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STMICROELECTRONICS A/S
PALUDAN MÜLLERSVEJ 40B, 8200 AARHUS N
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2020

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 31 March 2021**

Christoph Herrmann

CVR NO. 36 09 04 99

CONTENTS

	Page
Company Details	
Company Details.....	3
Statement and Report	
Board of Directors Statement and Management's Statement.....	4
Independent Auditor's Report.....	5-6
Management Commentary	
Management Commentary.....	7
Financial Statements 1 January - 31 December	
Income Statement.....	8
Balance Sheet.....	9
Equity.....	10
Notes.....	11-12
Accounting Policies.....	13-15

COMPANY DETAILS

Company	STMicroelectronics A/S Paludan Müllersvej 40B 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
Executive Board	Ricardo Antonio De Sa Earp
Auditor	BDO Statsautoriseret revisionsaktieselskab Kystvejen 29 8000 Aarhus C

BOARD OF DIRECTORS STATEMENT AND MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of STMicroelectronics A/S for the financial year 1 January - 31 December 2020.

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 assets, liabilities and financial position at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

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

Aarhus, 25 January 2021

Executive Board

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 2020, which comprise income statement, Balance Sheet, statement of changes in equity, 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 at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 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 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 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.*

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 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, 25 January 2021

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Gert Malmkvist
State Authorised Public Accountant
MNE no. mne27792

MANAGEMENT COMMENTARY

Principal activities

The company's activities are designing and development of software services to affiliated companies' semiconductor products.

Development in activities and financial and economic position

The company is a research and development unit under the ST Microelectronics Cooperation.

The management are pleased with development of company and the current strategy.

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	2020 DKK	2019 DKK
GROSS PROFIT		13.248.251	14.150.138
Staff costs.....	1	-11.837.278	-11.870.901
Depreciation, amortisation and impairment losses.....		-220.710	-124.769
OPERATING PROFIT		1.190.263	2.154.468
Other financial income.....	2	13.308	31.285
Other financial expenses.....	3	-24.126	-5.916
PROFIT BEFORE TAX		1.179.445	2.179.837
Tax on profit/loss for the year.....	4	-259.461	-479.837
PROFIT FOR THE YEAR		919.984	1.700.000
PROPOSED DISTRIBUTION OF DIVIDEND			
Retained earnings.....		919.984	1.700.000
TOTAL		919.984	1.700.000

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2020 DKK	2019 DKK
Other plants, machinery, tools and equipment.....		527.852	385.715
Leasehold improvements.....		666.118	66.053
Property, plant and equipment.....	5	1.193.970	451.768
NON-CURRENT ASSETS.....		1.193.970	451.768
Receivables from group enterprises.....		5.048.632	7.343.460
Other receivables.....		123.469	35.681
Prepayments and accrued income.....		135.721	85.458
Receivables.....		5.307.822	7.464.599
Cash and cash equivalents.....		1.019.577	2.171.528
CURRENT ASSETS.....		6.327.399	9.636.127
ASSETS.....		7.521.369	10.087.895
EQUITY AND LIABILITIES			
Share capital.....		500.000	500.000
Retained earnings.....		-6.403.459	-7.323.442
EQUITY.....		-5.903.459	-6.823.442
Provision for deferred tax.....		36.218	20.385
PROVISIONS.....		36.218	20.385
Payables to group enterprises.....		9.423.570	9.440.716
Accruals and deferred income.....		0	312.583
Non-current liabilities.....	6	9.423.570	9.753.299
Trade payables.....		92.254	119.840
Payables to group enterprises.....		1.133.538	804.225
Corporation tax.....		243.628	363.330
Other liabilities.....		2.495.620	5.850.258
Current liabilities.....		3.965.040	7.137.653
LIABILITIES.....		13.388.610	16.890.952
EQUITY AND LIABILITIES.....		7.521.369	10.087.895
Contingencies etc.	7		

EQUITY

	Share capital	Retained earnings	Total
Equity at 1 January 2020.....	500.000	-7.323.443	-6.823.443
Proposed profit allocation.....		919.984	919.984
Equity at 31 December 2020.....	500.000	-6.403.459	-5.903.459

NOTES

	2020 DKK	2019 DKK	Note	
Staff costs			1	
Average number of employees	14	13		
Wages and salaries.....	9.858.819	10.592.041		
Pensions.....	1.550.612	1.124.189		
Social security costs.....	99.147	101.860		
Other staff costs.....	328.700	52.811		
	11.837.278	11.870.901		
Other financial income			2	
Other interest income.....	13.308	31.285		
	13.308	31.285		
Other financial expenses			3	
Other interest expenses.....	24.126	5.916		
	24.126	5.916		
Tax on profit/loss for the year			4	
Calculated tax on taxable income of the year.....	243.628	363.330		
Adjustment of deferred tax.....	15.833	116.507		
	259.461	479.837		
Property, plant and equipment			5	
		Other plants, machinery, tools and equipment	Leasehold improvements	
Cost at 1 January 2020.....	495.415	81.122		
Additions.....	300.847	662.064		
Cost at 31 December 2020.....	796.262	743.186		
Depreciation and impairment losses at 1 January 2020.....	109.699	15.069		
Depreciation for the year.....	158.711	61.999		
Depreciation and impairment losses at 31 December 2020...	268.410	77.068		
Carrying amount at 31 December 2020.....	527.852	666.118		
Long-term liabilities			6	
	31/12 2020 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2019 total liabilities
Payables to group enterprises.....	9.423.570	0	9.423.570	9.440.716
Vacation Trust.....	1.194.932	1.194.932	0	312.583
	10.618.502	1.194.932	9.423.570	9.753.299

NOTES**Note****Contingencies etc.****7****Contingent liabilities**

The company has signed a rental contract with a monthly rent for 63 t.kr. The contract has a notice period of 14 months. The rent in the notice period amounts to 882 t.kr.

The company has signed leasing agreements for the next 12 months, with a monthly fee of 7 t.kr. The total liability in the lease period is 82 t.kr.

ACCOUNTING POLICIES

The Annual Report of STMicroelectronics A/S for 2020 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 services 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.

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 costs include costs relating to distribution, sale, advertising, administration, premises, operating lease expenses and similar expenses.

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 and unrealised gains and losses arising from 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.

ACCOUNTING POLICIES

BALANCE SHEET

Tangible fixed assets

Leasehold improvements, machinery, other plants, fixtures and equipment are measured at cost less accumulated depreciation and write-down.

The depreciation base is cost less estimated residual value after end of useful life.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Other plant, fixtures and equipment.....	2-5 years	0 %
Leasehold improvements.....	3-10 years	0 %

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Impairment of fixed assets

The carrying amount of tangible 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.

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

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.

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