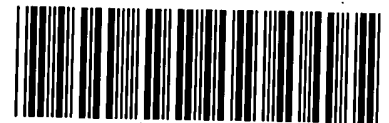


Company registration number: 10233741

DIRECTORS' REPORT AND  
FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED  
31 DECEMBER 2016

ACACIA TECHNOLOGIES  
(UK) LIMITED

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BRIGHTER THINKING

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# ACACIA TECHNOLOGIES (UK) LIMITED

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## COMPANY INFORMATION

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<b>Directors</b>	J Asgeirsson (appointed 15 June 2016) J Gavin (appointed 15 June 2016)
<b>Company secretary</b>	J Asgeirsson
<b>Registered number</b>	10233741
<b>Registered office</b>	Jupiter House Mercury Park Wooburn Green Buckinghamshire HP10 0HH
<b>Independent auditors</b>	Menzies LLP Chartered Accountants & Statutory Auditor Ashcombe House 5 The Crescent Leatherhead Surrey KT22 8DY

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# ACACIA TECHNOLOGIES (UK) LIMITED

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# ACACIA TECHNOLOGIES (UK) LIMITED

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## DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2016

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The directors present their report and the financial statements for the period ended 31 December 2016.

The Company was incorporated and commenced trading on 15 June 2016.

### **Directors' responsibilities statement**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Directors**

The directors who served during the period were:

J Asgeirsson (appointed 15 June 2016)  
J Gavin (appointed 15 June 2016)

### **Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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# ACACIA TECHNOLOGIES (UK) LIMITED

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## DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2016

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### Post balance sheet events

There have been no significant events affecting the Company since the year end.

### Auditors

Menzies LLP were appointed to fill a casual vacancy under Section 485 (4).

This report was approved by the board on 29 September 2017 and signed on its behalf.

  
J Gavin  
Director

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**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ACACIA TECHNOLOGIES (UK) LIMITED**

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We have audited the financial statements of Acacia Technologies (UK) Limited for the period ended 31 December 2016, set out on pages 5 to 15. The relevant financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of Directors and Auditors**

As explained more fully in the Directors' Responsibilities Statement on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with those financial statements and this report has been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ACACIA  
TECHNOLOGIES (UK) LIMITED (CONTINUED)

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**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.

*Menzies LLP*

Caroline Milton FCA (Senior Statutory Auditor)

for and on behalf of  
Menzies LLP

Chartered Accountants  
Statutory Auditor

Ashcombe House  
5 The Crescent  
Leatherhead  
Surrey  
KT22 8DY

Date:

*29 Sep 2017*

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# ACACIA TECHNOLOGIES (UK) LIMITED

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## STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2016

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	Note	Period from 15 June to 31 December 2016 \$
Turnover	3	877,367
Gross profit		<u>877,367</u>
Administrative expenses		<u>(1,851,362)</u>
Operating loss	4	(973,995)
Tax on loss	7	<u>(24,119)</u>
Loss for the financial period		<u><u>(998,114)</u></u>

There was no other comprehensive income for 2016.

The notes on pages 8 to 15 form part of these financial statements.



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**ACACIA TECHNOLOGIES (UK) LIMITED**  
REGISTERED NUMBER: 10233741

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**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2016**

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	Note	2016 \$
<b>Current assets</b>		
Debtors: amounts falling due within one year	8	1,084,672
		<u>1,084,672</u>
<b>Current liabilities</b>		
Creditors: amounts falling due within one year	9	(1,027,392)
		<u>57,280</u>
<b>Net current assets</b>		<u>57,280</u>
<b>Total assets less current liabilities</b>		<u>57,280</u>
<b>Net assets</b>		<u><u>57,280</u></u>
<b>Capital and reserves</b>		
Called up share capital	11	1
Profit and loss account	12	57,279
		<u>57,280</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

29 September 2017.

  
J. Gavin  
Director

The notes on pages 8 to 15 form part of these financial statements.

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## ACACIA TECHNOLOGIES (UK) LIMITED

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### STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2016

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	Called up share capital \$	Profit and loss account \$	Total equity \$
<b>Comprehensive income for the period</b>			
Loss for the period	-	(998,114)	(998,114)
<b>Total comprehensive income for the period</b>	-	(998,114)	(998,114)
Shares issued during the period	1	-	1
Share based payment transactions	-	1,055,393	1,055,393
<b>Total transactions with owners</b>	1	1,055,393	1,055,394
<b>At 31 December 2016</b>	1	57,279	57,280

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# ACACIA TECHNOLOGIES (UK) LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

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### 1. General Information

Acacia Technologies (UK) Limited is a private company limited by shares. It is registered in England within the United Kingdom. Details of its registered office can be found on the Company Information page of the accounts.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

#### 2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Acacia Communications, Inc as at 31 December 2016 and these financial statements may be obtained from <http://ir.acacia-inc.com>.

#### 2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

##### Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

#### 2.4 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors and other third parties, loans to related parties and investments in non-puttable ordinary shares.

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# ACACIA TECHNOLOGIES (UK) LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

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### 2. Accounting policies (continued)

#### 2.5 Foreign currency translation

##### Functional and presentation currency

The Company's functional and presentational currency is USD.

##### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

#### 2.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2015 to continue to be charged over the period to the first market rent review rather than the term of the lease.

#### 2.7 Pensions

##### Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

#### 2.8 Taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

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# ACACIA TECHNOLOGIES (UK) LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

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### 3. Turnover

An analysis of turnover by class of business is as follows:

	Period from 15 June to 31 December 2016 \$
Provision of services	877,367
	<u>877,367</u>

Analysis of turnover by country of destination:

	Period from 15 June to 31 December 2016 \$
Outside of European Union	877,367
	<u>877,367</u>

### 4. Operating loss

The operating loss is stated after charging:

	Period from 15 June to 31 December 2016 \$
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	11,074
Exchange differences	(1,636)
Other operating lease rentals	11,354
Defined contribution pension cost	<u>12,042</u>

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# ACACIA TECHNOLOGIES (UK) LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

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### 5. Auditors' remuneration

Period from  
15 June to  
31 December  
2016  
\$

**Fees payable to the Company's auditor and its associates in respect of:**

Audit of the Company's annual financial statements	11,074
Taxation compliance services	2,461
All other services	3,691
	<hr/>

### 6. Employees

Staff costs were as follows:

Period from  
15 June to  
31 December  
2016  
\$

Wages and salaries	415,459
Social security costs	49,322
Cost of defined contribution scheme	12,042
	<hr/>
	476,823
	<hr/>

The average monthly number of employees during the period was as follows:

Period from  
15 June to  
31  
December  
2016  
No.

Management	1
Production	5
	<hr/>
	6
	<hr/>

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# ACACIA TECHNOLOGIES (UK) LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

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### 7. Taxation

	Period from 15 June to 31 December 2016 \$
<b>Corporation tax</b>	
Current tax on profits for the year	24,119
<b>Total current tax</b>	<u>24,119</u>
<b>Taxation on profit on ordinary activities</b>	<u>24,119</u>

#### Factors affecting tax charge for the period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 20%. The differences are explained below:

	Period from 15 June to 31 December 2016 \$
Loss on ordinary activities before tax	(973,995)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20%	(194,799)
<b>Effects of:</b>	
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	218,918
<b>Total tax charge for the period</b>	<u>24,119</u>

### 8. Debtors

	2016 \$
Amounts owed by group undertakings	877,368
Other debtors	171,597
Prepayments and accrued income	35,707
	<u>1,084,672</u>

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# ACACIA TECHNOLOGIES (UK) LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

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**9. Creditors: Amounts falling due within one year**

	2016 \$
Amounts owed to group undertakings	946,455
Corporation tax	24,119
Accruals and deferred income	56,818
	<u>1,027,392</u>

**10. Financial instruments**

	2016 \$
<b>Financial assets</b>	
Financial assets that are debt instruments measured at amortised cost	<u>1,048,965</u>
	<u>1,048,965</u>
<b>Financial liabilities</b>	
Financial liabilities measured at amortised cost	<u>(1,003,273)</u>
	<u>(1,003,273)</u>



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# ACACIA TECHNOLOGIES (UK) LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

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### 11. Share capital

	2016 \$
Shares classified as equity	
Allotted, called up and fully paid	
1 Ordinary share of \$1	1
	<u>1</u>

On incorporation, one \$1 Ordinary share was issued at par.

### 12. Reserves

#### Profit and loss account

This reserve records retained earnings and accumulated losses.

### 13. Share based payments

During the period, Acacia Communications, Inc., the ultimate parent entity of the Company, granted Restricted Stock Units (RSUs) to its worldwide employees on a time-based service conditions only. As soon as practicable following each vesting date, Acacia Communications, Inc. will issue to the holder of the the number of shares of common Ordinary stock in Acacia Communications, Inc. equal to the aggregate number of RSUs that have vested. 25% of the units granted to each employee vest one year after the vesting start date, with 6.25% of the units vesting after every subsequent quarter.

### 14. Capital commitments

At 31 December 2016 the Company had capital commitments as follows:

	2016 \$
Contracted for but not provided in these financial statements	90,915
	<u>90,915</u>

### 15. Pension commitments

As at 31 December 2016 there were \$5,546 pension contributions accrued in relation to the company's defined contribution scheme.

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# ACACIA TECHNOLOGIES (UK) LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

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### 16. Commitments under operating leases

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 \$
Not later than 1 year	123,859
Later than 1 year and not later than 5 years	594,522
	<u>718,381</u>

### 17. Ultimate parent company

The directors regard Acacia Communications, Inc. a company incorporated in the United States, as the ultimate holding company. The immediate parent company is Acacia Communications (Ireland) Limited, a company incorporated in Ireland. Copies of the ultimate parent company's consolidated financial statements are available on their website, <http://ir.acacia-inc.com>.

The directors do not consider there to be an ultimate controlling party.