useful lives, as applied consistently throughout Infineon:

| | Years |
|-----------------------------------|--------|
| Buildings | 25 |
| Technical equipment and machinery | 3 – 10 |
| Other plant and office equipment | 1 – 10 |

Other intangible assets

Other intangible assets consist of capitalized development costs and purchased intangible assets; for example, licenses, technologies and customer relationships. These assets have finite useful lives and are valued at their amortized acquisition or production costs with amortization recorded using the straight-line method over their expected economic life.

Amortization of other intangible assets is based on the following useful lives:

| | Years |
|-------------------------------|--------|
| Capitalized development costs | 3 – 10 |
| Customer relationships | 1 – 12 |
| Technologies | 1 – 12 |
| Licenses and similar rights | 3 – 5 |
| Other intangible assets | 3 – 12 |

Infineon did not hold any intangible assets with indefinite useful lives in either the 2021 or the 2020 fiscal year.

Recoverability of property, plant and equipment and intangible assets (including goodwill)

Infineon reviews non-current assets, including property, plant and equipment, goodwill and other intangible assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Regardless of whether an indication of impairment exists, goodwill and other intangible assets, including capitalized development costs not yet subject to amortization, undergo an annual impairment test (see also “Research and development expenses”, [p. 169](#)). The impairment test for goodwill is carried out at the operating segment level annually on 30 June.

The recoverability of an asset is measured by comparing its carrying amount with its recoverable amount. To the extent it is not possible to determine the recoverable amount of an individual asset, the book value of the cash generating unit to which the asset is allocated is compared to its recoverable amount.

A cash generating unit (“CGU”) represents the smallest identifiable group of assets that generates cash inflows from continuing activities and that are largely independent of the cash inflows from other assets or group of assets.

Goodwill arising in connection with a business combination is allocated to the CGUs or groups of CGUs that will benefit from the synergies generated by the business combination.

The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and its value in use. The value in use is calculated based on discounted future cash flows. Considerable management judgment is necessary to estimate future cash flows.

If an asset or CGU is considered to be impaired, the impairment recognized is measured as the amount by which the carrying value exceeds the recoverable amount.

Goodwill is impaired when the carrying amount of the operating segment to which goodwill is allocated exceeds the recoverable amount of that unit.

If the carrying amount of the respective operating segment to which goodwill is allocated exceeds the recoverable amount of this CGU, the goodwill is impaired accordingly.

In the case of property, plant and equipment or other intangible assets, if the recoverable amount of a CGU is less than the carrying value, the impairment is allocated pro rata to the assets recorded within the scope of IAS 36 therein. An impairment loss recognized in prior periods for property, plant and equipment or other intangible assets is reversed insofar as, since the last impairment, a change in the underlying assumptions has occurred, which leads to a lower impairment requirement. The maximum possible reversal of an impairment loss is that which would lead to the carrying amount that would have been determined (net of scheduled depreciation and amortization) if no impairment loss had been recognized for that asset in prior years. The reversal of impairments recognized on goodwill in subsequent periods is not permitted.

Leased assets

IFRS 16 defines a lease as a contract that conveys the right to use an identifiable asset over a specified period of time in exchange for consideration.

At the beginning of a lease, Infineon capitalizes a right of use at amortized acquisition cost and recognizes as a liability a corresponding leasing liability, using the present value of the outstanding lease payments. Rights of use are amortized on a straight-line basis over the expected useful life (see “Property, plant and equipment”, p. 164 f.), or over the duration of the contract if shorter. In subsequent valuations, leasing liabilities

are measured at the current value of the outstanding lease payments using the effective interest method and are presented as lease liabilities (short- and long-term).

The costs associated with leasing agreements with a term of not more than twelve months (provided they do not contain an option to purchase), as well as leasing agreements in which the value of the underlying asset in the leasing contract is small, are recorded in the profit or loss on a straight-line basis in the functional costs. As a general rule, leased assets with a value of up to €5,000 are defined as a low-value asset.

Defined benefit pension plans

The net pension obligation recognized in respect of defined benefit pension plans comprises the present value of the defined benefit obligation (DBO) at the end of the reporting period less the fair value of the plan assets. The present value of the DBO and the resulting pension expense are determined annually in accordance with IAS 19 “Employee Benefits” for each separate plan by independent, qualified actuaries using the projected unit credit method. The calculation is subject to, among other things, assumptions on increases in salaries, future developments in pensions as well as the life expectancy of the beneficiaries. As of the balance sheet date, the obligations are discounted using discount rates determined on the basis of market yields of high-grade, fixed-interest corporate bonds from issuers carrying a very high credit rating.

All items of income and expense relating to defined benefit plans, with the exception of the net interest result, are recognized on a net basis in the functional costs within the operating result. The net interest result arising from the multiplication of the net pension obligation (pension obligation less plan assets) by the discount rate is presented as a financial expense. Actuarial gains and losses arising from changes to actuarial assumptions and estimates as well as the difference between the normalized and actual return on plan assets are recognized directly in equity and recorded in the Consolidated Statement of Comprehensive Income in the periods in which they arise. Past service costs are recognized immediately in profit or loss.

Other provisions

Other provisions are recognized for present legal and/or constructive obligations arising from past events that are likely to result in a future outflow of resources, the amount of which can be reliably estimated.

With regard to legal proceedings and litigation, for example those connected with the Qimonda insolvency, Infineon regularly assesses the probability of an unfavorable outcome. Infineon records provisions and liabilities, including provisions for significant legal costs, for those obligations and risks relating to legal disputes which it assesses at the relevant reporting date are likely to occur. That is where, from Infineon's perspective at the date of assessment, there is compelling evidence which indicates an obligation or risk, and the obligation or risk can be quantified with reasonable accuracy at the time of assessment. As soon as additional information is available, the affected estimates are reviewed and, where necessary, provisions for these proceedings are revised.

Other provisions are measured at their expected settlement amount. The amount recognized for a provision is the best estimate of the expenditure required to settle the present obligation. Estimates of outcomes and financial effects are dependent upon the judgment of management, supplemented by experience gained from similar transactions and, where appropriate, the assessment of independent experts. If the circumstances to be assessed encompass a large number of possible outcomes, the obligation is estimated by weighting all possible outcomes by their associated probabilities (expected value method).

Where cash flows are expected to arise after the next twelve months, the expected settlement amount corresponds to the present value of the expected cash outflows. Discounting is only carried out if the interest effect is significant.

If the obligation decreases because of a change in the estimate, the provision is adjusted accordingly and the resulting income recognized in the same functional area of the Consolidated Statement of Profit or Loss in which the original charge was recognized.

Contingent liabilities

Contingent liabilities are either possible obligations whose actual existence is dependent on the occurrence of one or more uncertain future events not wholly within Infineon's control, or they are present obligations that will probably not result in the outflow of resources or whose outflow of resources cannot be quantified reliably. Contingent liabilities are not recognized in the Statement of Financial Position, instead they are disclosed and described in the Notes to the Consolidated Financial Statements (see note 22, [p. 197](#), and note 23, [p. 198 ff.](#)).

Revenue recognition

Infineon generates revenues mainly from the sale of semiconductor products and related system solutions. Revenue is recognized when control over the products is transferred to the customers in accordance with IFRS 15 (power of disposal), and where the receipt of consideration from the customer is probable. Typically, Infineon's customer contracts only contain one performance obligation which is fulfilled either over a period of time or at a specific point in time, with fulfillment at a specific point in time being the far more common case. For sales of customer-specific products with no alternative use for Infineon, for which Infineon has a legal right to payment for services rendered prior to delivery, revenue is recognized over time. Performance progress is determined using an input-based method and is based on the ratio of costs already incurred to the estimated total cost. If product revenue is not recognized over time, then it is generally recognized upon delivery. The recognition of revenue for deliveries into consignment warehouses depends on the individual contractual

arrangement. Revenue recognition at the point of delivery into the consignment warehouse takes place in cases where the customers have contractual power of control over the products at the point of delivery. Accordingly, in such cases, a contract asset is recorded. Otherwise, revenue is recognized when the products are withdrawn by the customer.

Invoices for sales of products are issued at the time of delivery or withdrawal by the customer from the consignment warehouse and have a short payment term. The amount of revenue corresponds to the expected transaction price to be received by the customer.

The transaction price can include variable components such as rebates or discounts. Infineon can reliably estimate these in accordance with the contractual agreements and historical experience. Variable consideration is only taken into account in so far as it is highly probable that there will be no significant reversal of the revenue. If Infineon expects that the consideration received from the customer is to be reimbursed due to subsequent discounts, a reimbursement obligation is recognized, which is disclosed as other current liabilities.

Infineon recognizes revenue for deliveries to distributors by using the “sell in” method, that is when a product is sold to the distributor, to the extent that revenue has not already been recognized on an over-time basis. The transaction price for sales to distributors, in particular, contains variable components. Distributors can, in accordance with established business practices in the semiconductor industry, under certain circumstances apply for price protection. This allows distributors to receive a credit (debit) note for unsold products held in inventory, where Infineon has reduced (increased) the standard list price of certain products. In addition, in certain cases and for certain products, distributors may request a so-called ship and debit credit note for price adjustments. As with all product sales, Infineon recognizes revenue based on the transaction price and records an obligation for the estimated consideration to be reimbursed to the customer during the period in which the relevant revenue is recognized. The reimbursement obligation is reported within other current liabilities. The determination of the transaction price in the case of ship and debit is based on

rolling historical price trends in the difference between contract prices and standard list prices to the distributors. The determination of the transaction price in the case of price protection takes into account current list prices and the relevant distributors' inventory on hand. The availability of detailed distributor inventory data, the transparency of pricing for standard products and the long distributor pricing history enable Infineon to reliably estimate the adjustments for price protection and ship and debit credit notes at the end of the reporting period.

Distributors can, subject to certain conditions, return a limited amount of inventory (stock return) or request scrap allowances. The estimation of the transaction price is based on the expected stock returns in accordance with the contractual agreement, combined with historical experience. Distributor scrap allowances are taken into account when determining the transaction price based on the contractual agreement and, upon submission of a valid claim, are granted up to a certain maximum based on turnover in a given period. Infineon monitors such product returns on an ongoing basis and adjusts estimate assumptions accordingly. In the case of both stock return and scrap allowances, the consideration to be refunded to the customer is recognized as a reimbursement obligation within other current liabilities. Other returns are only permitted for quality defects within the ordinary warranty period.

The additional costs to obtain a contract are immediately recognized as an expense as soon as they arise, providing the otherwise resulting depreciation period would not exceed one year. Costs to fulfill a contract are capitalized at the earliest when an expected, specifically identifiable contract exists.

Cost of goods sold

Cost of goods sold includes the manufacturing costs of products sold during the reporting period. In addition, cost of goods sold contains idle costs, inventory risks, the cost of warranty cases, as well as the amortization of capitalized development costs. Recognized foreign currency effects, as well as changes in the fair value of undesignated derivative financial instruments that are connected to the operating business, are recognized in cost of goods sold.

Research and development expenses

Costs of research activities are expensed as incurred. Costs for development activities are capitalized if the results lead to a plan or design for the production of new or substantially improved products or process improvements. Capitalization requires that the development costs can be measured reliably, the product or process is technically and commercially feasible, and future economic benefits are probable. In addition, Infineon must intend, and have sufficient resources, to complete development and use or sell the asset. The costs capitalized include the cost of materials, direct labor and directly attributable general overhead expense that serves to prepare the asset for use. Such capitalized costs are presented as internally generated intangible assets within "Other intangible assets" (see note 12, [p. 179 f.](#)). Development costs, which do not fulfill the criteria for capitalization, are expensed as incurred. Capitalized development costs are stated at cost less accumulated amortization and impairment charges.

Grants

Grants are recognized when it is reasonably assured that Infineon will comply with the conditions attached to the grant, and it is reasonably assured that the grant will be received. Investment-related grants are deducted from the purchase and production cost of the related asset and thereby reduce depreciation and amortization expense in future periods.

Grants that are related to expenses are presented as a reduction of the related expense in the Consolidated Statement of Profit or Loss (see note 3, [p. 172](#)).

Current and deferred taxes

The current tax expense is calculated in accordance with taxation provisions in force at the end of the reporting period.

Deferred taxes are calculated on temporary differences between the tax base and the book value of assets and liabilities, and on tax losses available for carry-forward and tax allowances. By contrast, no deferred tax is recognized on initial recognition of goodwill arising in connection with a business combination. Similarly, deferred taxes are not recognized on the initial recognition of an asset or liability in connection with a transaction that is not a business combination and which, at the time of the transaction, affects neither the pre-tax income according to IFRS nor taxable profit. Deferred tax assets and liabilities are measured using applicable tax rates and laws that have been enacted by the end of the reporting period or are about to be enacted, and are to be applied when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets in respect of deductible temporary differences, tax loss carry-forwards and tax allowances which exceed deferred tax liabilities in respect of taxable temporary differences, are only recognized to the extent that it is probable that the relevant Group entity can generate sufficient taxable profit to realize the corresponding benefit. Infineon reviews deferred tax assets for impairment at every reporting date. The assessment requires management to make assumptions about future taxable profits as well as other positive and negative influencing factors. This assessment also takes into account insights from the Company's five-year plan as approved in the fiscal year just ended.

Deferred tax assets and liabilities are netted to the extent they relate to the same tax authority and to the same taxpayer or a group of different taxpayers who are jointly assessed for income tax purposes.

Taxes are recognized in the Consolidated Statement of Profit or Loss, with the exception of income taxes relating to items recognized directly in equity or in other comprehensive income.

Tax liabilities are recognized as short-term in accordance with IAS 1.69(d), as they are due immediately, and Infineon generally has no option of deferring their due date.

For uncertain tax positions, a current tax liability is recorded or, in case of a tax loss carried forward or a tax allowance, the respective deferred tax asset is reduced accordingly. IFRIC 23 clarifies the recognition and valuation requirements of IAS 12 where there is uncertainty about tax treatment. Estimates and assumptions must be made for the recognition and valuation, for example, whether an assessment is made separately or together with other uncertainties, whether a probable or expected value is used for the uncertainty, and whether changes have occurred compared to the previous period. The detection risk for the recognition of uncertain tax positions is not relevant. Recognition assumes that the tax authorities investigate the matters in question and that they have all relevant information.

Estimates and assumptions

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that have an impact on the presented amounts and the associated disclosures.

Estimates and assumptions undergo regular review and must be adjusted where appropriate.

Although these estimates and assumptions are applied by management to the best of its knowledge based on current events and circumstances, actual events may result in deviations from these estimates. This applies in particular against the background of the coronavirus pandemic, which is causing distortions in global supply chains, markets and general economic trends. Developments in the wake of the coronavirus pandemic are dynamic, so it cannot be ruled out that the actual results deviate significantly from the estimates and assumptions made in the preparation

of these Consolidated Financial Statements, or that the estimates and assumptions made will have to be adjusted in future periods, and this will have a significant impact on Infineon's financial position, results of operations and cash flows.

Areas containing estimates and assumptions and that are consequently most likely to be affected when actual results vary from estimates and assumptions are:

- › recognition and valuation of deferred tax assets as well as uncertain tax positions (see “Current and deferred taxes”, [p. 169 f.](#), and note 5, [p. 173 ff.](#)),
- › valuation of inventory (see “Inventories”, [p. 164](#), and note 10, [p. 178](#)),
- › revenue recognized over time as well as revenue where the transaction price includes a variable component (see “Revenue recognition”, [p. 167 f.](#)),
- › the recoverability of non-financial assets, in particular goodwill (see notes 12, [p. 179 f.](#), and 13, [p. 181 f.](#)),
- › recognition and valuation of provisions (see “Other provisions”, [p. 167](#), notes 16, [p. 186](#), and 23, [p. 198 ff.](#)) and
- › valuation of defined benefit pension plans (see “Defined benefit pension plans”, [p. 166](#), and note 18, [p. 187 ff.](#)).

All assumptions and estimates are based on the circumstances and assessments as of the balance sheet date, taking into account knowledge gained up to the approval by the Management Board of the Consolidated Financial Statements on 25 November 2021.

3 Notes to the Consolidated Statement of Profit or Loss

Revenue

Breakdowns of revenue by segments, product groups and geographic areas are disclosed in note 28. [p. 219 ff.](#)

The aggregate amount of the transaction prices of the unsatisfied and partially unsatisfied performance obligations, arising from contracts with customers within the meaning of IFRS 15 with expected original durations of more than one year, was as follows as of 30 September 2021 and 2020:

| Revenue expected in (€ in millions) | Total | Less than 1 year | 1 year and after |
|-------------------------------------|------------|------------------|------------------|
| As of 30 September 2021 | 512 | 157 | 355 |
| As of 30 September 2020 | 216 | 55 | 161 |

In contrast, Infineon refrains from disclosing the remaining performance obligations arising from contracts with customers within the meaning of IFRS 15 with original expected durations of one year or less. Accordingly, these values are not included in the table above.

Cost of materials and purchased services as well as personnel expenses

The Consolidated Statement of Profit or Loss (continuing and discontinued operations) includes the following expenses for purchased services, materials and personnel.

Expenses for materials and purchased services comprised the following in the 2021 and 2020 fiscal years:

| € in millions | 2021 | 2020 |
|---|--------------|--------------|
| Cost of raw materials, supplies and purchased goods | 1,925 | 1,712 |
| Cost of purchased services | 2,609 | 1,975 |
| Total | 4,534 | 3,687 |

Personnel expenses comprised the following in the 2021 and 2020 fiscal years:

| € in millions | 2021 | 2020 |
|---|--------------|--------------|
| Wages and salaries | 3,108 | 2,476 |
| Social insurance levies and employee benefits | 471 | 370 |
| Expenses for pensions | 67 | 70 |
| Total | 3,646 | 2,916 |

The average number of employees by geographic region was as follows for the 2021 and 2020 fiscal years:

| | 2021 | 2020 |
|---|---------------|---------------|
| Europe | 19,767 | 18,894 |
| therein: Germany | 12,680 | 12,201 |
| Asia-Pacific (excluding Japan, Greater China) | 20,457 | 17,818 |
| Greater China ¹ | 2,423 | 2,218 |
| therein: Mainland China, Hong Kong | 2,086 | 1,967 |
| Japan | 648 | 432 |
| Americas | 5,296 | 4,438 |
| therein: USA | 3,772 | 2,877 |
| Total | 48,591 | 43,800 |

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

Grants

Infineon has received grants from various governmental institutions under government business development programs, including grants for the construction of manufacturing facilities, for research and development activities, and employee development. Grants included directly in profit or loss in the Consolidated Financial Statements during the 2021 and 2020 fiscal years were as follows:

| € in millions | 2021 | 2020 |
|--|------------|------------|
| Included in the Consolidated Statement of Profit or Loss in: | | |
| Cost of goods sold | 58 | 40 |
| Research and development expenses | 123 | 108 |
| Selling, general and administrative expenses | 5 | 4 |
| Total | 186 | 152 |

Of the grants totaling €186 million (2020: €152 million) included in the Consolidated Statement of Profit or Loss in the 2021 fiscal year, €64 million (2020: €132 million) related to expenses from previous years.

In the 2021 fiscal year, investment grants of €20 million (2020: €21 million) were deducted from acquisition or construction costs for property, plant and equipment and intangible assets. In the 2021 fiscal year, Infineon received investment grants of €12 million (2020: €30 million).

For compliance with the conditions attached to the grants received and potential repayment requirements in case of nonfulfillment, see note 22. [p. 197](#)

Financial income and expenses

Financial income comprised the following in the 2021 and 2020 fiscal years:

| € in millions | 2021 | 2020 |
|------------------------------------|-----------|-----------|
| Interest income | 5 | 29 |
| Gains on sales of financial assets | 13 | – |
| Other financial income | 4 | – |
| Total | 22 | 29 |

Financial expenses comprised the following in the 2021 and 2020 fiscal years:

| € in millions | 2021 | 2020 |
|--------------------------|--------------|--------------|
| Interest expenses | (155) | (130) |
| Other financial expenses | (27) | (47) |
| Total | (182) | (177) |

Financial expenses included other financial expenses of €3 million (2020: €25 million) in the 2021 fiscal year, as well as interest expenses of €5 million (2020: €1 million) in connection with interest rate derivatives concluded to hedge refinancing measures.

Further information on Infineon's financial income and expenses is contained in note 26. [p. 207](#)

4 Investments accounted for using the equity method

The investments accounted for using the equity method comprise shares in joint ventures and associated companies.

Summarized financial information for joint ventures

As of 30 September 2021 and 2020, the carrying amount of joint ventures accounted for using the equity method was €23 million and €21 million, respectively. The pro rata result from joint ventures accounted for using the equity method for the 2021 fiscal year was €2 million (2020: negative €8 million).

For the 2021 and 2020 fiscal years, Infineon's proportion of selected items from the statement of comprehensive income of the joint ventures accounted for using the equity method were aggregated as follows:

| € in millions | 2021 | 2020 |
|---|----------|------------|
| Income (loss) for the year, net of tax | 2 | (8) |
| Total comprehensive income (loss) for the year, net of tax | 2 | (8) |

The pro rata result of the joint ventures accounted for using the equity method is not part of the Segment Result (see note 28, [p. 220](#)).

Summarized financial information for associated companies

As of 30 September 2021 and 2020, the carrying amount of the associated companies accounted for using the equity method was €48 million and €66 million, respectively. The pro rata result from associated companies accounted for using the equity method for the 2021 fiscal year was €7 million (2020: negative €1 million).

For the 2021 and 2020 fiscal years, Infineon's proportion of selected items from the statement of comprehensive income of the associated companies accounted for using the equity method were aggregated as follows:

| € in millions | 2021 | 2020 |
|---|----------|------------|
| Income (loss) for the year, net of tax | 7 | (1) |
| Total comprehensive income (loss) for the year, net of tax | 7 | (1) |

The pro rata result of the associated companies accounted for using the equity method is not part of the Segment Result (see note 28, [p. 220](#)).

5 Income tax

Income tax from continuing operations for the fiscal years ending 30 September 2021 and 2020 amounts to:

| € in millions | 2021 | 2020 |
|---------------------|--------------|-------------|
| Current tax expense | (152) | (94) |
| Deferred tax income | 8 | 42 |
| Income tax | (144) | (52) |

Current tax expense included tax income of €59 million (2020: €46 million tax income) relating to previous fiscal years.

The German combined statutory tax rate for Infineon Technologies AG was 28 percent for the 2021 and 2020 fiscal years. This is based on a corporate income tax rate of 15 percent, plus a solidarity surcharge of 5.5 percent and a trade tax rate of 12 percent.

Taxable income earned by foreign subsidiaries is determined on the basis of the tax laws applicable in the relevant countries and is taxed based on the respective country-specific tax rates.

The reconciliation of income taxes from continuing operations for the fiscal years ended 30 September 2021 and 2020, based on the German combined statutory income tax rate of 28 percent (2020: 28 percent), is as follows:

| € in millions | 2021 | 2020 |
|---|--------------|-------------|
| Expected income tax expense | (367) | (118) |
| Tax rate differential | 47 | 33 |
| Effects due to changes in tax rates | (15) | (5) |
| Effects from the difference between local and functional currency | 1 | (14) |
| Previous year taxes | 73 | 50 |
| Non-deductible expenses | (33) | (27) |
| Tax-exempt income | 66 | 33 |
| Change in permanent balance sheet effects | (50) | (23) |
| Change in valuation allowance on deferred tax assets | 64 | (10) |
| Change in available tax credits | 64 | 47 |
| Other | 6 | (18) |
| Actual income taxes | (144) | (52) |

“Effects due to changes in tax rates” related to a change in the applicable tax rates in Singapore and the USA.

| € in millions | 30 September 2021 | | Change 2021 | | 30 September 2020 | | Change 2020 | |
|---|---------------------|--------------------------|-------------|--------------------------------|---------------------|--------------------------|--------------|--------------------------------|
| | Deferred tax assets | Deferred tax liabilities | Total | therein through profit or loss | Deferred tax assets | Deferred tax liabilities | Total | therein through profit or loss |
| Intangible assets | 35 | (727) | 9 | 12 | 39 | (740) | (534) | 22 |
| Property, plant and equipment | 146 | (142) | (29) | (29) | 162 | (129) | (102) | (34) |
| Provisions, pensions and similar commitments | 310 | (170) | 40 | 53 | 273 | (173) | 109 | 33 |
| Tax loss carry-forwards | 577 | – | (29) | (66) | 606 | – | 213 | 19 |
| Unused tax credits and excess foreign tax credits | 201 | – | 17 | 17 | 184 | – | 61 | (11) |
| Other | 193 | (52) | 29 | 21 | 166 | (54) | 8 | 13 |
| Total deferred taxes | 1,462 | (1,091) | 37 | 8 | 1,430 | (1,096) | (245) | 42 |
| Netting | (767) | 767 | – | – | (803) | 803 | – | – |
| Total | 695 | (324) | 37 | 8 | 627 | (293) | (245) | 42 |

The category “Other” includes a reduction of deferred tax liabilities of €10 million (2020: increase of €20 million) as a result of the recognition of deferred tax in connection with investments of subsidiaries.

In the 2021 fiscal year, the tax expense from the valuation allowances or non-recognition of deferred tax assets for tax loss carry-forwards amounted to €23 million (2020: €1 million), for tax credits to €8 million (2020: €46 million), and from temporary differences to €1 million (2020: €0 million). A write-up of deferred tax assets for tax loss carry-forwards of €77 million was recorded (2020: €37 million). With respect to the deferred tax assets for temporary differences, the write-up amounted to €19 million in the 2021 fiscal year (2020: €0 million).

The utilization of tax loss carry-forwards, tax credits and temporary differences for which deferred tax assets had not previously been recorded resulted in current tax income of €5 million in the 2021 fiscal year (2020: €5 million).

Deferred tax assets and liabilities as of 30 September 2021 and 2020 comprised the following:

In Germany, Infineon Technologies AG accumulated corporate income tax loss carry-forwards of €1.3 billion and trade tax loss carry-forwards of €2.5 billion as of 30 September 2021 (30 September 2020: €1.5 billion and €2.7 billion, respectively).

In other jurisdictions, corporate income tax loss carry-forwards amounted to €313 million (30 September 2020: €717 million) and local income tax loss carry-forwards amounted to €398 million (30 September 2020: €287 million). Additionally, there were unused tax credits of €625 million (30 September 2020: €596 million).

Infineon assessed the need for a valuation allowance of its deferred tax assets. Based on the results of such assessment, considering all positive and negative factors and information relating to the foreseeable future based on business plans, Infineon recognized deferred tax assets, after netting, of €695 million as of 30 September 2021 (30 September 2020: €627 million).

Deferred tax assets in the amount of €447 million were recognized for legal entities which have incurred tax losses in the prior year. In the prior fiscal year, those entities recorded deferred tax assets in the amount of €408 million. Such tax losses are primarily incurred due to extraordinary items with respect to the acquisition of Cypress in the prior year. It is expected that these legal entities based on company forecast incur positive taxable results in the next years. Special considerations are given to unforeseen items that could impact these results.

No deferred taxes were recorded for the following items (gross amounts):

| € in millions | 2021 | 2020 |
|---|------|-------|
| Tax loss carry-forwards (domestic and foreign) | 41 | 58 |
| Local tax loss carry-forwards (particularly German trade tax and US state taxes) | 333 | 1,129 |
| Tax credits | 424 | 412 |
| Temporary differences | 464 | 651 |

Of the foreign corporate tax loss carry-forwards, for which no deferred tax assets were recognized, €0 million (2020: €18 million), of the local income tax loss carry-forwards €59 million (2020: €5 million) and of tax credits €2 million (2020: €0 million) will expire in the next five years.

The change in the net amount of deferred tax assets and liabilities is as follows:

| € in millions | 2021 | 2020 |
|--|------------|------------|
| Deferred taxes, net as of the end of the previous fiscal year | 334 | 579 |
| Deferred tax income (expense), recognized through income statement: | | |
| From continuing operations | 8 | 42 |
| From discontinued operations | – | – |
| Change of deferred taxes, recognized directly in equity: | | |
| Deferred tax arising from business acquisitions | – | (352) |
| Deferred taxes recognized directly in equity | 28 | 27 |
| Deferred taxes recognized in other comprehensive income | 6 | 20 |
| Foreign currency translation | (2) | 21 |
| Adjustment on initial application of IFRS 9 and IFRS 15 | (3) | (3) |
| Deferred taxes, net as of the end of the fiscal year | 371 | 334 |

In connection with investments in subsidiaries, there were taxable temporary differences of €349 million (2020: €544 million) for which no deferred taxes have been recognized because the timing of the reversal can be controlled, and it is not probable that the temporary differences will reverse in the foreseeable future.

Including the items recognized directly in equity and in other comprehensive income and the expense/benefit from continuing and discontinued operations, the income tax consisted of the following:

| € in millions | 2021 | 2020 |
|---|--------------|------------|
| Income taxes from continuing operations | (144) | (52) |
| Income taxes from discontinued operations | 1 | – |
| Income taxes recognized directly in equity | 29 | 25 |
| Income taxes recognized in other comprehensive income | 6 | 21 |
| Income taxes | (108) | (6) |

The income taxes recognized in other comprehensive income resulted from tax effects of €17 million (2020: €27 million) from realized and non-realized gains and losses from hedges offset by taxes on actuarial gains and losses arising from pension commitments of €11 million (2020: increase €6 million). Income taxes recognized directly in equity were the result of tax effects in connection with the compensation on hybrid capital as well as tax effects from reversal of valuation allowances on deferred tax assets resulting from capital measures in prior years.

6 Disposals and discontinued operations

Qimonda – discontinued operations

On 23 January 2009, Qimonda AG (“Qimonda”), a majority-owned company, filed an application at the Munich Local Court to commence insolvency proceedings. On 1 April 2009, the insolvency proceedings formally opened. Insolvency proceedings were also opened for further domestic and foreign subsidiaries of Qimonda. Some

of these insolvency proceedings have already been completed. The impacts of these proceedings are reported as discontinued operations in Infineon’s Consolidated Statement of Profit or Loss and Consolidated Statement of Cash Flows, to the extent that the underlying events occurred before the commencement of insolvency proceedings.

The current risks and provisions relating to Qimonda’s insolvency are described in note 23 “Proceedings in relation to Qimonda”. [p. 198 f.](#)

In the 2021 and 2020 fiscal years, adjustments to individual provisions as well as subsequent income arose as a result of recent developments in connection with the insolvency of Qimonda, which resulted in a loss from discontinued operations, net of income taxes of €6 million and €4 million, respectively.

7 Earnings per share

Basic earnings per share are calculated by dividing profit (loss) for the period by the weighted-average number of shares outstanding during the reporting period. The calculation of the diluted earnings per share is based on the assumption that all potentially dilutive instruments are converted into ordinary shares, resulting in a corresponding increase in the number of shares.

The hybrid bond issued in the 2020 fiscal year is classified as equity (see note 19, [p. 193](#)). The related hybrid investors’ remuneration entitlement (after tax) represents payments for a component of equity that reduces the earnings available to shareholders for distribution and was therefore taken into account in determining earnings per share (basic and diluted).

Basic and diluted earnings per share are calculated as follows for the fiscal years ended 30 September 2021 and 2020:

| € in millions (unless otherwise stated) | 2021 | 2020 |
|--|----------------|----------------|
| Profit (loss) for the period – basic and diluted | 1,169 | 368 |
| Remuneration entitlement of hybrid capital investors ¹ | 26 | 35 |
| Profit (loss) for the period attributable to shareholders of Infineon Technologies AG – basic and diluted | 1,143 | 333 |
| thereof from continuing operations | 1,149 | 337 |
| thereof from discontinued operations | (6) | (4) |
| Weighted-average number of shares outstanding (in millions): | | |
| – Ordinary share capital | 1,305.9 | 1,269.8 |
| – Adjustment for own shares | (4.7) | (5.3) |
| Weighted-average number of shares outstanding – basic | 1,301.2 | 1,264.5 |
| Adjustments for: | | |
| – Effect of share-based compensation | 2.5 | 1.0 |
| Weighted-average number of shares outstanding – diluted | 1,303.7 | 1,265.5 |
| Basic and diluted earnings per share² (in euro): | | |
| Earnings per share (in euro) from continuing operations | 0.88 | 0.26 |
| Earnings per share (in euro) from discontinued operations, net of income taxes | (0.01) | – |
| Earnings per share (in euro) – basic and diluted | 0.87 | 0.26 |

1 Including the cumulative tax effect.

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

8 Financial investments

Financial investments comprise fixed-term deposits with banks and investment funds. Fixed-term deposits with banks are categorized as financial assets and measured at amortized cost. Investment funds are categorized as financial assets and measured at fair value through profit or loss (see also note 2, [p. 161 ff.](#), and note 26, [p. 203 ff.](#)).

Financial investments as of 30 September 2021 and 2020 comprised the following:

| € in millions | 30 September 2021 | 30 September 2020 |
|-------------------------------------|-------------------|-------------------|
| Fixed-term bank deposits | 1,108 | 600 |
| Investment funds | 1,066 | 777 |
| Financial investments, gross | 2,174 | 1,377 |
| Loss allowances | (1) | (1) |
| Financial investments, net | 2,173 | 1,376 |

The impairment losses on financial investments that are measured at amortized cost changed as follows during the 2021 and 2020 fiscal years:

| € in millions | 2021 | 2020 |
|---|----------|----------|
| Allowances at beginning of the fiscal year | 1 | – |
| Revaluation of allowances, net | – | 1 |
| Allowances at end of the fiscal year | 1 | 1 |

Information on Infineon's credit risk management is contained in note 27. [p. 214 ff.](#)

9 Trade receivables

Trade receivables result from contracts with customers that are due within one year. As of 30 September 2021 and 2020, they consisted of the following:

| € in millions | 30 September 2021 | 30 September 2020 |
|------------------------------------|-------------------|-------------------|
| Trade receivables, third parties | 1,479 | 1,192 |
| Trade receivables, related parties | 9 | 9 |
| Trade receivables, gross | 1,488 | 1,201 |
| Loss allowances | (5) | (5) |
| Trade receivables, net | 1,483 | 1,196 |

Changes in the allowances for trade receivables in the 2021 and 2020 fiscal year were as follows:

| € in millions | 2021 | 2020 |
|---|----------|----------|
| Allowances at beginning of the fiscal year | 5 | 7 |
| Current year's allowance, net of reversals | – | (2) |
| Usage of loss allowances, net | – | – |
| Allowances at end of the fiscal year | 5 | 5 |

Information about Infineon's credit risk management is contained in note 27. [p. 214 ff.](#)

10 Inventories

Inventories as of 30 September 2021 and 2020 consisted of the following:

| € in millions | 30 September 2021 | 30 September 2020 |
|--------------------------------|-------------------|-------------------|
| Raw materials and supplies | 279 | 215 |
| Work in progress | 1,464 | 1,341 |
| Finished goods and merchandise | 438 | 496 |
| Total | 2,181 | 2,052 |

Cost of goods sold consisted mainly of inventory-related expenses in the 2021 and 2020 fiscal years.

As of 30 September 2021 and 2020, finished goods and merchandise contained an asset resulting from sales with a right of return of €12 million and €13 million, respectively.

Inventory write-downs as of 30 September 2021 and 2020 amounted to €232 million and €252 million, respectively.

11 Other current assets

Other current assets as of 30 September 2021 and 2020 consisted of the following:

| € in millions | 30 September 2021 | 30 September 2020 |
|---|-------------------|-------------------|
| VAT and other receivables from tax authorities | 250 | 167 |
| Prepaid expenses | 106 | 92 |
| Grants receivables | 94 | 71 |
| Derivative financial instruments (see note 26, p. 207 ff.) | 2 | 3 |
| Other | 66 | 197 |
| Total | 518 | 530 |

12 Property, plant and equipment and other intangible assets

The development of property, plant and equipment as well as other intangible assets for the years ended 30 September 2021 and 2020 was as follows:

| | Cost | | | | | | Depreciation/amortization | | | | | Carrying amount | | |
|--|----------------|--------------|--------------|------------------|--------------------------|-------------------|---------------------------|---------------------------|------------|--------------------------------------|--------------------------|-------------------|-------------------|-------------------|
| | 1 October 2020 | Additions | Disposals | Reclassification | Foreign currency effects | 30 September 2021 | 1 October 2020 | Depreciation/amortization | Disposals | Impairments/reversals of impairments | Foreign currency effects | 30 September 2021 | 30 September 2021 | 30 September 2020 |
| € in millions | | | | | | | | | | | | | | |
| Property, plant and equipment | | | | | | | | | | | | | | |
| Land, land rights and buildings | 1,996 | 252 | (3) | 48 | 9 | 2,302 | (921) | (76) | 3 | 9 | (4) | (989) | 1,313 | 1,075 |
| Technical equipment and machinery | 10,328 | 669 | (126) | 236 | 22 | 11,129 | (8,189) | (737) | 123 | – | (19) | (8,822) | 2,307 | 2,139 |
| Other plant and office equipment | 1,349 | 120 | (53) | 37 | 4 | 1,457 | (1,204) | (123) | 52 | – | (4) | (1,279) | 178 | 145 |
| Payments on account and construction in progress | 753 | 218 | (7) | (321) | 2 | 645 | (2) | – | 2 | – | – | – | 645 | 751 |
| Total property, plant and equipment | 14,426 | 1,259 | (189) | – | 37 | 15,533 | (10,316) | (936) | 180 | 9 | (27) | (11,090) | 4,443 | 4,110 |
| Other intangible assets | | | | | | | | | | | | | | |
| Capitalized development costs | 1,033 | 199 | (14) | – | 2 | 1,220 | (393) | (69) | 14 | – | – | (448) | 772 | 640 |
| Customer relationships | 1,321 | – | – | – | 12 | 1,333 | (396) | (191) | – | – | (8) | (595) | 738 | 925 |
| Technologies | 2,190 | – | – | – | 24 | 2,214 | (296) | (214) | – | (7) | (11) | (528) | 1,686 | 1,894 |
| Licenses and similar rights | 276 | 30 | (1) | – | 1 | 306 | (201) | (29) | – | – | – | (230) | 76 | 75 |
| Remaining other intangible assets | 105 | – | – | – | 1 | 106 | (18) | (9) | – | (1) | (1) | (29) | 77 | 87 |
| Total other intangible assets | 4,925 | 229 | (15) | – | 40 | 5,179 | (1,304) | (512) | 14 | (8) | (20) | (1,830) | 3,349 | 3,621 |

| | Cost | | | | | | | Depreciation/amortization | | | | | Carrying amount | |
|--|----------------|------------|---|--------------|------------------|--------------------------|-------------------|---------------------------|---------------------------|------------|--------------------------------------|--------------------------|-------------------|-------------------|
| | 1 October 2019 | Additions | Additions through business combinations | Disposals | Reclassification | Foreign currency effects | 30 September 2020 | 1 October 2019 | Depreciation/amortization | Disposals | Impairments/reversals of impairments | Foreign currency effects | 30 September 2020 | 30 September 2019 |
| € in millions | | | | | | | | | | | | | | |
| Property, plant and equipment | | | | | | | | | | | | | | |
| Land, land rights and buildings | 1,660 | 54 | 278 | (1) | 36 | (31) | 1,996 | (885) | (55) | 1 | 11 | 7 | (921) | 1,075 |
| Technical equipment and machinery | 9,652 | 285 | 299 | (84) | 228 | (52) | 10,328 | (7,602) | (698) | 84 | – | 27 | (8,189) | 2,139 |
| Other plant and office equipment | 1,311 | 78 | – | (50) | 19 | (9) | 1,349 | (1,151) | (110) | 50 | – | 7 | (1,204) | 145 |
| Payments on account and construction in progress | 525 | 507 | 11 | (1) | (283) | (6) | 753 | – | – | – | (2) | – | (2) | 751 |
| Total property, plant and equipment | 13,148 | 924 | 588 | (136) | – | (98) | 14,426 | (9,638) | (863) | 135 | 9 | 41 | (10,316) | 3,510 |
| Other intangible assets | | | | | | | | | | | | | | |
| Capitalized development costs | 894 | 158 | – | (18) | – | (1) | 1,033 | (351) | (56) | 18 | (4) | – | (393) | 640 |
| Customer relationships | 406 | – | 998 | – | – | (83) | 1,321 | (276) | (131) | – | – | 11 | (396) | 925 |
| Technologies | 338 | – | 2,011 | – | – | (159) | 2,190 | (188) | (125) | – | – | 17 | (296) | 1,894 |
| Licenses and similar rights | 260 | 26 | 3 | (12) | – | (1) | 276 | (192) | (23) | 12 | – | 2 | (201) | 75 |
| Remaining other intangible assets | 18 | – | 96 | – | – | (9) | 105 | (13) | (6) | – | – | 1 | (18) | 87 |
| Total other intangible assets | 1,916 | 184 | 3,108 | (30) | – | (253) | 4,925 | (1,020) | (341) | 30 | (4) | 31 | (1,304) | 3,621 |

Depreciation on property, plant and equipment is presented in the Consolidated Statement of Profit or Loss mainly in cost of goods sold. Amortization of intangible assets is mainly presented in cost of goods sold or selling, general and administrative expenses. Impairments on property, plant and equipment and other intangible assets are reported under other operating expenses.

Property, plant and equipment of €13 million as of 30 September 2021 (30 September 2020: €182 million) was assigned as security.

13 Goodwill

Changes in goodwill during the 2021 and 2020 fiscal years were as follows:

| € in millions | 2021 | 2020 |
|--|--------------|--------------|
| Cost | | |
| Balance at the beginning of the fiscal year | 5,897 | 909 |
| Additions through business combinations | – | 5,430 |
| Foreign currency effects | 65 | (442) |
| Balance at the end of the fiscal year | 5,962 | 5,897 |
| Accumulated impairments and other changes | | |
| Balance at the beginning of the fiscal year | – | – |
| Impairments | – | – |
| Disposals | – | – |
| Foreign currency effects | – | – |
| Balance at the end of the fiscal year | – | – |
| Carrying amount | | |
| Balance at the beginning of the fiscal year | 5,897 | 909 |
| Balance at the end of the fiscal year | 5,962 | 5,897 |

The amounts shown in the 2020 fiscal year under “Additions through business combinations” resulted exclusively from the acquisition of Cypress.

Infineon carried out the annual goodwill impairment test at the operating segment level as of 30 June 2021.

Infineon determines the recoverable amount of a particular cash generating unit to which goodwill has been allocated on the basis of its value in use. The value in use is measured by estimating the present value of future cash flows that will be generated by the continuing operations of the CGU discounted using an appropriate discount rate.

Cash flows, including the underlying parameters such as revenue growth and margins, are projected based on past experience, current operating results and the business plan approved in the fiscal year just ended, which is calculated bottom-up based on certain central assumptions applied consistently throughout Infineon. Cash flows over a five-year period are used to derive the value in use. The derivation of the terminal value is based on a stable business state, reflecting synergies resulting from the acquisition of Cypress. The average revenue growth rates over the planning period are between 8.7 percent and 12.4 percent, which is in part higher than the average historical growth rates of the sectors in which the relevant segments operate, mainly because the segments benefit to varying degrees from the businesses acquired with Cypress and the related revenue and costs synergies. Investments to increase capacity for which no cash outflow has taken place are not taken into account. Cash flows for periods beyond the planning horizon are estimated using a terminal value.

The discount rate for future cash flows is based on the after-tax weighted-average cost of capital (“WACC”) for the CGU in question. The Capital Asset Pricing Model (“CAPM”) is used to calculate the cost of equity. The relevant pre-tax WACC used to discount future pre-tax cash flows in line with IAS 36, is derived from estimated future after-tax cash flows and the after-tax WACC using a typical tax rate for each operating segment. The risk-free interest rate is derived using the Svensson method, taking into account risk premiums, the beta factor and debt ratio are derived from a group of companies comparable to the operating segment. In this way, the discount rate derived reflects the current market rate of return as well as the specific risks attached to the respective operating segment.

The following table shows the allocation of the carrying amount of goodwill to the segments, as well as the valuation parameters used:

| Operating segment | Book value of allocated goodwill € in millions | | Pre-tax WACC ¹ in % | | After-tax WACC ¹ in % | | Terminal growth rate ¹ in % | |
|--------------------------|---|--------------|-----------------------------------|------|-------------------------------------|------|---|------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Automotive | 1,418 | 1,402 | 11.1 | 10.9 | 8.6 | 8.6 | 1.5 | 1.5 |
| Industrial Power Control | 228 | 226 | 11.9 | 11.9 | 8.9 | 9.1 | 1.5 | 1.5 |
| Power & Sensor Systems | 1,697 | 1,679 | 12.5 | 12.3 | 9.5 | 9.5 | 1.5 | 1.5 |
| Connected Secure Systems | 2,617 | 2,588 | 10.8 | 10.7 | 8.7 | 8.7 | 1.5 | 1.5 |
| Corporate | 2 | 2 | | | | | | |
| Total | 5,962 | 5,897 | | | | | | |

¹ Valuation parameters as of 30 June 2021 and 2020.

As a result of the impairment tests carried out, Infineon concluded that none of the operating segments gave rise to an impairment of goodwill in the year under report.

Business planning is affected, among other things, by uncertainties regarding the assessment of markets and the macroeconomic environment and is based to a large extent on the assumption that the revenue and cost synergies expected from the acquisition of Cypress will be successfully realized. Therefore, sensitivity analyses

were carried out at operating segment level, taking into account changes considered possible in the main assumptions. Even taking these changes into account, no impairment on goodwill was observed as a result of the sensitivity analyses at operating segment level.

In addition, as of the reporting date, there was no indication that the recoverable amount of an operating segment to which goodwill had been allocated could have fallen below the book value.

14 Leases

The changes in the rights of use in the 2021 and 2020 fiscal year were as follows:

| | 1 October 2020 | Additions | Additions through business combi- nations | Depreciation | Other changes ¹ | 30 Septem- ber 2021 |
|-----------------------------------|-------------------|------------|---|--------------|-------------------------------|------------------------|
| € in millions | | | | | | |
| Land, land rights and buildings | 267 | 110 | – | (56) | (2) | 319 |
| Technical equipment and machinery | 9 | 1 | – | (3) | 1 | 8 |
| Other plant and office equipment | 10 | 6 | – | (6) | (1) | 9 |
| Total | 286 | 117 | – | (65) | (2) | 336 |

¹ Other changes for land, land rights and buildings include reversals of impairments amounting to €6 million.

| | 1 October 2019 | Additions | Additions through business combi- nations ¹ | Depreciation | Other changes ² | 30 Septem- ber 2020 |
|-----------------------------------|-------------------|-----------|--|--------------|-------------------------------|------------------------|
| € in millions | | | | | | |
| Land, land rights and buildings | 240 | 66 | 32 | (48) | (23) | 267 |
| Technical equipment and machinery | 5 | – | 7 | (2) | (1) | 9 |
| Other plant and office equipment | 10 | 9 | – | (6) | (3) | 10 |
| Total | 255 | 75 | 39 | (56) | (27) | 286 |

¹ The amounts shown under “Additions through business combinations” resulted in the 2020 fiscal year exclusively from the acquisition of Cypress.

² Other changes for land, land rights and buildings include impairments amounting to €11 million.

The allocation of discounted and undiscounted lease liabilities by maturity as of 30 September 2021 and 2020 was as follows:

| | 30 September 2021 | | 30 September 2020 | |
|----------------------------------|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
| € in millions | Discounted lease liabilities | Undiscounted lease liabilities | Discounted lease liabilities | Undiscounted lease liabilities |
| Due within one year | 66 | 68 | 59 | 60 |
| Due after one year to five years | 139 | 145 | 159 | 172 |
| Due after more than five years | 126 | 133 | 76 | 85 |
| Total | 331 | 346 | 294 | 317 |

The Consolidated Statement of Profit or Loss includes the following amounts in the 2021 and 2020 fiscal year, which are attributable to leases:

| € in millions | 2021 | 2020 |
|---|-----------|-----------|
| Depreciation | 65 | 56 |
| Impairment (Reversal of impairment) | (6) | 11 |
| Interest expenses | 4 | 5 |
| Expenses for short-term leases with a term of twelve months or less | 6 | 1 |
| Expenses for low-value leases | 3 | 1 |
| Total | 72 | 74 |

The Consolidated Statement of Cash Flows includes the following amounts in the 2021 and 2020 fiscal year, which are attributable to leases:

| € in millions | 2021 | 2020 |
|---|-----------|-----------|
| Payments for short-term leases and low-value leases | 9 | 2 |
| Payments for leasing liabilities | 76 | 63 |
| Interest payments | 4 | 4 |
| Total | 89 | 69 |

Due to the requirements of IFRS 16, the following future lease payments have not been included in the valuation of lease liabilities:

| € in millions | 2021 | 2020 |
|--|-----------|-----------|
| Payments for not reasonably certain renewal options | | |
| Due within one year | – | 1 |
| Due after one year to five years | 4 | 11 |
| Due after more than five years | 88 | 58 |
| Total | 92 | 70 |

In addition, there are future payment obligations for leases that have not been started but have already been contracted, as well as for short-term leases with a term of twelve months or less, which are immaterial.

The leasing contracts concluded relate mainly to the rental of office and storage space, IT equipment, other operating and office equipment as well as vehicles for selected employees.

Infineon's leases have no material impact on covenants connected to debt financing instruments. In addition, lease liabilities are not part of the net cash position measure used for capital market reporting purposes.

The leasing contracts, in which Infineon subleases and acts as a lessor, are not material from the Group's point of view.

The expected future minimum non-discounted lease payments from operating leases for land and buildings owned by Infineon and in which Infineon acts as lessor are as follows:

| € in millions | 30 September 2021 | 30 September 2020 |
|----------------------------------|-------------------|-------------------|
| Due within one year | 20 | 19 |
| Due after one year to five years | 39 | 60 |
| Due after more than five years | 1 | 2 |
| Total | 60 | 81 |

15 Financial debt

Financial debt as of 30 September 2021 and 2020 consisted of the following:

| € in millions | 30 September 2021 | 30 September 2020 |
|--|-------------------|-------------------|
| Short-term financial debt and current portion of long-term financial debt, weighted average interest rate: 1.25% (2020: 2.01%) | 3 | 176 |
| Bond €500 million, coupon 1.50%, due 2022 | 500 | – |
| Convertible bonds, weighted average interest rate 4.50% (2020: 4.50%) | 330 | 329 |
| Short-term financial debt and current portion of long-term financial debt | 833 | 505 |
| Unsecured loans, weighted average interest rate 0.87% (2020: 1.06%), due 2023 | 3 | 6 |
| Bond €500 million, coupon 1.50%, due 2022 | – | 499 |
| Bond €750 million, coupon 0.75%, due 2023 | 747 | 746 |
| Bond €750 million, coupon 1.125%, due 2026 | 744 | 743 |
| Bond €750 million, coupon 1.625%, due 2029 | 741 | 740 |
| Bond €650 million, coupon 2.00%, due 2032 | 638 | 636 |
| Term loan US\$1,110 million, weighted average interest rate 1.04% (2020: 1.66%), due 2024 ¹ | 954 | 2,361 |
| USPP notes US\$935 million, weighted average interest rate 4.09%, due 2024 – 2028 | 806 | 797 |
| USPP notes US\$1,300 million, weighted average interest rate 2.88%, due 2027 – 2033 | 1,119 | – |
| Long-term financial debt | 5,752 | 6,528 |
| Total | 6,585 | 7,033 |

¹ This is a variable-interest financial liability.

In June 2019 Infineon Technologies AG concluded unsecured, non-subordinated financing for the acquisition of Cypress with various national and international banks comprising:

- › a bridge facility of €6,600 million with a maturity of up to two years and nine months from the date of the loan commitment, and
- › three term loan tranches, each amounting to US\$1,110 million, with maturities of three, four and five years.

The bridge financing was fully repaid in the previous year as a result of various equity and debt measures. In addition, a portion of the term loan maturing in 2022 in the amount of US\$555 million was repaid in the previous year.

Infineon signed a US private placement of notes (USPP) with a nominal value of US\$1,300 million in April 2021. The unsubordinated, unsecured USPP notes, which bear an average interest rate of 2.88 percent per annum, were broken down as follows:

- › Notes with a nominal value of US\$350 million due in 2027,
- › Notes with a nominal value of US\$350 million due in 2029,
- › Notes with a nominal value of US\$350 million due in 2031,
- › Notes with a nominal value of US\$250 million due in 2033.

Following completion of the transaction on 16 June 2021, parts of the existing term loans in the amount of US\$1,300 million were repaid. In addition, Infineon repaid term loans of US\$365 million in the 2021 fiscal year. As a result, the term loans maturing in 2022 and 2023, respectively, were repaid in full. As of 30 September 2021, only one term loan in the amount of US\$1,110 million maturing in 2024 remained outstanding.

On 16 October 2020, the MoTo Objekt CAMPEON GmbH & Co. KG secured loans in the amount of €171 million were repaid.

Financial debt, with the exception of conversion rights on outstanding convertible bonds, are recognized at amortized cost after deduction of directly attributable transaction costs. The conversion rights, which can only be exercised against cash payment after the acquisition of Cypress, are measured at fair value through profit or loss (see note 26, [p. 206](#)).

The total lines of credit as of 30 September 2021 and 2020 are summarized in the following table:

| Term, € in millions | 30 September 2021 | | | 30 September 2020 | | |
|---------------------|--------------------|------------|-----------|--------------------|--------------|-----------|
| | Aggregate facility | Drawn | Available | Aggregate facility | Drawn | Available |
| Short-term | 72 | 3 | 69 | 245 | 176 | 69 |
| Long-term | 962 | 962 | – | 2,376 | 2,376 | – |
| Total | 1,034 | 965 | 69 | 2,621 | 2,552 | 69 |

Amounts of financial debt and interest maturing in the coming years were as follows:

| € in millions | 30 September 2021 | | 30 September 2020 | |
|----------------------------------|-------------------|------------|-------------------|------------|
| | Financial debt | Interest | Financial debt | Interest |
| Due within one year | 833 | 125 | 505 | 121 |
| Due after one year to five years | 3,066 | 397 | 3,925 | 330 |
| Due after more than five years | 2,726 | 261 | 2,650 | 203 |
| Total | 6,625 | 783 | 7,080 | 654 |

16 Provisions

Current and non-current provisions as of 30 September 2021 consisted of the following:

| € in millions | 1 October 2020 | Addition | Usage | Reversal | 30 September 2021 |
|--|----------------|------------|--------------|-------------|-------------------|
| Obligations to employees | 420 | 698 | (309) | (19) | 790 |
| Provisions related to Qimonda (see note 6, p. 176 , and note 23, p. 198 f.) | 206 | 9 | (4) | – | 211 |
| Warranties | 40 | 17 | (8) | (9) | 40 |
| Other | 83 | 28 | (13) | (5) | 93 |
| Total provisions | 749 | 752 | (334) | (33) | 1,134 |
| thereof current | 436 | | | | 815 |
| thereof non-current | 313 | | | | 319 |

Obligations to employees included, among others, costs of variable remuneration, outstanding vacation and flextime, service anniversary awards, other personnel costs and social security costs.

Provisions for warranties mainly represented the estimated future cost of fulfilling contractual requirements associated with products sold.

Other provisions comprised provisions for litigations (other than those relating to Qimonda), restructuring, asset retirement obligations and miscellaneous other liabilities.

Of the total provisions as of 30 September 2021 and 2020, a cash outflow of €815 million and €436 million, respectively, was expected to occur within one year. For the non-current provisions, a cash outflow was expected to occur after more than one year. Besides the provisions in connection with Qimonda, €42 million and €44 million as of 30 September 2021 and 2020, respectively, of non-current provisions were attributable to length-of-service related anniversary awards.

17 Other current liabilities

Other current liabilities as of 30 September 2021 and 2020 consisted of the following:

| € in millions | 30 September 2021 | 30 September 2020 |
|--|-------------------|-------------------|
| Reimbursement obligations | 395 | 405 |
| Payroll and similar obligations to employees | 206 | 221 |
| Accrued interest expense | 104 | 96 |
| Other financial liabilities relating to interest hedging of refinancing measures (see note 26, p. 208 f.) | – | 66 |
| Contract liabilities | 12 | 4 |
| Other | 155 | 158 |
| Total | 872 | 950 |

Contract liabilities amounted to €25 million as of 30 September 2021 and 2020, respectively. Of this amount, €13 million (30 September 2020: €21 million) related to non-current contract liabilities reported under other non-current liabilities.

18 Pension plans

Defined benefit pension plans

Infineon's employee benefit plans consist of domestic and foreign defined benefit and defined contribution pension plans providing retirement, disability and surviving dependents' benefits. For Infineon, the significant benefit plans in Germany pertain to Infineon Technologies AG, and are among the foreign benefit plans to Infineon Technologies Austria AG.

In Germany, Infineon primarily offers defined contribution benefits which provide for the employees when they reach retirement age, or in the event of disability or death. The statutory framework is provided by the Company Pension Act (in German: Betriebsrentengesetz or "BetrAVG") and by employment law in general. With the Infineon pension plan, new entrants receive a defined contribution benefit, which is funded by Infineon. Payments by the Infineon pension plan are generally made in twelve annual installments. For active employees who were entitled to benefits in the form of an annuity before the Infineon Pension Plan came into force, this commitment was transferred into the Infineon Pension Plan and thereby the possibility of an annuity is guaranteed. Together with former employees whose pension benefit obligations were not transferred into the Infineon Pension Plan, this group makes up the largest part of the obligation at this time. A corresponding provision is recorded for the German defined benefit pension plans, which are partly backed by plan assets. Individual agreements are in place for the members of the Management Board, which are backed by plan assets (see detailed in the chapter "Remuneration report" in the Combined Management Report, [p. 145 f.](#)). The major portion of the plan assets is managed by a pension trust in the legal form of a registered association. This is composed of executives of Infineon Technologies AG, and the investment strategy is defined by Infineon Technologies AG.

The benefit obligation of some foreign plans is measured according to the income in the last month or year of service; others are dependent on average income over the service period. Foreign pension plans are managed by country-specific external pension funds or other pension schemes. The obligation arising from foreign defined benefit pension plans are partly covered by plan assets. The management of existing foreign plan assets is performed by the respective pension scheme.

The valuation date of both the German and foreign pension plans is 30 September.

The Group-defined benefit pension plans are exposed to risks arising from changes to actuarial assumptions such as interest rates, salary and pension trends, investment risks and longevity risks. A lower discount rate leads to higher pension liabilities. Equally, lower than expected growth in plan assets could lead to a deterioration of the funded status, or require the payment of additional contributions.

The development of Infineon's German (domestic) and non-German (foreign) pension plans and the plan assets as of 30 September 2021 and 2020 is presented in the following table:

| € in millions | 2021 | | | 2020 | | |
|---|----------------|---------------|----------------|----------------|---------------|----------------|
| | Domestic plans | Foreign plans | Total | Domestic plans | Foreign plans | Total |
| Change in defined benefit obligations taking into account future salary increases: | | | | | | |
| Present value at beginning of year | (1,217) | (221) | (1,438) | (1,219) | (197) | (1,416) |
| Current service cost | (31) | (8) | (39) | (32) | (6) | (38) |
| Past service income (cost) | - | 1 | 1 | - | - | - |
| Interest cost | (11) | (4) | (15) | (7) | (4) | (11) |
| Actuarial gains (losses) for: | | | | | | |
| Experience adjustments | 20 | (1) | 19 | (58) | (5) | (63) |
| Adjustments to demographic assumptions | - | - | - | - | 1 | 1 |
| Adjustments to financial assumptions | 60 | 6 | 66 | 81 | (5) | 76 |
| Effects from acquisitions | - | - | - | - | (20) | (20) |
| Plan settlements | - | 3 | 3 | - | - | - |
| Benefits paid | 22 | 9 | 31 | 22 | 9 | 31 |
| Employee contributions | (4) | - | (4) | (4) | - | (4) |
| Foreign currency effects | - | (5) | (5) | - | 6 | 6 |
| Present value of defined benefit obligation at end of year | (1,161) | (220) | (1,381) | (1,217) | (221) | (1,438) |
| Change in fair value of plan assets: | | | | | | |
| Fair value of plan assets at beginning of year | 614 | 85 | 699 | 600 | 83 | 683 |
| Expected return on plan assets | 6 | 2 | 8 | 4 | 2 | 6 |
| Actuarial gains (losses) | 49 | 5 | 54 | 10 | 1 | 11 |
| Acquisitions | - | - | - | - | 3 | 3 |
| Contributions from Infineon | 20 | 8 | 28 | 18 | 8 | 26 |
| Employee contributions | 4 | - | 4 | 4 | - | 4 |
| Benefits paid | (22) | (9) | (31) | (22) | (9) | (31) |
| Foreign currency effects | - | 2 | 2 | - | (3) | (3) |
| Fair value of plan assets at end of year | 671 | 93 | 764 | 614 | 85 | 699 |
| Net pension liability | (490) | (127) | (617) | (603) | (136) | (739) |
| thereof: Infineon Technologies AG | (447) | - | (447) | (552) | - | (552) |
| thereof: Infineon Technologies Austria AG | - | (58) | (58) | - | (64) | (64) |

Pension obligations are reported in the Consolidated Statement of Financial Position under “Pensions and similar commitments”. [p. 154](#)

Since no asset ceilings applied, the funded status of the Infineon pension plans corresponded to the amounts reported in the Consolidated Statement of Financial Position as of 30 September 2021 and 2020.

The funding of the defined benefit obligations as of 30 September 2021 and 2020 was as follows:

| € in millions | 30 September 2021 | | | 30 September 2020 | | |
|--|-------------------|---------------|--------------|-------------------|---------------|--------------|
| | Domestic plans | Foreign plans | Total | Domestic plans | Foreign plans | Total |
| Plans that are wholly unfunded | 8 | 95 | 103 | 9 | 104 | 113 |
| Plans that are wholly or partly funded | 1,153 | 125 | 1,278 | 1,208 | 117 | 1,325 |
| Total | 1,161 | 220 | 1,381 | 1,217 | 221 | 1,438 |

Actuarial assumptions

The weighted-average assumptions used in calculating the actuarial values for the pension plans were as follows:

| in % | 30 September 2021 | | 30 September 2020 | |
|---|-------------------|---------------|-------------------|---------------|
| | Domestic plans | Foreign plans | Domestic plans | Foreign plans |
| Discount rate at the end of the fiscal year | 1.3 | 2.4 | 1.0 | 2.0 |
| Rate of salary increase | 2.0 | 4.3 | 2.0 | 4.6 |
| Projected future pension increases | 1.8 | 2.8 | 1.8 | 2.1 |

In order to determine the present value as of the balance sheet date, the Willis Towers Watson RATE:Link approach was applied, which is based on high-grade fixed-interest corporate bonds from issuers carrying a very high credit rating, with the same maturity and in the same currency as the pension obligations to be assessed.

The 2018 G mortality tables by Dr. Klaus Heubeck were used for Germany as in the previous year, and for Austria, the AVÖ 2018-P tables were applied.

Sensitivity analysis

The following sensitivity analysis table shows how the present value of all defined benefit pension obligations would be affected by changes in the aforementioned actuarial assumptions. In each case, they reflect the effect of changes in one actuarial assumption while all other assumptions remain constant.

| € in millions | 30 September 2021 | | | 30 September 2020 | | |
|---|-------------------|---------------|-------|-------------------|---------------|-------|
| | Domestic plans | Foreign plans | Total | Domestic plans | Foreign plans | Total |
| Present value of defined benefit pension plans with: | | | | | | |
| a 50 basis points higher discount rate | 1,072 | 205 | 1,277 | 1,116 | 206 | 1,322 |
| a 50 basis points lower discount rate | 1,264 | 235 | 1,499 | 1,333 | 236 | 1,569 |
| a 50 basis points higher expected rate of salary increase | 1,170 | 225 | 1,395 | 1,224 | 228 | 1,452 |
| a 50 basis points lower expected rate of salary increase | 1,154 | 215 | 1,369 | 1,206 | 217 | 1,423 |
| a 50 basis points higher expected rate of pension increase | 1,207 | 225 | 1,432 | 1,266 | 228 | 1,494 |
| a 50 basis points lower expected rate of pension increase | 1,121 | 214 | 1,335 | 1,169 | 218 | 1,387 |
| Increase in life expectancy by one year | 1,198 | 224 | 1,422 | 1,258 | 224 | 1,482 |

Investment strategy

The pension plans' assets are invested with several fund managers. The investment guidelines require a mix of active and passive investment management programs covering different asset classes. Taking the duration of the underlying liabilities into account, a portfolio of investments of plan assets in equity, debt and other securities, as well as real estate and reinsurance policies, is targeted to maximize the total long-term return on assets for a given level of risk. Investment risk is monitored on an ongoing basis through periodic portfolio reviews, by coordination with investment managers and annual liability measurements. Investment policies and strategies are periodically reviewed as part of detailed studies of assets and liabilities by independent investment advisors and actuaries to ensure the objectives of the plans are met, taking into account any changes in benefit plan structure, market conditions or other material items. The aim is to optimize the risk-return profile of plan assets against the liabilities using a diversified portfolio of investments within a defined risk budget and to thereby increase the funding ratio in the long term.

Plan asset allocation

As of 30 September 2021 and 2020, the allocation of invested plan assets to the major asset categories was as follows:

| € in millions | 30 September 2021 | | 30 September 2020 | |
|---------------------------|----------------------------|--------------------------------|----------------------------|--------------------------------|
| | Quoted in an active market | Not quoted in an active market | Quoted in an active market | Not quoted in an active market |
| Government bonds | 118 | 1 | 208 | 1 |
| Corporate bonds | 236 | – | 117 | – |
| Equity securities | 275 | – | 213 | – |
| Cash and cash equivalents | 8 | – | 19 | – |
| Reinsurance policies | – | 37 | – | 36 |
| Property | 3 | 30 | 5 | 30 |
| Other | 32 | 24 | 44 | 26 |
| Total | 672 | 92 | 606 | 93 |

Government and corporate bonds are traded in liquid markets and the majority of them have an investment grade rating. The geographical allocation of the equity component of plan assets is predominantly based on the MSCI World Index. As a matter of policy Infineon's pension plans do not invest in shares or debt instruments of Infineon. The position "Other" in the table above comprises exchange-traded commodities (ETC) and other investment funds. The market value of the ETC held domestically was €31 million as of 30 September 2021 (previous year: €33 million).

The market value of the land and real estate leased to Group companies by the legally independent pension trust amounted to €30 million as of both 30 September 2021 and 2020.

The actual return on plan assets in the fiscal year ended 30 September 2021 was €61 million (30 September 2020: €17 million).

Amounts recognized in the Consolidated Statement of Profit or Loss and in the Consolidated Statement of Comprehensive Income

The expenses and income of defined benefit plans for the 2021 and 2020 fiscal years comprised the following:

| € in millions | 2021 | | | 2020 | | |
|--------------------------------|----------------|---------------|-------------|----------------|---------------|-------------|
| | Domestic plans | Foreign plans | Total | Domestic plans | Foreign plans | Total |
| Current service cost | (31) | (8) | (39) | (32) | (6) | (38) |
| Past service (cost) benefit | – | 1 | 1 | – | – | – |
| Interest cost | (11) | (4) | (15) | (7) | (4) | (11) |
| Expected return on plan assets | 6 | 2 | 8 | 4 | 2 | 6 |
| Pension cost | (36) | (9) | (45) | (35) | (8) | (43) |

Service costs were recorded within cost of goods sold to the extent that they relate to production employees; otherwise they are recorded as research and development or selling, general and administrative expenses. Interest costs and expected return on plan assets were recorded net as part of financial expenses.

Actuarial gains before taxes of €139 million and €25 million for the 2021 and 2020 fiscal years, respectively, had been recognized outside profit (loss) for the period in other comprehensive income.

As of 30 September 2021 and 2020, cumulative actuarial losses amounted to €403 million and €542 million, respectively.

In the 2022 fiscal year, payments of €30 million are expected to be made to plan assets, of which €27 million relate to benefits paid directly to pension recipients by the Group companies.

The weighted-average duration of defined benefit plans was around 17 and 18 years as of 30 September 2021 and 2020, respectively.

The following table shows the expected disbursements for defined benefit plans for the next ten fiscal years as of 30 September 2021 and 2020:

| € in millions | 30 September 2021 | 30 September 2020 |
|--|-------------------|-------------------|
| Due within one year | 38 | 40 |
| Due after more than one year to five years | 172 | 177 |
| Due after more than five years up to ten years | 282 | 303 |
| Total | 492 | 520 |

Defined contribution plans

In connection with defined contribution plans, fixed contributions are made to external insurance providers or funds. Infineon has no further performance obligations or risks with regard to these pension plans in excess of the fixed contributions paid. Additionally, the Group makes contributions to government pension schemes. Expenses for defined contribution plans amounted to €234 million and €212 million in the 2021 and 2020 fiscal years.

19 Equity

Ordinary share capital

The following table shows a reconciliation of the number of ordinary shares issued as of 30 September 2021 and 2020:

| quantity | 2021 | 2020 |
|---|----------------------|----------------------|
| Shares outstanding at the beginning of the fiscal year | 1,300,669,746 | 1,244,684,071 |
| Creation of new shares through capital increase from authorized capital | – | 55,000,000 |
| Creation of new shares through the exercise of option rights under stock option plans | – | 237,066 |
| Transfer of own shares under the Performance Share and Restricted Stock Unit Plans (see note 21, p. 195 ff.) | 705,789 | 748,609 |
| Shares outstanding at the end of the fiscal year | 1,301,375,535 | 1,300,669,746 |
| Repurchased own shares | 4,545,602 | 5,251,391 |
| Shares issued at the end of the fiscal year | 1,305,921,137 | 1,305,921,137 |

As of 30 September 2021, the ordinary share capital amounted to €2,611,842,274 and was fully paid up. It was divided into 1,305,921,137 no par value registered shares, each representing €2 of the Company's ordinary share capital. Each share grants the holder one vote and an equal portion of the profits in the form of a dividend as resolved by the Annual General Meeting. Own shares held by the Company as of the date of the Annual General Meeting carry no voting rights and are not entitled to a dividend.

Additional paid-in capital

The pro rata expense for share-based payment resulted in an increase in additional paid-in capital of €27 million in the 2021 fiscal year (2020: €14 million). Due to the transfer of own shares to employees and members of the Management Board, additional paid-in capital, as well as the line item for own shares, decreased by €5 million (2020: €4 million). Tax effects totaling €29 million (2020: €22 million) increased the additional paid-in capital. In the previous year, the issue of 55,000,000 new shares resulted in a significant increase in additional paid-in capital of €934 million.

Authorized share capital

As of 30 September 2021, the Company's Articles of Associations provided for two authorized share capitals amounting to up to €670,000,000:

- › Section 4 paragraph 4 of the Articles of Association provides that the Management Board is authorized, with the approval of the Supervisory Board, to increase the share capital in the period until 19 February 2025 once or in several partial amounts by a total of up to €640,000,000 through the issue of new no par value registered shares, against contributions in cash or in kind (Authorized Capital 2020/I). The new shares participate in profits from the beginning of the fiscal year of their issue. To the extent legally permissible, the Management Board may, with the approval of the Supervisory Board, and contrary to section 60 paragraph 2 of the German Stock Corporation Act, stipulate that the new shares participate in the profits from the beginning of an already ended fiscal year for which no resolution of the Annual General Meeting on the use of the distributable profit has yet been made at the time of their issue. The originally authorized capital 2020/I, of €750,000,000 was reduced to €640,000,000 by the capital increase of €110,000,000 as decided by the Management Board and the Supervisory Board on 26 May 2020 and entered in the Commercial Register on 27 May 2020. Within the framework of the Authorized Capital 2020/I, the Management Board is authorized, with the approval of the Supervisory Board, to exclude the subscription rights of the shareholders in certain cases. Cash capital increases with subscription rights excluded pursuant to section 186, paragraph 3, sentence 4, of the German Stock Corporation Act, are not permitted to exceed 10 percent of a company's share capital – neither at the time of the resolution of the authorization in the Annual General Meeting, nor at the effective date of the authorization, or its exercise. The capital increase of 26/27 May 2020 utilized around 4 percent of this framework. For share capital increases against contributions in kind or a combination of cash contributions and contributions in kind, the authorization further provides an upper limit of 10 percent of the share capital in place at the date of the authorization in the Annual General Meeting.
- › Section 4, paragraph 7, of the Articles of Association provides that the Management Board is authorized, with the approval of the Supervisory Board, to increase the share capital in the period up to 24 February 2026 – either once or in partial amounts – by a total of up to €30,000,000 by issuing new no par value registered

shares against contributions in cash for the purpose of increasing the issue to employees and members of the Executive Board of the Company or its Group companies. The subscription rights of the shareholders are excluded in relation to these shares. The shares may be issued to employees in such a manner that the contribution to be paid on such shares is covered by the portion of the profit for the year that the Management Board and Supervisory Board could transfer to retained earnings in accordance with section 58, paragraph 2 of the German Stock Corporation Act. The Management Board, with the approval of the Supervisory Board, decides on the additional content of the share rights and the conditions of share issue (Authorized Capital 2021/I).

Conditional capital

As of 30 September 2021, the Company's Articles of Associations provided for a conditional capital amounting to up to €260,000,000:

- › Pursuant to section 4, paragraph 6, of the Articles of Association the share capital is conditionally increased by up to €260,000,000 through the issue of up to 130,000,000 new no par value registered shares for the granting of shares to creditors or the holders of warrants or convertible bonds, which due to the authorization by the Annual General Meeting on 20 February 2020 are issued by the Company or a subsidiary company (Conditional Capital 2020/1).

Hybrid capital

Infineon Technologies AG issued a perpetual hybrid bond on 1 October 2019 to refinance the acquisition of Cypress, which is an equity instrument under IAS 32. The term is not contractually limited; the bond has no final maturity date. The hybrid bond can only be canceled by Infineon subject to certain conditions. The investors have no cancellation rights and cannot trigger a premature repayment liability for Infineon. Distributions are at Infineon's sole discretion.

In the 2021 fiscal year, €39 million (2020: €39 million) was recognized in equity as compensation to hybrid capital investors. For the purpose of calculating earnings per share, the profit (loss) for the period attributable to the shareholders and hybrid capital investors of Infineon Technologies AG of €1,169 million (2020: €368 million)

was reduced by compensation to the hybrid capital investors of €26 million (2020: €35 million; net of tax), to €1,143 million (2020: €333 million) (see note 7, [p. 176 f.](#)).

The hybrid capital investors' compensation is paid annually in arrears on 1 April of each year, subject to repayment or redemption. On 1 April 2021, €39 million (2020: €20 million) was paid out to the hybrid capital investors.

Retained earnings

The following table shows a reconciliation of retained earnings as of 30 September 2021 and 2020:

| € in millions | |
|--|--------------|
| As of 1 October 2019 | 421 |
| Profit (loss) for the period attributable to shareholders and hybrid capital investors of Infineon Technologies AG | 368 |
| Dividends to shareholders of Infineon Technologies AG | (336) |
| Compensation of hybrid capital investors | (39) |
| Actuarial gains on pensions and similar commitments net of tax of €6 million | 21 |
| As of 30 September 2020 | 435 |
| Profit (loss) for the period attributable to shareholders and hybrid capital investors of Infineon Technologies AG | 1,169 |
| Dividends to shareholders of Infineon Technologies AG | (286) |
| Compensation of hybrid capital investors | (39) |
| Actuarial gains on pensions and similar commitments net of tax of €11 million | 128 |
| As of 30 September 2021 | 1,407 |

"Actuarial gains on pensions and similar commitments" contain the share of profit (loss) of associates and joint ventures accounted for using the equity method in the 2021 fiscal year of €0 million (2020: losses €0 million).

Dividends

For the 2020 fiscal year, a cash dividend of €0.22 per share (total amount: €286 million) was paid. For the 2019 fiscal year, a cash dividend of €0.27 per share (total amount: €336 million) was paid.

With regard to the 2021 fiscal year, a dividend of €0.27 for each share entitled to a dividend shall be proposed to be paid from the €353 million of distributable profits of Infineon Technologies AG. This would result in an expected distribution of approximately €351 million. The payment of this dividend depends on the approval of the Annual General Meeting on 17 February 2022.

Other reserves

Changes in other reserves during the 2021 and 2020 fiscal years were as follows:

| € in millions | 2021 | | | 2020 | | |
|---|------------|-----------|------------|--------------|-----------|--------------|
| | Pre-tax | Tax | Net of tax | Pre-tax | Tax | Net of tax |
| Foreign currency translation differences | 90 | – | 90 | (543) | – | (543) |
| Unrealized gains (losses) resulting from hedge accounting | (1) | – | (1) | (71) | – | (71) |
| Realized gains (losses) resulting from hedge accounting | 48 | 17 | 65 | (170) | 28 | (142) |
| Cost of hedging | – | – | – | 42 | – | 42 |
| Total | 137 | 17 | 154 | (742) | 28 | (714) |

20 Capital management

Infineon's main capital management objective is to ensure financial flexibility on the basis of a solid capital structure. It is of prime importance that sufficient cash funds are available to finance operating activities and planned investments throughout all phases of the business cycle. On the other hand, debt should only constitute a modest portion of the financing mix.

Based on these principles and the intention to retain its investment grade rating, Infineon has derived medium- and long-term key objectives for capital management. For liquidity, the gross cash should amount to €1 billion plus at least 10 percent of revenue. Infineon's gross financial debt is capped at a maximum of two times EBITDA. As a result of the acquisition of Cypress, Infineon has exceeded its gross debt target but only to an extent that was still compatible with maintaining the investment grade rating. The originally medium-term objective of Infineon to reduce its debt level to or below the maximum target value after the closing of the Cypress transaction is expected to be achieved already in the 2022 fiscal year.

Infineon is not subject to any statutory capital requirements, nor are any such defined in the Articles of Association.

Capital management, as well as the corresponding targets and definitions, are based on indicators determined on the basis of the consolidated IFRS financial statements. Gross cash is defined as the total of cash, cash equivalents and financial investments. Gross financial debt comprises short-term and long-term financial debt. Infineon defines EBITDA as earnings (loss) from continuing operations before interest, taxes and depreciation and amortization.

The gross cash position increased from €3,227 million as of 30 September 2020, to €3,922 million as of 30 September 2021 (for details, see the chapter "Review of liquidity" in the Combined Management Report, [p. 107](#)). Based on revenues of €11,060 million, the ratio of gross cash to revenue as of 30 September 2021 was €1 billion, plus an additional 26.4 percent of revenue (previous year: €1 billion plus 26.0 percent of revenue). Cypress has been included in the revenues of the 2020 fiscal year since 16 April 2020.

With gross financial debt of €6,585 million as of 30 September 2021 (30 September 2020: €7,033 million) following the financing of the acquisition of Cypress, and EBITDA of €2,982 million for the 2021 fiscal year (2020: €1,785 million), the gross debt to EBITDA ratio was 2.2 as of 30 September 2021 (30 September 2020: 3.9). Cypress has

been included in the EBITDA of the 2020 fiscal year since 16 April 2020. Infineon continues to have sufficient financial flexibility to ensure that, in addition to financing its planned investments, it is also able to pay regular dividends (see note 19, [p. 193 f.](#)).

The USPP notes totaling US\$2,235 million issued in April 2016 and June 2021 contain a number of standard covenants, including a debt coverage ratio, which provides for a certain relationship between the size of debt (adjusted) and earnings (adjusted).

In the 2021 fiscal year, Infineon had met the minimum requirements of all covenants. Should Infineon not comply with the covenants attached to the USPP notes, then all USPP notes outstanding as of 30 September 2021 amounting to US\$2,235 million (see note 15, [p. 184](#)) could become immediately repayable.

21 Share-based payment

The Company makes use of the Performance Share Plan and, since the 2017 fiscal year, the Restricted Stock Unit Plan, in order to provide share-based payments.

Performance share plan

A Long-Term Incentive (LTI) Plan, the so-called Performance Share Plan, was developed for the Management Board and selected senior executives.

Under this plan, (virtual) performance shares are initially provisionally granted on 1 April (up to the 2020 fiscal year: 1 March) of the fiscal year according to a predetermined LTI grant amount in euros.

Plan conditions for tranches up to and including 1 March 2020

With the granting of a virtual performance share, the participants in the plan acquire the right to receive (real) Infineon shares once a personal investment in Infineon shares – depending on position and LTI grant amount – has reached a four-year holding period.

For the tranches up to and including 1 March 2020, the performance shares were split between 50 percent performance-related shares and 50 percent that were not dependent on performance. The performance-related shares were finally granted only when the Infineon share outperformed the Philadelphia Semiconductor Index (SOX) during the period between the date of the provisional allocation and the end of the vesting period. If at the end of the vesting period the requirements for an allocation of performance shares – either all or only those that are not performance-related – were fulfilled, then entitlement to the transfer of the corresponding number of (real) Infineon shares was acquired. The value of the performance shares ultimately assigned to members of the Management Board could not exceed 250 percent of the respective LTI grant amount; above this cap, performance shares lapse.

The fair value of the performance shares at the date of allocation was determined by an external expert using a recognized financial-mathematical method (Monte Carlo simulation model for the prediction of share price and index developments). The fair value of the instruments granted was determined, taking into account future dividends as well as the payment cap.

The following is an overview of the allocations made:

| Tranche | End of the waiting period | Average share price in the nine months before grant in € | Number of performance shares outstanding as of 30 September 2021 | Fair value per performance share in € |
|------------------------------------|---------------------------|--|--|---------------------------------------|
| Fiscal year 2020: Employees | 29 February 2024 | 18.10 | 1,007,326 | 12.95 |
| Fiscal year 2020: Management Board | 29 February 2024 | 18.10 | 70,850 | 12.50 |
| Fiscal year 2019: Employees | 28 February 2023 | 20.02 | 713,184 | 14.20 |
| Fiscal year 2019: Management Board | 28 February 2023 | 20.02 | 44,954 | 13.79 |
| Fiscal year 2018: Employees | 28 February 2022 | 21.48 | 646,882 | 15.76 |
| Fiscal year 2018: Management Board | 28 February 2022 | 21.48 | 41,896 | 15.25 |

Plan conditions for tranches from 1 April 2021

With the granting of a virtual performance share, the participant in the plan acquires the right to receive (real) Infineon shares once a personal investment in Infineon shares – depending on position and LTI grant amount – has reached a four-year holding period. The number of real Infineon shares to be transferred depends on the achievement of targets during the performance period.

The performance period begins on 1 October of the first fiscal year of the performance period and ends four years later on 30 September. Performance during the performance period is measured using the relative total shareholder return (TSR) financial performance criterion compared to companies in a selected industry peer group, together with non-financial performance criterion comprising strategy-derived environmental, social & governance (ESG) objectives. The TSR target accounts for 80 percent and the ESG 20 percent of the overall target achievement. TSR and the ESG target achievements can be between 0 percent and 150 percent.

The tranche is granted on 1 April in the first fiscal year of the performance period (allocation day). The vesting period begins on the allocation day. In contrast to the performance period, the vesting period ends four years after the allocation day, i.e., on 31 March. At the end of the four-year performance period, the target achievement is determined.

The final number of performance shares to be allocated after the expiry of the vesting period is determined by multiplying the number of provisionally allocated performance shares by the overall target achievement of the two performance criteria during the performance period. The final allocation of the performance shares within an LTI tranche may not result in a profit (before tax) of more than 250 percent of the respective LTI grant amount; above this cap, all performance shares still to be allocated lapse.

The fair value of the performance shares at the date of allocation was determined by an external expert using a recognized financial-mathematical method (Monte Carlo simulation model for the prediction of the TSR target achievements). The fair value of the instruments granted is determined taking into account future dividends as well as the payment cap.

The following is an overview of the allocations made:

| Tranche | End of the waiting period | Average share price in the 60 trading days before the start of the performance period in € | Number of performance shares outstanding as of 30 September 2021 | Fair value per performance share in € |
|------------------------------------|---------------------------|--|--|---------------------------------------|
| Fiscal year 2021: Employees | 31 March 2025 | 22.82 | 572,631 | 28.87 |
| Fiscal year 2021: Management Board | 31 March 2025 | 22.82 | 178,213 | 28.87 |

Restricted Stock Unit Plan

The Restricted Stock Unit Plan (RSUP) was introduced in the 2017 fiscal year.

Under this plan, (virtual) restricted stock units are initially provisionally granted on 1 April (up to the 2020 fiscal year: 1 March) of the fiscal year according to a pre-determined LTI grant amount in euros. With the allocation of a (virtual) restricted stock unit, the plan participant acquires the right to receive a (real) Infineon share after the expiry of the vesting period, provided that the employee is still employed by Infineon at this time. The final allocation is made in stages (each representing 25 percent of the provisionally allocated restricted stock units) after the expiry of the vesting period of one year following allocation.

The fair value of the restricted stock units at the date of allocation was determined by an external expert using a recognized financial-mathematical method (Monte Carlo simulation model for the prediction of share price developments). The fair value of the instruments granted is determined, taking into account future dividends.

The following is an overview of the allocations made:

| Tranche | End of the waiting period | Price of an Infineon share at grant date in € | Number of restricted stock units as of 30 September 2021 | Fair value per restricted stock unit in € |
|--------------------------|---------------------------|---|--|---|
| Fiscal year 2021: | | | | |
| 1st tranche | 31 March 2022 | 36.16 | 346,715 | 35.90 |
| 2nd tranche | 31 March 2023 | 36.16 | 346,715 | 35.60 |
| 3rd tranche | 31 March 2024 | 36.16 | 346,715 | 35.29 |
| 4th tranche | 31 March 2025 | 36.16 | 346,715 | 34.87 |
| Fiscal year 2020: | | | | |
| 2nd tranche | 28 February 2022 | 18.62 | 79,043 | 17.98 |
| 3rd tranche | 28 February 2023 | 18.62 | 79,043 | 17.65 |
| 4th tranche | 29 February 2024 | 18.62 | 79,043 | 17.31 |
| Fiscal year 2019: | | | | |
| 3rd tranche | 28 February 2022 | 19.66 | 58,765 | 18.84 |
| 4th tranche | 28 February 2023 | 19.66 | 58,765 | 18.58 |
| Fiscal year 2018: | | | | |
| 4th tranche | 28 February 2022 | 21.80 | 41,953 | 20.87 |

The tranches due in February and March 2021, respectively, were fulfilled in shares. 244,804 Infineon shares were issued to eligible employees from the holding of own shares.

Costs for share-based payment

The costs for share-based payment amounted to €27 million in the 2021 fiscal year (2020: €14 million).

22 Other financial commitments

In addition to provisions and liabilities, there were other financial obligations that were not recognized in the Consolidated Statement of Financial Position. These result, in particular, from unconditional purchase commitments, which are explained in more detail below.

Contracts already entered into for commenced or planned investments in property, plant and equipment (purchase commitments) as of 30 September 2021 amounted to €894 million (30 September 2020: €435 million).

In the course of its investing activities, Infineon also receives government grants related to the construction and financing of certain of its manufacturing facilities. Grants are also received for selected research and development projects. Certain grants have been received contingent upon Infineon complying with particular project-related requirements, such as creating a specified number of jobs over a defined period of time. From today's perspective, Infineon expects to comply with these requirements. Nevertheless, should such requirements not be met, as of 30 September 2021, a maximum of €236 million (30 September 2020: €200 million) of subsidies already received could be refundable.

Through certain sales and other agreements, Infineon may be obligated in the normal course of business to indemnify its counterparties under certain conditions for warranties, patent infringement or other matters. The maximum amount of potential future payments under these types of agreements is not predictable with any degree of certainty, since the potential obligations are contingent on events that may or may not occur in the future and depend on certain facts and circumstances specific to each agreement. Historically, payments made by Infineon under these types of agreements have not had a material adverse effect on Infineon's financial condition, liquidity position and results of operations.

23 Legal risks

Litigation and government inquiries

Smart card chips antitrust litigation

In October 2008, the EU Commission initiated an investigation into the Company and other manufacturers of chips for smart cards for alleged violations of antitrust laws. In September 2014, the EU Commission imposed a fine of €83 million on Infineon, which in July 2020 was reduced to €76.9 million by the General Court of the European Union.

In July 2019, a direct customer filed a lawsuit against Infineon Technologies UK Limited and several Renesas entities in London (United Kingdom) relating to the aforementioned EU antitrust case.

Any further statements about this matter by the Company could seriously compromise the Company's position in this dispute.

Proceedings in relation to Qimonda

All significant assets, liabilities and business activities attributable to the memory business (Memory Products) were carved out from Infineon and transferred to Qimonda in the form of a contribution in kind with economic effect from 1 May 2006. Qimonda filed an application at the Munich Local Court to commence insolvency proceedings on 23 January 2009. On 1 April 2009, the insolvency proceedings formally opened. The insolvency of Qimonda has given rise to various disputes between the insolvency administrator and Infineon.

Alleged activation of a shell company and liability for impairment of capital

The insolvency administrator filed a request for declaratory judgment in an unspecified amount against Infineon Technologies AG and, by way of third-party notice, Infineon Technologies Holding B.V. and Infineon Technologies Investment B.V., at Regional Court Munich I in November 2010. This requested that Infineon be deemed liable to make good the deficit balance of Qimonda as it stood when the insolvency proceedings in respect of the assets of Qimonda began, i.e., to refund to Qimonda the difference between the latter's actual business assets when the insolvency proceedings began and its share capital (in German: "Unterbilanzhaftung"). The insolvency administrator contended that the commencement of operating activities by Qimonda

amounted to what is considered in case law to be the activation of a shell company (in German: "Wirtschaftliche Neugründung"), and that this activation of a shell company was not disclosed in the correct manner. On 6 March 2012, with respect to another matter, the German Federal High Court issued a ruling on principle that any liability resulting from the activation of a shell company only depends on the situation at the date of the activation of a shell company and not, as asserted by the insolvency administrator, on the situation at the date on which insolvency proceedings are opened.

In addition to the request for declaratory judgment against Infineon in an unspecified amount, on 14 February 2012 the insolvency administrator also lodged a request for payment based on an alternative claim (in German: "Hilfsantrag"), as well as making other additional claims. In conjunction with this alternative claim, the insolvency administrator has requested the payment of at least €1.71 billion plus interest in connection with the alleged activation of a shell company. On 15 June 2012, the insolvency administrator increased his request for the payment of 14 February 2012 on the grounds of activation of a shell company to at least approximately €3.35 billion plus interest. Furthermore, the insolvency administrator continues to base a substantial part of his alleged payment claims, as already asserted out of court against Infineon in August 2011 for an unspecified amount, on liability for impairment of capital (in German: "Differenzhaftung"). This claim is based on the allegation that, from the very beginning, the carved-out memory products business had a negative billion euro value. The insolvency administrator therefore asserts that Infineon is obliged to make good the difference between this negative value and the lowest issue price (in German: "geringster Ausgabebetrag") of the subscribed stock. Additionally, the insolvency administrator has asserted a claim for repayment of allegedly unjustly charged consultancy fees in an amount of €10 million in connection with the flotation of Qimonda.

The alleged impairment of capital runs contrary to two valuations prepared as part of the preparatory documentation for the capital increase by independent auditing companies, one of which had been engaged by Infineon and the other of which was acting in the capacity of a court-appointed auditor of contributions in kind and post-formation acquisitions. The auditing company engaged by Infineon concluded in its valuation that the business area contributed had a value of several times the lowest issue price of the shares issued, while the court-appointed auditor of contributions in kind and post-formation acquisitions confirmed to the court that the lowest

issue price of the shares issued was covered – as legally required – by the value of the contributions in kind. Additionally, in the course of its defense against the claims asserted by the insolvency administrator, Infineon has commissioned several expert opinions, all of which arrived at the same conclusion that the objections raised by the insolvency administrator against the valuation of the contribution in kind are not valid.

The legal dispute has, in the meantime, focused on the claims asserted for alleged lack of value. On 29 August 2013, the court appointed an independent expert to clarify the valuation issues raised by the insolvency administrator and to address technical matters.

The legal dispute is being pursued with great effort by both parties, and many extensive written submissions have already been exchanged between the parties. Both sides have engaged numerous specialists and experts who are supporting the respective parties with assessments and opinions.

On 21 September 2018, in consultation with the parties, the independent expert appointed by the court presented an interim report on his preliminary assessment of the value of the contribution in kind. The Company is in principle prepared to conduct discussions about an out-of-court settlement of the legal dispute on the basis of the interim report.

The parties are exchanging further written submissions. It is not clear at this stage if the legal dispute can be resolved with an out-of-court settlement, and, if this is not the case, when a first-instance court decision would be reached.

Residual liability of Infineon as former shareholder of Qimonda Dresden GmbH & Co. OHG

Infineon was a shareholder with personal liability of Qimonda Dresden until the carve-out of the memory business; as a result, certain long-standing creditors have

residual liability claims against Infineon. These claims can only be exercised by the insolvency administrator acting in the name of the creditors concerned. In the meantime, settlements have been concluded with most of the major liability creditors.

Liabilities, provisions and contingent liabilities relating to Qimonda

Infineon recognizes provisions and liabilities for such obligations and risks, which it assesses at the end of each reporting period, are more likely than not to be incurred (that is where, from Infineon's perspective at the end of each reporting period, the probability of having to settle an obligation or risk is greater than the probability of not having to) and the obligation or risk can be estimated with reasonable accuracy at this time.

As described above, Infineon faces certain risks in connection with the insolvency proceedings relating to the assets of Qimonda and that entity's subsidiaries. In consideration of the interim report from the court-appointed expert, Infineon recorded provisions relating to Qimonda of €211 million in total as of 30 September 2021. This comprises mainly provisions for the still pending legal dispute over the alleged activation of a shell company and liability for impairment of capital, including legal costs. As of 30 September 2020, provisions relating to Qimonda amounted to €206 million.

There can be no certainty that the provisions recorded for Qimonda will be sufficient to cover all of the liabilities that could ultimately be incurred in relation to the insolvency of Qimonda and, in particular, the matters discussed above. In addition, it is possible that liabilities and risks materialize that are currently considered to be unlikely to do so and, accordingly, represent contingent liabilities that are not included in provisions. Should the alleged claims relating to the activation of a shell company and liability for impairment of capital prove to be valid, substantial financial obligations above the provisions already recorded could arise for Infineon, which could have a material adverse effect on its business and its financial condition, liquidity position and results of operations.

Other

Infineon is also involved in various other legal disputes and proceedings in connection with its existing or previous business activities. These can relate, in particular, to products, services, patents, export control and environmental issues and other matters.

Based on its current knowledge, Infineon does not believe that the ultimate resolution of these other pending legal disputes and proceedings will have a material adverse effect on Infineon's financial condition, liquidity position and results of operations. However, future revisions to this assessment cannot be ruled out, and any reassessment of the miscellaneous legal disputes and proceedings could have a material adverse effect on the financial condition, liquidity position and results of operations, particularly in the period in which reassessment is made.

Furthermore, in connection with its existing or previous business operations, Infineon is also exposed to numerous legal risks, which have until now not resulted in legal disputes. These include risks related to product liability, environment, capital market, anti-corruption, competition and antitrust legislation as well as export control and other compliance regulations. Claims could also be made against Infineon in connection with these matters in the event of breaches of law committed by individual employees or third parties.

As part of an audit finding relating to the tax treatment of losses from the repurchase of convertible bonds in the 2011 and 2012 fiscal years, as of 30 September 2021 and 2020, there was a contingent liability of €55 million for withholding tax payables plus interest. Suspension of enforcement has been granted under the current appeal procedure. Infineon expects that there is a sufficient likelihood of winning any potential appeal or legal action.

Provisions and contingent liabilities for legal proceedings and other uncertain legal issues

Provisions relating to legal proceedings and other uncertain legal issues are recorded when it is probable that a liability has been incurred and the associated amount can

be reasonably estimated. To the extent that liabilities arising from legal disputes and other uncertain legal positions are not probable or cannot be reliably estimated, then they qualify as contingent liabilities.

Any potential liability is reviewed again as soon as additional information becomes available and the estimates are revised if necessary. Provisions with respect to these matters are subject to future developments or changes in circumstances in each of the matters, which could have a material adverse effect on Infineon's financial condition, liquidity position and results of operations.

A settlement or adverse judicial decision in any of the matters described above could result in significant financial liabilities for Infineon and other adverse effects, and these in turn could have a material adverse effect on its business and financial condition, liquidity position and results of operations. Irrespective of the validity of the allegations and the success of the aforementioned claims and other matters described above, Infineon could incur significant costs in the defense of these matters.

24 Transactions with related companies and persons

Infineon has transactions in the normal course of business with joint ventures, associates and other related companies (collectively "related companies"). The related companies are disclosed in note 29, [p. 225 ff.](#) Related persons are persons in key management positions, in particular members of the Management and Supervisory Board (see note 29, [p. 222 f.](#)) and their close relatives (collectively "related persons").

Related companies

Infineon purchases certain raw materials and services from and sells certain products and services to related companies. These purchases from and sales to related companies are generally effected at arm's length.

Related companies receivables and payables as of 30 September 2021 and 2020 consisted of the following:

| € in millions | 30 September 2021 | | | 30 September 2020 | | |
|-----------------------------|-------------------|------------|-------------------------|-------------------|------------|-------------------------|
| | Joint ventures | Associates | Other related companies | Joint ventures | Associates | Other related companies |
| Trade and other receivables | 6 | 3 | – | 4 | 5 | – |
| Financial receivables | 33 | 1 | – | 32 | – | 1 |
| Trade and other payables | 7 | – | 2 | 9 | – | 1 |
| Financial payables | – | – | 2 | – | – | 1 |

Sales and service charges to and products and services received from related companies in the 2021 and 2020 fiscal years consisted of the following:

| € in millions | 2021 | | | 2020 | | |
|--------------------------------|----------------|------------|-------------------------|----------------|------------|-------------------------|
| | Joint ventures | Associates | Other related companies | Joint ventures | Associates | Other related companies |
| Sales and service charges | 75 | 18 | 3 | 29 | 5 | 2 |
| Products and services received | 80 | – | 20 | 75 | – | 17 |

As of 30 September 2021, sales and services relationships with related companies resulted in purchase commitments of €22 million (30 September 2020: €4 million).

Related persons

Members of the Management Board active in the 2021 fiscal year received fixed non-performance-related remuneration for their services of €4.1 million (2020: €3.8 million). In addition, the members of the Management Board received variable performance-related remuneration for their services in the 2021 fiscal year of €8.6 million (2020: €3.6 million). This comprised a Short-Term Incentive of €3.4 million (2020: €1.4 million), and a Mid-Term Incentive of €0 million (2020: €1.3 million). Furthermore, the Management Board received a Long-Term Incentive (LTI) which, since 2014, takes the form of performance shares. The expense resulting from the LTI amounted to €5.1 million (2020: €0.9 million). The remuneration granted to active members of the Management Board amounted to €12.7 million in the 2021 fiscal year (2020: €7.3 million).

The remuneration of the members of the Supervisory Board of Infineon Technologies AG in the 2021 fiscal year, including attendance fees, amounted to €2.1 million (2020: €2.1 million). Employee representatives in the Supervisory Board who are employed by Infineon also receive a salary for their activities as employees.

Former members of the Management Board received payments (in particular pension payments) of €2.6 million in the 2021 fiscal year (2020: €2.2 million).

As of 30 September 2021, pension obligations for former members amounted to €72.4 million (30 September 2020: €76.6 million).

Disclosure of the individual remuneration of the members of the Management Board and the Supervisory Board as required by section 315e, paragraph 1, in connection with section 314, paragraph 1, no. 6a, sentences 5 to 8, of the German Commercial Code (version before ARUG II), is provided in the remuneration report which is part of the Combined Management Report. [p. 132 ff.](#)

In the 2021 and 2020 fiscal years, there were no significant transactions between Infineon and related persons which fall outside of the scope of the existing employment, service or appointment terms, or of the contractual arrangements for their remuneration.

25 Supplemental cash flow information

Cash and cash equivalents reported as of 30 September 2021 and 2020 totaling €1,749 million and €1,851 million, respectively, included €104 million and €77 million, respectively, which were subject to legal transfer restrictions and so were not available for general use by Infineon. This amount represented cash and cash equivalents of consolidated companies located in countries where the transfer of cash is legally restricted, for example China.

The reconciliation below shows changes in those financial liabilities and hedging transactions for which payments received and made are shown under cash flows from financing activities in the statement of cash flows.

| € in millions | Starting balance | Cash-effective changes | Non-cash effective changes | | | | Ending balance |
|--|------------------|------------------------|----------------------------|------------------|------------|---------------|----------------|
| | | | Acquisitions ¹ | Currency effects | New leases | Other changes | |
| The 2021 fiscal year | | | | | | | |
| Short-term and long-term financial debt | 7,033 | (487) | – | 29 | – | 10 | 6,585 |
| Related party financial payables | 1 | 1 | – | – | – | – | 2 |
| Short-term and long-term leasing liabilities | 294 | (76) | – | 3 | 110 | – | 331 |
| Total | 7,328 | (562) | – | 32 | 110 | 10 | 6,918 |
| The 2020 fiscal year | | | | | | | |
| Short-term and long-term financial debt | 1,556 | 4,443 | 1,335 | (306) | – | 5 | 7,033 |
| Related party financial payables | – | 1 | – | – | – | – | 1 |
| Short-term and long-term leasing liabilities | 262 | (63) | 40 | (8) | 63 | – | 294 |
| Total | 1,818 | 4,381 | 1,375 | (314) | 63 | 5 | 7,328 |

¹ Amounts shown for the 2020 fiscal year as "Acquisitions" related to financial debt acquired in connection with the acquisition of Cypress.

26 Additional disclosures on financial instruments

Categories of financial instruments

The following tables present the carrying amounts and the fair values of financial instruments by their respective classes and a breakdown by category of financial instruments as of 30 September 2021 and 2020 according to IFRS 9:

| | Carrying amount | Categories of financial assets | | Not assignable to any IFRS 9 measurement category | Fair value |
|---------------------------------|-----------------|--------------------------------------|-------------------|---|--------------|
| | | At fair value through profit or loss | At amortized cost | | |
| Financial assets, € in millions | | | | | |
| As of 30 September 2021 | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | 1,749 | 1,456 | 293 | – | 1,749 |
| Financial investments | 2,173 | 1,066 | 1,107 | – | 2,173 |
| Trade receivables | 1,483 | – | 1,483 | – | 1,483 |
| Other current assets | 156 | 2 | 154 | – | 156 |
| Non-current assets: | | | | | |
| Other non-current assets | 193 | 114 | 79 | – | 193 |
| Total | 5,754 | 2,638 | 3,116 | – | 5,754 |
| As of 30 September 2020 | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | 1,851 | 1,524 | 327 | – | 1,851 |
| Financial investments | 1,376 | 777 | 599 | – | 1,376 |
| Trade receivables | 1,196 | – | 1,196 | – | 1,196 |
| Other current assets | 257 | 2 | 254 | 1 | 257 |
| Non-current assets: | | | | | |
| Other non-current assets | 154 | 98 | 56 | – | 154 |
| Total | 4,834 | 2,401 | 2,432 | 1 | 4,834 |

| | Carrying amount | Categories of financial liabilities | | Not assignable to any IFRS 9 measurement category | | Fair value |
|---|-----------------|--------------------------------------|--|---|------------|--------------|
| | | At fair value through profit or loss | Other financial liabilities (amortized cost) | Designated hedging instruments (cash flow hedges) | Others | |
| Financial liabilities, € in millions | | | | | | |
| As of 30 September 2021 | | | | | | |
| Current liabilities: | | | | | | |
| Short-term financial debt and current portion of long-term financial debt | 833 | 143 | 690 | - | - | 840 |
| Trade payables | 1,569 | - | 1,569 | - | - | 1,569 |
| Current leasing liabilities | 66 | - | - | - | 66 | - |
| Other current liabilities | 751 | 5 | 745 | 1 | - | 751 |
| Non-current liabilities: | | | | | | |
| Long-term financial debt | 5,752 | - | 5,752 | - | - | 6,049 |
| Non-current leasing liabilities | 265 | - | - | - | 265 | - |
| Other non-current liabilities | 72 | - | 72 | - | - | 72 |
| Total | 9,308 | 148 | 8,828 | 1 | 331 | 9,281 |
| As of 30 September 2020 | | | | | | |
| Current liabilities: | | | | | | |
| Short-term financial debt and current portion of long-term financial debt | 505 | 139 | 366 | - | - | 509 |
| Trade payables | 1,160 | - | 1,160 | - | - | 1,160 |
| Current leasing liabilities | 59 | - | - | - | 59 | - |
| Other current liabilities | 845 | 2 | 777 | 66 | - | 845 |
| Non-current liabilities: | | | | | | |
| Long-term financial debt | 6,528 | - | 6,528 | - | - | 6,783 |
| Non-current leasing liabilities | 235 | - | - | - | 235 | - |
| Other non-current liabilities | 77 | - | 77 | - | - | 77 |
| Total | 9,409 | 141 | 8,908 | 66 | 294 | 9,374 |

Within financial assets measured at amortized cost, financial assets with a carrying amount of €12 million (previous year: €2 million) were included as of 30 September 2021, which Infineon has pledged as collateral for liabilities or contingent liabilities. In addition, €0 million (previous year: €1 million) relating to an agreement in connection with the subsequent liability as shareholder with personal liability of Qimonda Dresden GmbH & Co. OHG (see note 23, [p. 199](#)) was deposited in an escrow account as security against potential claims against Infineon.

In the 2021 and 2020 fiscal years, there were no reclassifications between the categories of financial instruments.

Disclosures about fair value

Financial instruments at amortized cost

For assets allocated to the category “At amortized cost”, it is assumed that the fair values correspond to their carrying amounts. The same assumption applies to liabilities resulting from trade payables and other current liabilities categorized as “Other financial liabilities (amortized cost)”.

The fair value of current and non-current financial debt that is measured at amortized cost is based either on quoted prices as of the reporting date (level 1) or is determined based on expected future cash flows discounted using a current market interest rate (level 2). As of 30 September 2021, short-term financial debt and current portion of long-term financial debt was assigned to level 1 with a fair value of €504 million (previous year: €0 million) and to level 2 with a fair value of €193 million (previous year: €139 million). As of 30 September 2021, fair values of non-current financial debt which were allocated to level 1, amounted to €3,077 million (previous year: €3,521 million). As of 30 September 2021, fair values for level 2 amounted to €2,972 million (previous year: €3,262 million).

Financial instruments at fair value

Financial instruments measured at fair value are allocated to the following measurement levels in accordance with IFRS 13. The allocation to the different levels is based on the market proximity of the valuation parameters used in the determination of the fair values:

- › Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities,
- › Level 2: valuation parameters whose prices are not the ones considered in Level 1, but which can be observed either directly or indirectly for the assets or liabilities,
- › Level 3: valuation parameters for assets and liabilities, which are not based on observable market data.

The allocation to the levels as of 30 September 2021 and 2020 was as follows:

| € in millions | Fair value | Fair value by category | | |
|---|--------------|------------------------|------------|-----------|
| | | Level 1 | Level 2 | Level 3 |
| 30 September 2021 | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | 1,456 | 1,456 | – | – |
| Financial investments | 1,066 | 1,066 | – | – |
| Other current assets | 2 | – | 2 | – |
| Non-current assets: | | | | |
| Other non-current assets | 114 | 94 | 4 | 16 |
| Total | 2,638 | 2,616 | 6 | 16 |
| Current liabilities: | | | | |
| Short-term financial debt and current portion of long-term financial debt | 143 | – | 143 | – |
| Other current liabilities | 6 | – | 6 | – |
| Total | 149 | – | 149 | – |

| € in millions | Fair value | Fair value by category | | |
|---|--------------|------------------------|------------|-----------|
| | | Level 1 | Level 2 | Level 3 |
| 30 September 2020 | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | 1,524 | 1,524 | – | – |
| Financial investments | 777 | 777 | – | – |
| Other current assets | 3 | – | 3 | – |
| Non-current assets: | | | | |
| Other non-current assets | 98 | 81 | – | 17 |
| Total | 2,402 | 2,382 | 3 | 17 |
| Current liabilities: | | | | |
| Short-term financial debt and current portion of long-term financial debt | 139 | – | 139 | – |
| Other current liabilities | 68 | – | 68 | – |
| Total | 207 | – | 207 | – |

Cash equivalents and financial investments included investments in money market funds and investment funds (level 1).

Other current assets and other current liabilities contained derivative financial instruments (including cash flow hedges to hedge planned raw material purchases). Their fair value was determined by discounting future cash flows according to the discounted cash flow method. Where possible, valuation parameters observed on the reporting date in the relevant markets (such as currency rates, interest rates, or commodity prices) drawn from reliable external market data providers were used (level 2).

Other non-current assets included equity investments and investments in funds. Where these are traded on an active market, the fair value was based on the actual market price (level 1). In addition, other non-current assets included derivative financial

instruments whose fair value was calculated using recognized financial-mathematical models, with only observable input parameters included in the measurement (level 2). For equity investments where no market price from an active market is available, the fair value was determined by considering existing contractual arrangements based on externally observable dividend policy (level 3).

Short-term financial debt included the conversion rights from convertible bonds acquired in the course of the acquisition of Cypress (see note 15, [p. 184 f.](#)), which can be exercised against cash payment by bondholders until the maturity of the instruments. The fair value of the conversion rights was determined by discounting future cash flows according to the discounted cash flow method. Valuation parameters observed on the reporting date in the relevant markets, such as interest rates and US dollar spot rates drawn from reliable external market data providers, were used (level 2).

The following table shows the reconciliation of financial instruments classified as level 3 (before tax):

| € in millions | 30 September 2020 | Sales (including disposals) ² | Unrealized losses recognized in profit or loss ¹ | Realized gains recognized in profit or loss ^{1,2} | 30 September 2021 |
|--------------------|-------------------|--|---|--|-------------------|
| Equity investments | 17 | (13) | (1) | 13 | 16 |
| Total | 17 | (13) | (1) | 13 | 16 |

1 This relates to gains recognized in financial income or losses recognized in financial expenses.

2 This relates to the sale of an investment acquired in the course of the acquisition of Cypress.

A hypothetical change in the material non-observable valuation parameters at the balance sheet date of ± 10 percent would have resulted in a theoretical reduction in fair values of €1 million or an increase of €1 million (previous year: both €1 million).

Gains and losses in relation to financial instruments

The net gain or loss on financial instruments (including interest income and expense) within continuing operations in the Consolidated Statement of Profit or Loss amounted to the following as of 30 September 2021 and 2020:

| € in millions | 2021 | 2020 |
|---|--------------|--------------|
| Financial assets measured at amortized cost | 24 | (42) |
| therein interest income | 5 | 28 |
| therein impairment losses | – | (1) |
| therein foreign currency exchange | 19 | (70) |
| Financial assets measured at fair value through profit and loss | 13 | (15) |
| Financial liabilities measured at amortized cost | (177) | (18) |
| therein interest expenses | (139) | (120) |
| therein foreign currency exchange | (36) | 107 |
| therein other financial expenses | (2) | (5) |
| Financial liabilities at fair value through profit or loss | (2) | (3) |
| Financial assets or liabilities measured at fair value through profit and loss – held for trading | 3 | (40) |
| therein foreign currency exchange | 3 | (40) |
| Total | (139) | (118) |

Interest expense on financial liabilities measured at amortized cost mainly included interest on financial debt and effects from using the effective interest method.

Infineon does not net financial instruments. Infineon conducts derivative transactions according to the global netting agreement (Master Agreement) of the International Swaps and Derivatives Association (ISDA) and other comparable national framework agreements. Under the terms of these agreements, any netting arising from the occurrence of certain future events would have had no material effect on the balance sheet presentation of these financial instruments.

Derivative financial instruments and hedging activities

Derivative financial instruments not designated as a hedging relationship

Infineon holds derivative financial instruments exclusively for hedging purposes. This includes the use of forward exchange contracts, foreign currency options, interest- and commodity swaps. The objective is to reduce the impact of exchange rate, interest rate and commodity price fluctuations on future net cash flows.

The nominal values and fair values of Infineon's derivative instruments as of 30 September 2021 and 2020 that were not designated as cash flow hedges were as follows:

| € in millions | 30 September 2021 | | 30 September 2020 | |
|--------------------------------------|-------------------|------------|-------------------|------------|
| | Nominal value | Fair value | Nominal value | Fair value |
| Forward exchange contracts sold | 280 | (5) | 144 | (2) |
| Forward exchange contracts purchased | 236 | 2 | 151 | 2 |
| Total | | (3) | | – |

Derivative financial instruments designated as a hedging relationship

As of 30 September 2021 and 2020, Infineon held the following instruments, which were designated as cash flow hedges and were used to hedge against interest rate and commodity price changes:

| | Short term |
|----------------------------------|------------|
| 30 September 2021 | |
| Hedging of other risks | |
| Commodity swaps | |
| Nominal value (€ in millions) | 21 |
| Average price (US dollar/ounce) | 1,813 |
| 30 September 2020 | |
| Hedging of interest risks | |
| Interest rate swaps | |
| Nominal value (US\$ in millions) | 750 |
| Average interest rate | 1.9548% |
| Hedging of other risks | |
| Commodity swaps | |
| Nominal value (€ in millions) | 15 |
| Average price (US dollar/ounce) | 1,765 |

Hedging of foreign exchange risk

Foreign exchange derivatives are entered into by Infineon to offset the exchange risk from anticipated cash receipts from operating activities. In the 2021 fiscal year, no foreign exchange derivatives were designated as cash flow hedges to hedge the operating activities. In connection with the acquisition of Cypress, foreign exchange derivatives were acquired in the previous year to hedge the operating activities, which were redesignated as cash flow hedges. These foreign currency derivatives expired in full in the previous year.

Hedging of interest risks

In view of future refinancing measures, in December 2019, Infineon partially hedged against the risk of rising interest rates with transaction-dependent interest rate hedging transactions with a total nominal volume of €2,025 million and US\$750 million, which were accounted for as cash flow hedges. For the aforementioned hedging relationships, there was at all times an economic relationship between the hedged item and the hedging instrument (critical term). The hedging ratio was 1:1. As part of the hedging, the swap rates were designated in their volume to 100 percent. On the other hand, the transaction-dependent premium implicit in the swap rates was excluded from the designation of the hedging instrument. The resulting market price deviations from the respective transaction price were capitalized as so-called day one losses and were recognized directly in the Consolidated Statement of Profit or Loss over the term of the hedges until the date of the refinancing measures.

Interest rate swaps with a nominal volume of €2,025 million already matured in the 2020 fiscal year. In the course of the US private placement of the notes in April 2021 (see note 15, [p. 184 f.](#)), the remaining interest rate swaps with a nominal volume of US\$750 million matured on 26 March 2021, resulting in a cash outflow of €23 million. The amounts from this hedging relationship that continue to be recognized in other reserves amounting to negative €19 million will be recognized in interest expense over the term of the individual tranches of the notes. Ineffectiveness of €2 million from the interest rate swaps was recognized in the Consolidated Statement of Profit or Loss in the 2021 fiscal year. This arose as a result of a deviation between the actual and planned credit terms. A further €2 million was related to the transaction-related premium implicit in the swap rates. Of this, €1 million had already been recognized in profit or loss in the previous year.

The development of the day one losses was as follows:

| € in millions | 2021 | 2020 |
|---|----------|----------|
| Day one losses at beginning of the fiscal year | 1 | – |
| Addition from new transactions | – | 11 |
| Reversal through profit or loss in the period | (1) | (10) |
| Day one losses at end of the fiscal year | – | 1 |

Hedging of other risks

To hedge the price risks of highly probable gold purchases in the 2022 fiscal year, Infineon entered into swaps, which are designated as cash flow hedges. The designated hedged items and the hedging instruments were subject to the same risk. The economic connection was proven by means of a regression analysis. Due to the execution of only highly effective hedging transactions, Infineon assumes that significant ineffective elements will normally not be generated. Infineon applies a hedging ratio of 1:1. Ineffectiveness can be caused mainly from the impact of the credit risks arising from the counterparty and the Company on the fair value of the swap, that is not reflected in the change in the fair value of hedged cash flows attributable to changes in raw material prices. As in the previous year, no hedge ineffectiveness was recorded in the Consolidated Statement of Profit or Loss for these hedging relationships. As in the previous year, no gains or losses were transferred from other reserves to profit or loss as a result of cash flow hedges for future raw material purchases being canceled following the decision that the occurrence of the hedged transaction had become unlikely.

Effects from derivative financial instruments designated as a hedging relationship

The amounts related to positions designated as hedged items were as follows as of 30 September 2021 and 2020:

| € in millions | Change in the value of the hedged item used to determine ineffectiveness | Hedge reserve (before taxes) |
|----------------------------------|--|------------------------------|
| 30 September 2021 | | |
| Hedging of interest risks | | |
| Interest rate swaps | 19 | (49) |
| Hedging of commodity price risks | 1 | (1) |
| Total | | (50) |
| 30 September 2020 | | |
| Hedging of foreign exchange risk | | |
| Deal Contingent Forward | (98) | – |
| Deal Contingent Option | (75) | – |
| Hedging of interest risks | | |
| Interest rate swaps | 99 | (98) |
| Hedging of commodity price risks | (1) | 1 |
| Total | | (97) |

In the 2021 and 2020 fiscal years, no balances remained in other comprehensive income for which hedge accounting was no longer applied.

The relevant amounts of the derivative financial instruments designated as hedging instruments as of 30 September 2021 and 2020 (before taxes) were as follows:

| | Carrying amount | Changes in fair value for the measurement of the ineffectiveness in the reporting period | Changes in fair value of the hedging instrument recognized in other comprehensive income | Changes in fair value of cost of hedging recognized in other comprehensive income | Amount reclassified from hedge reserve to the Statement of Profit or Loss | Amount reclassified from the hedge reserve to the Statement of Profit or Loss from hedging relationships for which the underlying transaction is no longer expected | Amount reclassified from the hedge reserve to the cost of non-financial assets | Amount reclassified from the cost of hedging reserve to the cost of non-financial assets | Line item of the Statement of Financial Position or the Statement of Profit or Loss affected by the reclassification |
|-----------------------------------|-----------------|--|--|---|---|---|--|--|--|
| € in millions | | | | | | | | | |
| 30 September 2021 | | | | | | | | | |
| Other current liabilities: | | | | | | | | | |
| Hedging of interest risks | – | (21) | 44 | – | 5 | – | – | – | Financial expenses |
| Hedging of commodity price risks | 1 | (1) | (1) | – | – | – | (1) | – | Inventories |
| Total | 1 | (22) | 43 | – | 5 | – | (1) | – | |
| 30 September 2020 | | | | | | | | | |
| Other current assets: | | | | | | | | | |
| Hedging of foreign exchange risks | | | | | | | | | |
| Deal Contingent Forward | – | 98 | (56) | (35) | – | – | 70 | 28 | Goodwill |
| Deal Contingent Option | – | 39 | (84) | 77 | – | – | 181 | (142) | Goodwill |
| Hedging of commodity price risks | 1 | 1 | (2) | – | – | – | (5) | – | Inventories |
| Other current liabilities: | | | | | | | | | |
| Hedging of interest risks | 66 | (99) | (98) | – | 1 | (11) | – | – | Financial expenses |
| Total | 67 | 39 | (240) | 42 | 1 | (11) | 246 | (114) | |

The following table shows the reconciliation for the reserve for cash flow hedges (before taxes) by risk category:

| € in millions | Hedging of foreign exchange risks | Hedging of interest risks | Hedging of commodity price risks | Total |
|---|-----------------------------------|---------------------------|----------------------------------|-------------|
| 30 September 2019 | 98 | - | 3 | 101 |
| Change in fair value | 39 | (99) | 3 | (57) |
| Amount reclassified to the Statement of Profit or Loss | - | 1 | - | 1 |
| Amounts reclassified to the cost of non-financial items | (137) | - | (5) | (142) |
| 30 September 2020 | - | (98) | 1 | (97) |
| Change in fair value | - | 44 | (1) | 43 |
| Amount reclassified to the Statement of Profit or Loss | - | 5 | - | 5 |
| Amounts reclassified to the cost of non-financial items | - | - | (1) | (1) |
| 30 September 2021 | - | (49) | (1) | (50) |

27 Financial risk management

Infineon's activities are exposed to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk, financing and liquidity risk. Infineon's financial risk management seeks to minimize potential adverse effects on its profitability and liquidity. Infineon uses derivative financial instruments to hedge certain risks to which it is exposed. Financial risk management is carried out by the central Finance & Treasury (FT) department in accordance with policies approved by the Chief Financial Officer. The FT department identifies, evaluates and hedges financial risks in close cooperation with the operating units.

The FT department's policies contain principles for overall risk management as well as guidance covering specific areas such as foreign exchange risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments, and the investment of excess liquidity.

The coronavirus pandemic and the related measures to contain the virus can have a direct and indirect effect on financial risks. The course of the spread of the coronavirus and the impact on Infineon's risk position is continually monitored and is taken into account in the methods, models and processes used to control financial risks. Possible longer-term effects on Infineon as a consequence of the spread of the coronavirus and the associated volatility in the financial markets cannot actually be estimated more precisely.

Market risk

Market risk is defined as the risk of losses resulting from adverse changes in the market prices of financial instruments, including those related to foreign exchange rates, interest rates and other price risks.

Infineon is exposed to various market risks in the ordinary course of business, primarily resulting from changes in foreign exchange rates and interest rates. Infineon enters into a range of derivative financial transactions with various counterparties to limit such risks. Derivative instruments are used only for hedging purposes and not for trading or speculative purposes.

Foreign exchange risk

Foreign exchange risk within the meaning of IFRS 7 is the risk arising from changes to foreign exchange rates. Accordingly, foreign exchange risks are associated with financial instruments that are denominated in a foreign currency that does not correspond to the functional currency, and the foreign currency represents the relevant risk variable. Risks arising from the translation into Infineon's reporting currency are not risks within the meaning of IFRS 7.

Although Infineon prepares the Consolidated Financial Statements in euros, a varying but significant portion of its revenue, as well as cost of goods sold, research and development and product distribution costs, are denominated in currencies other than the euro, primarily the US dollar. Fluctuations in the exchange rates of these currencies compared to the euro had an effect on the results of Infineon in the 2021 and 2020 fiscal years.

The Management Board has established policies that require Infineon's individual legal entities to manage the foreign exchange risk with respect to their functional currency. Group entities prepare a monthly rolling cash flow forecast by currency in order to determine foreign exchange risks. The net foreign exchange positions determined in these forecasts are required to be hedged, usually by entering into internal hedging contracts. Infineon's policy with respect to limiting short-term foreign currency exposure is to hedge at least 75 percent of its estimated net cash flow for the following two months, at least 50 percent of its estimated net cash flow for the third month and, depending on the nature of the underlying transactions, a certain additional portion for the periods thereafter. Part of the foreign currency risk cannot be mitigated due to differences between actual and forecasted amounts. Infineon calculates this remaining risk based on net cash flows considering items in the Statement of Financial Position, actual orders received or placed and all other planned cash receipts and payments.

For the net result related to foreign currency hedging transactions and foreign currency transactions included within profit (loss) for the period see note 26. [p. 207](#)

Foreign exchange risk at Infineon arises predominantly from main foreign currency positions. The following table shows the net exposure as of 30 September 2021 and 2020:

| € in millions | 30 September 2021 | 30 September 2020 |
|------------------------------------|-------------------|-------------------|
| Euro/US dollar | (138) | 34 |
| Euro/Japanese yen | (64) | (86) |
| Euro/Singapore dollar | (74) | (70) |
| Euro/Malaysian ringgit | (42) | (48) |
| Euro/British pound | – | (7) |
| Financial position exposure | (318) | (177) |
| Euro/US dollar | (280) | (144) |
| Euro/Japanese yen | 116 | 37 |
| Euro/Singapore dollar | 31 | 24 |
| Euro/Malaysian ringgit | 48 | 57 |
| Euro/British pound | 7 | 9 |
| Forward exchange contracts | (78) | (17) |
| Net exposure | (396) | (194) |

The following table shows the effects on profit or loss for the 2021 and 2020 fiscal year and equity as of 30 September 2021 and 2020 of a ± 10 percent shift in exchange rates. The assumed exchange rate changes relate only to financial instruments within the meaning of IAS 32.

| € in millions | Profit or Loss | | Equity | |
|--------------------------|----------------|-------------|----------|------------|
| | plus 10% | minus 10% | plus 10% | minus 10% |
| 30 September 2021 | 36 | (44) | – | – |
| Euro/US dollar | 38 | (46) | – | – |
| Euro/Japanese yen | (5) | 6 | – | – |
| Euro/Singapore dollar | 4 | (5) | – | – |
| Euro/Malaysian ringgit | (1) | 1 | – | – |
| 30 September 2020 | 18 | (22) | 6 | (7) |
| Euro/US dollar | 10 | (12) | 6 | (7) |
| Euro/Japanese yen | 5 | (6) | – | – |
| Euro/Singapore dollar | 4 | (5) | – | – |
| Euro/Malaysian ringgit | (1) | 1 | – | – |

Interest rate risk

In accordance with IFRS 7, interest rate risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates.

Infineon is exposed to interest rate risk through its financial investment instruments and financial debt resulting from bond issuances and debt financing. Due to the cyclical nature of its core business and the need to maintain high operational flexibility, Infineon holds a relatively high level of liquid financial assets that are invested in short-term fixed-interest instruments. These financial assets generally are invested with contract duration of between one and twelve months at interest rates that can be achieved in the short-term. The risk to these assets of changing interest rates is not material in the current period of low or zero interest rates.

To reduce the net remaining risks caused by changes in interest rates, Infineon is able to make use of interest rate derivatives in order to align the fixed interest periods of assets and liabilities.

Interest rate risks related to refinancing measures were partially hedged by interest rate derivatives designated as cash flow hedges in the previous year. These interest rate derivatives matured in the 2021 fiscal year (see note 26, [p. 208 ff.](#)).

IFRS 7 requires a sensitivity analysis showing the effect of possible changes in market interest rates on profit or loss and equity. Infineon prepares this using the iteration method.

Changes in market interest rates affect interest income and expenses from variable-yield financial instruments as well as from fixed-yield financial instruments that are measured at fair value through profit or loss, and also affect equity due to the hedge accounting designated interest rate hedging instruments.

The following table shows the effects on profit or loss for the 2021 and 2020 fiscal year and equity as of 30 September 2021 and 2020 of a ± 100 basis points shift in market interest rates:

| | Nominal value | Profit or Loss | | Equity | |
|--|---------------|-----------------------|------------------------|-----------------------|------------------------|
| | | plus 100 basis points | minus 100 basis points | plus 100 basis points | minus 100 basis points |
| € in millions | | | | | |
| 30 September 2021 | 1,356 | 15 | (24) | - | - |
| Variable-interest financial assets | 2,458 | 25 | (25) | - | - |
| Variable-interest financial liabilities | (959) | (10) | 1 | - | - |
| Fixed-interest financial liabilities measured at fair value through profit or loss | (143) | - | - | - | - |
| 30 September 2020 | 353 | - | (18) | 53 | (59) |
| Variable-interest financial assets | 2,220 | 22 | (22) | - | - |
| Variable-interest financial liabilities | (2,369) | (24) | 6 | - | - |
| Fixed-interest financial liabilities measured at fair value through profit or loss | (139) | 2 | (2) | - | - |
| Designated interest rate hedging instruments (cash flow hedging relationships) | 641 | - | - | 53 | (59) |

As in the previous year, Infineon did not hold any fixed-rate financial assets that are measured at fair value through profit or loss. Furthermore, as in the previous year, Infineon did not hold any fixed-interest financial assets that were measured at fair value through other comprehensive income.

Other price risk

According to IFRS 7, other price risk is defined as the risk that the fair value or future cash flows of a financial instrument could fluctuate because of changes in market prices (other than those arising from interest rate risk or exchange rate risk), irrespective of whether those changes are caused by factors specific to the individual financial instrument or its issuer, or by factors affecting all similar financial instruments traded in the market.

In the 2021 fiscal year, Infineon held financial instruments that are exposed to market price risks. A change in the relevant market prices would have had no significant impact on the result of the 2021 and 2020 fiscal years.

Additionally, Infineon is exposed to price risks with respect to raw materials upon which it is dependent. Infineon seeks to minimize these risks through its procurement policy (including the use of multiple sources, where possible) and its operating procedures. In line with these measures, Infineon concluded additional financial derivative contracts for certain commodity supplies (gold) for the following fiscal year in order to mitigate the remaining risk arising from the fluctuation of commodity prices (see note 26, [p. 209 ff.](#)).

The following table presents the effect on equity of a change in the relevant market prices by ± 10 percent as of 30 September 2021 and 2020.

| € in millions | Nominal value | Equity | |
|--------------------------|---------------|----------|-----------|
| | | plus 10% | minus 10% |
| 30 September 2021 | | | |
| Commodity swaps | 21 | 2 | (2) |
| 30 September 2020 | | | |
| Commodity swaps | 15 | 2 | (2) |

Credit risk

Credit risk arises when a customer or other counterparty of a financial instrument fails to discharge its contractual obligations. Infineon is exposed to this risk as a consequence of its ongoing operations, its financial investments and certain financing activities. Infineon's credit risk arises primarily from cash and cash equivalents, financial investments, trade receivables and derivative financial instruments. Excluding the impact of any collateral received, the carrying amount of financial investments, cash and cash equivalents and trade receivables corresponds to the maximum credit risk.

Foreign exchange and interest hedging contracts as well as the investment of liquid assets in cash equivalents and financial investments are entered into with major financial institutions worldwide that have high credit ratings. Infineon assesses the creditworthiness of banks using a methodology that establishes investment limits for individual banks that are updated on a daily basis based on current ratings (S&P, Moody's or Fitch) and credit default swap premiums. Possible breaches of stipulated investment thresholds result in immediate notification and the requirement to reduce the risk. This methodology is also used to identify a significant increase in credit risk in the context of the recognition of expected credit losses within the meaning of IFRS 9 at the balance sheet date.

Infineon applies the general impairment model in accordance with IFRS 9 for cash and cash equivalents as well as financial investments. Since Infineon invests exclusively in high-quality financial assets from issuers with a rating of at least investment grade in order to minimize default risk, Infineon assumes that its financial assets carry low credit risk arising from the creditworthiness of its contract parties, so that any impairment loss recorded at first-time recognition is limited to the twelve-month expected credit losses. Infineon considers low credit risk to be an internal credit rating "Holding Quality 1". A change in the internal rating from "Holding Quality 1" to "Holding Quality 0" indicates a significant increase in credit risk. The impairment is calculated

using a weighted-probability method. This impairment is calculated as a measure of the probability of default based on the exposure at the balance sheet date, the loss ratio for that exposure, and the credit default swap spread.

The following table provides information on the credit risk for cash and cash equivalents measured at amortized cost, as well as financial investments as of 30 September 2021 and 2020:

| € in millions | | At amortized cost | | |
|--------------------------|-----------------|---|-------------------------------|---|
| Infineon rating | External rating | Basis for the determination of the loss allowance | Expected 12-month credit loss | Expected lifetime credit loss non-credit-impaired |
| 30 September 2021 | | | | |
| Holding Quality 1 | AA- to BBB | 1,401 | 1 | - |
| Holding Quality 0 | - | - | - | - |
| Total | | 1,401 | 1 | - |
| 30 September 2020 | | | | |
| Holding Quality 1 | A to BBB | 926 | 1 | - |
| Holding Quality 0 | - | - | - | - |
| Total | | 926 | 1 | - |

As in the previous year, Infineon had no financial assets that were overdue or impaired as of 30 September 2021. There was no reclassification between the impairment levels in the 2021 and 2020 fiscal years.

As in the previous year, Infineon spread its cash investments over more than ten banks as of 30 September 2021. As of 30 September 2021, no financial institution was responsible for more than 18 percent (30 September 2020: 22 percent) of Infineon's cash investments. This gave rise to a maximum risk of €220 million (30 September 2020: €160 million) in the event of the default of a single financial institution assuming no deposit insurance scheme is in place. In addition, to spread the risk of investment, investments were made in money market funds with the best rating, and in money market investment funds. Infineon also held derivative financial instruments with a positive fair value of €2 million as of 30 September 2021 (30 September 2020: €2 million).

Infineon manages the credit risk with respect to trade receivables through a comprehensive credit evaluation for all major customers, the use of credit limits and monitoring procedures. New customers are evaluated for creditworthiness in accordance with Infineon guidelines. Credit limits are also in place for individual customers and creditworthiness and credit limits are constantly monitored. A further measure taken to reduce credit risk is the use of reservation of title clauses. However, despite continuous monitoring, Infineon cannot fully exclude the possibility of a loss arising from the default of one of its contract parties.

Infineon assigns trade receivables to different risk classes based on external ratings, the analysis of customer balance sheet figures, default probabilities (credit default swaps), customer payment behavior and country risks. The simplified method is used to determine the expected losses from trade receivables. The expected losses over the entire term of the trade receivables are determined. The allowance is calculated for each customer using a weighted-probability method. In calculating the expected credit losses, for each customer, Infineon takes into account a forward-looking probability of default provided by a credit rating agency. Individual allowances are recorded based on case-by-case facts or other risk indicators.

The following table provides information about the credit risk for trade receivables from third parties as of 30 September 2021 and 2020:

| € in millions | | | At amortized cost | |
|-----------------|--------------------|------------------------|---|-------------------|
| Infineon rating | Risk class | External credit rating | Basis for the determination of the loss allowance | |
| | | | 30 September 2021 | 30 September 2020 |
| 1 | low risk | A- to AAA | 406 | 256 |
| 2 | average risk | BBB to BBB+ | 489 | 470 |
| 3 | above average risk | BB+ to BBB- | 418 | 296 |
| 4 | increased risk | BB- to BB | 73 | 109 |
| 5 | high risk | C to B+ | 43 | 48 |
| - | individual | none | 4 | 4 |
| - | others | none | 46 | 9 |
| Total | | | 1,479 | 1,192 |

As of 30 September 2021, expected credit losses on trade receivables (see note 9, [p. 178](#)) amounted to €1 million for all risk classes (30 September 2020: €1 million). The individual allowances on trade receivables (no rating) amounted to €4 million in the 2021 fiscal year (2020: €4 million).

Developments in the wake of the coronavirus pandemic are very dynamic, so it cannot be ruled out that the actual credit losses deviate significantly from the expected credit losses recognized based on current estimates and assumptions or that the affected estimates and assumptions will have to be adjusted in future periods and this could have a significant impact on Infineon's expected credit losses.

Financing and liquidity risk

Financing and liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities.

Liquidity risk could arise from a potential inability of Infineon to meet maturing financial obligations. Infineon's liquidity management provides that sufficient levels of cash and other liquid assets are available as well as ensuring the availability of funding through adequate levels of committed credit facilities.

The following table discloses the maturity profile for non-derivative financial liabilities and a cash flow analysis for derivative financial instruments with negative fair values. The table shows the undiscounted contractually agreed cash flows that result from the respective financial liability. Cash flows are recognized at the date when Infineon becomes a contractual partner to the financial instrument. Amounts in foreign currencies were translated using the closing rate at the reporting date. The value of financial instruments with variable interest payments is determined using the interest rate from the last interest fixing date before 30 September 2021 and 2020. The cash outflows of financial liabilities that can be repaid at any time are assigned to the period in which the earliest redemption is possible.

| € in millions | Total | Due in the fiscal year | | | | | |
|--------------------------------------|---------------|------------------------|--------------|--------------|--------------|--------------|--------------------|
| | | 2022 | 2023 | 2024 | 2025 | 2026 | Beyond 2026 |
| 30 September 2021 | | | | | | | |
| Non-derivative financial liabilities | 10,120 | 3,308 | 940 | 1,424 | 133 | 1,207 | 3,108 |
| Derivative financial liabilities: | | | | | | | |
| Cash outflow | 307 | 307 | – | – | – | – | – |
| Cash inflow ¹ | (301) | (301) | – | – | – | – | – |
| Total | 10,126 | 3,314 | 940 | 1,424 | 133 | 1,207 | 3,108 |
| | Total | 2021 | 2022 | 2023 | 2024 | 2025 | Beyond 2025 |
| 30 September 2020 | | | | | | | |
| Non-derivative financial liabilities | 10,054 | 2,624 | 1,165 | 1,846 | 1,362 | 92 | 2,965 |
| Derivative financial liabilities: | | | | | | | |
| Cash outflow | 229 | 229 | – | – | – | – | – |
| Cash inflow ¹ | (161) | (161) | – | – | – | – | – |
| Total | 10,122 | 2,692 | 1,165 | 1,846 | 1,362 | 92 | 2,965 |

1 Cash inflows from derivative financial liabilities that arise upon settlement of the instrument.

Future cash flows from derivative financial instruments (see note 26, [p. 207 ff.](#)) may differ from the amounts shown in the table, since exchange rates or relevant factors are subject to change.

28 Segment reporting

Identification of segments

The basis for identifying the reporting segments is the differences between the products and applications. In the 2021 fiscal year, Infineon's business was structured into the four operating segments Automotive, Industrial Power Control, Power & Sensor Systems and Connected Secure Systems. In addition, Infineon differentiates Other Operating Segments as well as Corporate and Eliminations.

Automotive

The Automotive segment designs, develops, manufactures and markets semiconductor products used in the automotive industry (powertrain, driver assistance and safety systems, information security, infotainment and comfort electronics), and also memory products for specific applications.

Industrial Power Control

The Industrial Power Control segment designs, develops, manufactures and markets semiconductor products for the conversion of electrical energy for small, medium and high-power applications. The products are used in the manufacturing, the low-loss transmission, the storage and the efficient use of electrical energy.

Power & Sensor Systems

The Power & Sensor Systems segment designs, develops, manufactures and markets semiconductors for energy-efficient power supplies, mobile devices, mobile phone network infrastructures, human-machine interaction as well as applications with special demands on their robustness and reliability.

Connected Secure Systems

The Connected Secure Systems segment designs, develops, manufactures and markets semiconductor-based security solutions for networked devices, card-based applications, and government documents, on the one hand, and microcontrollers for industrial, entertainment, and household applications, components for connectivity solutions; and a customer support ecosystem consisting of software, services, and development platforms, on the other.

Other Operating Segments

Other Operating Segments comprise the remaining activities of divested businesses and other business activities. Since the sale of the Wireless mobile phone business, supplies to Intel Mobile Communications and MaxLinear are included in this segment. Also included are supplies of LDMOS wafers and related components to Wolfspeed, Inc. (formerly Cree, Inc.), since the sale of the major part of Infineon's Radio Frequency Power Components business.

Corporate and Eliminations

Corporate and Eliminations reflects the elimination of intragroup revenue and profits/losses to the extent that these arise between the segments.

Similarly, certain items are included in Corporate and Eliminations, which are not allocated to the other segments. These include certain corporate headquarters costs and selected topics, which are not allocated to the segments since they arise from corporate decisions and are not within the direct control of segment management.

Furthermore, raw materials and supplies are mostly not under the control or responsibility of the operating segment management and are therefore allocated to corporate functions. Work in progress and finished goods are allocated to the operating segments.

Chief Operating Decision Maker, definition of Segment Result and allocation of assets and liabilities to the individual segments

The Management Board, as joint Chief Operating Decision Maker, decides how resources are allocated to the segments.

Based on revenue and Segment Result, the Management Board assesses performance and defines operating targets and budgets for the segments.

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).

Decisions relating to financing and the investment of cash funds are taken at a Group level and not at a segment level. For this reason, financial income and financial expense (including interest income and expense) are not allocated to the segments.

Neither assets, liabilities nor cash flows per segment are reported to the Management Board on a regular basis, nor is segment performance assessed on this basis.

The exception to this approach is certain inventory information which is regularly analyzed at a segment level. Infineon also allocates depreciation and amortization expense to the operating segments based on production volume and products produced using standard costs.

Segment information

The XMC™ family of industrial microcontrollers business 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.

| € in millions | Product category | | | | | | | | | |
|---|------------------|--------------|----------------------|--------------|---------------------------------|--------------|--------------|--------------|--------------------------------------|------------|
| | Total | | Power semiconductors | | Embedded Control & Connectivity | | RF & sensors | | Memory ICs for specific applications | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Revenue from contracts with customers: | | | | | | | | | | |
| Automotive | 4,841 | 3,521 | 2,364 | 1,864 | 1,228 | 855 | 648 | 551 | 601 | 251 |
| Industrial Power Control | 1,542 | 1,406 | 1,542 | 1,406 | – | – | – | – | – | – |
| Power & Sensor Systems | 3,268 | 2,650 | 2,299 | 1,921 | 265 | 99 | 704 | 630 | – | – |
| Connected Secure Systems | 1,397 | 974 | – | – | 1,397 | 974 | – | – | – | – |
| Subtotal | 11,048 | 8,551 | 6,205 | 5,191 | 2,890 | 1,928 | 1,352 | 1,181 | 601 | 251 |
| Other Operating Segments | 12 | 16 | | | | | | | | |
| Corporate and Eliminations | – | – | | | | | | | | |
| Total | 11,060 | 8,567 | | | | | | | | |

There were limited levels of trading relationships between the operating segments during the 2021 and 2020 fiscal years. Costs are generally recharged without impact on profit or loss.

| € in millions | 2021 | 2020 |
|----------------------------|--------------|--------------|
| Segment Result: | | |
| Automotive | 792 | 147 |
| Industrial Power Control | 275 | 256 |
| Power & Sensor Systems | 823 | 636 |
| Connected Secure Systems | 182 | 130 |
| Other Operating Segments | 2 | 3 |
| Corporate and Eliminations | (2) | (2) |
| Total | 2,072 | 1,170 |

The following table provides the reconciliation of Segment Result to profit (loss) from continuing operations before income taxes:

| € in millions | 2021 | 2020 |
|---|--------------|--------------|
| Segment Result: | 2,072 | 1,170 |
| Plus/minus: | | |
| Reversal of impairments (impairments) (in particular on goodwill) | 1 | 11 |
| Impact on earnings of restructuring and closures, net | – | (20) |
| Share-based payment | (27) | (14) |
| Acquisition-related depreciation/amortization and other expenses | (544) | (540) |
| Gains (losses) on sales of businesses, or interests in subsidiaries, net | (1) | 1 |
| Other income and expense, net | (31) | (27) |
| Operating profit | 1,470 | 581 |
| Financial income | 22 | 29 |
| Financial expenses | (182) | (177) |
| Share of profit (loss) of associates and joint ventures accounted for using the equity method | 9 | (9) |
| Profit (loss) from continuing operations before income taxes | 1,319 | 424 |

Of the €544 million (2020: €540 million) “Acquisition-related depreciation/amortization and other expenses” incurred in the 2021 fiscal year, €295 million (2020: €316 million) was attributable to cost of goods sold, €15 million (2020: €18 million) to research and development expenses, €220 million (2020: €161 million) to selling, general and administrative expenses and €14 million (2020: €45 million) to other operating income and expense.

| € in millions | 2021 | 2020 |
|--|--------------|--------------|
| Depreciation and amortization: | | |
| Automotive | 509 | 495 |
| Industrial Power Control | 186 | 181 |
| Power & Sensor Systems | 272 | 226 |
| Connected Secure Systems | 70 | 62 |
| Other Operating Segments | 3 | 3 |
| Depreciation and amortization allocated to the segments | 1,040 | 967 |
| Depreciation and amortization not allocated to the segments | 473 | 293 |
| Total depreciation and amortization | 1,513 | 1,260 |

| € in millions | 30 September 2021 | 30 September 2020 |
|----------------------------|-------------------|-------------------|
| Inventories: | | |
| Automotive | 990 | 975 |
| Industrial Power Control | 232 | 251 |
| Power & Sensor Systems | 565 | 449 |
| Connected Secure Systems | 149 | 190 |
| Other Operating Segments | 2 | 3 |
| Corporate and Eliminations | 243 | 184 |
| Total | 2,181 | 2,052 |

Impairment losses on assets in the 2021 fiscal year amounted to €0 million (2020: €5 million) in the Automotive segment, €18 million (2020: €5 million) in the Power & Sensor Systems segment, and €9 million (2020: €13 million) in Corporate and Eliminations. Also allocated to Corporate and Eliminations in the 2021 fiscal year was €15 million (2020: €11 million) of reversal of impairments to assets.

Entity-wide disclosures in accordance with IFRS 8

Revenue for the 2021 and 2020 fiscal years by region was as follows:

| € in millions | 2021 | 2020 |
|---|---------------|--------------|
| Revenue: | | |
| Europe, Middle East, Africa | 2,773 | 2,322 |
| therein: Germany | 1,278 | 1,056 |
| Asia-Pacific (excluding Japan, Greater China) | 1,744 | 1,291 |
| Greater China ¹ | 4,195 | 3,174 |
| therein: Mainland China, Hong Kong | 3,178 | 2,472 |
| Japan | 1,094 | 765 |
| Americas | 1,254 | 1,015 |
| therein: USA | 1,027 | 845 |
| Total | 11,060 | 8,567 |

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

The allocation of revenues from external customers to geographic areas is based on the customers' locations. The average number of employees by geographic region is provided in note 3. [p. 171](#)

No single customer accounted for more than 10 percent of Infineon's revenue during the 2021 and 2020 fiscal year.

Non-current assets as of 30 September 2021 and 2020, by region, were as follows:

| € in millions | 30 September 2021 | 30 September 2020 |
|---|-------------------|-------------------|
| Non-current assets: | | |
| Europe | 4,107 | 3,627 |
| therein: Germany | 2,582 | 2,495 |
| Asia-Pacific (excluding Japan, Greater China) | 1,167 | 1,182 |
| Greater China ¹ | 106 | 73 |
| therein: Mainland China, Hong Kong | 92 | 67 |
| Japan | 18 | 14 |
| Americas | 8,790 | 9,137 |
| therein: USA | 8,778 | 9,124 |
| Total | 14,188 | 14,033 |

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

Non-current assets do not include financial instruments, deferred tax assets and assets from employee benefits.

29 Additional information in accordance with HGB

Information pursuant to section 161 Stock Corporation Act (AktG)

The Declaration of Compliance prescribed by section 161 AktG was drawn up by the Management Board and the Supervisory Board and made permanently available to the public on Infineon's website.

www.infineon.com/cms/en/about-infineon/investor/corporate-governance/#corporate-governance

Fees for audit and advisory services pursuant to section 314, paragraph 1, no. 9 HGB

Year-end audit fees

At the Annual General Meeting held on 25 February 2021, the shareholders elected KPMG AG Wirtschaftsprüfungsgesellschaft ("KPMG"), Munich, as auditor for the 2021 Separate Financial Statements and the Consolidated Financial Statements of Infineon Technologies AG. The audit fees charged by KPMG in the 2021 fiscal year amounted to €3.7 million for the audit of the Consolidated Financial Statements and various annual audits, including an audit review of the Interim Financial Statements.

Fees for other advisory services

In addition to the amounts described above, KPMG charged an aggregate of €0.3 million in the 2021 fiscal year for other audit services which mainly included the provision of a comfort letter as well as the audit of the disclosures in the Sustainability Report.

Fees for tax advisory services

In addition to the amounts described above, KPMG charged €29 thousand in the 2021 fiscal year for tax consulting services in connection with the assessment of individual items.

Fees for other services

Fees of €0.1 million were charged by KPMG to the Company in the 2021 fiscal year for other services. These mainly included quality assurance during the implementation of regulatory requirements.

Management Board and Supervisory Board

Management remuneration in the 2021 fiscal year

As required by section 314, paragraph 1, no. 6a, sentences 5 to 8, HGB (version before ARUG II), the remuneration of the individual members of the Management Board and the Supervisory Board is disclosed in the remuneration report, [p. 132 ff.](#), which is part of the Combined Management Report.

Management Board

The Management Board members during the 2021 fiscal year were as follows:

| Name | Position | Membership of Supervisory Boards and other comparable governing bodies of domestic and foreign companies (as of 30 September 2021) |
|-----------------------|---|---|
| Dr. Reinhard Ploss | Chief Executive Officer, Labor Director | Supervisory Board member › Infineon Technologies Austria AG, Austria (Chairman) › Futurium gGmbH, Germany Member of the Board of Directors › Infineon Technologies Americas Corp., USA |
| Dr. Sven Schneider | Chief Financial Officer | Supervisory Board member › Infineon Technologies Austria AG, Austria Member of the Board of Directors › Infineon Technologies China Co., Ltd., People's Republic of China › Infineon Technologies Asia Pacific Pte., Ltd., Singapore › Infineon Technologies Americas Corp., USA |
| Dr. Helmut Gassel | Chief Marketing Officer | Member of the Board of Directors › Infineon Technologies Asia Pacific Pte., Ltd., Singapore (Chairman) › Infineon Technologies Japan K.K., Japan (Chairman) › Infineon Technologies China Co., Ltd., People's Republic of China › Infineon Technologies Americas Corp., USA (Chairman) |
| Jochen Hanebeck | Chief Operations Officer | Supervisory Board member › Infineon Technologies Austria AG, Austria |
| Constanze Hufenbecher | Chief Digital Transformation Officer | Supervisory Board member › Voith GmbH & Co. KGaA, Germany Member of the Shareholders' Committee › Voith Management GmbH, Germany |

The Supervisory Board

The Supervisory Board members during the 2021 fiscal year, the Supervisory Board position held by them, their occupation, and their membership of other supervisory and governing bodies are as follows:

| Name | Position | Membership of other Supervisory Boards and other comparable governing bodies of domestic and foreign companies (as of 30 September 2021) |
|--|---|--|
| Dr. Wolfgang Eder Chairman | Member of various supervisory bodies | Supervisory Board member › voestalpine AG, Austria |
| Johann Dechant ¹ Deputy Chairman | Vice-Chairman of the Joint Works Council and Chairman of the Works Council Regensburg, Infineon Technologies AG | Member of the Administrative Board › SBK Siemens-Betriebskrankenkasse, Germany |
| Xiaoqun Clever | Management Consultant – LuxNova Suisse GmbH | Supervisory Board member › Capgemini SE, France › Amadeus IT Group SA, Spain Member of the Administrative Board › Cornelsen Group, Germany Member of the Board of Directors › BHP Group Plc., UK and BHP Group Ltd., Australia |
| Dr. Friedrich Eichiner | Member of various supervisory bodies | Supervisory Board member › Festo Management SE, Germany (Chairman) › Allianz SE, Germany |
| Annette Engelfried ¹ | Labor union secretary IG Metall district management, Berlin-Brandenburg-Saxony | Supervisory Board member › Infineon Technologies Dresden Verwaltungs GmbH, Germany › Siemens Gamesa Renewable Energy Management GmbH, Germany |
| Peter Gruber ¹ Representative of Senior Management | Chief Financial Officer Operations, Infineon Technologies AG | Supervisory Board member › Infineon Technologies Dresden Verwaltungs GmbH, Germany |
| Hans-Ulrich Holdenried | Independent Management Consultant | Member of the Advisory Board › Bridge imp GmbH, Germany |
| Dr. Susanne Lachenmann ¹ | Principal Engineer | |

| Name | Position | Membership of other Supervisory Boards and other comparable governing bodies of domestic and foreign companies (as of 30 September 2021) |
|-----------------------------------|--|--|
| Géraldine Picaud | Chief Financial Officer, Holcim Ltd., Switzerland | Member of the Board of Directors › Holcim Group Services Ltd, Switzerland › Holcim Technology Ltd, Switzerland › Lafarge Maroc SA, Morocco › LafargeHolcim Maroc SAS, Morocco › LafargeHolcim Maroc Afrique SAS, Morocco › Huaxin Cement Co., Ltd., People's Republic of China |
| Dr. Manfred Puffer | Independent Management Consultant | Supervisory Board member › Athora Lebensversicherung AG, Germany › Nova KBM Bank, Slovenia › Servicios Prescriptor y Medios de Pagos, S.A.U., Spain › Oldenburgische Landesbank AG, Germany Member of the Board of Directors › Athene Holding Ltd., Bermuda › Catalina Holdings (Bermuda) Ltd., Bermuda |
| Melanie Riedl ¹ | Analysis Engineer and Vice Chairwoman of the Works Council Campeon, exempted member of the Works Council | |
| Jürgen Scholz ¹ | First authorized agent of IG Metall Regensburg | Supervisory Board member › Kronen AG, Germany Member of the Administrative Board › BKK of BMW AG, Germany |
| Kerstin Schulzendorf ¹ | Expert in the frontend-manufacturing, Infineon Technologies Dresden GmbH & Co. KG | |
| Dr. Ulrich Spiesshofer | Senior advisor – The Blackstone Group, member of various advisory boards and investor | |
| Margret Suckale | Member of various supervisory bodies | Supervisory Board member › HeidelbergCement AG, Germany › Deutsche Telekom AG, Germany › DWS Group GmbH & Co. KGaA, Germany |
| Diana Vitale ¹ | Deputy Chairwoman of the Infineon Works Council, Warstein, Infineon Technologies AG | |

¹ Employee representative

Supervisory Board committees

Mediation Committee

Dr. Wolfgang Eder (Chairman)

Johann Dechant

Hans-Ulrich Holdenried

Jürgen Scholz

Executive Committee

Dr. Wolfgang Eder (Chairman)

Johann Dechant

Annette Engelfried

Hans-Ulrich Holdenried

Margret Suckale

Diana Vitale

Investment, Finance and Audit Committee

Dr. Friedrich Eichiner (Chairman)

Johann Dechant

Dr. Wolfgang Eder

Annette Engelfried

Strategy and Technology Committee

Dr. Ulrich Spiesshofer (Chairman)

Xiaoqun Clever

Dr. Wolfgang Eder

Peter Gruber

Dr. Susanne Lachenmann

Jürgen Scholz

Nomination Committee

Dr. Wolfgang Eder (Chairman)

Dr. Manfred Puffer

Margret Suckale

The business address of each member of the Supervisory Board is:
Infineon Technologies AG, Am Campeon 1–15, D-85579 Neubiberg (Germany).

Subsidiaries, associated companies, joint ventures and other companies (not consolidated) as of 30 September 2021

GRI 102-45

| Name of company | Registered office | Shareholdings in % | thereof Infineon Technologies AG | Equity (€ in millions) | Net result (€ in millions) | Footnote |
|--|--|--------------------|----------------------------------|------------------------|----------------------------|------------|
| Fully consolidated subsidiaries: | | | | | | |
| 5200 Ben White Condominiums Association, Inc. | Austin, Texas, USA | n.a. | 0 | 0.00 | 0.00 | 11, 26, 30 |
| AgigA Tech, Inc. | Wilmington, Delaware, USA | 100 | 0 | (2.28) | (2.23) | 11, 30 |
| Cirrent, LLC | Wilmington, Delaware, USA | 100 | 0 | 0.00 | 0.00 | 11, 30 |
| CYLand Corp. | General Trias, Philippines | 40 | 0 | 1.42 | (0.04) | 6, 27 |
| Cypress Innovates G.K. | Kawasaki, Japan | 100 | 0 | 20.96 | 1.33 | 10 |
| Cypress International, LLC | Wilmington, Delaware, USA | 100 | 0 | 0.00 | 0.00 | 11, 30 |
| Cypress Manufacturing, Ltd. | Camana Bay (George Town), Cayman Islands | 100 | 0 | 71.27 | 0.72 | 11, 30 |
| Cypress Semiconductor (Canada), Inc. | Kanata, Ontario, Canada | 100 | 0 | 0.04 | 0.03 | 8 |
| Cypress Semiconductor (Malaysia) Sdn. Bhd. | Melaka, Malaysia | 100 | 0 | 6.96 | 0.58 | 17 |
| Cypress Semiconductor (Mauritius) LLC | Ebène, Mauritius | 100 | 0 | 0.18 | (0.02) | 7 |
| Cypress Semiconductor (Scandinavia) AB | Stockholm, Sweden | 100 | 0 | 0.62 | (0.09) | 17 |
| Cypress Semiconductor (Switzerland) Sàrl | Lausanne, Switzerland | 100 | 0 | 17.84 | (0.33) | 17 |
| Cypress Semiconductor (Thailand) Limited | Nonthaburi, Thailand | 100 | 0 | 78.26 | 1.98 | 17 |
| Cypress Semiconductor (UK) Limited | Bristol, Great Britain | 100 | 0 | 5.33 | (0.25) | 5 |
| Cypress Semiconductor Corporation | Wilmington, Delaware, USA | 100 | 0 | 5,693.76 | (471.58) | 11, 30 |
| Cypress Semiconductor GmbH | Munich, Germany | 100 | 0 | 8.64 | 1.36 | 6 |
| Cypress Semiconductor Hong Kong Private Limited | Hong Kong, People's Republic of China | 100 | 0 | 0.40 | 0.05 | 4 |
| Cypress Semiconductor International Sales B.V. | Amsterdam, The Netherlands | 100 | 0 | 6.07 | 0.01 | 17 |
| Cypress Semiconductor International, Inc. | Wilmington, Delaware, USA | 100 | 0 | 299.78 | (0.36) | 11, 30 |
| Cypress Semiconductor Ireland Limited | Cork, Ireland | 100 | 0 | 4.24 | 0.78 | 6 |
| Cypress Semiconductor Italia S.r.l. | Basiglio (Milan), Italy | 100 | 0 | 0.31 | (0.03) | 6 |
| Cypress Semiconductor Korea Ltd. | Seoul, Republic of Korea | 100 | 0 | 2.86 | 0.64 | 17 |
| Cypress Semiconductor México, S. de R.L. de C.V. | Guadalajara, Mexico | 100 | 0 | (0.04) | (0.01) | 17 |
| Cypress Semiconductor Philippines Headquarters, Ltd. | Camana Bay (George Town), Cayman Islands | 100 | 0 | 5.78 | 0.02 | 11, 30 |
| Cypress Semiconductor Singapore Pte. Ltd. | Singapore, Singapore | 100 | 0 | 6.27 | 0.53 | 17 |
| Cypress Semiconductor Technology (Shanghai) Co. Ltd. | Shanghai, People's Republic of China | 100 | 0 | 4.90 | 0.73 | 17 |
| Cypress Semiconductor Technology India Private Limited | Bangalore, India | 100 | 0 | 31.49 | 4.38 | 7 |
| Cypress Semiconductor Technology Ltd. | Camana Bay (George Town), Cayman Islands | 100 | 0 | 253.17 | (0.82) | 11, 30 |

| Name of company | Registered office | Shareholdings in % | thereof Infineon Technologies AG | Equity (€ in millions) | Net result (€ in millions) | Footnote |
|---|--|-----------------------|-------------------------------------|---------------------------|-------------------------------|-----------|
| Cypress Semiconductor Ukraine LLC | Lviv, Ukraine | 100 | 0 | 2.02 | 0.11 | 17 |
| Cypress Semiconductor World Trade Corp. | Camana Bay (George Town), Cayman Islands | 100 | 0 | 6.08 | 0.00 | 11, 30 |
| Hitex GmbH | Karlsruhe, Germany | 100 | 100 | 2.16 | 0.00 | 3, 20, 22 |
| Infineon Integrated Circuit (Beijing) Co., Ltd. | Beijing, People's Republic of China | 100 | 0 | 15.27 | 1.14 | 17 |
| Infineon Semiconductors (Shenzhen) Co., Ltd. | Shenzhen, People's Republic of China | 100 | 0 | 1.39 | 0.03 | 18 |
| Infineon Semiconductors (Wuxi) Co., Ltd. | Wuxi, People's Republic of China | 100 | 0 | 45.53 | 1.74 | 17 |
| Infineon Technologies (Advanced Logic) Sdn. Bhd. | Melaka, Malaysia | 100 | 0 | 27.79 | 2.33 | 9 |
| Infineon Technologies (Kulim) Sdn. Bhd. | Kulim, Malaysia | 100 | 0 | 326.53 | 1.21 | 9 |
| Infineon Technologies (Malaysia) Sdn. Bhd. | Melaka, Malaysia | 100 | 0 | 355.15 | 36.46 | 9 |
| Infineon Technologies (Wuxi) Co., Ltd. | Wuxi, People's Republic of China | 100 | 0 | 123.92 | 10.55 | 17 |
| Infineon Technologies (Xi'an) Co., Ltd. | Xi'an, People's Republic of China | 100 | 0 | 8.31 | 0.37 | 17 |
| Infineon Technologies 2. Vermögensverwaltungsgesellschaft mbH | Neubiberg, Germany | 100 | 0 | 0.01 | (0.02) | 9 |
| Infineon Technologies Americas Corp. | Wilmington, Delaware, USA | 100 | 0 | 2,563.29 | 248.35 | 9, 30 |
| Infineon Technologies Asia Pacific Pte Ltd | Singapore, Singapore | 100 | 0 | 639.88 | 128.42 | 9 |
| Infineon Technologies Australia Pty Limited | Blackburn, Australia | 100 | 0 | 1.40 | 0.08 | 9 |
| Infineon Technologies Austria AG | Villach, Austria | 100 | 0.004 | 1,186.02 | 163.15 | 9 |
| Infineon Technologies Cegléd Kft. | Cegléd, Hungary | 100 | 0 | 24.82 | (0.70) | 9 |
| Infineon Technologies Center of Competence (Shanghai) Co., Ltd. | Shanghai, People's Republic of China | 100 | 0 | 3.03 | 0.09 | 17 |
| Infineon Technologies China Co., Ltd. | Shanghai, People's Republic of China | 100 | 0 | 187.05 | 17.39 | 17 |
| Infineon Technologies Denmark ApS | Herlev, Denmark | 100 | 0 | 4.72 | 0.22 | 9 |
| Infineon Technologies Dresden GmbH & Co. KG | Dresden, Germany | 100 | 100 | 246.52 | 8.70 | 9, 23 |
| Infineon Technologies Dresden Verwaltungs GmbH | Neubiberg, Germany | 100 | 0 | 0.09 | 0.00 | 9, 20, 21 |
| Infineon Technologies Epi Services, Inc. | Wilmington, Delaware, USA | 100 | 0 | 8.16 | 3.25 | 9, 30 |
| Infineon Technologies Finance B.V. | Rotterdam, The Netherlands | 100 | 100 | 1.97 | (0.03) | 12 |
| Infineon Technologies France S.A.S. | St. Denis, France | 100 | 0 | 9.10 | 0.64 | 9 |
| Infineon Technologies Holding Asia Pacific Pte. Ltd. | Singapore, Singapore | 100 | 0 | 2,916.15 | 7.61 | 9 |
| Infineon Technologies Holding B.V. | Rotterdam, The Netherlands | 100 | 100 | 10,814.67 | 54.71 | 9 |
| Infineon Technologies Hong Kong Ltd. | Hong Kong, People's Republic of China | 100 | 0 | 2.03 | 0.40 | 9 |
| Infineon Technologies India Private Limited | Bangalore, India | 100 | 0 | 14.33 | 2.65 | 7 |
| Infineon Technologies Investment B.V. | Rotterdam, The Netherlands | 100 | 0 | 0.11 | 0.00 | 9 |
| Infineon Technologies Ireland Limited | Dublin, Ireland | 100 | 100 | 0.41 | 0.14 | 9 |
| Infineon Technologies Italia s.r.l. | Milan, Italy | 100 | 0 | 7.25 | 2.18 | 9 |
| Infineon Technologies IT-Services GmbH | Klagenfurt, Austria | 100 | 0 | 10.24 | 5.61 | 9 |

| Name of company | Registered office | Shareholdings in % | thereof Infineon Technologies AG | Equity (€ in millions) | Net result (€ in millions) | Footnote |
|--|------------------------------|-----------------------|-------------------------------------|---------------------------|-------------------------------|-----------|
| Infineon Technologies Japan K.K. | Tokyo, Japan | 100 | 0 | 40.64 | 6.17 | 9 |
| Infineon Technologies Korea Co., LLC | Seoul, Republic of Korea | 100 | 0 | 13.42 | 3.92 | 9 |
| Infineon Technologies Linz GmbH & Co KG | Linz, Austria | 100 | 0 | 5.94 | 5.89 | 9 |
| Infineon Technologies LLC | Wilmington, Delaware, USA | 100 | 0 | 121.66 | 49.30 | 11, 30 |
| Infineon Technologies Maasstad C.V. | Rotterdam, The Netherlands | 100 | 0 | 26.80 | 2.08 | 9 |
| Infineon Technologies Memory Solutions Germany GmbH | Neubiberg, Germany | 100 | 0 | 0.02 | 0.00 | 9 |
| Infineon Technologies Memory Solutions Holdings Inc. | Wilmington, Delaware, USA | 100 | 0 | 68.48 | 0.00 | 15, 30 |
| Infineon Technologies Memory Solutions India LLP | Bangalore, India | 100 | 0 | n.a. | n.a. | 19 |
| Infineon Technologies Memory Solutions Israel Ltd. | Netanya, Israel | 100 | 0 | 62.14 | 2.83 | 4 |
| Infineon Technologies Memory Solutions Japan G.K. | Kawasaki, Japan | 100 | 0 | 0.04 | 0.00 | 14, 30 |
| Infineon Technologies Memory Solutions Malaysia Sdn. Bhd. | Kuala Lumpur, Malaysia | 100 | 0 | 0.00 | 0.00 | 13, 30 |
| Infineon Technologies Memory Solutions Taiwan Ltd. | Taipei, Taiwan | 100 | 0 | n.a. | n.a. | 19 |
| Infineon Technologies Nordic AB | Kista, Sweden | 100 | 0 | 5.14 | 0.23 | 9 |
| Infineon Technologies Philippines, Inc. | Muntinlupa City, Philippines | 100 | 0 | 0.20 | 0.26 | 9 |
| Infineon Technologies Power Semitech Co., Ltd. | Cheonan, Republic of Korea | 100 | 100 | 55.82 | 2.77 | 9 |
| Infineon Technologies Reigate Limited | Bristol, Great Britain | 100 | 0 | 17.00 | 0.81 | 9 |
| Infineon Technologies Romania & Co. Societate in Comandita | Bucharest, Romania | 100 | 0 | 4.58 | 1.70 | 9 |
| Infineon Technologies Shared Service Center, Unipessoal Lda. | Maia, Portugal | 100 | 100 | 3.50 | 0.62 | 3 |
| Infineon Technologies Taiwan Co., Ltd. | Taipei, Taiwan | 100 | 0 | 8.60 | 1.55 | 9 |
| Infineon Technologies UK Limited | Bristol, Great Britain | 100 | 0 | 1.51 | 1.92 | 9 |
| Infineon Technologies US HoldCo Inc. | Wilmington, Delaware, USA | 100 | 0 | 2,231.98 | 277.82 | 9, 30 |
| Infineon Technologies US InterCo LLC | Wilmington, Delaware, USA | 100 | 0 | 1,532.80 | 271.26 | 9, 30 |
| Infineon Technologies US Investment LLC | Wilmington, Delaware, USA | 100 | 0 | (0.04) | 19.25 | 9, 30 |
| Infineon Technologies Vermögensverwaltungsgesellschaft mbH | Neubiberg, Germany | 100 | 100 | 125.22 | 0.00 | 9, 20, 21 |
| International Rectifier HiRel Denmark ApS | Herlev, Denmark | 100 | 0 | 1.06 | 0.26 | 9 |
| International Rectifier HiRel Products, Inc. | Wilmington, Delaware, USA | 100 | 0 | 147.82 | 28.45 | 9, 30 |
| International Rectifier Mauritius, Inc. (in liquidation) | Curepipe, Mauritius | 100 | 0 | 0.00 | 0.00 | 9, 30 |
| MOLSTANDA Vermietungsgesellschaft mbH | Neubiberg, Germany | 100 | 6 | 133.40 | 0.00 | 9, 20, 21 |
| MOTEON GmbH | Neubiberg, Germany | 100 | 100 | 0.03 | 0.00 | 9 |
| MoTo Objekt CAMPEON GmbH & Co. KG | Neubiberg, Germany | 93 | 0 | 107.28 | 23.81 | 9, 24 |
| Nihon Cypress G.K. | Kawasaki, Japan | 100 | 0 | 6.37 | 6.33 | 10 |
| PT Infineon Technologies Batam | Batam, Indonesia | 100 | 0 | 17.08 | 1.22 | 9 |
| Ramtron International Corporation | Wilmington, Delaware, USA | 100 | 0 | 0.00 | 0.00 | 11, 30 |

| Name of company | Registered office | Shareholdings in % | thereof Infineon Technologies AG | Equity (€ in millions) | Net result (€ in millions) | Footnote |
|--|---------------------------------------|-----------------------|-------------------------------------|---------------------------|-------------------------------|----------|
| Rectificadores Internacionales, S.A. de C.V. | Tijuana, Mexico | 100 | 0 | 7.31 | 1.14 | 9, 30 |
| SILTECTRA GmbH | Dresden, Germany | 100 | 0 | 3.19 | 0.25 | 9 |
| Spansion Inc. | Wilmington, Delaware, USA | 100 | 0 | 516.15 | (0.03) | 11, 30 |
| Spansion LLC | Wilmington, Delaware, USA | 100 | 0 | 678.49 | 162.27 | 11, 30 |
| Associated companies: | | | | | | |
| Deca Technologies, Inc. | Dover, Delaware, USA | 42.5 | 0 | 8.93 | (16.05) | 17, 30 |
| pmdtechnologies ag | Siegen, Germany | 15 | 15 | 30.12 | (10.59) | 17, 28 |
| SkyHigh Memory Limited | Hong Kong, People's Republic of China | 40 | 0 | 13.67 | 4.71 | 17 |
| Joint ventures: | | | | | | |
| Infineon Technologies Bipolar GmbH & Co. KG | Warstein, Germany | 60 | 60 | 38.65 | (3.75) | 9, 29 |
| SAIC Infineon Automotive Power Modules (Shanghai) Co., Ltd | Shanghai, People's Republic of China | 49 | 25 | (10.73) | (10.32) | 17 |
| Other companies (not consolidated):¹ | | | | | | |
| CHiL Semiconductors Corporation | Wilmington, Delaware, USA | 100 | 0 | 0.00 | 0.00 | 9 |
| EPOS embedded core & power systems GmbH & Co. KG | Duisburg, Germany | 100 | 100 | 1.04 | 0.35 | 9 |
| EPOS embedded core & power systems Verwaltungs GmbH | Duisburg, Germany | 100 | 100 | 0.07 | 0.00 | 9 |
| Futurium gGmbH | Berlin, Germany | n.a. | n.a. | n.a. | n.a. | 25 |
| Hitex (UK) Limited | Coventry, Great Britain | 100 | 0 | 2.13 | 0.09 | 9 |
| Infineon Technologies Bipolar Verwaltungs GmbH | Warstein, Germany | 60 | 60 | 0.03 | 0.00 | 9 |
| Infineon Technologies Campeon Verwaltungsgesellschaft mbH | Neubiberg, Germany | 100 | 0 | 0.11 | 0.02 | 9 |
| Infineon Technologies Delta GmbH | Neubiberg, Germany | 100 | 100 | 0.01 | 0.00 | 9 |
| Infineon Technologies Gamma GmbH | Neubiberg, Germany | 100 | 100 | 0.01 | 0.00 | 9 |
| Infineon Technologies Holding GmbH | Neubiberg, Germany | 100 | 100 | 0.13 | 0.00 | 9, 20 |
| Infineon Technologies Iberia, S.L.U. | Madrid, Spain | 100 | 0 | 0.15 | 0.04 | 9 |
| Infineon Technologies Linz Verwaltungs GmbH | Linz, Austria | 100 | 0 | 0.12 | 0.00 | 9 |
| Infineon Technologies Mantel 26 AG | Neubiberg, Germany | 100 | 100 | 0.03 | 0.00 | 9 |
| Infineon Technologies Mantel 27 GmbH | Neubiberg, Germany | 100 | 100 | 0.03 | 0.00 | 9, 20 |
| Infineon Technologies Mantel 29 GmbH | Neubiberg, Germany | 100 | 100 | 0.03 | 0.00 | 9, 20 |
| Infineon Technologies Polska Sp. z o.o. | Warsaw, Poland | 100 | 0 | 0.11 | 0.02 | 9 |
| Infineon Technologies Romania s.r.l. | Bucharest, Romania | 100 | 0 | 0.04 | 0.01 | 17 |
| Infineon Technologies RUS LLC | Moscow, Russian Federation | 100 | 0 | 0.22 | 0.02 | 17 |

| Name of company | Registered office | Shareholdings in % | thereof Infineon Technologies AG | Equity (€ in millions) | Net result (€ in millions) | Footnote |
|--|--------------------------------------|-----------------------|-------------------------------------|---------------------------|-------------------------------|----------|
| Infineon Technologies South America Ltda | São Paulo, Brasil | 100 | 0 | 0.07 | 0.00 | 17 |
| Infineon Technologies Vietnam Company Ltd. | Hanoi, Vietnam | 100 | 0 | 0.09 | 0.03 | 9 |
| IR International Holdings China, Inc. | Wilmington, Delaware, USA | 100 | 0 | 0.00 | 0.00 | 9 |
| KAI Kompetenzzentrum Automobil- und Industrieelektronik GmbH | Villach, Austria | 100 | 0 | 0.57 | 0.29 | 17 |
| KFE Kompetenzzentrum Fahrzeug Elektronik GmbH | Lippstadt, Germany | 24 | 24 | 1.40 | 0.07 | 17 |
| Metawave Corporation | Dover, Delaware, USA | n.a. | 0 | n.a. | n.a. | 25 |
| MicroLinks Technology Corp. | Kaohsiung, Taiwan | n.a. | 0 | n.a. | n.a. | 25 |
| OSPT IP Pool GmbH | Neubiberg, Germany | 100 | 100 | 0.01 | 0.00 | 9 |
| PT Infineon Technologies Indonesia | Jakarta, Indonesia | 100 | 0 | 0.00 | 0.00 | 16 |
| R Labco, Inc. | Wilmington, Delaware, USA | 100 | 0 | 0.00 | 0.00 | 9 |
| Rapt Touch Ireland Ltd. | Dublin, Ireland | n.a. | 0 | n.a. | n.a. | 25 |
| Schweizer Electronic AG | Schramberg, Germany | 9 | 9 | 46.28 | (9.15) | 17 |
| Silicon Alps Cluster GmbH | Villach, Austria | n.a. | 0 | n.a. | n.a. | 25 |
| TTTech Auto AG | Vienna, Austria | n.a. | n.a. | n.a. | n.a. | 25 |
| Virtual Vehicle Research GmbH | Graz, Austria | n.a. | n.a. | n.a. | n.a. | 25 |
| XMOS Limited | Bristol, Great Britain | n.a. | 0 | n.a. | n.a. | 25 |
| Qimonda AG and its subsidiaries:² | | | | | | |
| Celis Semiconductor Corp. | Colorado Springs, Colorado, USA | 17 | | – | – | 2 |
| Itarion Solar Lda. | Vila do Conde, Portugal | 40 | | – | – | 2 |
| Qimonda (Malaysia) Sdn. Bhd. (in liquidation) | Melaka, Malaysia | 77 | | – | – | 2 |
| Qimonda AG (in insolvency) | Munich, Germany | 77 | 28 | – | – | 2 |
| Qimonda Asia Pacific Pte. Ltd. | Singapore, Singapore | 77 | | – | – | 2 |
| Qimonda Belgium BVBA (in insolvency) | Leuven, Belgium | 77 | | – | – | 2 |
| Qimonda Bratislava s.r.o. (in liquidation) | Bratislava, Slovakia | 77 | | – | – | 2 |
| Qimonda Dresden GmbH & Co. OHG (in insolvency) | Dresden, Germany | 77 | | – | – | 2 |
| Qimonda Dresden Verwaltungsgesellschaft mbH (in insolvency) | Dresden, Germany | 77 | | – | – | 2 |
| Qimonda Finance LLC (in insolvency) | Wilmington, Delaware, USA | 77 | | – | – | 2 |
| Qimonda Flash GmbH (in insolvency) | Dresden, Germany | 77 | | – | – | 2 |
| Qimonda France SAS (in liquidation) | St. Denis, France | 77 | | – | – | 2 |
| Qimonda Holding B.V. (in insolvency) | Rotterdam, The Netherlands | 77 | | – | – | 2 |
| Qimonda International Trade (Shanghai) Co. Ltd. | Shanghai, People's Republic of China | 77 | | – | – | 2 |
| Qimonda Investment B.V. | Rotterdam, The Netherlands | 77 | | – | – | 2 |

| Name of company | Registered office | Shareholdings in % | thereof Infineon Technologies AG | Equity (€ in millions) | Net result (€ in millions) | Footnote |
|---|------------------------------------|-----------------------|-------------------------------------|---------------------------|-------------------------------|----------|
| Qimonda IT (Suzhou) Co., Ltd. (in liquidation) | Suzhou, People's Republic of China | 77 | | – | – | 2 |
| Qimonda Italy s.r.l. (in liquidation) | Padua, Italy | 77 | | – | – | 2 |
| Qimonda Korea Co. Ltd. (in liquidation) | Seoul, Republic of Korea | 77 | | – | – | 2 |
| Qimonda Licensing LLC | Fort Lauderdale, Florida, USA | 77 | | – | – | 2 |
| Qimonda Memory Product Development Center (Suzhou) Co. (in liquidation) | Suzhou, People's Republic of China | 77 | | – | – | 2 |
| Qimonda North America Corp. (in insolvency) | Wilmington, Delaware, USA | 77 | | – | – | 2 |
| Qimonda Richmond LLC (in insolvency) | Wilmington, Delaware, USA | 77 | | – | – | 2 |
| Qimonda Taiwan Co. Ltd. (in liquidation) | Taipei, Taiwan | 77 | | – | – | 2 |
| Qimonda UK Ltd. (in liquidation) | High Blantyre, Scotland | 77 | | – | – | 2 |

1 Certain subsidiaries were not consolidated due to immateriality.

2 On 23 January 2009, Qimonda AG applied to the Munich District Court for insolvency proceedings to be opened. Insolvency proceedings were formally opened on 1 April 2009. The equity and earnings of Qimonda AG and its subsidiaries are not disclosed due to the substantial and ongoing restriction of Infineon's rights as a result of Qimonda AG's insolvency. The list of subsidiaries held by Qimonda AG is based on information from 30 September 2010, since Infineon had not received any further information from the insolvency administrator of Qimonda AG with respect to the insolvency or liquidation of Qimonda companies, and further reflects information from the German commercial register. Since all Qimonda-related investments were written down in full in previous years, this has no effect on Infineon's net assets, financial position and results of operations.

3 Equity and net result as of 30 September 2019.

4 Equity and net result as of 29 December 2019.

5 Equity and net result as of 30 December 2019.

6 Equity and net result as of 31 December 2019.

7 Equity and net result as of 31 March 2020.

8 Equity and net result as of 27 September 2020 (period from 16 April 2020 until 27 September 2020).

9 Equity and net result as of 30 September 2020.

10 Equity and net result as of 30 September 2020 (period from 1 January 2020 until 30 September 2020).

11 Equity and net result as of 30 September 2020 (period from 16 April 2020 until 30 September 2020).

12 Equity and net result as of 30 September 2020 (period from 28 April 2020 until 30 September 2020).

13 Equity and net result as of 30 September 2020 (period from 29 May 2020 until 30 September 2020).

14 Equity and net result as of 30 September 2020 (period from 26 June 2020 until 30 September 2020).

15 Equity and net result as of 30 September 2020 (period from 8 July 2020 until 30 September 2020).

16 Equity and net result as of 30 September 2020 (period from 28 September 2020 until 30 September 2020).

17 Equity and net result as of 31 December 2020.

18 Equity and net result as of 31 December 2020 (period from 8 July 2020 until 31 December 2020).

19 The entity was founded in the 2021 fiscal year.

20 Control and profit transfer agreement.

21 Exemption pursuant to Section 264, paragraph 3, German Commercial Code from the obligations to disclose the annual financial statements pursuant to Section 325 German Commercial Code.

22 Exemption pursuant to Section 264, paragraph 3, German Commercial Code from the preparation of a management report pursuant to section 264 et seq. German Commercial Code and from the obligations to disclose the annual financial statements pursuant to Section 325 German Commercial Code.

23 Exemption pursuant to Section 264b German Commercial Code from the obligations to prepare a management report as well as notes and from the obligations to disclose the annual financial statements.

24 Exemption pursuant to Section 264b German Commercial Code from the obligations to prepare a management report and to disclose the annual financial statements.

25 Because criteria pursuant to Section 285, No. 11, German Commercial Code are not met, investments in the affiliate are not disclosed.

26 Non-stock entity. Disclosure of ownership in percent does not apply.

27 The entity owns land of which Infineon is the sole tenant.

28 Infineon accounts for its interest using the equity method because Infineon has significant influence due to the right to hold a supervisory board position in combination with comprehensive minority rights and certain contractual rights in the context of development cooperation.

29 Infineon accounts for its interest using the equity method as Infineon lacks controlling influence due to certain contractual participation rights of the co-shareholder.

30 IFRS figures.

Neubiberg, 25 November 2021

Infineon Technologies AG
Management Board

Dr. Reinhard Ploss

Dr. Sven Schneider

Dr. Helmut Gassel

Jochen Hanebeck

Constanze Hufenbecher