

# Teklotech A/S

Prinsesse Maries Alle 17, 5.  
1980 Frederiksberg  
CVR no. 29 53 29 82

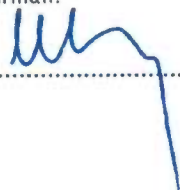


## Annual report 2015

For the period 1 July - 31 December 2015

Approved at the Company's annual general meeting on 31 May 2016

Chairman:



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### Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and adopted the annual report of Teklatech A/S for the financial year 1 July 2015 - 31 December 2015.

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 December 2015 and of the results of the Company's operations for the financial year 1 July 2015 - 31 December 2015.

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, 31 May 2016

Executive Board:

Tobias Bjerregaard

Board of Directors:

Valdemar Martin Børsting

Ulrik Christian Lauritz  
Danneskiold-Samsøe

Jesper Nørregaard

Tobias Bjerregaard

Finn Persson

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Board of Directors:

*Ulrik Danneskiold-Samsøe*

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Valdemar Martin Børsting

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Ulrik Christian Lauritz  
Danneskiold-Samsøe

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Jesper Nørregaard

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Finn Persson



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Copenhagen, 31 May 2016

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Tobias Bjerregaard

  
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Finn Perissh

## Independent auditors' report

To the shareholders of Teklatech A/S

### Independent auditors' report on the financial statements

We have audited the financial statements of Teklatech A/S for the financial year 1 July 2015 - 31 December 2015, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

### 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. Management is also responsible 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.

### Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the preparation of financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

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

Our audit has not resulted in any qualification.

### Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of its operations for the financial year 1 July 2015 - 31 December 2015 in accordance with the Danish Financial Statements Act.

### Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, 31 May 2016  
Ernst & Young  
Godkendt Revisionspartnerselskab



Ole Hedemann  
State Authorised  
Public Accountant



Anders Flymer-Dindler  
State Authorised  
Public Accountant



## Management's review

### Company details

Name	Teklatech A/S
Address, zip code, city	Prinsesse Maries Alle 17, 5, 1908, Frederiksberg C
CVR no.	29 53 29 82
Established	3 May 2006
Registered office	Frederiksberg Municipality, Denmark
Financial year	1 July - 31 December
Website	<a href="http://www.teklatech.com">www.teklatech.com</a>
E-mail	<a href="mailto:mainline@teklatech.com">mainline@teklatech.com</a>
Telephone	+45 72 19 00 85
Board of Directors	Valdemar Martin Børsting Ulrik Christian Lauritz Danneskiold-Samsøe Jesper Nørregaard Tobias Bjerregaard Finn Persson
Executive Board	Tobias Bjerregaard
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4 P.O. Box 250 DK-2000 Frederiksberg
Bankers	Basisbank Amaliegade 5C DK-1256 Copenhagen C  Danske Bank Holmens Kanal 2-12 DK-1092 Copenhagen K

## Management's review

### Operating review

#### Principal activity

The principal activity of the Company is to develop and sell CAD software solutions to the semiconductor industry. The Company's technology enables a reduction of electrical noise and dynamic voltage drop in digital ICs.

Inherent trends in the properties of nanoscale semiconductor technologies are continually increasing the pressure to solve critical issues that Teklatech's core product, FloorDirector, addresses. The pressure is particularly high in the mobile and networking segments and subsegments of the semiconductor industry with high growth rate.

During the past year, the production use of 10 nanometer fabrication technologies created the need for Teklatech's technology to continue to grow stronger. Commercial activities were expanded in the financial year, and a number of production runs have been established with leading edge customers. The FloorDirector product has matured further, and advanced new algorithms for analysis and optimization have been developed, securing a considerable technology lead on the rest of the CAD industry.

During the year, the US subsidiary company, Teklatech LLC, provided technical support to US customers on behalf of Teklatech A/S.

#### Development in activities and financial position

During the financial year, income from FloorDirector licenses increased compared to the previous year, and a capital injection from existing and new investors was completed. Furthermore, a research project which is eligible for an EU grant was started.

Loss for the financial year 1 July 2015 - 31 December 2015 amounts to DKK 3,759 thousand compared to a loss of DKK 4,636 thousand in the financial year 1 July 2014 - 30 June 2015.

Management considers the performance satisfactory given that the commercial exploitation of the Company's product is ramping up.

Equity amounted to DKK 30,154 thousand at 31 December 2015 compared to equity of DKK 26,593 thousand at 30 June 2015.

The Company's financial year has been changed and follows the calendar year going forward. The financial year reported herein lasted only 6 months, from 1 July till 31 December 2015.

#### Uncertainty regarding recognition and measurement

The measurement of intangible assets and deferred tax assets is based on the expectations of future earnings, which are always subject to uncertainty.

#### Outlook

The financial statements will be prepared on a going concern assumption based on Management's expectations of increased commercial operations in the fiscal year 2016 and capital injections.

#### Events after the balance sheet date

After the balance sheet date, the Company completed a capital injection of DKK 982 thousand.

In addition to the capital injection, no other events have occurred after the balance sheet date that will materially affect the financial position of the Company

## Financial statements for the period 1 July - 31 December

### Income statement

Note	DKK'000	2015*	2014/15**
	Revenue	2,197	1,007
	Other operating income	330	562
	Other external costs	-2,306	-1,592
	<b>Gross profit/loss</b>	221	-23
2	Staff costs	-2,349	-2,030
5	Amortisations and depreciations	-2,084	-3,671
	<b>Operating loss</b>	-4,212	-5,724
	Financial income	9	1
3	Financial expenses	-292	-152
	<b>Loss before tax</b>	-4,495	-5,875
4	Tax on loss for the year	736	1,239
	<b>Loss for the year</b>	-3,759	-4,636
	<b>Proposed distribution of loss</b>		
	Retained earnings	-3,759	-4,636
		-3,759	-4,636

\* Comprises the period 1 July 2015 - 31 December 2015

\*\* Comprises the period 1 July 2014 - 30 June 2015

## Financial statements for the year 1 July - 31 December

### Balance sheet

Note	DKK'000	31/12 2015	30/6 2015
	<b>ASSETS</b>		
	<b>Non-current assets</b>		
	<b>Intangible assets</b>		
5	Completed development projects	36,699	38,000
		<u>36,699</u>	<u>38,000</u>
	<b>Investments</b>		
	Receivable tax credit	0	1,190
	Deposits	100	0
		<u>100</u>	<u>1,190</u>
	<b>Total non-current assets</b>	<u>36,799</u>	<u>39,190</u>
	<b>Current assets</b>		
	<b>Receivables</b>		
	Receivables from group companies	35	33
	Trade receivables	0	97
	Receivable tax credit	1,432	777
	Other receivables	0	217
		<u>1,467</u>	<u>1,124</u>
	<b>Cash at bank and in hand</b>	<u>4,743</u>	<u>2,603</u>
	<b>Total current assets</b>	<u>6,210</u>	<u>3,727</u>
	<b>TOTAL ASSETS</b>	<u><u>43,009</u></u>	<u><u>42,917</u></u>

## Financial statements for the year 1 July - 31 December

### Balance sheet

Note	DKK'000	31/12 2015	30/6 2015
	<b>EQUITY AND LIABILITIES</b>		
6	<b>Equity</b>		
	Share capital	18,026	14,540
	Retained earnings	12,128	12,053
	<b>Total equity</b>	<b>30,154</b>	<b>26,593</b>
	<b>Liabilities</b>		
	<b>Non-current liabilities</b>		
4	Deferred tax	367	860
	Amounts owed to shareholders	5,006	4,021
	Deferred income	4,346	4,611
		<b>9,719</b>	<b>9,492</b>
	<b>Current liabilities</b>		
	Amounts owed to shareholders	703	1,468
	Deferred income	560	575
	Received prepayments from customers	1,240	3,062
	Other payables	633	1,727
		<b>3,136</b>	<b>6,832</b>
	<b>Total liabilities</b>	<b>12,855</b>	<b>16,324</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>43,009</b>	<b>42,917</b>

7 Investments in subsidiaries

8 Contingent liabilities and securities, etc.

## Financial statements for the year 1 July - 30 June

### Notes

#### 1 Accounting policies

Teklatech A/S' annual report for 2015 is prepared in accordance with the provisions applying to class B enterprises under the Danish Financial Statements Act.

The Company has changed the financial period to 1 January - 31 December. This annual report comprises the period 1 July 2015 - 31 December 2015. The comparative figures have not been changed.

Apart from the change in financial year, the accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Recognition and measurement

Assets are recognised 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 recognised in the balance sheet when an outflow of economic benefits is probable and when 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.

Income is recognised in the income statement as earned. Equally, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment losses and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the income statement.

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

### Income statement

#### Revenue

Revenues obtained from software license sales are recognised in the income statement as the license is used. The invoiced amounts are accrued over the contractual period covered by the invoice. Revenue is recognised excluding VAT and duties and less any discount related to the sale.

Revenue from consultancy services sales are recognised in the income statement when the services has been performed.

#### Other external costs

Other external costs comprise costs relating to sales, administration, facilities, operating leases, etc. that cannot directly be allocated to development costs.

#### Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised capital gains and losses on accounts in foreign currencies.

#### 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 recognised in the income statement.



## Financial statements for the year 1 July - 30 June

### Notes

#### 1 Accounting policies (continued)

##### Balance sheet

###### Intangible assets

Development costs comprise fees, sublet work, consultancy services, amortisation and financial costs which are directly attributable to the Company's development activities, including costs related to patents and which comply with the requirements for recognition.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

After completion of the development projects, the capitalised development costs are amortised over the expected useful life of 5-10 years.

EU grants are recognised using the gross method.

###### Impairment of non-current assets

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

Impairment tests of individual assets or groups of assets are conducted when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

###### Receivables

Receivables are measured at amortised cost.

###### Prepayments

Prepayments comprise costs incurred in relation to subsequent financial years.

###### Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities.

###### Liabilities

Financial liabilities which comprise debt to financial institutions, trade creditors and debt to group companies are measured at cost when raising the loan, equivalent to received proceeds less transaction costs. In subsequent periods, the financial liabilities are measured at amortised cost.

Other liabilities are measured at net realisable value.

###### Deferred income

Deferred income comprises EU grants recognised using the gross method. EU grants are depreciated as the intangible asset is depreciated.

## Financial statements for the year 1 July - 30 June

### Notes

<b>2 Staff costs</b>		
DKK'000	2015	2014/15
Wages and salaries	2,885	5,445
Pensions	215	433
Other social security costs	32	75
Total staff costs	3,132	5,953
Capitalised as intangible asset	783	3,923
Recognised in the income statement	2,349	2,030

- 3 Financial costs**  
Interest to related parties amounts to DKK 283 thousand (2014/15: DKK 880 thousand), of which nil has been capitalised (2014/2015: DKK 733 thousand).

<b>4 Tax on loss for the year</b>		
DKK'000	2015	2014/15
Adjustment of deferred tax	494	55
Adjustment related to previous years	0	-6
Tax credit in accordance with section 8 X of the Danish Tax Assessment Act	242	1,190
	736	1,239

The measurement of the deferred tax asset is based on expectations of future earnings and therefore there is some uncertainty connected to this.

<b>5 Intangible assets</b>	
DKK'000	Completed Development projects
Cost at 1 July 2015	41,671
Additions during the year	783
Transfer during the year	0
Cost and carrying amount at 31 December 2015	42,454
Impairment and amortisation at 1 July 2015	3,671
Amortisation	2,084
Impairment and amortisation at 31 December 2015	5,755
Carrying amount at 31 December 2015	36,699

The measurement of the intangible asset is based on expectations of future earnings and therefore there is some uncertainty connected to this.



## Financial statements for the year 1 July - 30 December

### Notes

#### 6 Equity

	Share capital	Share premium	Retained earnings	Total
Equity at 1 July 2015	14,540	0	12,053	26,593
Capital increase	3,486	0	3,834	7,320
Transferred, cf. distribution of loss	0	0	-3,759	-3,759
Equity at 31 December 2015	18,026	0	12,128	30,154

Changes in share capital over the last 5 years are specified below:

	2011	2012	2013	2014	2015
Share capital at 1 July	2,357	3,030	3,665	7,490	10,790
Capital increase	673	635	3,825	3,300	7,236
Share capital at 30 June	3,030	3,665	7,490	10,790	18,026

	31/12 2015	30/6 2015
Share capital		
The share capital is distributed as shown below:		
A-shares	317	317
B-shares	193	193
C-shares	510	510
D-shares	2,020	2,020
E-shares	2,450	2,450
F-shares	2,800	2,800
G-shares	2,500	2,500
H-shares	1,250	1,250
I-shares	2,500	2,500
J-shares	3,486	0
	18,026	14,540

#### 7 Investments in subsidiaries

Key figures of the Company's subsidiary at 31 December 2015:

Name and registered office (DKK)	Ownership interest	Equity	Result for the year
Teklatech LLC, USA	100%	0	0

#### 8 Contingent liabilities and securities, etc.

##### Contingent liabilities

The Company has entered into a rental agreement regarding office premises with a rental obligation of DKK 136 thousand at 31 December 2015.