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# ***Silicon Laboratories Denmark ApS***

Emdrupvej 28 B, DK-2100 København Ø

## **Annual Report for 1 February 2017 - 31 January 2018**

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CVR No 32 78 72 74

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

John Hollister  
Chairman



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## **Management's Statement**

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Silicon Laboratories 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.

Copenhagen, 28 June 2018

### **Executive Board**

Niels Thybo Johansen

### **Board of Directors**

John Carter Hollister  
Chairman

Nestor Frederico Ho

# Independent Auditor's Report

To the Shareholder of Silicon Laboratories 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 Silicon Laboratories 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 Financial 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.

## 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 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**

Silicon Laboratories Denmark ApS  
Emdrupvej 28 B  
DK-2100 København Ø

CVR No: 32 78 72 74  
Financial period: 1 February - 31 January  
Incorporated: 15 March 2010  
Municipality of reg. office: København

### **Board of Directors**

John Carter Hollister, Chairman  
Nestor Frederico Ho

### **Executive Board**

Niels Thybo Johansen

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

# Management's Review

## Key activities

Silicon Laboratories Denmark ApS is a Danish-American company which is active in the smart-homemarket. The Company has developed Z-Wave TM Technology, which enables low cost, highly reliable wireless communication between devices such as power outlets, lightswitches, sensors and alarms, thermostats, AV equipment (TV, Radio, etc), door locks and other similar devices on a layered and interoperable platform.

Our 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 our 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 based on Z-Wave TM Technology and defines backwards compatibility to the ZWave TM standard, and because of the large ecosystem of products based on the Z-Wave TM standard, we believe our Z-Wave TM products will be one of the preferred solutions for telecommunication and multi-service operators.

## Development in the year

The income statement of the Company for 2017/18 shows a profit of TDKK 3,329, and at 31 January 2018 the balance sheet of the Company shows equity of TDKK 11,089.

## Subsequent events

Silicon Laboratories Denmark ApS has been acquired by Silicon Laboratories International Pte. Ltd. from Sigma Designs Inc. with the effect from 18 April 2018.

On 18 April 2018 the Company acquired the majority of the net assets/liabilities of Sigma Designs Denmark ApS.

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
<b>Gross profit/loss</b>		<b>13.144</b>	<b>12.926</b>
Distribution expenses	1	-4.653	-4.489
Administrative expenses	1	-5.022	-5.229
<b>Operating profit/loss</b>		<b>3.469</b>	<b>3.208</b>
Other operating expenses		0	-9
<b>Profit/loss before financial income and expenses</b>		<b>3.469</b>	<b>3.199</b>
Financial income	2	1.345	296
Financial expenses	3	-546	-472
<b>Profit/loss before tax</b>		<b>4.268</b>	<b>3.023</b>
Tax on profit/loss for the year	4	-939	-665
<b>Net profit/loss for the year</b>		<b>3.329</b>	<b>2.358</b>

## Distribution of profit

### Proposed distribution of profit

Retained earnings	3.329	2.358
	<b>3.329</b>	<b>2.358</b>

# Balance Sheet 31 January

## Assets

	Note	2018 TDKK	2017 TDKK
Software		163	957
<b>Intangible assets</b>	5	<b>163</b>	<b>957</b>
Other fixtures and fittings, tools and equipment		567	394
<b>Property, plant and equipment</b>	6	<b>567</b>	<b>394</b>
<b>Fixed assets</b>		<b>730</b>	<b>1.351</b>
Receivables from group enterprises		30.199	22.357
Other receivables		274	370
Deferred tax asset		96	0
Prepayments		241	244
<b>Receivables</b>		<b>30.810</b>	<b>22.971</b>
<b>Cash at bank and in hand</b>		<b>2.521</b>	<b>3.168</b>
<b>Currents assets</b>		<b>33.331</b>	<b>26.139</b>
<b>Assets</b>		<b>34.061</b>	<b>27.490</b>

# Balance Sheet 31 January

## Liabilities and equity

	Note	2018 TDKK	2017 TDKK
Share capital		80	80
Retained earnings		11.009	7.680
<b>Equity</b>		<b>11.089</b>	<b>7.760</b>
Provision for deferred tax		0	62
<b>Provisions</b>		<b>0</b>	<b>62</b>
Trade payables		2.508	1.322
Payables to group enterprises		14.774	13.035
Corporation tax		1.367	855
Other payables		4.323	4.456
<b>Short-term debt</b>		<b>22.972</b>	<b>19.668</b>
<b>Debt</b>		<b>22.972</b>	<b>19.668</b>
<b>Liabilities and equity</b>		<b>34.061</b>	<b>27.490</b>
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## Statement of Changes in Equity

	Share capital TDKK	Retained earnings TDKK	Total TDKK
Equity at 1 February	80	7.680	7.760
Net profit/loss for the year	0	3.329	3.329
<b>Equity at 31 January</b>	<b>80</b>	<b>11.009</b>	<b>11.089</b>

# Notes to the Financial Statements

	2017/18 TDKK	2016/17 TDKK
<b>1 Staff</b>		
Wages and Salaries	30.894	30.053
Pensions	433	428
	<b>31.327</b>	<b>30.481</b>
Wages and Salaries and pensions are recognised in the following items:		
Cost of sales	25.098	24.383
Distribution expenses	3.356	3.014
Administrative expenses	2.873	3.084
	<b>31.327</b>	<b>30.481</b>
<b>Average number of employees</b>	<b>38</b>	<b>37</b>
<b>2 Financial income</b>		
Interest received from group enterprises	562	293
Exchange gains	783	3
	<b>1.345</b>	<b>296</b>
<b>3 Financial expenses</b>		
Interest paid to group enterprises	536	390
Other financial expenses	10	12
Exchange loss	0	70
	<b>546</b>	<b>472</b>
<b>4 Tax on profit/loss for the year</b>		
Current tax for the year	1.097	855
Deferred tax for the year	-158	-190
	<b>939</b>	<b>665</b>

# Notes to the Financial Statements

## 5 Intangible assets

	Software TDKK
Cost at 1 February	3.928
Additions for the year	285
Cost at 31 January	4.213
Impairment losses and amortisation at 1 February	2.971
Amortisation for the year	1.079
Impairment losses and amortisation at 31 January	4.050
<b>Carrying amount at 31 January</b>	<b>163</b>

## 6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment TDKK
Cost at 1 February	1.441
Additions for the year	487
Disposals for the year	-134
Cost at 31 January	1.794
Impairment losses and depreciation at 1 February	1.047
Depreciation for the year	314
Impairment and depreciation of sold assets for the year	-134
Impairment losses and depreciation at 31 January	1.227
<b>Carrying amount at 31 January</b>	<b>567</b>

# Notes to the Financial Statements

## 7 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. Sigma Designs Denmark ApS is the management company of the joint taxation purposes. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

## 8 Related parties

### Basis

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#### Controlling interest

Sigma Designs Inc. 47467 Fremont Blvd, Fremont, CA 94538, USA      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 Designs Inc. 47467 Fremont Blvd, Fremont, CA 94538, USA

### Consolidated Financial Statements

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

#### Name

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#### Place of registered office

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Sigma Designs Inc.

47467 Fremont Blvd, Fremont, CA 94538, USA

# Notes to the Financial Statements

## 9 Accounting Policies

The Annual Report of Silicon Laboratories 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 changed 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

## 9 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 are expenses related to sales- and distribution expenses.

#### 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 intangible assets and property, plant and equipment.

#### Financial income and expenses

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

#### 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

## 9 Accounting Policies (continued)

### Balance Sheet

#### Intangible assets

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 3 years.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

#### 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 intangible assets and 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.

# Notes to the Financial Statements

## 9 Accounting Policies (continued)

### 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.

### 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.

### Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

### Financial debts

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