

SiPhotonIC ApS

CVR-no. 39 93 46 39

Virum Stationsvej 207
2830 Virum

Annual Report 2020

(Financial year 1 January 2020 - 31 December 2020)

The Annual Report is presented and
adopted at the Annual General Meeting of
shareholders on the 20 May 2021

Yunhong Ding
Chairman of the meeting

Table of Contents

	<u>Page</u>
Statements and reports	
Management's Statement	3
Auditors Compilation Report	4
Management's Review	
Company details	5
Management's Review	6
Financial Statements	
Income Statement	7
Balance Sheet	8
Statement of changes in equity	10
Notes	11
Accounting policies	12

Management's Statement

The Executive Board have today considered and approved the Annual Report of 1 January 2020 - 31 December 2020 for SiPhotonIC ApS.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act.

The Annual Report, which is unaudited, has been prepared in accordance with legal requirements. Executive Board declares that the conditions for waiving the audit are met.

In my opinion the Financial Statements give a true and fair view of the Company's assets and liabilities, financial position and results of operations for the financial year ended 31 December 2020.

In my opinion the Management's Review gives a true and fair statement regarding the content in the Management's Review.

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

Lyngby-Taarbæk, 20 May 2021

Executive Board:

Yunhong Ding

Auditors Compilation Report

To the Management of SiPhotonIC ApS

We have compiled the accompanying financial statements of SiPhotonIC ApS for the financial year 1 January 2020 - 31 December 2020 based on information you have provided.

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

We performed this engagement in accordance with International Standard ISRS 4410 applying to compilation engagements.

We have applied our expertise in accounting and financial reporting to assist you 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 FSR - danske revisorer's Code of Ethics, 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.

Allerød, 20 May 2021

**Piaster Revisorerne,
Statsautoriseret Revisionsaktieselskab
CVR. no.: 25 16 00 37**

Niels Kristian Tordrup Mørk
State Authorized Public Accountant
mne35462

Company details

Company details	SiPhotonIC ApS Virum Stationsvej 207 2830 Virum	
	CVR no.:	39 93 46 39
	Founded:	5 October 2018
	Registered office:	Lyngby-Taarbæk
	Financial year:	1 January - 31 December
Executive Board	Yunhong Ding	

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 affairs

The company's activities have been reduced due to the outbreak of the disease COVID19 because of limitation in the production. Production is expected to pick up in 2021.

The company's financial performance is considered satisfactory.

Income Statement 1 January - 31 December

DKK	Notes	2020 <i>12 months</i>	2018/19 <i>15 months</i>
		<u> </u>	<u> </u>
Gross profit		564.498	530.172
Staff costs	1	<u>-261.821</u>	<u>-189.299</u>
Operating profit		302.677	340.873
Financial expenses	2	<u>-3.479</u>	<u>-5</u>
Profit before tax		299.198	340.868
Tax expense	3	<u>-49.038</u>	<u>-74.976</u>
Profit for the year		250.160	265.892
Proposed distribution of results			
Retained earnings		-149.840	115.892
Proposed dividend recognised in equity		<u>400.000</u>	<u>150.000</u>
Total distribution		250.160	265.892

Balance Sheet at 31 December

Assets

	Notes	2020	2019
		<u> </u>	<u> </u>
Trade receivables		0	48.623
Receivables from group enterprises		9.586	4.920
Other receivables		106.107	4.387
Deferred tax assets		0	0
Receivables		<u>115.693</u>	<u>57.930</u>
Cash and cash equivalents		<u>880.445</u>	<u>864.329</u>
Current assets		<u>996.138</u>	<u>922.259</u>
Assets		<u>996.138</u>	<u>922.259</u>

Equity and liabilities

	2020	2019
Share capital	62.500	62.500
Retained earnings	203.552	353.392
Proposed dividend recognised in equity	400.000	150.000
Equity	666.052	565.892
Trade payables	18.500	109.341
Prepayments received from customers	199.511	152.719
Tax payables	49.038	74.976
Other payables	63.037	19.331
Short-term liabilities other than provisions	330.086	356.367
Liabilities other than provisions	330.086	356.367
Equity and liabilities	996.138	922.259
Contingent liabilities	4	

Statement of changes in equity 1 January - 31 December

	<u>2020</u>	<u>2019</u>
Share capital		
Beginning balance	62.500	50.000
Increase of capital	0	12.500
End balance	<u>62.500</u>	<u>62.500</u>
Retained earnings		
Beginning balance	353.392	0
Profit (loss)	-149.840	115.892
Transferred from share premium	0	237.500
End balance	<u>203.552</u>	<u>353.392</u>
Proposed dividend recognized in equity		
Beginning balance	150.000	0
Dividend paid	-150.000	0
Profit (loss)	400.000	150.000
End balance	<u>400.000</u>	<u>150.000</u>
Equity	<u>666.052</u>	<u>565.892</u>

Notes

	2020 <i>12 months</i>	2018/19 <i>15 months</i>
	<u> </u>	<u> </u>
1 Staff costs		
Wages and salaries	261.276	186.992
Social security contributions	545	2.307
	<u>261.821</u>	<u>189.299</u>
Average number of full time employees	<u>1</u>	<u>1</u>
2 Financial expenses		
Other financial expenses	3.479	5
	<u>3.479</u>	<u>5</u>
3 Tax expense		
Tax expense on ordinary activities	49.038	74.976
Adjustment of deferred tax	0	0
	<u>49.038</u>	<u>74.976</u>

4 Contingent liabilities

The company is a subsidiary in joint taxation with SiPhotonIC Holding ApS. The companies in the joint taxation are jointly liable on corporation taxes and taxes on dividends, interest and royalties.

Accounting policies

The Annual Report has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B with election from reporting class C.

The accounting policies are consistent with those of last year.

General

Reporting currency

The Annual Report is presented in Danish kroner (DKK).

In general regarding accounting and measuring

Income is recognized in the income statement when they are earned. Furthermore are all costs, depreciations and write downs recognized in the income statement when incurred.

Assets are recognized in the balance sheet when it is probable that future economical benefits will accrue to the company and the assets value can be measured reliably.

Liabilities are recognized in the balance sheet when it is probable that future economical benefits will be deducted from the company and the value can be measured reliably.

On initial recognition assets and liabilities are measured to cost price. Thereafter assets and liabilities are measured as described for each entry.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Accounting policies

Currency retranslation

Transactions denominated in foreign currency are translated into the functional currency at the exchange rates ruling at the date of the transaction. Exchange differences arising between the transaction date and the exchange rate at the date of actual payment are recognized in the income statement under financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated into the functional currency at the exchange rates ruling at the balance sheet date. The difference between the exchange rates ruling at the balance sheet date and at the date when the receivable or payable arose is recognized in the income statement under financial income or financial expenses.

Non-current assets acquired in foreign currency are measured to the exchange rate ruling at the date of the transaction.

Income statement

Gross profit

With reference to section 32 of the Danish Financial Statement Act, the items “Revenue” to and including “Other external expenses” are consolidated into one item designated “Gross profit”.

Revenue

Revenue includes invoiced sales of goods and rendering of services, recognition is done, when

- delivery and transfer of risk to the buyer has taken place before year end
- a committing sales agreement exists
- sales price is determined, and
- payment is received, or there are reasonable security that it will be received

Revenue is recognized excluding value added tax and after deduction of provisions rebates and trade discounts relating to the sale.

Cost of sales

Cost of sales include costs incurred to achieve revenue for the year. Cost of sales include freight and forwarding costs.

Other external expenses

Other external expenses include expenses related to distribution, administration etc.

Accounting policies

Staff costs

Staff costs comprise costs such as wages and salaries, pension costs and other social security benefits ect. to the company's employees.

Financial items

Financial income and expenses are recognized in the income statement with the amounts related to the year. Financial income and expenses comprise interest receivable and payable.

Tax expense

Tax on income for the year, consisting of the year's current tax and deferred tax, is recognized in the income statement to the extent that it relates to the income or loss for the year and on equity to the extent that it relates there to.

Balance sheet

Receivables

Receivables are measured at amortized cost which corresponds in all material respects to nominal value. The value is reduced with provisions for expected bad debts.

Cash and bank balances

Cash comprises cash balances and bank balances.

Dividends

Dividends expected to be paid in respect of the year are stated as a separate line item under equity.

Accounting policies

Current tax and current deferred tax

Current tax liabilities and current tax assets are recognized in the balance sheet as estimated tax on the taxable income for the year, adjusted for change in tax on prior years' taxable income and for tax paid under the on-account tax scheme.

Deferred tax is measured according to the balance sheet liability method on all timing differences between the tax and accounting value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred income tax is measured using tax rules and tax rates that apply by the balance sheet date when the deferred tax asset is realised or the deferred income tax liability is settled. The change in deferred tax as a result of changes in tax rates is recognized in the income statement.

Liabilities

Other liabilities are measured at amortized cost, corresponding to the nominal value.

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Yunhong Ding

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