


Synopsys Denmark ApS

Annual report 2016/17

Registration no. 25 60 05 68

The annual report was presented and adopted at the
annual general meeting of the Company

on 15 December 2017



chairman

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Statement by the Executive Board

The Executive Board have today discussed and approved the annual report of Synopsys Denmark ApS for the financial year 1 November 2016 – 31 October 2017.

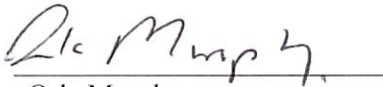
The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 October 2017 and of the results of the Company's operations for the financial year 1 November 2016 – 31 October 2017.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 14 December 2017

Executive Board:



Orla Murphy
Executive Board member

Independent auditor's report

To the shareholders of Synopsys Denmark ApS

Opinion

We have audited the financial statements of Synopsys Denmark ApS for the financial year 1 November – 31 October 2017, which comprise a summary of significant accounting policies, income statement, balance sheet and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 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

Financial statements for the period 1 November 2016 – 31 October 2017

the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

Independent auditor's report

- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is 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 note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view. □

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the Management's review is

Financial statements for the period 1 November 2016 – 31 October 2017

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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 14 December 2017
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Alex Petersen
State Authorised Public Accountant

Financial statements for the period 1 November 2016 – 31 October 2017

Company details

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Website: www.synopsys.com

E-mail: hotscan@synopsys.com

Registration no.: 25 60 05 68

Established: 1 September 2000

Registered office: City of Copenhagen

Financial year: 1 November – 31 October

Executive Board

Orla Murphy

Auditors

Ernst & Young Godkendt Revisionspartnerselskab

Annual general meeting

The annual general meeting is to be held on 15 December 2017.

Consolidated financial statements

Synopsys Inc. is the parent company of the largest group of undertakings for which group financial statements are drawn up and of which Synopsys Denmark ApS is a member. The group financial statements of Synopsys Inc. are available to the public from Synopsys Inc., 690 East Middlefield Road, Mountain View, CA 94043-94044, United States of America.

Financial statements for the period 1 November 2016 – 31 October 2017

Management review

Business review

The principal activity of the company is the provision of marketing and development activities on behalf of the parent company, Synopsys International Limited.

Financial review

In 2017, the company's gross profit amounted to DKK5,669,345 against DKK5,053,060 last year. The income statement for 2017 shows a profit of DKK255,432 against DKK220,660 last year, and the balance sheet at 31 October shows equity of DKK3,645, 228.

Events after the balance sheet date

No events materially affecting the company's financial position have occurred subsequent to the financial year-end.

Financial statements for the period 1 November 2016 – 31 October 2017

Accounting policies

The annual report of Synopsys Denmark ApS for 2016/17 has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

The Company's accounting policies are consistent with those of the preceding years.

Changes to presentation and disclosures only

Effective 1 January 2016, the Company has implemented act no. 738 of 1 June 2015 with amendments to the Danish Financial Statements Act. As the implementation of the amendment act has no impact in terms of value on the income statement or the balance sheet in the financial year, nor on the comparative figures, the financial statements have been prepared based on the same accounting policies as last year.

The amendment act has solely implied new or changed presentation and disclosure requirements, which have been incorporated in the financial statements.

Recognition and measurement

Income is recognized in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortized cost are recognized. Moreover, costs incurred to generate the year's earnings are recognized in the income statement, including depreciation, amortization, impairment losses and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognized in the income statement.

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

Liabilities are recognized in the balance sheet when an outflow of economic benefits is probable, and the value of the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

In recognizing and measuring assets and liabilities, any predictable losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Danish kroner is used as the measurement currency. All other currencies are considered foreign currencies.

Financial statements for the period 1 November 2016 – 31 October 2017

Accounting policies

Foreign currency translation

Transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences between the exchange rates at the transaction date and at the date of payment are recognized in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose is recognized in the income statement as financial income or financial expenses.

Income statement

Revenue

Marketing, and support and development service fees are recognized in the income statement as the services are provided.

Other external expenses

Other external expenses comprise travel expenses, rent, office expenses, etc.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, revenue and other external expenses have not been disclosed separately in the annual report but is disclosed as gross profit.

Staff costs

Staff costs comprise wages and salaries, remuneration, pensions and other staff costs related to the Company's employees.

Depreciation

Depreciation includes depreciation of property, plant and equipment for the year.

Financial statements for the period 1 November 2016 – 31 October 2017

Accounting policies

Financial income and expenses

Financial income and expenses are recognized in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognized in the income statement.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises and is the administration company for the group that includes QuantumWise ApS.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

Balance sheet

Property, plant and equipment

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

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful lives of the assets. The expected useful lives are:

<i>Other fixture and fittings, tools and equipment</i>	<i>3-5 years</i>
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Impairment of assets

The carrying amount of property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by amortization or depreciation.

An impairment test is conducted to determine whether the recoverable amount is lower than the carrying amount, and the asset is written down to this lower recoverable amount.

Financial statements for the period 1 November 2016 – 31 October 2017

Accounting policies

The recoverable amount is the higher of an asset's net selling price and its value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on an overall assessment.

Other assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are tested for impairment together with the group of assets to which they are attributable.

Receivables

Receivables are recognized in the balance sheet at amortized cost, which substantially corresponds to the nominal value. Write-down is made for estimated bad debt losses.

Prepayments

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

Current tax receivables and liabilities

Current tax for the current and prior years is recognized as a liability to the extent that it has not yet been settled, and as an asset to the extent that the amounts already paid exceeds the amount due.

Liabilities

Financial liabilities comprising amounts owed to trade payables are recognized at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, financial liabilities are measured at amortized cost.

Other liabilities are measured at net realizable value.

Financial statements for the period 1 November 2016 – 31 October 2017

Income statement

	Note	2016/17	2015/16
Gross profit		5,669,345	5,053,060
Staff costs	1	(5,298,706)	(4,721,173)
Depreciation on property, plant and equipment		(27,528)	(30,217)
Profit before financial income and expenses		343,111	301,670
Financial income		60	98
Financial expenses		(21,445)	(8,832)
Profit before tax		321,726	292,936
Tax on profit for the year	2	(66,294)	(72,276)
Profit for the year		<u>255,432</u>	<u>220,660</u>

Proposed profit appropriation

Retained earnings		<u>255,432</u>	<u>220,660</u>
		<u>255,432</u>	<u>220,660</u>

Financial statements for the period 1 November 2016 – 31 October 2017

	Note	2016/17	2015/16
BALANCE SHEET			
ASSETS			
Fixed assets			
Property, plant and equipment			
Other fixtures and fittings, tools and equipment		41,403	49,551
		41,403	49,551
Investments			
Deposits		175,358	175,358
		175,358	175,358
Total fixed assets		216,761	224,909
Current assets			
Receivables			
Receivables from parent company		897,425	685,105
Prepayments		27,628	45,177
		925,053	730,282
Total receivables		925,053	730,282
Cash at bank and in hand		3,920,197	4,209,164
Total current assets		4,845,250	4,939,446
TOTAL ASSETS		5,062,011	5,164,355
EQUITY AND LIABILITIES			
Equity			
Share capital	3	125,000	125,000
Retained earnings		3,520,228	3,264,796
		3,645,228	3,389,796
Total equity		3,645,228	3,389,796
Liabilities			
Corporation tax		68,235	85,845
Accounts payable		221,162	151,213
Other payables		1,127,386	1,537,501
		1,416,783	1,774,559
Current liabilities		1,416,783	1,774,559
Total liabilities		1,416,783	1,774,559
TOTAL EQUITY AND LIABILITIES		5,062,011	5,164,355
 Contingencies, liabilities and other financial obligations			
	4		
Related party disclosures	5		

Financial statements for the period 1 November 2016 – 31 October 2017

Notes

		2016/17	2015/16
1	Staff costs		
	Wages and salaries	4,923,127	4,312,907
	Pensions	330,881	361,213
	Other staff costs	44,698	47,053
		5,298,706	4,721,173
	Average number of full time employees	4	4
2	Tax on profit for the year		
	Current tax for the year	64,657	72,292
	Adjustment of tax concerning previous years	1,637	(16)
		66,294	72,276
3	Equity		

	Share capital	Retained earnings	Total
Equity at 1 November 2016	125,000	3,264,796	3,389,796
Profit for the year		255,432	255,432
Equity at 31 October 2017	125,000	3,520,228	3,645,228

Financial statements for the period 1 November 2016 – 31 October 2017

Notes

	<u>2016/17</u>	<u>2015/16</u>
The share capital comprises:		
125 shares of nom. DKK 1,000 each.	<u>125,000</u>	<u>125,000</u>
	<u>125,000</u>	<u>125,000</u>
The share capital has remained DKK 125,000 in the past 5 years		

4 Contingencies, liabilities, and other financial obligations

The Company has entered into a lease with external parties. The accumulated rent and lease obligations amount to DKK 372,628 (2015/16: DKK 370,456).

There are no further security and contingent liabilities at 31 October 2017.

As management company, the Company has joint and several unlimited liability with Quantumwise ApS for payment of Danish income taxes. The jointly taxed entities' known net income tax liability totals DKK 2,114 thousand at 31 October 2017. Any subsequent corrections of the joint taxation income may entail that the Company's liability will increase.

5 Related party disclosures

Synopsys Denmark ApS' related parties comprise:

Party exercising control

Synopsys International Limited, Block 1, Blanchardstown Corporate Park, Blanchardstown, Dublin 15, Ireland, which is the principal shareholder.