

International Rectifier HiRel Denmark ApS

Registered office: Ellekær 9, 2. sal, 2730 Herlev

CVR-no. 27 48 95 24

Annual report 2020/2021

Annual report for the financial period: 1 October 2020 – 30 September 2021

Approved at the annual general meeting of shareholders on 24 January 2022

Thomas Arne Rodebäck
As chairman

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Statement by Supervisory Board and Executive Board on the annual report

The Supervisory Board and the Executive Board have today discussed and approved the annual report of International Rectifier HiRel Denmark ApS for the financial year 1 October 2020 - 30 September 2021.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 30 September 2021 and of the results of the Company's operations for the financial year 1 October 2020 - 30 September 2021.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the management's review.

We recommend that the annual report should be approved at the annual general meeting.

Herlev, 24 January 2022

Executive board

Lass Sølvér Pedersen

Board of Directors

Lass Sølvér Pedersen

Gary Lee Chauncey

Lawrence Anthony Michlovich

Thomas Arne Rodebäck

Independent Auditor's Report

To the shareholder of International Rectifier HiRel Denmark ApS:

Opinion

We have audited the financial statements of International Rectifier HiRel Denmark ApS for the financial year 1 October 2020 - 30 September 2021, comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 30 September 2021 and of the results of the Company's operations for the financial year 1 October 2020 – 30 September 2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of financial statement users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

Independent Auditor's Report

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 24 January 2022
KPMG
Statsautoriseret Revisionspartnerselskab
CVR nummer 25 57 81 98

Jesper Bo Pedersen
State Authorised Public Accountant
mne42778

Management's review

The company's business review

International Rectifier HiRel Denmark ApS serves as a design centre for power supplies and related power electronics for the group of companies affiliated with the parent, Infineon Technologies Americas Corp.

The design centre contributes to Infineon's HiRel Business Unit with new designs for standard as well as customer-specific power supplies.

The design centre focusses specifically on power supplies for space applications and mainly for two types of equipment:

- Digital equipment
- RF equipment

Financial review

The income statement shows a profit for the year 2020/2021 of DKK 1.940.005 which is in line with the expectations from the Management. In the coming year we expect a decrease in revenue originating from an updated go to market strategy.

Material changes in the Company's activities and economic conditions

During the year no material changes in the activities and economic conditions have occurred.

Post balance sheet events

No significant events have occurred after the balance sheet date which are considered to significantly influence the assessment of the annual report.

Company details

The Company	International Rectifier HiRel Denmark ApS Ellekær 9, 2. sal 2730 Herlev Registered office: Herlev
Executive board	Lass Sølvér Pedersen
Board of Directors	Lass Sølvér Pedersen Gary Lee Chauncey Lawrence Anthony Michlovich Thomas Arne Rodebäck
Auditors	KPMG Statsautoriseret Revisionspartnerselskab Dampfærgevej 28 2100 Copenhagen, Denmark Tel. +45 70 70 77 60
Financial year	1 October – 30 September

Income statement 1 October - 30 September

Note	2020/2021	2019/2020
Revenue	35.729.009	36.560.802
Other external expenses	5.678.562	7.122.476
Gross margin	30.050.447	29.438.325
2 Staff costs	27.003.612	26.486.293
6 Depreciation of property, plant and equipment	532.836	374.965
Profit from operating activities	2.513.999	2.577.067
Financial income	26.946	11.828
3 Financial expenses	94.580	81.642
Profit before tax	2.446.365	2.507.253
4 Tax for the year	506.360	552.056
Profit for the year	1.940.005	1.955.197
Proposed profit appropriation		
Dividend	2.000.000	2.000.000
Retained earnings	-59.995	-44.803
	1.940.005	1.955.197

Balance sheet at 30 September

Assets

Note	2021	2020
5 Property, plant and equipment in progress	5.705.503	0
6 Fixtures, fittings, tools and equipment	1.049.798	1.077.977
Property, plant and equipment	6.755.301	1.077.977
Deposits	264.176	355.772
Investments	264.176	355.772
Total fixed assets	7.019.477	1.433.749
Receivables from group entities	512.813	5.490.919
Deferred tax assets	76.960	46.990
Income taxes receivable	0	69.652
Other receivables	412.123	425.729
Prepayments	159.810	94.573
Receivables	1.161.706	6.127.863
Cash at bank and in hand	10.799.801	11.797.342
Total current assets	11.961.507	17.925.205
Total assets	18.980.984	19.358.954

Balance sheet at 30 September

Equity and liabilities

Note	2021	2020
Share capital	126.000	126.000
Retained earnings	5.714.886	5.774.881
Proposed dividend	2.000.000	2.000.000
Total equity	7.840.886	7.900.881
Trade payables	392.030	463.818
Payables to group entities	1.769.139	1.114.811
Other payables	8.978.929	9.879.444
Total current liabilities	11.140.098	11.458.073
Total liabilities	11.140.098	11.458.073
Total equity and liabilities	18.980.984	19.358.954
7 Contingent liabilities and other financial obligations		
8 Related parties		

Statement of changes in equity

	Share capital	Retained earnings	Proposed dividend
	<u> </u>	<u> </u>	<u> </u>
Equity 1 October 2019	126.000	5.819.684	2.000.000
Dividend paid	0	0	-2.000.000
Profit for the year	0	-44.803	2.000.000
	<u> </u>	<u> </u>	<u> </u>
Equity 30 September 2020	126.000	5.774.881	2.000.000
	<u> </u>	<u> </u>	<u> </u>
Equity 1 October 2020	126.000	5.774.881	2.000.000
Dividend paid	0	0	-2.000.000
Profit for the year	0	-59.995	2.000.000
	<u> </u>	<u> </u>	<u> </u>
Equity 30 September 2021	126.000	5.714.886	2.000.000
	<u> </u>	<u> </u>	<u> </u>

Notes

1 Accounting policies

The annual report of International Rectifier HiRel Denmark ApS for 2020/21 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with option of specific provisions for reporting class C.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Information of the consolidated financial statements

The ultimate parent and controlling company is Infineon Technologies AG ("IFAG"). Copies of IFAG's consolidated accounts are available from:

Corporate Vice President Communications and Public Authorities & Associations
Infineon Technologies AG,
C MR
Am Campeon 1-15
85579 Neubiberg
Germany

Reporting currency

The financial statements are presented in Danish kroner.

Recognition and measurement

Revenues are recognized in the income statement as earned, which includes recognition of value adjustments of financial assets and liabilities. Furthermore, all expenses incurred, including depreciation, amortization, impairment losses and provisions are recognized in the income statement.

Assets are recognized in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognized in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Foreign currency translation

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognized in the income statement as financial income and expenses.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognized in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at cost at the transaction date rate.

Notes

1 Accounting policies (continued)

Income statement

Revenue

Revenue is recognized in the income statement as a re-invoicing of the company's expenses plus a mark-up (cost-plus recognition).

Other external expenses

Other external expenses comprise expenses relating to premises, travelling as well as office expenses, etc.

Staff costs

Staff costs comprise salaries, bonuses, retirement contribution costs and other costs related hereto and to staff.

Financial income and expenses

Financial income and expenses comprise interest and realized and unrealized exchange rate adjustments as well as surcharges and refunds under the on-account tax scheme, etc.

Income tax expense

The tax for the year which consists of the current tax for the year, joint taxation contributions for the year and changes in the deferred tax, is recognized in the income statement.

Balance sheet

Property, plant and equipment

Property, plant and equipment in progress are measured at cost. Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use.

Fixtures, fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. For property, plant and equipment in progress the cost comprises direct costs for materials, consultants and salaries.

Where individual components of an item of plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment	3-8	years	Projected residual value	0%
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Gains and losses on the disposal of fixtures, fittings, tools and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognized in the income statement.

Notes

1 Accounting policies (continued)

Balance sheet

Deposits

Deposits are measured at cost.

Receivables

Receivables are measured in the balance sheet at the lower of amortized cost and net realizable value, which corresponds to nominal value less a provision for bad debts.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years and are measured at nominal value.

Cash

Cash comprise cash in hand and deposits in bank accounts.

Dividends

Proposed dividends are recognized as a liability at the date on which they are adopted at the annual general meeting (declaration date). The expected dividends payment for the year are disclosed as a separate item under equity.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognized in the balance sheet as tax calculated on the taxable income, adjusted for tax on prior years' taxable income and tax paid on account.

Payable and receivable joint taxation contributions are recognized in the balance sheet under accounts with affiliates.

Deferred tax is measured according to the balance liability method of all temporary differences between accounting and tax values of assets and liabilities. It does not recognize deferred tax on temporary differences relating to items where temporary differences have arisen at the time of acquisition without affecting profit or taxable income. In those situations, where the tax base can be made for alternative taxation rules, deferred tax is based on the planned use of the asset or settlement of the obligation.

Deferred tax assets, including the tax value of tax loss carry forwards, are measured at the expected realizable value of the asset, either by set-off against tax on future revenue or by set-off against deferred tax liabilities within the same legal tax entity.

Changes in deferred tax due to change in tax rate is recognized in the income statement.

Liabilities

Other payables are recognized at cost when the debt is contracted. Subsequently, other payables are measured at amortized cost, which for current and non-interest-bearing liabilities and for liabilities with a floating interest rate normally corresponds to the nominal value.

Notes

	<u>2020/2021</u>	<u>2019/2020</u>
2 Staff costs		
Wages/salaries	26.316.467	24.422.829
Capitalized as assets in progress	-1.644.891	0
Pensions	1.941.904	1.902.123
Other social security costs	65.575	63.285
Other staff costs	324.558	98.057
	<u>27.003.612</u>	<u>26.486.293</u>
Total staff costs		
Average number of employees	<u>29</u>	<u>29</u>
3 Financial expenses		
Interest expense	66.159	67.458
Exchange loss	28.421	14.185
	<u>94.580</u>	<u>81.642</u>
4 Tax for the year		
Calculated tax charge for the year	552.838	539.836
Prior years tax	-16.508	0
Increase/decrease in provision for deferred tax	-29.970	12.220
	<u>506.360</u>	<u>552.056</u>

Notes

	<u>2020/2021</u>	<u>2019/2020</u>
5 Property, plant and equipment in progress		
Cost at 1 October	0	0
Additions in the year	5.705.503	0
Disposals in the year	0	0
	<u>5.705.503</u>	<u>0</u>
Cost at 30 September	5.705.503	0
Carrying amount at 30 September	<u>5.705.503</u>	<u>0</u>
6 Fixtures, fittings, tools and equipment		
Cost at 1 October	2.491.027	1.878.127
Additions in the year	504.657	645.342
Disposals in the year	0	32.442
	<u>2.995.684</u>	<u>2.491.027</u>
Cost at 30 September	2.995.684	2.491.027
Impairment losses and depreciation at 1 October	1.413.050	1.070.527
Amortisation/depreciation in the year	532.836	374.965
Reversal of depreciation and impairment of disposals	0	32.442
	<u>1.945.886</u>	<u>1.413.050</u>
Impairment losses and depreciation at 30 September	1.945.886	1.413.050
Carrying amount at 30 September	<u>1.049.798</u>	<u>1.077.977</u>

Notes

7 Contingent liabilities and other financial obligations

The company has entered a lease concerning office premises. In the period of non-terminality, the lease payment is '000 DKK 399. The monthly lease payment is DKK 66,420. Breakdown of the total future lease payments by reference to due dates:

Within 1 year	398.520	793.200
Between 1 and 5 years	0	0
After 5 years	0	0
	<u>398.520</u>	<u>793.200</u>

The company is jointly taxed with other Danish group companies. As the administrative company, together with the other group enterprises included in the joint taxation, the Company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties within the joint taxation.

8 Related parties

Information about related parties with a controlling interest:

Related parties

Infineon Technologies Americas Corp.
101 North Sepulveda Boulevard
El Segundo
CA 90245
USA
Owns 100% of the shares in the company.

Information about consolidated financial statements:

Ultimate parent

The IAS GAAP equivalent financial results of the company are combined within the consolidated financial statements of the ultimate parent, Infineon Technologies AG. The consolidated financial statement can be obtained at the following address:

Corp. Vice President Communications and Public Authorities & Associations
Infineon Technologies AG
C MR
Am Campeon 1-15
85579 Neubiberg
Germany