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보도자료

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## STMicroelectronics Reports 2021 Second Quarter Financial Results

- Q2 net revenues \$2.99 billion; gross margin 40.5%; operating margin 16.3%; net income \$412 million
- H1 net revenues \$6.01 billion; gross margin 39.7%; operating margin 15.5%; net income \$776 million
- Business outlook at the mid-point: Q3 net revenues of \$3.20 billion and gross margin of 41.0%

**Geneva, July 29, 2021 - STMicroelectronics (NYSE: STM)**, a global semiconductor leader serving customers across the spectrum of electronics applications, reported U.S. GAAP financial results for the second quarter ended July 3, 2021. This press release also contains non-U.S. GAAP measures (see Appendix for additional information).

ST reported second quarter net revenues of \$2.99 billion, gross margin of 40.5%, operating margin of 16.3%, and net income of \$412 million or \$0.44 diluted earnings per share.

Jean-Marc Chery, STMicroelectronics President & CEO, commented:

- “Q2 net revenues and gross margin came in at the high-end of our business outlook range driven by continued strong demand globally.
- “On a year-over-year basis, Q2 net revenues increased 43.4%. Q2 gross margin of 40.5% and operating margin of 16.3% improved 550 and 1,120 basis points, respectively, and net income increased 357.2% to \$412 million.
- “First half net revenues increased 39.1% year-over-year, driven by growth in all product groups, except the RF Communications sub-group. Operating margin was 15.5% and net income \$776 million.
- “ST’s third quarter outlook, at the mid-point, is for net revenues of \$3.20 billion, increasing year-over-year and sequentially by 20.0% and 7.0%, respectively; gross margin is expected to be about 41.0%.
- “We will now drive the Company based on a plan for FY21 revenues of \$12.5 billion, plus or minus \$100 million, a year-over-year increase of 22.3% at the mid-point. This growth is expected to be driven by strong dynamics in all the end markets we address and our engaged customer programs. Our CAPEX plan will now be about \$2.1 billion for 2021.”

### Quarterly Financial Summary (U.S. GAAP)

(US\$ m, except per share data)	Q2 2021	Q1 2021	Q2 2020	Q/Q	Y/Y
<b>Net Revenues</b>	<b>\$2,992</b>	<b>\$3,016</b>	<b>\$2,087</b>	<b>-0.8%</b>	<b>43.4%</b>
Gross Profit	\$1,212	\$1,175	\$730	3.1%	66.1%
Gross Margin	40.5%	39.0%	35.0%	150 bps	550 bps
Operating Income	\$489	\$440	\$106	11.1%	358.8%
<b>Operating Margin</b>	<b>16.3%</b>	<b>14.6%</b>	<b>5.1%</b>	<b>170 bps</b>	<b>1,120 bps</b>
Net Income	\$412	\$364	\$90	13.1%	357.2%
<b>Diluted Earnings Per Share</b>	<b>\$0.44</b>	<b>\$0.39</b>	<b>\$0.10</b>	<b>12.8%</b>	<b>340.0%</b>

## Second Quarter 2021 Summary Review

<b>Net Revenues By Product Group (US\$ m)</b>	<b>Q2 2021</b>	<b>Q1 2021</b>	<b>Q2 2020</b>	<b>Q/Q</b>	<b>Y/Y</b>
Automotive and Discrete Group (ADG)	1,077	1,043	727	3.3%	48.2%
Analog, MEMS and Sensors Group (AMS)	1,013	1,083	624	-6.5%	62.3%
Microcontrollers and Digital ICs Group (MDG)	897	886	733	1.2%	22.3%
Others	5	4	3	-	-
<b>Total Net Revenues</b>	<b>2,992</b>	<b>3,016</b>	<b>2,087</b>	<b>-0.8%</b>	<b>43.4%</b>

**Net revenues** totaled \$2.99 billion, a year-over-year increase of 43.4%. On a year-over-year basis, the Company recorded higher net sales in all product groups except the RF Communications sub-group. Year-over-year net sales to OEMs and Distribution increased 38.4% and 53.1%, respectively. On a sequential basis, net revenues decreased 0.8% but were 300 basis points above the mid-point of the Company's guidance. ADG and MDG reported increases in net revenues on a sequential basis while AMS decreased.

**Gross profit** totaled \$1.21 billion, a year-over-year increase of 66.1%. **Gross margin** of 40.5% increased 550 basis points year-over-year, mainly driven by lower unloading charges, manufacturing efficiencies, favorable pricing and improved product mix partially offset by negative currency effects, net of hedging. Second quarter gross margin was 100 basis points above the mid-point of the Company's guidance mainly due to more favorable pricing and improved product mix.

**Operating income** increased 358.8% to \$489 million, compared to \$106 million in the year-ago quarter. The Company's **operating margin** increased 1,120 basis points on a year-over-year basis to 16.3% of net revenues, compared to 5.1% in the 2020 second quarter.

By **product group**, compared with the year-ago quarter:

### Automotive and Discrete Group (ADG):

- Revenue increased in both Automotive and in Power Discrete.
- Operating profit increased by 523.8% to \$102 million. Operating margin was 9.5% compared to 2.3%.

### Analog, MEMS and Sensors Group (AMS):

- Revenue increased in Analog, MEMS and Imaging.
- Operating profit increased by 234.2% to \$189 million. Operating margin was 18.6% compared to 9.0%.

### Microcontrollers and Digital ICs Group (MDG):

- Revenue increased in Microcontrollers and decreased in RF Communications.
- Operating profit increased by 76.5% to \$206 million. Operating margin was 22.9% compared to 15.9%.

**Net income** and **diluted earnings per share** increased to \$412 million and \$0.44, respectively, compared to \$90 million and \$0.10, respectively, in the year-ago quarter.

## Cash Flow and Balance Sheet Highlights

(US\$ m)	Q2 2021	Q1 2021	Q2 2020	Trailing 12 Months		
				Q2 2021	Q2 2020	TTM Change
Net cash from operating activities	602	682	387	2,591	1,990	30.2%
Free cash flow (non-U.S. GAAP)	125	261	28	873	772	13.1%

Capital expenditure payments, net of proceeds from sales, were \$438 million in the second quarter. In the year-ago quarter, capital expenditures, net, were \$312 million.

Inventory at the end of the second quarter was \$1.97 billion, compared to \$1.96 billion in the year-ago quarter. Day sales of inventory at quarter-end was 101 days compared to 130 days in the year-ago quarter.

Free cash flow (non-U.S. GAAP) was \$125 million in the second quarter, up from \$28 million in the year-ago quarter.

In the second quarter, the Company paid cash dividends to its shareholders totaling \$52 million and executed a \$156 million share buy-back, completing its \$750 million share repurchase program launched on November 5, 2018. On July 1, 2021, the Company announced the launch of a new share buy-back program of up to \$1,040 million to be executed within a 3-year period.

ST's net financial position (non-U.S. GAAP) was \$1.08 billion at July 3, 2021 compared to \$1.19 billion at April 3, 2021 and reflected total liquidity of \$4.25 billion and total financial debt of \$3.17 billion.

During the second quarter, ST exercised the call option for the early redemption of its 2024 Tranche B of the convertible bond issued in 2017. The settlement of the \$750 million principal amount bond is expected to be completed in the third quarter.

### **Business Outlook**

The Company's guidance, at the mid-point, for the 2021 third quarter is:

- Net revenues are expected to be \$3.20 billion, an increase of 7.0% sequentially, plus or minus 350 basis points;
- Gross margin of about 41.0%, plus or minus 200 basis points;
- This outlook is based on an assumed effective currency exchange rate of approximately \$1.19 = €1.00 for the 2021 third quarter and includes the impact of existing hedging contracts.
- The third quarter will close on October 2, 2021.

### **Conference Call and Webcast Information**

STMicroelectronics will conduct a conference call with analysts, investors and reporters to discuss its second quarter 2021 financial results and current business outlook today at 9:30 a.m. Central European Time (CET) / 3:30 a.m. U.S. Eastern Time (ET). A live webcast (listen-only mode) of the conference call will be accessible at ST's website, <http://investors.st.com>, and will be available for replay until August 13, 2021.

### **Use of Supplemental Non-U.S. GAAP Financial Information**

This press release contains supplemental non-U.S. GAAP financial information.

Readers are cautioned that these measures are unaudited and not prepared in accordance with U.S. GAAP and should not be considered as a substitute for U.S. GAAP financial measures. In addition, such non-U.S. GAAP financial measures may not be comparable to similarly titled information from other companies. To compensate for these limitations, the supplemental non-U.S. GAAP financial information should not be read in isolation, but only in conjunction with the Company's consolidated financial statements prepared in accordance with U.S. GAAP.

See the Appendix of this press release for a reconciliation of the Company's non-U.S. GAAP financial measures to their corresponding U.S. GAAP financial measures.

### **Forward-looking Information**

*Some of the statements contained in this release that are not historical facts are statements of future expectations and other forward-looking statements (within the meaning of Section 27A of the Securities Act of 1933 or Section 21E of the Securities Exchange Act of 1934, each as amended) that are based on management's current views and assumptions, and are conditioned upon and also involve known and unknown risks and uncertainties that could cause actual results, performance, or events to differ materially from those anticipated by such statements, due to, among other factors:*

- *changes in global trade policies, including the adoption and expansion of tariffs and trade barriers, that could affect the macro-economic environment and adversely impact the demand for our products;*
- *uncertain macro-economic and industry trends, which may impact end-market demand for our products;*
- *customer demand that differs from projections;*
- *the ability to design, manufacture and sell innovative products in a rapidly changing technological environment;*
- *changes in economic, social, public health, labor, political, or infrastructure conditions in the locations where we, our customers, or our suppliers operate, including as a result of macroeconomic or regional events, military conflicts, social unrest, labor actions, or terrorist activities;*
- *unanticipated events or circumstances, which may impact our ability to execute our plans and/or meet the objectives of our R&D and manufacturing programs, which benefit from public funding;*

- *legal, political and economic uncertainty surrounding Brexit may be a continued source of instability in international markets and currency exchange rate volatility and may adversely affect business activity, political stability and economic conditions and while we do not have material operations in the U.K. and have not experienced any material impact from Brexit on our underlying business to date, we cannot predict its future implications;*
- *financial difficulties with any of our major distributors or significant curtailment of purchases by key customers;*
- *the loading, product mix, and manufacturing performance of our production facilities and/or our required volume to fulfill capacity reserved with suppliers or third party manufacturing providers;*
- *availability and costs of equipment, raw materials, utilities, third-party manufacturing services and technology, or other supplies required by our operations;*
- *the functionalities and performance of our IT systems, which are subject to cybersecurity threats and which support our critical operational activities including manufacturing, finance and sales, and any breaches of our IT systems or those of our customers or suppliers;*
- *theft, loss, or misuse of personal data about our employees, customers, or other third parties, and breaches of global and local privacy legislation, including the EU's General Data Protection Regulation ("GDPR");*
- *the impact of intellectual property ("IP") claims by our competitors or other third parties, and our ability to obtain required licenses on reasonable terms and conditions;*
- *changes in our overall tax position as a result of changes in tax rules, new or revised legislation, the outcome of tax audits or changes in international tax treaties which may impact our results of operations as well as our ability to accurately estimate tax credits, benefits, deductions and provisions and to realize deferred tax assets;*
- *variations in the foreign exchange markets and, more particularly, the U.S. dollar exchange rate as compared to the Euro and the other major currencies we use for our operations;*
- *the outcome of ongoing litigation as well as the impact of any new litigation to which we may become a defendant;*
- *product liability or warranty claims, claims based on epidemic or delivery failure, or other claims relating to our products, or recalls by our customers for products containing our parts;*
- *natural events such as severe weather, earthquakes, tsunamis, volcano eruptions or other acts of nature, the effects of climate change, health risks and epidemics such as the COVID-19 in locations where we, our customers or our suppliers operate;*
- *the duration and the severity of the global outbreak of COVID-19 may continue to negatively impact the global economy in a significant manner for an extended period of time, and also could materially adversely affect our business and operating results;*
- *industry changes resulting from vertical and horizontal consolidation among our suppliers, competitors, and customers; and*
- *the ability to successfully ramp up new programs that could be impacted by factors beyond our control, including the availability of critical third party components and performance of subcontractors in line with our expectations.*

*Such forward-looking statements are subject to various risks and uncertainties, which may cause actual results and performance of our business to differ materially and adversely from the forward-looking statements. Certain forward-looking statements can be identified by the use of forward looking terminology, such as "believes," "expects," "may," "are expected to," "should," "would be," "seeks" or "anticipates" or similar expressions or the negative thereof or other variations thereof or comparable terminology, or by discussions of strategy, plans or intentions.*

*Some of these risk factors are set forth and are discussed in more detail in "Item 3. Key Information — Risk Factors" included in our Annual Report on Form 20-F for the year ended December 31, 2020, as filed with the SEC on February 24, 2021. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this release as anticipated, believed, or expected. We do not intend, and do not assume any obligation, to update any industry information or forward-looking statements set forth in this release to reflect subsequent events or circumstances.*

### **About STMicroelectronics**

At ST, we are 46,000 creators and makers of semiconductor technologies mastering the semiconductor supply chain with state-of-the-art manufacturing facilities. An independent device manufacturer, we work with more than 100,000 customers and thousands of partners to design and build products, solutions, and ecosystems that address their challenges and opportunities, and the need to support a more sustainable world. Our technologies enable smarter mobility, more efficient power and energy management, and the wide-scale deployment of the Internet of Things and 5G technology. Further information can be found at [www.st.com](http://www.st.com).

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STMicroelectronics N.V.

**CONSOLIDATED STATEMENTS OF INCOME**

(in millions of U.S. dollars, except per share data (\$))

	<b>Three months ended</b>	
	July 3, 2021	June 27, 2020
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Net sales	2,985	2,084
Other revenues	7	3
<b>NET REVENUES</b>	<b>2,992</b>	<b>2,087</b>
Cost of sales	(1,780)	(1,357)
<b>GROSS PROFIT</b>	<b>1,212</b>	<b>730</b>
Selling, general and administrative	(323)	(259)
Research and development	(444)	(373)
Other income and expenses, net	42	12
Impairment, restructuring charges and other related closure costs	2	(4)
Total operating expenses	(723)	(624)
<b>OPERATING INCOME</b>	<b>489</b>	<b>106</b>
Interest expense, net	(8)	(4)
Other components of pension benefit costs	(3)	(3)
<b>INCOME BEFORE INCOME TAXES AND NONCONTROLLING INTEREST</b>	<b>478</b>	<b>99</b>
Income tax expense	(65)	(8)
<b>NET INCOME</b>	<b>413</b>	<b>91</b>
Net income attributable to noncontrolling interest	(1)	(1)
<b>NET INCOME ATTRIBUTABLE TO PARENT COMPANY STOCKHOLDERS</b>	<b>412</b>	<b>90</b>
<b>EARNINGS PER SHARE (BASIC) ATTRIBUTABLE TO PARENT COMPANY STOCKHOLDERS</b>	<b>0.46</b>	<b>0.10</b>
<b>EARNINGS PER SHARE (DILUTED) ATTRIBUTABLE TO PARENT COMPANY STOCKHOLDERS</b>	<b>0.44</b>	<b>0.10</b>
<b>NUMBER OF WEIGHTED AVERAGE SHARES USED IN CALCULATING DILUTED EPS</b>	<b>927.4</b>	<b>911.1</b>

STMicroelectronics N.V.

CONSOLIDATED STATEMENTS OF INCOME

(in millions of U.S. dollars, except per share data (\$))

	Six months ended	
	July 3, 2021 <u>(Unaudited)</u>	June 27, 2020 <u>(Unaudited)</u>
Net sales	5,995	4,312
Other revenues	13	6
<b>NET REVENUES</b>	<b>6,008</b>	<b>4,318</b>
Cost of sales	(3,621)	(2,743)
<b>GROSS PROFIT</b>	<b>2,387</b>	<b>1,575</b>
Selling, general and administrative	(648)	(529)
Research and development	(888)	(748)
Other income and expenses, net	76	48
Impairment, restructuring charges and other related closure costs	2	(9)
Total operating expenses	(1,458)	(1,238)
<b>OPERATING INCOME</b>	<b>929</b>	<b>337</b>
Interest expense, net	(16)	(3)
Other components of pension benefit costs	(5)	(6)
Gain (loss) on financial instruments, net	2	-
<b>INCOME BEFORE INCOME TAXES AND NONCONTROLLING INTEREST</b>	<b>910</b>	<b>328</b>
Income tax expense	(131)	(47)
<b>NET INCOME</b>	<b>779</b>	<b>281</b>
Net (income) loss attributable to noncontrolling interest	(3)	1
<b>NET INCOME ATTRIBUTABLE TO PARENT COMPANY STOCKHOLDERS</b>	<b>776</b>	<b>282</b>
<b>EARNINGS PER SHARE (BASIC) ATTRIBUTABLE TO PARENT COMPANY STOCKHOLDERS</b>	<b>0.86</b>	<b>0.32</b>
<b>EARNINGS PER SHARE (DILUTED) ATTRIBUTABLE TO PARENT COMPANY STOCKHOLDERS</b>	<b>0.84</b>	<b>0.31</b>
<b>NUMBER OF WEIGHTED AVERAGE SHARES USED IN CALCULATING DILUTED EPS</b>	<b>929.5</b>	<b>913.9</b>

**STMicroelectronics N.V.**  
**CONSOLIDATED BALANCE SHEETS**

As at  
In millions of U.S. dollars

	July 3, 2021	April 3, 2021	December 31, 2020
	(Unaudited)	(Unaudited)	(Audited)
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	3,749	3,454	3,006
Short-term deposits	500	573	581
Marketable securities	-	132	133
Trade accounts receivable, net	1,571	1,418	1,465
Inventories	1,970	1,843	1,841
Other current assets	650	550	584
<b>Total current assets</b>	<b>8,440</b>	<b>7,970</b>	<b>7,610</b>
Goodwill	322	320	330
Other intangible assets, net	442	434	445
Property, plant and equipment, net	5,037	4,743	4,596
Non-current deferred tax assets	688	717	739
Long-term investments	10	10	10
Other non-current assets	576	784	724
<b>Total assets</b>	<b>15,515</b>	<b>14,978</b>	<b>14,454</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities:</b>			
Short-term debt	872	837	795
Trade accounts payable	1,366	1,281	1,166
Other payables and accrued liabilities	975	1,003	966
Dividends payable to stockholders	168	4	42
Accrued income tax	95	75	84
<b>Total current liabilities</b>	<b>3,476</b>	<b>3,200</b>	<b>3,053</b>
Long-term debt	2,296	2,137	1,826
Post-employment benefit obligations	497	490	506
Long-term deferred tax liabilities	57	74	75
Other long-term liabilities	473	461	488
<b>Total liabilities</b>	<b>6,799</b>	<b>6,362</b>	<b>5,948</b>
Commitment and contingencies			
<b>Equity</b>			
Parent company stockholders' equity			
Common stock (preferred stock: 540,000,000 shares authorized, not issued; common stock: Euro 1.04 par value, 1,200,000,000 shares authorized, 911,264,420 shares issued, 903,271,713 shares outstanding)	1,157	1,157	1,157
Additional Paid-in Capital	3,174	3,127	3,062
Retained earnings	4,053	3,963	3,599
Accumulated other comprehensive income	571	559	723
Treasury stock	(300)	(249)	(93)
<b>Total parent company stockholders' equity</b>	<b>8,655</b>	<b>8,557</b>	<b>8,448</b>
Noncontrolling interest	61	59	58
<b>Total equity</b>	<b>8,716</b>	<b>8,616</b>	<b>8,506</b>
<b>Total liabilities and equity</b>	<b>15,515</b>	<b>14,978</b>	<b>14,454</b>



**STMicroelectronics N.V.****SELECTED CASH FLOW DATA**

<b>Cash Flow Data (in US\$ millions)</b>	<b>Q2 2021</b>	<b>Q1 2021</b>	<b>Q2 2020</b>
Net Cash from operating activities	602	682	387
Net Cash used in investing activities	(272)	(413)	(509)
Net Cash from (used in) financing activities	(35)	182	(117)
Net Cash increase (decrease)	295	448	(238)
<b>Selected Cash Flow Data (in US\$ millions)</b>	<b>Q2 2021</b>	<b>Q1 2021</b>	<b>Q2 2020</b>
Depreciation & amortization	258	256	223
Net payment for Capital expenditures	(438)	(405)	(312)
Dividends paid to stockholders	(52)	(38)	(37)
Change in inventories, net	(122)	(32)	(175)

**Appendix**  
**STMicroelectronics**  
**Supplemental Financial Information**

	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
<b>Net Revenues By Market Channel (%)</b>					
Total OEM	64%	67%	74%	74%	66%
Distribution	36%	33%	26%	26%	34%
<b>€/€ Effective Rate</b>	1.19	1.19	1.16	1.13	1.10
<b>Product Group Data (US\$ m)</b>					
<b>Automotive &amp; Discrete Group (ADG)</b>					
- Net Revenues	1,077	1,043	953	851	727
- Operating Income	102	85	94	49	16
<b>Analog, MEMS &amp; Sensors Group (AMS)</b>					
- Net Revenues	1,013	1,083	1,419	997	624
- Operating Income	189	187	402	175	56
<b>Microcontrollers &amp; Digital ICs Group (MDG)</b>					
- Net Revenues	897	886	859	815	733
- Operating Income	206	172	174	142	117
<b>Others <sup>(a)</sup></b>					
- Net Revenues	5	4	4	3	3
- Operating Income (Loss)	(8)	(4)	(13)	(37)	(83)
<b>Total</b>					
- Net Revenues	<b>2,992</b>	<b>3,016</b>	<b>3,235</b>	<b>2,666</b>	<b>2,087</b>
- Operating Income	<b>489</b>	<b>440</b>	<b>657</b>	<b>329</b>	<b>106</b>

<sup>(a)</sup> Net revenues of Others include revenues from sales assembly services and other revenues. Operating income (loss) of Others includes items such as unused capacity charges, including reduced manufacturing activity due to COVID-19, impairment, restructuring charges and other related closure costs, management reorganization costs, phase out and start-up costs of certain manufacturing facilities, and other unallocated expenses such as: strategic or special research and development programs, certain corporate-level operating expenses, patent claims and litigations, and other costs that are not allocated to product groups, as well as operating earnings of other products. Others includes:

(US\$ m)	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
<b>Unused Capacity Charges</b>	-	2	17	38	64
<b>Impairment &amp; Restructuring Charges</b>	(2)	-	(1)	2	4

**(Appendix – continued)**  
**STMicroelectronics**  
**Supplemental Non-U.S. GAAP Financial Information**  
**U. S. GAAP – Non-U.S. GAAP Reconciliation**

The supplemental non-U.S. GAAP information presented in this press release is unaudited and subject to inherent limitations. Such non-U.S. GAAP information is not based on any comprehensive set of accounting rules or principles and should not be considered as a substitute for U.S. GAAP measurements. Also, our supplemental non-U.S. GAAP financial information may not be comparable to similarly titled non-U.S. GAAP measures used by other companies. Further, specific limitations for individual non-U.S. GAAP measures, and the reasons for presenting non-U.S. GAAP financial information, are set forth in the paragraphs below. To compensate for these limitations, the supplemental non-U.S. GAAP financial information should not be read in isolation, but only in conjunction with our consolidated financial statements prepared in accordance with U.S. GAAP.

The Company believes that these non-U.S. GAAP financial measures provide useful information for investors and management because they offer, when read in conjunction with the Company's U.S. GAAP financials, (i) the ability to make more meaningful period-to-period comparisons of the Company's on-going operating results, (ii) the ability to better identify trends in the Company's business and perform related trend analysis, and (iii) to facilitate a comparison of the Company's results of operations against investor and analyst financial models and valuations, which may exclude these items.

**Net Financial Position (non-U.S. GAAP measure)**

Net Financial Position, a non-U.S. GAAP measure, represents the difference between our total liquidity and our total financial debt. Our total liquidity includes cash and cash equivalents, restricted cash, short-term deposits, and marketable securities, and our total financial debt includes short-term debt and long-term debt, as represented in our Consolidated Balance Sheets.

We believe our Net Financial Position provides useful information for investors and management because it gives evidence of our global position either in terms of net indebtedness or net cash by measuring our capital resources based on cash and cash equivalents, restricted cash, short-term deposits and marketable securities and the total level of our financial indebtedness. Our definition of Net Financial Position may differ from definitions used by other companies and therefore comparability may be limited.

(US\$ m)	<b>Jul 3 2021</b>	<b>Apr 3 2021</b>	<b>Dec 31 2020</b>	<b>Sep 26 2020</b>	<b>Jun 27 2020</b>
Cash and cash equivalents	3,749	3,454	3,006	2,714	1,800
Short term deposits	500	573	581	679	687
Marketable securities	-	132	133	134	134
<b>Total liquidity</b>	<b>4,249</b>	<b>4,159</b>	<b>3,720</b>	<b>3,527</b>	<b>2,621</b>
Short-term debt	(872)	(837)	(795)	(983) <sup>(2)</sup>	(879) <sup>(1)</sup>
Long-term debt <sup>(3)</sup>	(2,296)	(2,137)	(1,826)	(1,882)	(1,172)
<b>Total financial debt</b>	<b>(3,168)</b>	<b>(2,974)</b>	<b>(2,621)</b>	<b>(2,865)</b>	<b>(2,051)</b>
<b>Net Financial Position</b>	<b>1,081</b>	<b>1,185</b>	<b>1,099</b>	<b>662</b>	<b>570</b>

<sup>(1)</sup> 2022 Tranche A of the convertible bond issued in 2017 was reclassified to short-term debt in line with contractual terms.

<sup>(2)</sup> 2024 Tranche B of the convertible bond issued in 2017 was reclassified to short-term debt in line with contractual terms.

<sup>(3)</sup> Long-term debt contains standard conditions but does not impose minimum financial ratios. Also, committed credit facilities for \$0.8 billion equivalent, are currently undrawn.

**(Appendix – continued)**  
**STMicroelectronics**

**Free Cash Flow (non-U.S. GAAP measure)**

Free Cash Flow, which is a non-U.S. GAAP measure, is defined as (i) net cash from operating activities plus (ii) net cash used in investing activities, excluding payment for purchases of (and proceeds from matured) marketable securities and net investment in short-term deposits, which are considered as temporary financial investments. The result of this definition is ultimately net cash from operating activities plus payment for purchase (and proceeds from sale) of tangible, intangible and financial assets and net cash paid for business acquisitions.

We believe Free Cash Flow provides useful information for investors and management because it measures our capacity to generate cash from our operating and investing activities to sustain our operations. Free Cash Flow does not represent total cash flow since it does not include the cash flows generated by or used in financing activities.

Free Cash Flow reconciles with the total cash flow and the net cash increase (decrease) by including the payment for purchases of (and proceeds from matured) marketable securities and net investment in short-term deposits, the net cash from (used in) financing activities and the effect of changes in exchange rates. Our definition of Free Cash Flow may differ from definitions used by other companies.

(US\$ m)	<b>Q2 2021</b>	<b>Q1 2021</b>	<b>Q4 2020</b>	<b>Q3 2020</b>	<b>Q2 2020</b>
Net cash from operating activities	602	682	922	385	387
Net cash used in investing activities	(272)	(413)	(312)	(400)	(509)
Payment for purchase of (and proceeds from matured) marketable securities and net investment in short-term deposits	(205)	(8)	(98)	(10)	150
<b>Free Cash Flow</b>	<b>125</b>	<b>261</b>	<b>512</b>	<b>(25)</b>	<b>28</b>