



Piaster Revisorerne
vi giver bedre råd

SiPhotonIC ApS

Virum Stationsvej 207, 2830 Virum

Company reg. no. 39 93 46 39

Annual report

1 January - 31 December 2022

The annual report was submitted and approved by the general meeting on the 10 May 2023.

Yunhong Ding
Chairman of the meeting

Piaster Revisorerne, statsautoriseret revisionsaktieselskab
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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Managing Director has approved the annual report of SiPhotonIC ApS for the financial year 1 January - 31 December 2022.

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

I consider the chosen accounting policy to be appropriate, and in my opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022.

The Managing Director consider the conditions for audit exemption of the 2022 financial statements to be met.

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

We recommend that the annual report be approved at the Annual General Meeting.

Virum, 10 May 2023

Managing Director

Yunhong Ding

Practitioner's compilation report

To the Management of SiPhotonIC ApS

We have compiled the financial statements of SiPhotonIC ApS for the financial year 1 January - 31 December 2022 based on the company's bookkeeping and on information you have provided.

These financial statements comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist Management in the preparation and presentation of these financial statements in accordance with the Danish Financial Statements Act. We have complied with relevant requirements under the Danish Act on Approved Auditors and Audit Firms and International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with the Danish Financial Statements Act.

Alleroed, 10 May 2023

Piaster Revisorerne

Statsautoriseret Revisionsaktieselskab
Company reg. no. 25 16 00 37

Niels Kristian Tordrup Mørk

State Authorised Public Accountant
mne35462

Company information

The company

SiPhotonIC ApS
Virum Stationsvej 207
2830 Virum

Company reg. no. 39 93 46 39
Established: 5 October 2018
Domicile: Lyngby-Taarbæk
Financial year: 1 January - 31 December

Managing Director

Yunhong Ding

Auditors

Piaster Revisorerne, Statsautoriseret Revisionsaktieselskab
Engholm Parkvej 8
3450 Allerød

Parent company

SiPhotonIC Holding ApS

Management's review

Primary activities of the company

The company's primary activities is to design and fabricate advanced silicon photonic integrated circuits and other related activities.

Development in activities and financial matters

The company's financial performance is considered unsatisfying.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2022</u>	<u>2021</u>
Gross profit	91.932	822.556
1 Staff costs	-109.950	-198.556
Operating profit	-18.018	624.000
Other financial income	7.800	0
Other financial expenses	-51.533	-10.642
Profit before tax	-61.751	613.358
2 Tax on net profit or loss for the year	0	-134.926
Net profit or loss for the year	-61.751	478.432
Proposed distribution of net profit:		
Transferred to retained earnings	0	478.432
Allocated from retained earnings	-61.751	0
Total allocations and transfers	-61.751	478.432

Balance sheet at 31 December

All amounts in DKK.

Assets		
<u>Note</u>	<u>2022</u>	<u>2021</u>
Current assets		
Trade receivables	278.928	63.245
Receivables from group enterprises	0	86.681
Other receivables	45.831	117.042
Total receivables	<u>324.759</u>	<u>266.968</u>
Other financial investments	249.023	296.238
Total investments	<u>249.023</u>	<u>296.238</u>
Cash on hand and demand deposits	180.548	368.553
Total current assets	<u>754.330</u>	<u>931.759</u>
Total assets	<u>754.330</u>	<u>931.759</u>

Balance sheet at 31 December

All amounts in DKK.

Equity and liabilities		
<u>Note</u>	<u>2022</u>	<u>2021</u>
Equity		
Contributed capital	62.500	62.500
Retained earnings	620.233	681.984
Total equity	<u>682.733</u>	<u>744.484</u>
Liabilities other than provisions		
Trade payables	18.500	18.500
Payables to group enterprises	43.245	0
Income tax payable to group enterprises	0	134.926
Other payables	9.852	33.849
Total short term liabilities other than provisions	<u>71.597</u>	<u>187.275</u>
Total liabilities other than provisions	<u>71.597</u>	<u>187.275</u>
Total equity and liabilities	<u>754.330</u>	<u>931.759</u>

3 Disclosures on fair value**4 Contingencies**

Statement of changes in equity

All amounts in DKK.

	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Proposed dividend for the financial year</u>	<u>Total</u>
Equity 1 January 2021	62.500	203.552	400.000	666.052
Distributed dividend	0	0	-400.000	-400.000
Retained earnings for the year	<u>0</u>	<u>478.432</u>	<u>0</u>	<u>478.432</u>
Equity 1 January 2022	62.500	681.984	0	744.484
Retained earnings for the year	<u>0</u>	<u>-61.751</u>	<u>0</u>	<u>-61.751</u>
	<u>62.500</u>	<u>620.233</u>	<u>0</u>	<u>682.733</u>

Notes

All amounts in DKK.

	<u>2022</u>	<u>2021</u>
1. Staff costs		
Salaries and wages	109.579	198.410
Other costs for social security	371	146
	<u>109.950</u>	<u>198.556</u>
Average number of employees	<u>1</u>	<u>1</u>
2. Tax on net profit or loss for the year		
Tax on net profit or loss for the year	<u>0</u>	<u>134.926</u>
	<u>0</u>	<u>134.926</u>
3. Disclosures on fair value		
	<u>Listed bonds</u>	<u>Listed shares</u>
Fair value at 31 December 2022	<u>224.680</u>	<u>24.343</u>
Change in fair value of the year recognised in the statement of financial activity	<u>-40.483</u>	<u>-6.732</u>

4. Contingencies

Joint taxation

With SiPhotonIC Holding ApS, company reg. no 39 93 12 30 as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

Accounting policies

The annual report for SiPhotonIC ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems 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 statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Accounting policies

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Group enterprises abroad, associates, and equity investments are considered to be independent entities. The income statements are translated at an average exchange rate for the month, and the balance sheet items are translated at the closing rates. Currency translation differences, arising from the translation of the equity of group enterprises abroad at the beginning of the year to the closing rate and from the translation of income statements from average prices to the closing rate, are recognised directly in equity in the fair value reserve in the Consolidated Financial Statement. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.

Translation adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in equity in the fair value reserve. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised directly in equity.

When recognising foreign group enterprises which are integral units, the monetary items are translated using the closing rate. Non-monetary items are translated using the exchange rate prevailing at the time of acquisition or at the time of the subsequent revaluation or write-down for impairment of the asset. Income statement items are translated using the exchange rate prevailing at the date of the transaction. However, items in the income statement derived from non-monetary items are translated using historical prices.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, own work capitalised, other operating income, and external costs.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Accounting policies

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Other financial investments

Financial instruments and equity investments recognised under current assets consist of listed shares and bonds which are measured at fair value on the reporting date. Unlisted equity investments are measured at cost. Writedown takes place to the recoverable amount if this value is lower than the carrying amount.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Accounting policies

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as "Income tax receivable" or "Income tax payable".

According to the rules of joint taxation, SiPhotonIC ApS is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

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Yunhong Ding

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Yunhong Ding

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Niels Kristian Tordrup Mørk

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