

Synopsys Denmark ApS

Fruebjergvej 3
DK-2100 Copenhagen

CVR no. 25 60 05 68

Annual report 2018/19

The annual report was presented and approved at the
Company's annual general meeting

on December 19 2019


chairman of the annual general meeting

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Statement by the Board of Directors and the Executive Board

The Executive Board has today discussed and approved the annual report of Synopsys Denmark ApS for the financial year 1 November 2018 – 31 October 2019 2018/19.

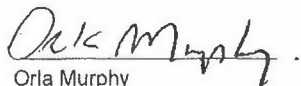
The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 October 2019 2018/19 and of the results of the Company's operations for the financial year 1 November 2018 – 31 October 2019 2018/19.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Copenhagen, 19 December 2019
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 2018 – 31 October 2019 2018/19, comprising income statement, balance sheet and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 October 2019 2018/19 and of the results of the Company's operations for the financial year 1 November 2018 – 31 October 2019 2018/19 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these 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 responsibility 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 that 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 as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made 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 company 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



Independent auditor's report

- 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
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view

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

Statement on 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 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 the work we have performed, 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 Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 19 December 2019

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98



David Olafsson
State Authorised
Public Accountant
mne19737

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Management's review

Company details

Synopsys Denmark ApS
Fruebjergvej 3
DK-2100 Copenhagen

Telephone: +45 33 33 23 00
Website: www.synopsys.com

CVR no. 25 60 05 68
Established: 1 September 2000
Registered office: City of Copenhagen
Financial year: 1 November 2018 – 31 October 2019

Executive Board

Orla Murphy

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø
Denmark

Annual general meeting

The annual general meeting will be held on 19 December 2019.

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.

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Management's review

Operating review

Business review

The principal activity of the Company is the provision of research and development on behalf of the Company's ultimate parent company, Synopsys Inc. The Company also undertakes marketing activities on behalf of the parent company, Synopsys International Limited.

Financial review

In 2019, the Company's gross profit amounted to DKK 34,195,608 against DKK 17,108,179 last year. The income statement for 2019 shows a profit of DKK 1,928,354 against DKK 1,037,680 last year, and the balance sheet at 31 October 2019 shows equity of DKK 6,611,262.

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 1 November 2018 – 31 October 2019

Income statement

DKK	Note	2018/19	2017/18
Gross profit/loss		34,195,608	17,108,179
Staff costs	2	-30,989,275	-15,615,036
Depreciation on property, plant and equipment, amortization of intangible assets and impairment losses		-759,184	-173,295
Other operating costs		-4,687	0
Profit before financial income and expenses		2,442,462	1,319,848
Financial income		231	479
Financial expenses		-26,462	-15,615
Profit/loss before tax		2,416,231	1,304,712
Tax on profit for the year	3	-487,877	-267,032
Profit/loss for the year		<u>1,928,354</u>	<u>1,037,680</u>
 Proposed profit appropriation			
Retained earnings		<u>1,928,354</u>	<u>1,037,680</u>
		<u>1,928,354</u>	<u>1,037,680</u>

Financial statements 1 November 2018 – 31 October 2019

Balance sheet

DKK	Note	2018/19	2017/18
ASSETS			
Intangible assets			
Goodwill	4	2,296,313	2,707,593
Fixed assets			
Property, plant and equipment			
Other fixtures and fittings, tools and equipment		1,666,473	923,879
		<u>3,962,786</u>	<u>3,631,472</u>
Investments			
Deposits		479,284	0
		<u>479,284</u>	<u>0</u>
Total fixed assets		<u>4,442,070</u>	<u>3,631,472</u>
Current assets			
Receivables			
Receivables from group entities		4,263,787	2,713,911
Corporation tax		0	1,150,399
Prepayments		436,949	813,895
		<u>4,700,736</u>	<u>4,678,205</u>
Cash at bank and in hand		<u>8,017,942</u>	<u>4,570,719</u>
Total current assets		<u>12,718,678</u>	<u>9,248,924</u>
TOTAL ASSETS		<u>17,160,748</u>	<u>12,880,396</u>

Financial statements 1 November 2018 – 31 October 2019

Balance sheet

DKK	Note	2018/19	2017/18
EQUITY AND LIABILITIES	5		
Equity			
Share capital		125,000	125,000
Retained earnings		6,486,262	4,557,908
Total equity		<u>6,611,262</u>	<u>4,682,908</u>
Provisions			
Dilapidation provision		500,000	0
Total provisions		<u>500,000</u>	<u>0</u>
Liabilities			
Payables to group entities		0	859,873
Corporation tax		309,836	0
Accounts payable		597,691	657,294
Other payables		9,141,959	6,680,321
Current liabilities		<u>10,049,486</u>	<u>8,197,488</u>
TOTAL EQUITY AND LIABILITIES AND PROVISIONS		<u>17,160,748</u>	<u>12,880,396</u>
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Financial statements 1 November 2018 – 31 October 2019

Notes

1 Accounting policies

The annual report of Synopsys Denmark ApS for 2018/19 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.

The prior year's balance sheet has been restated with no effect on the income statement.

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.

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.

Financial statements 1 November 2018 – 31 October 2019

Notes

1 Accounting policies (continued)

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.

Other operating costs

Other operating costs comprise items secondary to the activities of the entity, including losses on the disposal of intangible assets and property, plant and equipment.

Depreciation

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

Financial income and expenses

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

Government grants

Government grants are recognized at fair value in profit or loss where there is a reasonable assurance that the grant will be received and the company has complied with all attached conditions. Such grants are credited to expenditure as so to match them with the expenditure to which they relate but capped with the amount of funds received to date.

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).

Financial statements 1 November 2018 – 31 October 2019

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1 Accounting policies (continued)

Balance sheet

Goodwill

Goodwill is capitalised in the balance sheet and amortised over the estimated useful life. Goodwill is amortized on a straight-line basis over the amortisation period, which is a 7 years.

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.

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:

Other fixtures and fittings, tools and equipment	3-5 years
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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.

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.

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 exceed the amount due.

Financial statements 1 November 2018 – 31 October 2019

Notes

1 Accounting policies (continued)

Dilapidation provision

Provisions for dilapidation costs are based on professional advice having regard to the estimated restoration costs for leasehold premises and are reassessed each reporting date.

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.

	2018/19	2017/18
2 Staff costs		
Wages and salaries	28,235,273	14,273,368
Pensions	2,155,986	1,043,792
Other staff costs	598,016	297,876
	<u>30,989,275</u>	<u>15,615,036</u>
 Average number of full-time employees	 <u>38</u>	 <u>18</u>
 No remuneration has been paid to the Executive Board in the financial year.		
3 Tax on profit for the year		
Current tax for the year	529,956	264,156
Adjustment of tax concerning previous years	-42,079	2,876
	<u>487,877</u>	<u>267,032</u>

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	<u>2018/19</u>	<u>2017/18</u>
4 Goodwill		
Goodwill as at 1 November	2,878,960	0
Additions in year	<u>0</u>	<u>2,878,960</u>
Goodwill as at 31 October	<u>2,878,960</u>	<u>2,878,960</u>
Amortisation as 1 November	-171,367	0
Amortisation in year	<u>-411,280</u>	<u>-171,367</u>
Amortisation as 31 October	<u>-582,647</u>	<u>-171,367</u>
	<u>2,296,313</u>	<u>2,707,593</u>
5 Equity		
	<u>2018/19</u>	<u>2017/18</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.

6 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 935,239 (2017/18: DKK 916,227).

There are no further security and contingent liabilities at 31 October 2019.

As management company, the Company has joint and several unlimited liability with Quantumwise ApS in liquidation for payment of Danish income taxes. The jointly taxed entities' known net income tax asset totals DKK 145 thousand at 31 October 2019 (2017/18: DKK 1,150 thousand). Any subsequent corrections of the joint taxation income may entail that the Company's liability will increase.

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8 Related parties

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.

Ultimate controlling party

Synopsys, Inc., 690 East Middlefield Road, Mountain View, CA 94043-94044, United States, which is the ultimate parent company.