

# Synopsys Denmark ApS

Fruebjergvej 3  
DK-2100 Copenhagen

CVR no. 25 60 05 68

**Annual report 2020/21**

**1 November 2020 – 31 October 2021**

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

on \_\_\_\_\_ 20 \_\_\_\_\_  
DocuSigned by:

*Jesper Roth*  
\_\_\_\_\_  
chairman of the annual general meeting

**Synopsys Denmark ApS**

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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 2020 – 31 October 2021.

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 2021 and of the results of the Company's operations for the financial year 1 November 2020 – 31 October 2021.

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, 17 December 2021

Executive Board:



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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 2020 – 31 October 2021, 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 2021 and of the results of the Company's operations for the financial year 1 November 2020 – 31 October 2021 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, 17 December 2021

**KPMG**

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

A handwritten signature in blue ink, appearing to read 'David Olafsson', written over a light blue circular stamp.

David Olafsson  
State Authorised  
Public Accountant  
mne19737

## **Synopsys Denmark ApS**

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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](http://www.synopsys.com)

CVR no. 25 60 05 68  
Established: 1 September 2000  
Registered office: City of Copenhagen  
Financial year: 1 November 2020 – 31 October 2021

### **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 17 December 2021.

### **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 2021, the Company's gross profit amounted to DKK 35,792,075 against DKK 31,909,293 last year. The income statement for 2021 shows a profit of DKK 1,276,024 against DKK 1,142,645 last year, and the balance sheet at 31 October 2021 shows equity of DKK 10,888,936.

#### **Events after the balance sheet date**

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

#### **Covid-19**

The Company has considered the potential impact of the COVID-19 pandemic on the business operations. Although no material impairment or other effects have been identified to date related to the COVID-19 pandemic, there is substantial uncertainty in the nature and degree of its continued effects over time. This uncertainty affects management's accounting estimates and assumptions, which could result in greater variability in a variety of areas that depend on these estimates and assumptions as additional events and information are known.

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## Financial statements 1 November 2020 – 31 October 2021

### Income statement

DKK	Note	2020/21	2019/20
<b>Gross profit/loss</b>		35,792,075	31,909,293
Staff costs	2	-32,971,161	-29,192,381
Depreciation on property, plant and equipment, amortization of intangible assets and impairment losses		-950,227	-992,815
Other operating costs		-	-
<b>Profit before financial income and expenses</b>		1,870,687	1,724,097
Financial income		52	3,402
Financial expenses		-112,324	-78,194
<b>Profit/loss before tax</b>		1,758,415	1,649,305
Tax on profit for the year	3	-482,391	-506,660
<b>Profit/loss for the year</b>		<u>1,276,024</u>	<u>1,142,645</u>
 <b>Proposed profit appropriation</b>			
Retained earnings		<u>1,276,024</u>	<u>1,142,645</u>
		<u>1,276,024</u>	<u>1,142,645</u>



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## Financial statements 1 November 2020 – 31 October 2021

### Balance sheet

DKK	Note	2020/21	2019/20
<b>ASSETS</b>			
<b>Intangible assets</b>			
Goodwill	4	1,473,753	1,885,033
<b>Fixed assets</b>			
<b>Property, plant and equipment</b>			
Other fixtures and fittings, tools and equipment		851,934	1,226,380
		<u>2,325,687</u>	<u>3,111,413</u>
<b>Investments</b>			
Deposits		479,284	479,284
		<u>479,284</u>	<u>479,284</u>
<b>Total fixed assets</b>		<u>2,804,971</u>	<u>3,590,697</u>
<b>Current assets</b>			
<b>Receivables</b>			
Receivables from group entities		925,754	2,470,098
Prepayments		201,668	99,619
		<u>1,127,422</u>	<u>2,569,717</u>
<b>Cash at bank and in hand</b>		<u>14,905,219</u>	<u>13,286,080</u>
<b>Total current assets</b>		<u>16,032,641</u>	<u>15,855,797</u>
<b>TOTAL ASSETS</b>		<u>18,837,612</u>	<u>19,446,494</u>

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## Financial statements 1 November 2020 – 31 October 2021

### Balance sheet

DKK	Note	2020/21	2019/20
<b>EQUITY AND LIABILITIES</b>	5		
<b>Equity</b>			
Share capital		125,000	125,000
Capital contribution	6	1,859,005	375,302
Retained earnings		8,904,931	7,628,907
<b>Total equity</b>		<u>10,888,936</u>	<u>8,129,209</u>
<b>Provisions</b>			
Dilapidation provision		500,000	500,000
<b>Total provisions</b>		<u>500,000</u>	<u>500,000</u>
<b>Liabilities</b>			
Corporation tax		39,529	111,155
Accounts payable		256,852	282,561
Other payables		6,709,407	10,423,569
Payable to group entities		442,888	-
<b>Current liabilities</b>		<u>7,448,676</u>	<u>10,817,285</u>
<b>TOTAL EQUITY AND LIABILITIES AND PROVISIONS</b>		<u>18,837,612</u>	<u>19,446,494</u>
<b>Contingencies, liabilities and other financial obligations</b>	7		
<b>Related party disclosures</b>	8		

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## **Financial statements 1 November 2020 – 31 October 2021**

### **Notes**

#### **1 Accounting policies**

The annual report of Synopsys Denmark ApS for 2020/21 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.

#### **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.

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### **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.

##### **Share-based payment**

The company treats share-based payments as equity-settled. Therefore, the company measures the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably.

Share-based compensation expense is estimated at the grant date based on the fair value of the award, and the expense is recognised in the income statement over the vesting period. The amount recognised each period as an expense is adjusted each period to reflect actual and estimated future levels of vesting. The company records the increase in equity as a capital contribution from its ultimate parent. The capital contribution is reclassified to the profit and loss account directly in equity once awards are fully vested as such reserves are deemed to be distributable.

Share-based compensation is intended to provide eligible employees of the company with the opportunity to acquire a proprietary interest in Synopsys, Inc. through purchases of shares in the common stock of Synopsys, Inc

The company has used the Black-Scholes model for estimating the fair value of share-based compensation. The company's expected volatility assumption is based on an equal weighting of the historical volatility of Synopsys, Inc.'s shares and the implied volatility from traded options on those shares. The expected life assumption is primarily based on historical employee exercise patterns and employee post-vesting termination behaviour. The risk-free interest rate for the expected term of the option is based on the U.S. Treasury yield curve in effect at the time of the grant. The dividend yield reflects historical experience as well as future expectations over the expected term of the option. The forfeiture rate used to calculate the compensation expense is primarily based on historical pre-vesting employee forfeiture patterns.

The use of different assumptions would result in different amounts of stock compensation expense. Management is not able to estimate the probability of actual results differing from expected results, but believes the company's assumptions are appropriate, based on the requirements of "The Danish Financial Statements Act" and the company's historical and expected future experience.

The share-based employee compensation plan applicable to employees of the company are an employee share purchase plan (ESPP) and restricted stock plan

Executive Board members are not remunerated for their services to the company

##### **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.

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### **Notes**

#### **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).

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### **Notes**

#### **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 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.

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#### 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.

	2020/21	2019/20
<b>2 Staff costs</b>		
Wages and salaries	28,710,917	26,301,768
Pensions	2,344,602	2,130,596
Other staff costs	431,939	384,715
Share based payment (Refer Note 6)	1,483,703	375,302
	<u>32,971,161</u>	<u>29,192,381</u>
Average number of full-time employees	<u>37</u>	<u>36</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	534,527	506,569
Adjustment of tax concerning previous years	-52,136	91
	<u>482,391</u>	<u>506,660</u>

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## Financial statements 1 November 2020 – 31 October 2021

### Notes

	<u>2020/21</u>	<u>2019/20</u>
<b>4 Goodwill</b>		
Goodwill as at 1 November	2,878,960	2,878,960
Additions in year	<u>-</u>	<u>-</u>
Goodwill as at 31 October	<u>2,878,960</u>	<u>2,878,960</u>
Amortisation as 1 November	-993,927	-582,647
Amortisation in year	<u>-411,280</u>	<u>-411,280</u>
Amortisation as 31 October	<u>-1,405,207</u>	<u>-993,927</u>
	<u>1,473,753</u>	<u>1,885,033</u>
<b>5 Equity</b>		
	<u>2020/21</u>	<u>2019/20</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.		



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#### 6 Share based payment

##### Employee share purchase plans (“ESPP”)

Nearly all employees are eligible to participate in the ultimate parent company's employee share purchase plans. The employee purchase price is 85% of the lower of the opening year market price or the closing year market price on the biannual purchase dates, as defined by the plan. The purchase plan dates are 28 February and 31 August each year. Participants of the plan receive Nominal Shares of US\$ 0.01 per share in Synopsys, Inc. Employee share purchase plans are equity settled, vest with service conditions and not goods received.

This scheme commenced on 1 March, 2020 for employees of the company.

During the year employees received 1,655 shares as part of the plan. 858 shares were acquired on 26 February, 2021 at a purchase price mainly of US\$120.38 and market price of US\$ 245.21 respectively. 797 shares were acquired on 31 August, 2021 at a purchase price mainly of US\$120.38 and market price of US\$ 332.24 respectively

	<u>2020/21</u>	<u>2019/20</u>
Risk-free interest rate	0.00% - 0.19%	0.09% - 0.14%
Expected lives (in years)	0.5 - 2.0	0.5-2.0
Dividend yield	0%	0%
Expected volatility	28.02% - 39.68%	25.59% - 43.06%

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### Notes

#### Restricted stock units

The ultimate parent company grants restricted stock units to certain employees of group companies. Grants of restricted stock units principally vest in one-third or one-quarter increments over a three or four year vesting period. Restricted stock units are valued based on the closing price of the ultimate parent company's stock on the grant date. The total grant-date fair value, adjusted for estimated forfeiture rate of 0% (2020: 0%), is recognised as an expense over the vesting year. Restricted stock units plans are equity settled, vest with service conditions and not goods received. Once an employee leaves the company any unvested shares will become forfeited.

This scheme commenced on 1 September, 2020 for employees of the company.

	2020/21	2019/20
Expected lives (in years)	1.68	1.83
	2020/21	2019/20
	Number	Number
At beginning of year	584	-
Granted	1,380	645
Transfers	-	142
Forfeited	(92)	(16)
Exercised	(209)	(187)
At end of year	1,663	584

Share based payment expenditure is outlined below and recognised with a corresponding credit to equity:

	2020/21	2019/20
At beginning of year	375,302	-
Employee share purchase plan	418,619	145,663
Restricted stock units	1,065,084	229,639
Total	1,859,005	375,302

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## **Financial statements 1 November 2020 – 31 October 2021**

### **Notes**

#### **7 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 926,186 (2019/20: DKK 924,375).

There are no further security and contingent liabilities at 31 October 2021.

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 liability totals DKK 8,510 thousand as at 31 October 2021 (2019/20: Net liability DKK 111 thousand). Any subsequent corrections of the joint taxation income may entail that the Company's liability will increase.

#### **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. Synopsys, Inc., is the parent company of the largest and smallest group of undertakings for which group financial statements are drawn up and of which Synopsys Denmark ApS is a member.