

Texas Instruments Denmark ApS


Herstedøstervej 27A, 2620 Albertslund

CVR no. 20 53 16 73

Annual report 2018

Approved at the Company's annual general meeting on 31 May 2019

Chairman:


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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Texas Instruments Denmark ApS for the financial year 1 January - 31 December 2018.

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


In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018.

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 be approved at the annual general meeting.

Albertslund, 31 May 2019

Executive Board:


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Andreas Schwaiger
CEO

Board of Directors:


.....
Lynn Clark
Chairman
.....
Andreas Schwaiger
.....
Klaus Weisel

Independent auditor's report

To the shareholder of Texas Instruments Denmark ApS

Opinion

We have audited the financial statements of Texas Instruments Denmark ApS for the financial year 1 January - 31 December 2018, which comprise 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 financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Management's responsibilities 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 as 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 applicable in Denmark will always detect a material misstatement when it exists. Misstatements can 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 users taken on the basis of the 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 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.
- ▶ 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.

Independent auditor's report

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 note 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, 31 May 2019
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28


Lissen Fagerlin Hammer
State Authorised Public Accountant
mne27747



Karsten Faurholt
State Authorised Public Accountant
mne41309

Management's review

Company details

Name	Texas Instruments Denmark ApS
Address, Postal code, City	Herstedøstervej 27A, 2620 Albertslund
CVR no.	20 53 16 73
Established	15 December 1997
Website	www.ti.dk
Telephone	+45 96 34 68 68
Board of Directors	Lynn Clark, Chairman Andreas Schwaiger Klaus Weisel
Executive Board	Andreas Schwaiger, CEO
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmutsh Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark
Bankers	Citibank

Management commentary

Business review

Business activities and mission

The Company's activities include the general semiconductor sales and technical support. Being a key point of contact for any technical and/or commercial questions on TI's full portfolio, including DSPs, analog, and commodity products.

Texas Instruments Denmark A/S' reporting currency is USD, which is the functional currency of the Company. It is deemed relevant to use USD as the primary activities/balance sheet accounts consist of USD transactions.

Financial review

In 2018, the Company's revenue amounted to USD 2,147,768 against USD 4,011,406 last year. The income statement for 2018 shows a profit of USD 614,002 against a profit of USD 439,549 last year, and the balance sheet at 31 December 2018 shows equity of USD 25,519,939. Management considers the Company's financial performance in the year satisfactory.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Outlook

There are no major changes expected for the Company's structure and activities during 2019. However, a challenging environment for the semiconductor business is anticipated.

Financial statements 1 January - 31 December

Income statement

Note	USD	2018	2017
	Revenue	2,147,768	4,011,406
	Other external expenses	-668,153	-1,177,261
	Gross margin	1,479,615	2,834,145
2	Staff costs	-1,287,144	-2,524,240
	Depreciation of property, plant and equipment	-1,513	-1,513
	Profit before net financials	190,958	308,392
3	Financial income	607,283	367,955
	Financial expenses	-20,876	-111,472
	Profit before tax	777,365	564,875
4	Tax for the year	-163,363	-125,326
	Profit for the year	614,002	439,549
	Recommended appropriation of profit		
	Proposed dividend recognised under equity	25,000,000	0
	Retained earnings/accumulated loss	-24,385,998	439,549
		614,002	439,549

Financial statements 1 January - 31 December

Balance sheet

Note	USD	2018	2017
	ASSETS		
	Non-current assets		
5	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	2,968	4,481
		<u>2,968</u>	<u>4,481</u>
	Financial assets		
	Other receivables	9,121	81,630
	Deferred tax assets	19,199	18,488
		<u>28,320</u>	<u>100,118</u>
	Total non-current assets	<u>31,288</u>	<u>104,599</u>
	Current assets		
6	Receivables		
	Receivables from group entities	25,870,229	24,568,873
	Corporation tax receivable	2,618	42,375
	Other receivables	10,916	66,956
		<u>25,883,763</u>	<u>24,678,204</u>
	Cash	132,345	934,353
	Total current assets	<u>26,016,108</u>	<u>25,612,557</u>
	TOTAL ASSETS	<u>26,047,396</u>	<u>25,717,156</u>
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	226,958	226,958
	Retained earnings	292,981	24,678,979
	Dividend proposed	25,000,000	0
	Total equity	<u>25,519,939</u>	<u>24,905,937</u>
	Current liabilities		
	Trade payables	46,281	208,557
	Other payables	481,176	602,662
	Total current liabilities	<u>527,457</u>	<u>811,219</u>
	Total liabilities	<u>527,457</u>	<u>811,219</u>
	TOTAL EQUITY AND LIABILITIES	<u>26,047,396</u>	<u>25,717,156</u>

- 1 Accounting policies
7 Contractual obligations and contingencies, etc.
8 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

USD	Share capital	Retained earnings	Dividend proposed	Total
Equity at 1 January 2017	226,958	24,239,430	0	24,466,388
Transfer through appropriation of profit	0	439,549	0	439,549
Equity at 1 January 2018	226,958	24,678,979	0	24,905,937
Transfer through appropriation of profit	0	-24,385,998	25,000,000	614,002
Equity at 31 December 2018	226,958	292,981	25,000,000	25,519,939

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Texas Instruments Denmark ApS for 2018 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

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

Reporting currency

The financial statements are presented in USD as the Company's most significant transactions are settled in USD. At the balance sheet date, the DKK/USD exchange rate was 651.94 (2017: 620.77)

Foreign currency translation

Transactions denominated in currencies other than USD are translated into USD at the exchange rate at the date of the transaction.

Receivables, payables and other monetary items denominated in currencies other than USD are translated into USD at the exchange rate at the balance sheet date. Realised and unrealised exchange gains and losses are recognised in the income statement as financial income/expenses.

Income statement

Revenue

Income from the rendering of services is recognised as revenue as the services are rendered.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties.

Cost of sales

Cost of sales includes the direct costs incurred in generating the year's revenue.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Depreciation

The item comprises depreciation of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. In case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates. The expected useful lives of the assets are as follows:

Fixtures and fittings, other plant and equipment	4-5 years
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Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities and associates, exchange gains and losses and refunds under the on-account tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Tax for the year includes withholding taxes.

Balance sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Equity

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Liabilities are measured at net realisable value.

Financial statements 1 January - 31 December

Notes to the financial statements

USD	2018	2017
2 Staff costs		
Wages/salaries	1,204,469	2,372,878
Pensions	64,477	121,460
Other social security costs	18,198	13,444
Other staff costs	0	16,458
	<u>1,287,144</u>	<u>2,524,240</u>
Average number of full-time employees	<u>5</u>	<u>10</u>
3 Financial income		
Interests from group entities	579,023	322,032
Other financial income	28,260	45,923
	<u>607,283</u>	<u>367,955</u>
4 Tax for the year		
Estimated tax charge for the year	171,710	135,982
Deferred tax adjustments in the year	-711	-11,717
Tax adjustments, prior years	-7,636	1,061
	<u>163,363</u>	<u>125,326</u>
5 Property, plant and equipment		
USD		Fixtures and fittings, other plant and equipment
Cost at 1 January 2018		<u>7,565</u>
Cost at 31 December 2018		<u>7,565</u>
Impairment losses and depreciation at 1 January 2018		3,084
Depreciation		<u>1,513</u>
Impairment losses and depreciation at 31 December 2018		<u>4,597</u>
Carrying amount at 31 December 2018		<u>2,968</u>
6 Receivables		
Receivables from group entities include a group cash pool of USD 25,400 thousand.		

Financial statements 1 January - 31 December

Notes to the financial statements

7 Contractual obligations and contingencies, etc.

Other financial obligations

Rent commitment concerning a contract which is non-terminable totals USD 36,605 (2017: USD 298,529).

8 Related parties

Texas Instruments Denmark ApS' related parties comprise the following:

Parties exercising control

<u>Related party</u>	<u>Domicile</u>	<u>Basis for control</u>
Texas Instruments France SAS	185-187, Quai de la Bataille de Stalingrad, 92130 Issy-les-Moulineaux, France	Principal shareholder with controlling interest

Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
Texas Instruments Incorporated	USA	The consolidated financial statements can be obtained from the Company on request, or at the homepage of Texas Instruments