

ON Semiconductor Limited
Annual Report and financial statements
For the year ended 31 December 2019

Registered Number 3765736



ON Semiconductor Limited

Annual Report and financial statements for the year ended 31 December 2019

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ON Semiconductor Limited

Strategic Report for the year ended 31 December 2019

The directors present their Strategic Report on the Company for the year ended 31 December 2019.

Business review and principal activities

The company is a wholly owned subsidiary of ON Semiconductor Corporation, incorporated in the United States of America. The principal activity of the company is the sale of electronic devices.

The profit for the financial year for the company amounted to \$14,271,225 (2018 \$30,581,451). The decrease in profit is due to lower sales in 2019 and subsequently lower gross profit. The company's sales have decreased by 3.84% from \$948,865,798 in 2018 to \$912,404,220 in 2019, mainly due to the decrease in sales to Automotive customers and slowdown in world economy growth. For more details by channel, please refer to Note 1 on page 17. Another significant impact to profit is driven by lower dividends paid from foreign branches in 2019 (\$4,818,500) compared to 2018 (\$20,969,807).

Net assets amounted to \$96,247,387 (2018: \$106,976,162). The decrease is mainly attributed to a decrease in cash to \$18,588,725 (2018: \$42,601,187) as a result of a \$25,000,000 dividend payment in September 2019.

Principal risks and uncertainties

Competitive pressure abroad is a continuing risk to the company. The company operates in highly competitive and volatile markets particularly around price and quality. This not only results in downward pressure on margins but also in the risk that we will not exceed our customers' expectations. The company's sales are made in US Dollars and Euros and therefore the company is exposed to movement in exchange rates.

As far as Brexit is concerned, the company acknowledges the resultant economic uncertainty due to the absence of clear business conditions between EU and Great Britain from 1 January 2021. Management has taken all required measures to prepare the Company to the potential changes which may happen in the coming month. This includes testing of the setting of financial and logistic flow in the internal software.

Financial risk management

The Company's activities are exposed to a variety of financial risks: credit risk, market risk (including interest risk and foreign currency risk) and liquidity risk. The Company's risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. ON Semiconductor Group uses derivative financial instruments to economically hedge certain risk exposures.

Financial risk management is carried out by a central treasury department (Corporate Treasury) under Treasury Policy. Group Corporate Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The 'Treasury Policy' provides principles for specific areas, such as credit risk, interest rate risk, foreign currency risk, use of derivative financial instruments and investment of excess liquidity.

Key performance indicators

ON Semiconductor manages its worldwide operations on a divisional basis. For this reason, the directors do not believe that further key performance indicators would be necessary or appropriate for an understanding of the development, performance or position of the company. The performance of the UK entity is discussed in the group's annual financial review, which does not form part of this report.

Employment of disabled persons

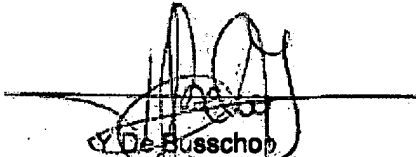
The company considers applications for employment, including those from disabled persons, in the light of its requirements and the qualifications, aptitudes and abilities of each individual. Should employees become disabled during the course of their employment every practical effort will be made to retain their services and to provide retraining where necessary.

ON Semiconductor Limited

All employees are eligible for consideration for appropriate training, career development and promotional opportunities and disabled persons are not treated differently in this respect.

This report was approved by the Board on 23 September 2020 and signed on its behalf.

On behalf of the Board



J. De Busschop
Director

ON Semiconductor Limited

Directors' report for the year ended 31 December 2019

The directors submit their annual report together with the audited financial statements of the company for the year ended 31 December 2019.

Future developments

The COVID-19 pandemic impacted our business operations during the first half of 2020. We experienced the impact in the form of declining demand for some of our products, supply chain constraints and logistical challenges in ability to work with our external partners.

The extent of the COVID-19 pandemic's effect on our operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult to predict. Due to the speed with which the situation is developing, we are currently unable to estimate the ultimate potential effects on our business, customers, employees, or our future financial results.

The global pandemic occurrence known as COVID-19 is considered as unadjusting event as it occurred after year end.

Dividends

On 6 June 2019, during the Annual General Meeting of the shareholders, a dividend distribution for an amount of \$25,000,000 was approved as part of the decision on the appropriation of the available earnings. The amount was paid on 17 September 2019.

Directors

The directors who held office during the year and up to the date of signing these financial statements were:

- Y De Busschop
- Patrik Petras (appointed 11 July 2019)
- Sophie Penent (resigned 11 July 2019).

None of the directors held any notifiable interest in the shares of the company at any time during the year.

Research & Development

The company does not conduct any Research & Development activity.

Post balance sheet events

Our business has been, and is expected to continue to be, adversely impacted by the effects of the COVID-19 pandemic. In addition to global macroeconomic effects, the COVID-19 pandemic and related adverse public health developments have been causing, and are expected to continue to cause disruption to our operations and sales activities. In addition, the COVID-19 pandemic or other disease outbreaks will, in the short-term, and could over the longer term, adversely affect the economies and financial markets of many countries, resulting in an economic downturn or recession that could adversely affect demand for our products and impact our results of operations and financial condition. There can be no assurance that any decrease in sales resulting from the COVID-19 pandemic will be offset by increased sales in subsequent periods. These effects, alone or taken together, could have a material adverse effect on our business, results of operations, legal exposure, or financial condition.

Employee Involvement

The company maintains a policy of informing and consulting employees upon matters of concern to them affecting their immediate jobs.

The means employed to achieve these objectives vary from formal intimations disseminated by notices to all employees, to discussion and debate within various committees. These committees meet regularly and involve personnel at all levels. The company provides employees with information on the trading performance of the company and encourages interest from the employees in suggesting methods of improvement in production techniques or methods of improving profitability.

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Section 172 Statement

Our company welcomes the implementation of section 172 of the Companies Act 2006 as an opportunity to present how we are focused on our key internal and external stakeholders.

The directors act in such a way as to ensure the continuous success of the company as a whole with regard to employees, customers, shareholders and also with regard to the environment and the local community. We would like to point out that strategic decisions and programs concerning global stakeholders are outlined at the level of the ON Semiconductor group, while directors and managers of the company help to implement these programs at the local level.

Our Mission, Vision and Culture

Mission

ON Semiconductor delivers high quality, energy efficient semiconductor solutions that enable customer innovations through a diverse workforce committed to operating in an ethical and socially responsible manner.

Vision

ON Semiconductor will be the trusted supplier of choice for energy efficient innovations.

Culture

ON Semiconductor recognizes the importance and need to intentionally and continually evolve our culture to support our company's strategy and employees. As such, through our culture alignment work, we are actively reviewing whether our beliefs, assumptions, values and behaviors give us the competitive advantage needed for future growth. Tied to this review, we are working toward how to better foster an inclusive environment in which our employees can thrive and contribute their best. To determine the most effective plan, employees are participating and engaging in a variety of ways as we move through the culture alignment work.

Core Values (Respect, Integrity and Initiative)

We are a performance based company committed to profitable growth, world class operating results, benchmark quality and delivering superior customer and shareholder value. By putting our core values of respect, integrity and initiative into action, we each do our part in making our company a great place to work.

Through an open and transparent dialogue with the key stakeholders, we have been able to develop a clear understanding of their needs and assess their impact on our ambition and culture. The directors consider the potential impact of decisions on the relevant stakeholders, whilst also having regard to the ON Semiconductor group strategic decisions and programs.

Hereafter you will find illustrations of how the section 172 factors have been applied by the directors

1/Interests of the employees:

A/ We maintain an open door policy, allowing employees to communicate and engage with management staff.

B/ Our employees are trained in our Conduct of Business Conduct and policies and programs including corporate social responsibility, prevention of discrimination and harassment, anti-corruption and information security awareness.

C/ Company conducts anonymous employee engagement and pulse survey to seek employees' opinions and topics such as work environment, work relationship, job responsibilities, etc.

D/ We have an objective and fair performance management process which all employees are a part of on an annual basis.

E/ Our Corporate Compliance and Ethics Program (CCEP) is designed to assist us in preventing, detecting and responding to unethical or illegal conduct and promote an ethical and legally compliant business culture. Code of Business Conduct (Code) outlines the broad principles of legal and ethical conduct embraced by our company and our core values of respect, integrity, and initiative guide every business decision. Local business ethics liaison (BEL) is located on the site.

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F/ Health and Safety are the priorities for the local management. Establishing a healthy and safe environment allows our employees to come to work each day without fear of injury or illness and is vital to the quality of life of our employees and the success of our business

2/ Foster business relationship with customers and suppliers

A/ The use of customer scorecards is an ongoing process and provides results that allow the directors to analyze trends in overall performance for each key attribute included in the scorecard.

B/ We engage with our key customers on a quarterly basis to discuss results from customer scorecards.

C/ Customer satisfaction surveys are disseminated on a regular basis in order to obtain insights and improve the performance on issues important to our customers such as sales support, price of products, lead time and quality.

D/ We participate in a variety of conferences with our customers, suppliers and peers on an annual basis. We participate in many different trade shows throughout the year to engage with existing and new customers and distributors.

3/Maintaining a reputation for high standards of business conduct and the impact of the company's operation on the community and the environment

We are a member of the Responsible Business Alliance (RBA) and a signatory of the United Nations Global Compact. We are committed to engineering a better tomorrow through the actions we take every day. More details can be found in our Corporate Social Responsibility Report published on group level. ON Semiconductor was also named one of the 2020 World's Most Ethical Companies for the fifth time in a row.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial

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position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'Y. De Busschop', is written over a horizontal line.

Y. De Busschop
Director
23 September 2020

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Independent auditors' report to the members of ON Semiconductor Limited

Report on the audit of the financial statements

Opinion

In our opinion, ON Semiconductor Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2019, the Statement of income and retained earnings for the year then ended; the Accounting Policies; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

ON Semiconductor Limited

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine 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, the directors are 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 unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Kenneth Wilson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Glasgow
23 September 2020

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Statement of income and retained earnings for the year ended 31 December 2019

	Note	2019 \$	2018 \$
Revenue	1	912,404,220	948,865,798
Cost of sales		(842,525,531)	(872,292,252)
Gross profit		69,878,689	76,573,546
Distribution costs		(58,389,144)	(62,890,397)
Administrative expenses		(165,372)	(264,744)
Other operating expenses	2	(111,922)	(1,458,629)
Profit on ordinary activities before interest and taxation		11,212,251	11,859,776
Income from investments in group undertakings	5	4,818,500	20,969,807
Financial income	6	474,843	54,234
Profit on ordinary activities before taxation		16,505,594	32,883,817
Tax on profit on ordinary activities	7	(2,234,369)	(2,402,366)
Profit for the financial year		14,271,225	30,581,451
Retained profit brought forward		47,162,238	54,580,787
Dividend paid		(25,000,000)	(38,000,000)
Retained profit carried forward		36,433,463	47,162,238

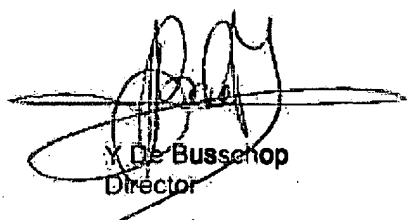
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Balance Sheet as at 31 December 2019

	Note	2019 \$	2018 \$
Fixed assets			
Property, Plant and Equipment		-	1,616
Investments	8	53,992,095	53,992,095
		53,992,095	53,993,711
Current assets			
Inventories	9	16,676,259	13,801,860
Debtors	10	119,396,771	125,369,022
Cash at bank and on hand		18,588,728	42,601,187
		154,661,758	181,772,069
Creditors: amounts falling due within one year	11	(112,406,466)	(128,789,618)
Net current assets		42,255,292	52,982,451
Net assets		96,247,387	106,976,162
Equity			
Called up Share capital	13	3,777,289	3,777,289
Share premium account	13	1,749	1,749
Capital contribution		56,034,886	56,034,886
Profit and loss account		36,433,463	47,162,238
Total Shareholders' funds		96,247,387	106,976,162

The notes on page 16 to 24 are an integral part of these financial statements.

The financial statements on page 12 to 24 were approved by the Board of Directors on 23 September 2020 and were signed on its behalf by:



Y. De Busschop
Director

ON Semiconductor Limited

Accounting Policies

For the year ended 31 December 2019

General Information

ON Semiconductor Limited is a Private Limited company, limited by shares and incorporated and domiciled in the United Kingdom. The address of its registered office is 2nd & 4th Floor, Greenwood House, London Road, Bracknell, Berkshire, RG12 2AA, United Kingdom.

Statement of compliance

The individual financial statements of ON Semiconductor Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006, under the provision of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410).

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Preparation

These financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed as required.

(b) Going concern

The company meets its day-to-day working capital requirements through its bank facilities. The current economic conditions continue to create uncertainty over (a) the level of demand for the company's products; and (b) the availability of bank finance for the foreseeable future.

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facilities.

After making inquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

(c) Exemptions for qualifying entities under FRS 102

(i) Cash flow statements: The Company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, ON Semiconductor Corporation, includes the Company's cash flows in its own consolidated financial statements.

(ii) Related party transactions: the Company has exercised the exemptions available under the terms of FRS102, Paragraph 33.1A relating to the disclosure of related party transactions with entities that are part of the ON Semiconductor Corporation Company.

(iii) Financial instrument disclosures: the Company has exercised exemption from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures.

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Accounting Policies (continued) For the year ended 31 December 2019

(d) Foreign currency

- (i) Functional and presentation currency: the company's functional and presentation currency is the US Dollars due to the primary economic environment in which the company operates and generates net cash flows.
- (ii) Transactions and balances: for the translation of financial statements, assets and liabilities that are receivable or payable in cash are translated at current exchange rates, while inventories and other non-monetary assets are translated at historical rates. Gains and losses resulting from the translation of the financial statements are included in the operating results, as are gains and losses incurred on foreign currency transactions.

(e) Consolidated financial statements

The company is a wholly owned subsidiary of ON Semiconductor Corporation, a company incorporated in Delaware, United States of America. It is included in the consolidated financial statements of ON Semiconductor Corporation which are publicly available. Therefore the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

Revenue

Revenue comprises the invoiced value of sales, net of value added tax, for goods supplied during the year. Customers are invoiced at the time of delivery of goods and revenue is recognised at that point.

Leases

Leases do not transfer all the risks and rewards of ownership and are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Investments

Investments in group undertakings are stated at the lower of cost and fair value less cost to sell. Provision for any diminution in value is made as appropriate and reviewed on an annual basis which is considered as an appropriate timing taking into account the nature of the investments.

Pension and post-retirement benefits

The company operates under a defined contribution plan. Pension contributions are charged to the profit and loss account as incurred.

Inventories

Inventories are stated at the lower of cost and estimated selling price less cost to complete and sell. Provision is made for obsolete or slow moving items where appropriate.

Current taxation

Corporation tax payable is provided on taxable profits at the current rate of tax in force.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Deferred tax assets are regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax balances are not subject to discounting.

Financial instruments

The Company's financial instruments include cash and accounts receivable. The company has applied section 11 and 12 of FRS 102 in respect of recognition and measurement of financial instruments.

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Notes to the financial statements for the year ended 31 December 2019

1. Revenue

The company is engaged in the design, marketing and sales of a wide variety of semiconductor components.

The Company is organized into three operating segments: Analog Solutions Group (APG), Power Solutions Group (PSG) and Image Sensor Group (ISG). These segments represent the company's view of the business and as such are used to evaluate the progress of major initiatives.

The company has direct customers and also serves significant original equipment manufacturers indirectly through distributor and electronic manufacturing service provider customers. The direct and indirect customers include: (1) leading Original Equipment Manufacturers (O.E.M.) in a broad variety of industries, such as Continental Automotive Systems, Hella KG, Bosch, Valeo or Magnetti Marelli; (2) Global Distributors, such as EBV Elektronik, Arrow Electronics or Avnet; (3) Electronic Manufacturing Service Providers (E.M.S.I.), such as MSL Circuits, Flextronics or Melecs EWS GmbH.

	2019	2018
By Geography	\$	\$
Germany	393,052,424	458,993,544
Netherland	96,661,425	109,235,671
Hungary	83,753,496	71,285,804
Romania	55,463,274	57,625,044
France	52,061,041	55,287,907
United Kingdom	45,864,682	37,331,521
Spain	38,539,469	45,526,554
Belgium	37,281,209	5,798,467
Czech Republic	21,887,655	19,322,197
Denmark	20,354,136	20,947,683
Portugal	14,623,061	13,730,241
Ireland	11,366,009	11,600,079
Austria	11,045,441	9,440,613
Poland	9,749,024	9,308,156
Slovakia	5,934,141	7,047,809
Italy	5,637,90	8,126,194
Other European countries	9,129,830	8,258,314
Total	912,404,220	948,865,798

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1. Revenue (continued)

By product group	2019	2018
	\$	\$
PSG	461,220,624	380,349,726
ASG	303,203,017	426,378,027
ISG	147,980,579	142,138,045
Total	912,404,220	948,865,798

By Customer	2019	2018
	\$	\$
O.E.M.	512,515,231	516,540,214
Distributors	350,029,771	381,159,307
E.M.S.I.	49,859,218	51,166,277
Total	912,404,220	948,865,798

2. Operating expenses

Operating profit is stated after (charging) / crediting:

	2019	2018
	\$	\$
Auditors' remuneration - audit services	(118,611)	(114,628)
Auditors' remuneration - non audit services	(14,364)	(16,321)
Exchange profit/(loss)	(111,922)	(1,458,629)

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3. Staff costs

	2019	2018
	\$	\$
Wages and salaries	1,847,350	1,653,581
Social security costs	230,654	206,995
Other pension costs (Note 15)	146,806	88,834
	2,224,810	1,949,410

The average monthly number of persons employed by the company during the year (excluding directors) was 13 (2018: 11). Two employees (2018:1) are in Marketing Department and 11 (2018: 10) in are Sales employees.

4. Directors' remuneration

None of the directors received remuneration or retirement benefits from the company. The costs have been paid by another group company and have not been recharged to ON Semiconductor Limited.

5. Income from investments in group undertakings

During the year, the company received dividend income of \$4,818,500. The dividends have been distributed by ON Semiconductor France SAS (\$4,484,000) and ON Semiconductor Netherlands BV (\$334,500).

During the year 2018, the company received dividend income of \$20,969,807. The dividends have been distributed by ON Semiconductor France SAS (\$ 3,535,657), ON Semiconductor Canada Trading Corporation (\$2,500,000), ON Semiconductor Netherlands BV (\$14,934,140) and SCI Singapore Pte Ltd (\$10).

6. Financial income

	2019	2018
	\$	\$
Bank interest receivable	474,843	54,234

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7. Tax on Profit on ordinary activities

In 2015 UK government announced a reduction in the Corporation Tax rate from 20% to 19% for the financial years beginning 1 April 2017, 1 April 2018 and 1 April 2019, with a further reduction from 19% to 18% for the financial year beginning 1 April 2020.

In 2016, the government announced an additional 1% reduction to 17% for the financial year beginning 1 April 2020.

In 2019 the planned reduction in the rate of corporation tax to 17% has been reversed. This maintains the rate at 19% rather than reducing it to 17% from 1 April 2020. Legislation was introduced in 2020. 17% tax rate was used for deferred tax calculation for 2019 financial statements.

	2019 \$	2018 \$
Current tax:		
- Current tax on profits of the year at 19% (2018: 19%)	2,176,222	2,259,861
- Adjustment in respect of prior years	27,954	3,063
- Withholding Tax – Canadian dividend	0	125,000
Total Current tax	2,204,176	2,387,924
Deferred tax:		
- Current year	30,193	14,442
Total Deferred tax (Note 12)	30,193	14,442
Total tax charge on profits	2,234,369	2,402,366

Current tax has been calculated at the standard rate of corporation tax in the UK for the year ended 31 December 2019 of 19% (2018: 19%). Deferred tax has been provided on the closing balance sheet temporary differences at 17%, being the rate which was substantively enacted at the balance sheet date (effective 6 September 2016). The March 2020 Budget announced that the rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. This will increase the company's future current tax charge accordingly and increase the deferred tax asset by \$21,216.

The differences are explained below:

	2019 \$	2018 \$
Profit on ordinary activities before tax	16,505,594	32,983,918
Profit multiplied by the standard effective rate of tax in the UK 19% (2018: 19.0%)	3,136,063	6,266,944
Effects of:		
Non taxable income	(929,648)	(3,992,641)
Adjustment in respect of prior years	27,954	3,063
Withholding Tax – Canadian dividend	-	125,000
Total tax charge on profits	2,234,369	2,402,366

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8. Investments

The Company's investments as at 31 December 2019 are as follows:

Company	Address of the registered office	Shareholdings (Ordinary shares) %	2019 \$	2018 \$
ON Semiconductor France SAS	132 Chemin de Basso Cambo - 31035 Toulouse, France	100	7,100,000	7,100,000
ON Semiconductor SAS	132 Chemin de Basso Cambo-31035 Toulouse, France	100	142,946	142,946
ON Semiconductor Germany GmbH	Einsteinring 28, 85609Anschheim,	100	500,000	500,000
ON Semiconductor Italy S.r.l.	Via Gobetti 2/C - 20063 Cernusco sul Navigli, Milano, Italy	100	100,000	100,000
ON Semiconductor Canada Trading Corporation	Pointe Claire, Quebec H9R 5M9, Canada	100	835,000	835,000
SCG Korea Limited	93 BaekHyeon-ro, Bundang gu Gyunggi do, South Korea	100	1,100,000	1,100,000
AMI Semiconductor companies				
ON Semiconductor Netherlands BV	High Tech Campus. 10,5656 AE Eindhoven	100	400,000	400,000
ON Semiconductor Leasing BVBA	Westerring 15,9700 Oudenaarde, Belgium	100	32,077,199	32,077,199
ON Semiconductor Belgium BVBA	Westerring 15,9700 Oudenaarde, Belgium	100	8,586,900	8,586,900
ON Semiconductor Design Czech S.r.o.	Videnska 204/125, 619 00 Brno	100	2,500,000	2,500,000
ON Semiconductor Switzerland SA	Champs-Montants 12A, 2074 Marin, Switzerland	100	650,000	650,000
Other		-	50	50
			53,992,095	53,992,095

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8. Investments (continued)

Investments in subsidiaries are stated at deemed costs which are the existing UK GAAP carrying value amounts. The principal activity of all subsidiaries is the sale of electronic devices and dedicated activities (R&D) to develop new products. Other investments represent a single share in SCG Hong Kong SAR Limited, in Semiconductor Components Industries Singapore Pte Limited and in ON Electronics Private Ltd.

During the year, the company received dividend income of \$4,818,500. The dividends have been distributed by ON Semiconductor France SAS (\$4,484,000) and ON Semiconductor Netherlands BV (\$334,500).

In the opinion of the directors the ending balance reflects the fair value of the acquired entities as at 31 December 2019. The directors believe that the carrying value of the Investments is supported by their underlying net assets.

9. Inventories

	2019	2018
	\$	\$
Finished goods and goods for resale	16,676,259	13,801,860

The inventories are stored in consignment inventories at our customers' premises.

There is no significant difference between the replacement cost of finished goods and goods for resale and their carrying amounts. Inventories are stated after provisions for impairment of \$180,845 (2018: \$142,890).

10. Debtors

	2019	2018
	\$	\$
Trade debtors	114,854,374	120,526,053
Amounts owed by group undertakings	4,196,386	4,480,778
Other debtors	137,357	125,675
Deferred taxation (Note 12)	180,332	210,525
Prepayments and accrued income	28,322	25,991
	119,396,771	125,369,022

Amounts owed by group undertakings are repayable according to the payment terms agreed in the intercompany agreements. The payment term is Net 30 days.

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11. Creditors: amounts falling due within one year

	2019 \$	2018 \$
Trade creditors	232,001	409,704
Amounts owed to group undertakings	81,957,768	95,307,020
Corporation tax payable	1,153,865	1,168,146
Other taxation and social security	211,612	262,781
VAT payable	2,751,344	2,980,981
Accruals and deferred income	26,099,876	28,680,986
	112,406,466	128,789,618

Amounts owed to group undertakings are repayable according to the payment terms agreed in the intercompany agreements. The payment term is Net 30 days.

12. Deferred taxation

The Company has a deferred taxation asset of \$180,332 as at 31 December 2019 (2018: \$210,525):

	2019 \$	2018 \$
Short term timing differences	177,915	208,502
Pension provision	2,417	2,023
Closing balance	180,332	210,525

The movement in the deferred taxation asset is as follows:

	2019 \$	2018 \$
At 1 January	210,525	224,967
Charged to profit and loss account (Note 6)	(30,193)	(14,442)
At 31 December	180,332	210,525

There are no unused tax losses or unused tax credits.

The directors consider that it is more likely than not that there will be sufficient taxable profits in the future such as to realise the deferred tax asset and therefore the asset has been recognised within the financial statements.

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13. Called up Share capital

The Called up Share capital is as follows:

- Authorized shares: 5,000,000 of £1 each (2018: 5,000,000). No new shares have been issued within the year.
- Ordinary shares: 2,155,372 at £1 each (\$1.7525) (2018: 2,155,372). No new shares have been issued within the year.

There is a single class of ordinary shares. The shares are all 'pari passu in all respects': there are no restrictions on the distribution of dividends and the repayment of capital.

Share capital is translated at the rate of exchange ruling at date of change of functional currency and this becomes the historic rate.

As at 26 March 2009, ON Semiconductor Trading Limited increased its ownership in the Company through a capital contribution, in return for the issue of one share, for a total amount of \$45,551,840 to allow its subsidiary to acquire the European AMI Semiconductor companies as listed in note 7.

14. Operating lease commitments

Annual payments to be made by the Company during the year ending 31 December 2019 in respect of buildings held under operating leases whose commitments expire are as follows:

Company	Land and buildings	
	2019	2018
	\$	\$
- within one year	59,700	55,924
- between two and five years	238,798	257,341
- after more than five years	171,139	257,744
	469,637	571,009

Lease expenses for 2019 amounted to \$51,101 (2018: \$57,665).

15. Pension commitments

Defined contribution scheme

The Company operates a defined contribution Company personal pension scheme. Contributions are charged to the profit and loss account as incurred.

The cost of contributions to the Company scheme amount to \$146,806 (2018: \$88,834), and are based on pension costs across the Company as a whole. An amount of \$16,071 (2018: \$10,668) is included as being the outstanding contributions to the Company scheme.

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16. Parent undertaking and principal subsidiaries

The immediate parent undertaking is ON Semiconductor Trading Sàrl, in Switzerland. The ultimate parent undertaking and controlling party is ON Semiconductor Corporation, incorporated in Delaware, United States of America.

ON Semiconductor Corporation is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements as at 31 December 2019.

Copies of the consolidated financial statements can be obtained from 5005 East McDowell Road, Phoenix, AZ 85 008, United States of America.

17. Events after the end of the reporting period

Our business has been, and is expected to continue to be, impacted by COVID-19 pandemic. The extent of the COVID-19 pandemic's effect on our operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult to predict. Due to the speed with which the situation is developing, we are currently unable to estimate the ultimate potential effects on our business, customers, employees, or our future financial results.

The global pandemic occurrence known as COVID-19 is considered as unadjusting even as it occurred after year end.