SILICON LABORATORIES DENMARK APS

EMDRUPVEJ 28B, 2100 KØBENHAVN Ø

ANNUAL REPORT

1 JANUARY - 31 DECEMBER 2020

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 17 May 2021

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John Carter Hollister

CVR NO. 32 78 72 74

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COMPANY DETAILS

Company	Silicon Laboratories Denmark ApS Emdrupvej 28B 2100 Copenhagen Ø CVR No.: 32 78 72 74 Established: 15 March 2010 Registered Office: Copenhagen Financial Year: 1 January - 31 December
Board of Directors	John Carter Hollister, chairman Nestor Frederico Ho
Executive Board	Niels Thybo Johansen
Auditor	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup

BOARD OF DIRECTORS STATEMENT AND MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Silicon Laboratories Denmark ApS for the financial year 1 January - 31 December 2020.

The Annual Report is presented 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 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Copenhagen, 17 May 2021

Executive Board

_____
Niels Thybo Johansen

Board of Directors

_____	_____
John Carter Hollister Chairman	Nestor Frederico Ho

INDEPENDENT AUDITOR'S REPORT

To the Shareholders 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 December 2020, and of the results of the Company's operations for the financial year 1 Jan-uary - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Silicon Laboratories Denmark ApS for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes and a summary of significant accounting policies. The Financial Statement are prepared in accordance with the Danish Financial Statement 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 requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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, we conclude that Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of Management's Review.

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.

INDEPENDENT AUDITOR'S REPORT

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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- 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, 17 May 2021

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Niels Henrik B. Mikkelsen
State Authorised Public Accountant
MNE no. mne16675

James Liang
State Authorised Public Accountant
MNE no. mne34549

MANAGEMENT COMMENTARY

Key activities

Silicon Laboratories Denmark ApS is a Danish company within a United States multinational group.

The Company develops and markets Z-Wave™ Technology, which enables low cost, highly reliable wireless communication between devices such as power outlets, light switches, sensors and alarms, thermostats, AV equipment (TV, Radio, etc.) door locks and other similar devices on a layered and interoperable platform.

Development in the year

The company is a cost plus entity and the activities are not affected by the COVID-19 outbreak. The income statement of the company for 2020 shows a profit of TDKK 4,631 and at 31 December 2020 the balance sheet of the company shows equity of TDKK 27,371.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2020 DKK '000	2019 DKK '000
GROSS PROFIT		**53.286**	**68.516**
Staff costs	1	-44.616	-58.139
Depreciation, amortisation and impairment losses		-2.591	-2.604
OPERATING PROFIT		**6.079**	**7.773**
Other financial income	2	0	8
Other financial expenses	3	-90	-17
PROFIT BEFORE TAX		**5.989**	**7.764**
Tax on profit	4	-1.358	-1.818
PROFIT FOR THE YEAR		**4.631**	**5.946**

PROPOSED DISTRIBUTION OF PROFIT

Retained earnings		4.631	5.946
TOTAL		**4.631**	**5.946**

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2020 DKK '000	2019 DKK '000
Software		1.705	735
Goodwill		1.167	1.676
Intangible assets	5	**2.872**	**2.411**
Other plant, machinery tools and equipment		2.139	3.310
Leasehold improvements		101	171
Property, plant and equipment	6	**2.240**	**3.481**
Rent deposit and other receivables		1.175	1.141
Financial non-current assets	7	**1.175**	**1.141**
NON-CURRENT ASSETS		**6.287**	**7.033**
Receivables from group enterprises		6.003	12.724
Deferred tax assets		241	1.235
Other receivables		197	269
Corporation tax receivable		141	0
Prepayments and accrued income		1.578	1.800
Receivables		**8.160**	**16.028**
Cash and cash equivalents		**30.329**	**20.542**
CURRENT ASSETS		**38.489**	**36.570**
ASSETS		**44.776**	**43.603**

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2020 DKK '000	2019 DKK '000
Share capital		80	80
Retained earnings		27.291	22.660
EQUITY		**27.371**	**22.740**
Other liabilities		596	2.118
Non-current liabilities	8	**596**	**2.118**
Trade payables		853	683
Debt to group enterprises		18	248
Corporation tax		0	1.493
Other liabilities		15.938	16.321
Current liabilities		**16.809**	**18.745**
LIABILITIES		**17.405**	**20.863**
EQUITY AND LIABILITIES		**44.776**	**43.603**

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EQUITY

	Share capital	Retained earnings	Total
Equity at 1 January 2020	80	22.660	22.740
Proposed profit allocation		4.631	4.631
Equity at 31 December 2020	**80**	**27.291**	**27.371**

NOTES

	2020 DKK '000	2019 DKK '000	Note
Staff costs			1
Average number of employees	50	55	
Wages and salaries	40.518	53.882	
Pensions	2.981	2.965	
Social security costs	1.117	1.292	
	44.616	**58.139**	
Other financial income			2
Other interest income	0	8	
	0	**8**	
Other financial expenses			3
Other interest expenses	90	17	
	90	**17**	
Tax on profit/loss for the year			4
Calculated tax on taxable income of the year	477	3.282	
Adjustment of tax in previous years	-113	-81	
Change in Deferred tax	994	-1.383	
	1.358	**1.818**	

Intangible assets 5

	Software	Goodwill
Cost at 1 January 2020	965	2.546
Additions	1.193	0
Cost at 31 December 2020	**2.158**	**2.546**
Amortisation at 1 January 2020	230	870
Amortisation for the year	223	509
Amortisation at 31 December 2020	**453**	**1.379**
Carrying amount at 31 December 2020	**1.705**	**1.167**

NOTES

		Note
Property, plant and equipment		6

	Other plant, machinery tools and equipment	Leasehold improvements
Cost at 1 January 2020	6.980	302
Additions	618	0
Cost at 31 December 2020	**7.598**	**302**
Depreciation and impairment losses at 1 January 2020	3.670	131
Depreciation for the year	1.789	70
Depreciation and impairment losses at 31 December 2020	**5.459**	**201**
Carrying amount at 31 December 2020	**2.139**	**101**

Financial non-current assets 7

	Rent deposit and other receivables
Cost at 1 January 2020	1.141
Additions	34
Cost at 31 December 2020	**1.175**
Carrying amount at 31 December 2020	**1.175**

Long-term liabilities 8

	31/12 2020 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2019 total liabilities
Other liabilities	596	0	0	2.118
	596	**0**	**0**	**2.118**

Contingencies etc. 9

Contingent liabilities
The Company has lease commitments regarding the Company's present premises of DKK 2,5 mio. (31 December 2019: DKK 4,2 mio.) The lease contract is irrevocable untill November 30, 2022.

Related parties 10
The Company's related parties include:

Controlling interest
Silicon Laboratories International Pte. Ltd, 18 Tai Seng Street, #05-01,18 Tai Seng, Singapore 539775 is the main owner.

NOTES

	Note
Consolidated Financial Statements The company is included in the ultimate parent company Annual Report of Silicon Laboratories Inc 400 West Cesar Chavez Austin TX 78701, USA.	11

ACCOUNTING POLICIES

The Annual Report of Silicon Laboratories Denmark ApS for 2020 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to reporting class C.

The Annual Report is prepared consistently with the accounting principles applied last year.

The financial statemnent for 2020 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.

INCOME STATEMENT

Net revenue
Revenue represents service fees. Service fees are an agreed fixed percentage charge above the cost incurred by the Company.

Cost of sales
Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs.

Other external expenses
Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operating lease expenses, etc.

Staff costs
Staff costs comprise wages and salaries as well as payroll expenses.

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

Tax
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.

ACCOUNTING POLICIES

BALANCE SHEET

Intangible fixed assets
Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 5 years.

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.

Tangible fixed assets
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:

	Useful life	Residual value
Other plant, fixtures and equipment.....	3-5 years	0
Leasehold improvements.....	3-5 years	0

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Depreciation period and residual value are reassessed annually.

Fixed asset investments
Fixed asset investments consists of deposits.

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.

ACCOUNTING POLICIES

Tax payable and deferred tax

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.

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.

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the term of loan.

Amortised cost for short-term liabilities usually corresponds to the nominal value.

Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the income statement as a financial income or expense.

Receivables, payables and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivables or payables is recognised in the income statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.