
Sigma Designs Denmark ApS

Emdrupvej 28 B, DK-2100 København Ø

Annual Report for 1 February 2017 - 31 January 2018

CVR No 21 70 70 07

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
28/06 2018

Anders Lavesen
Chairman



pwc

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Sigma Designs Denmark ApS for the financial year 1 February 2017 - 31 January 2018.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 January 2018 of the Company and of the results of the Company operations for 2017/18.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

København, 28 June 2018

Executive Board

Elias Nadim Nader

Board of Directors

Think Quy Tran
Chairman

Andrew Martin Phillips

Elias Nadim Nader

Independent Auditor's Report

To the Shareholder of Sigma Designs Denmark ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 January 2018 and of the results of the Company's operations for the financial year 1 February 2017 - 31 January 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Sigma Designs Denmark ApS for the financial year 1 February 2017 - 31 January 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

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 audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Financials Statements Act.

Based on the work we have performed, in our view, 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 in Management's Review.

Independent Auditor's Report

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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent Auditor's Report

- 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.

Hellerup, 28 June 2018

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Niels Henrik B. Mikkelsen
State Authorised Public Accountant
mne16675

James Liang
State Authorised Public Accountant
mne34549

Company Information

The Company

Sigma Designs Denmark ApS
Emdrupvej 28 B
DK-2100 København Ø

CVR No: 21 70 70 07

Financial period: 1 February - 31 January

Incorporated: 11 May 1999

Financial year: 19th financial year

Municipality of reg. office: København

Board of Directors

Thinh Quy Tran, Chairman
Andrew Martin Phillips
Elias Nadim Nader

Executive Board

Elias Nadim Nader

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's Review

Key activities

Sigma Designs Denmark ApS is a Danish-American company which is active in the home control and energy management market. The Company is supporting the sales and marketing activities for a Z-Wave TM Technology which is developed by its sister company – Silicon Laboratories Denmark ApS.

The Z-Wave TM technology enables low cost, highly reliable wireless communication between devices such as power outlets, light switches, sensors and alarms, thermostats, AV equipment (TV, Radio, etc), door locks and other similar devices on a layered and interoperable platform.

The Z-Wave TM Technology provides system integrators access to over 2400 products complying with the same standard and with guaranteed interoperability which we believe creates an attractive ecosystem. This makes the Z-Wave TM Technology unique in the home control and energy management market, and a prime candidate to be selected by new service providers entering this emerging space. Because the International Telecommunication Union, or ITU, has developed a new sub 1GHz narrow band wireless standard which is largely based on Z-Wave TM Technology and defines backwards compatibility to the Z-Wave TM standard, and because of the large ecosystem of products based on the Z-Wave TM standard, we believe the Z-Wave TM products will be one of the preferred solutions for telecommunication and multi-service operators.

The Company has established strong customer relationships worldwide with many OEM and ODM which develop Z-Wave TM based products such as power outlets and switches, temperature control devices, garage door openers, RF remote controls and residential gateways.

The Company also works closely with telecommunications carriers to understand their needs in advance of its customer's product development cycle. We intend to leverage our existing position with our partners and customers to identify and secure new market opportunities.

Currently, the Company does not sell products directly to customers, but provides Sales and Customer Support Services for its holding company - Sigma Designs Technology Singapore Pte Ltd. The holding company will reimburse the Company for the operation expenses incurred at a cost plus 5% basis.

Development in the year

The income statement of the Company for 2017/18 shows a profit of TDKK 1,574, and at 31 January 2018 the balance sheet of the Company shows equity of TDKK 18,221.

Management's Review

Subsequent events

The administration, sale and customer support activities are expected to be transferred to Silicon Laboratories Denmark ApS during 2018 due to Silicon Laboratories Denmark ApS has been acquired by Silicon Laboratories International Pte. Ltd. from Sigma Designs Inc. with effect from 18 April 2018.

No other events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 February - 31 January

	Note	2017/18 TDKK	2016/17 TDKK
Gross profit/loss		20.748	19.994
Distribution expenses	1	-15.215	-14.624
Administrative expenses	1	-4.514	-4.397
Profit/loss before financial income and expenses		1.019	973
Financial income	2	596	402
Financial expenses	3	-41	-7
Profit/loss before tax		1.574	1.368
Tax on profit/loss for the year		0	0
Net profit/loss for the year		1.574	1.368

Distribution of profit

Proposed distribution of profit

Retained earnings	1.574	1.368
	1.574	1.368

Balance Sheet 31 January

Assets

	Note	2018 TDKK	2017 TDKK
Other fixtures and fittings, tools and equipment		589	790
Leasehold improvements		215	286
Property, plant and equipment	4	804	1.076
Other receivables		718	697
Fixed asset investments		718	697
Fixed assets		1.522	1.773
Receivables from group enterprises		16.307	14.997
Other receivables		821	586
Prepayments		522	527
Receivables		17.650	16.110
Cash at bank and in hand		3.490	2.364
Currents assets		21.140	18.474
Assets		22.662	20.247

Balance Sheet 31 January

Liabilities and equity

	Note	2018 TDKK	2017 TDKK
Share capital		3.390	3.390
Retained earnings		14.831	13.257
Equity		18.221	16.647
Other provisions		141	0
Provisions		141	0
Trade payables		702	390
Payables to group enterprises		897	440
Other payables		2.701	2.770
Short-term debt		4.300	3.600
Debt		4.300	3.600
Liabilities and equity		22.662	20.247
Contingent assets, liabilities and other financial obligations	5		
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Statement of Changes in Equity

	<u>Share capital</u> TDKK	<u>Retained earnings</u> TDKK	<u>Total</u> TDKK
Equity at 1 February	3.390	13.257	16.647
Net profit/loss for the year	<u>0</u>	<u>1.574</u>	<u>1.574</u>
Equity at 31 January	<u>3.390</u>	<u>14.831</u>	<u>18.221</u>

Notes to the Financial Statements

	2017/18 TDKK	2016/17 TDKK
1 Staff		
Wages and Salaries	13.279	12.935
Pensions	369	219
	13.648	13.154
Wages and Salaries and pensions are recognised in the following items:		
Distribution expenses	12.045	11.755
Administrative expenses	1.603	1.399
	13.648	13.154
Average number of employees	12	11
2 Financial income		
Interest received from group enterprises	535	391
Exchange gains	61	11
	596	402
3 Financial expenses		
Interest paid to group enterprises	17	7
Other financial expenses	24	0
	41	7

Notes to the Financial Statements

4 Property, plant and equipment

	Other fixtures and fittings, tools and equipment <hr/> TDKK	Leasehold improvements <hr/> TDKK
Cost at 1 February	1.404	357
Additions for the year	100	0
Disposals for the year	-34	0
Cost at 31 January	<hr/> 1.470	<hr/> 357
Impairment losses and depreciation at 1 February	615	71
Depreciation for the year	300	71
Impairment and depreciation of sold assets for the year	-34	0
Impairment losses and depreciation at 31 January	<hr/> 881	<hr/> 142
Carrying amount at 31 January	<hr/> 589	<hr/> 215

5 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

The Company has lease commitments regarding the Company's present premises of DKK 7.4 mio. (31 January 2017: DKK 5.4 mio.) The lease contract is irrevocable until november 30 2022.

As of 31 January 2018, the company has an unrecognized tax asset of DKK 18.1 mio. (31 January 2017: DKK 18.5 mio.)

Notes to the Financial Statements

6 Related parties

Basis

Controlling interest

Sigma Designs Technology Singapore PTE. LTD. Main owner

Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Sigma Design Technology Singapore PTE. LTD. No.8 Marina Boulevard, #05-02, Marina Bay Financial Centre, Tower 1, Singapore 018981.

Consolidated Financial Statements

The company is included in the ultimate parent company Annual Report of Sigma Designs Inc.

Name

Place of registered office

Sigma Designs Inc.

47467 Fremont Blvd, Fremont, CA 94538, USA

Notes to the Financial Statements

7 Accounting Policies

The Annual Report of Sigma Designs Denmark ApS for 2017/18 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2017/18 are presented in TDKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to charged accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Notes to the Financial Statements

7 Accounting Policies (continued)

Income Statement

Revenue

Revenue regards commission income. Income in the form of commission is recognized in net sales when costs from which commission is received are incurred.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Distribution expenses

Distribution expenses comprise expenses such as salaries to sales and distribution staff, advertising and marketing expenses, expenses for operating vehicles, amortisation and depreciation, etc.

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, amortisation and depreciation, etc.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of property, plant and equipment.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities as well as extra payments and repayment under the on-account taxation scheme.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Notes to the Financial Statements

7 Accounting Policies (continued)

Balance Sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-5	years
Leasehold improvements	3-5	years

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 7,000 are expensed in the year of acquisition.

Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Fixed asset investments

Fixed asset investments consist of deposits.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Notes to the Financial Statements

7 Accounting Policies (continued)

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period of . Provisions are measured and recognised based on experience with guarantee work.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in 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 will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.