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STMICROELECTRONICS A/S
FINLANDSGADE 6 2., 8200 AARHUS N
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2018

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 29 May 2019**

Christoph Herrmann

CONTENTS

	Page
Company Details	
Company Details.....	3
Statement and Report	
Statement by Board of Directors and Board of Executives.....	4
Independent Auditor's Report.....	5-6
Management's Review	
Management's Review.....	7
Financial Statements 1 January - 31 December	
Income Statement.....	8
Balance Sheet.....	9
Notes.....	10-12
Accounting Policies.....	13-15

COMPANY DETAILS

Company	STMicroelectronics A/S Finlandsgade 6 2. 8200 Aarhus N CVR No.: 36 09 04 99 Established: 9 September 2014 Registered Office: Aarhus Financial Year: 1 January - 31 December
Board of Directors	Andrea Talpo, chairman Ricardo Antonio De Sa Earp Thierry Clément Alphonse Bauchon
Board of Executives	Ricardo Antonio De Sa Earp
Auditor	BDO Statsautoriseret revisionsaktieselskab Kystvejen 29 8000 Aarhus C

STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

Today the Board of Directors and Board of Executives have discussed and approved the Annual Report of STMicroelectronics A/S for the financial year 1 January - 31 December 2018.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

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

The Management's Review includes in our opinion a fair presentation of the matters dealt with in the Review.

We recommend the Annual Report be approved at the Annual General Meeting.

Aarhus, 15 May 2019

Board of Executives

Ricardo Antonio De Sa Earp

Board of Directors

Andrea Talpo
Chairman

Ricardo Antonio De Sa Earp

Thierry Clément Alphonse
Bauchon

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of STMicroelectronics A/S

Opinion

We have audited the Financial Statements of STMicroelectronics A/S for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, notes and a summary of significant 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 assets, liabilities and financial position of the Company's 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 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 requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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 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 about 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 these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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

- 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 Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

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

Aarhus, 15 May 2019

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Gert Malmkvist
State Authorised Public Accountant
MNE no. mne27792

MANAGEMENT'S REVIEW

Principal activities

The company's activities are design, production, sale and distribution of semiconductor products and related software and any other business related here to.

Development in activities and financial position

The company have been through a period of transaction into a research and development unit under the ST Microelectronics Cooperation.

Prior activities have been shut down and the management are pleased with development of the new strategy under the new owners. The result for the year was anticipated by management.

Significant events after the end of the financial year

No events have occurred after the end of the financial year of material importance for the company's financial position.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2018 DKK	2017 DKK
GROSS PROFIT		7.779.330	3.493.808
Staff costs.....	1	-8.830.804	-6.908.962
Depreciation, amortisation and impairment losses.....		-163.000	-100.000
OPERATING LOSS		-1.214.474	-3.515.154
Other financial income.....	2	110.761	6.576
Other financial expenses.....	3	-198.527	-339.789
LOSS BEFORE TAX		-1.302.240	-3.848.367
Tax on profit/loss for the year.....	4	278.941	838.288
LOSS FOR THE YEAR		-1.023.299	-3.010.079
PROPOSED DISTRIBUTION OF DIVIDEND			
Retained earnings.....		-1.023.299	-3.010.079
TOTAL		-1.023.299	-3.010.079

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2018 DKK	2017 DKK
Intangible fixed assets acquired.....		0	163.000
Intangible fixed assets.....	5	0	163.000
FIXED ASSETS.....		0	163.000
Trade receivables.....		664.463	1.270.085
Contract work in progress.....	6	0	75.000
Receivables from group enterprises.....		113.107	694.399
Deferred tax assets.....		96.122	0
Other receivables.....		142.688	282.785
Joint tax contribution receivable.....		146.819	816.288
Prepayments and accrued income.....		84.804	0
Receivables.....		1.248.003	3.138.557
Cash and cash equivalents.....		2.683.928	850.283
CURRENT ASSETS.....		3.931.931	3.988.840
ASSETS.....		3.931.931	4.151.840
EQUITY AND LIABILITIES			
Share capital.....		500.000	500.000
Retained earnings.....		-9.023.442	-8.000.143
EQUITY.....	7	-8.523.442	-7.500.143
Provision for deferred tax.....		0	36.000
PROVISION FOR LIABILITIES.....		0	36.000
Payables to group enterprises.....		9.438.940	9.321.809
Long-term liabilities.....	8	9.438.940	9.321.809
Bank debt.....		0	24.375
Contract work in progress.....	6	0	232.215
Prepayments received from customers.....		0	461.575
Trade payables.....		148.122	169.195
Payables to group enterprises.....		81.700	0
Other liabilities.....		2.786.611	1.406.814
Current liabilities.....		3.016.433	2.294.174
LIABILITIES.....		12.455.373	11.615.983
EQUITY AND LIABILITIES.....		3.931.931	4.151.840
Contingencies etc.	9		

NOTES

	2018 DKK	2017 DKK	Note
Staff costs			1
Average number of employees 12 (2017: 12)			
Wages and salaries.....	7.786.396	5.947.733	
Pensions.....	890.013	825.507	
Social security costs.....	103.274	97.012	
Other staff costs.....	51.121	38.710	
	8.830.804	6.908.962	
Other financial income			2
Other interest income.....	110.761	6.576	
	110.761	6.576	
Other financial expenses			3
Group enterprises.....	117.131	211.912	
Other interest expenses.....	81.396	127.877	
	198.527	339.789	
Tax on profit/loss for the year			4
Calculated tax on taxable income of the year.....	-146.819	-816.288	
Adjustment of deferred tax.....	-132.122	-22.000	
	-278.941	-838.288	
Intangible fixed assets			5
		Intangible fixed assets acquired	
Cost at 1 January 2018.....		500.000	
Cost at 31 December 2018.....		500.000	
Amortisation at 1 January 2018.....		337.000	
Impairment losses.....		63.000	
Depreciation for the year.....		100.000	
Depreciation at 31 December 2018.....		500.000	
Carrying amount at 31 December 2018.....		0	

NOTES

	2018 DKK	2017 DKK	Note
Contract work in progress			6
Sales value of the period's unfinished production.....	0	115.979	
Advance billings.....	0	-273.194	
Contract work in progres, net.....	0	-157.215	
It is distributed as follows:			
Contract work in progres, assets.....	0	75.000	
Contract work in progres, liabilities.....	0	-232.215	
	0	-157.215	

NOTES

	Note
Equity	7

	Share capital	Retained earnings	Total
Equity at 1 January 2018.....	500.000	-8.000.143	-7.500.143
Proposed distribution of profit.....		-1.023.299	-1.023.299
Equity at 31 December 2018.....	500.000	-9.023.442	-8.523.442

Long-term liabilities	8
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	31/12 2018 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2017 total liabilities	Current portion at the beginning of the year
Payables to group enterprises...	9.438.940	0	9.438.940	9.321.809	0
	9.438.940	0	9.438.940	9.321.809	0

Contingencies etc.	9
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Contingent liabilities

The company has signed a rental contract with a monthly rent for 23 t.kr. The contract has a notice period of 6 month. The rent in the notice period amounts to 137 t.kr.

The company has signed leasing agreements for the next 36 months, with a monthly fee of 7 t.kr. The total liability in the lease period is 137 t.kr.

ACCOUNTING POLICIES

The Annual Report of STMicroelectronics A/S for 2018 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to reporting class C.

The Annual Report is prepared consistently with the accounting principles applied last year.

INCOME STATEMENT

Net revenue

Net revenue from sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Where products with a high degree of individual adjustments are delivered, recognition in net revenue is made as and when the production progresses, the net revenue being equal to the sales value of the work performed for the year (the production method). This method is applied when the total costs and expenses regarding the contract and the degree of completion at the balance sheet date can be reliably assessed, and it is likely that the financial benefits will flow to the company.

Other operating income

Other operating income includes subsidies from public authorities.

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials, consumables and external assistance.

Other external expenses

Other external expenses include cost of sales, advertising, administration, buildings, provisions for losses, operational lease expenses, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees. Repayments from public authorities are deducted from staff costs.

Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

BALANCE SHEET

Intangible fixed assets

Intangible fixed assets are measured at cost less accumulated depreciation and write-down

ACCOUNTING POLICIES

Development costs comprise costs, including wages and salaries, and amortisation, which directly or indirectly can be related to the company's development activities and which fulfil the criteria for recognition.

Intangible fixed assets are generally written down to the lower of recoverable value and carrying amount.

Impairment of fixed assets

The carrying amount of intangible fixed assets are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the net realisable value is lower than the carrying amount, the assets are written down to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by impairment losses to meet expected losses.

Contract work in progress

Work in progress on contract is measured at the sales value of the work performed. The sales value is measured on the basis of the degree of completion on the balance sheet date and the total anticipated revenue related to the specific piece of work in progress.

Costs relating to sales work and obtaining of contracts are recognised in the Income Statement as and when they are incurred.

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

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

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date would be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

ACCOUNTING POLICIES

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the income statement over the term of loan.

Amortised cost of current liabilities usually corresponds to nominal value.

Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the income statement as a financial income or expense.

If the foreign exchange position is considered to hedge future cash flows, the unrealised exchange adjustments are recognised directly in the equity.

Receivables, payables and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivables or payables is recognised in the income statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.