Universal Robots A/S

Energivej 25, DK-5260 Odense S

Annual Report for 1 January - 31 December 2018

CVR No 29 13 80 60

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 1 /3 2019

Ole Nørgaard
Chairman of the General Meeting

Contents

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Universal Robots A/S for the financial year 1 January - 31 December 2018.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2018 of the Company and the Group and of the results of the Company and Group operations for 2018.

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.

Odense, 1 March 2019

Executive Board

Jürgen Peter von Hollen CEO	Klaus Michael Vestergaard CFO

Board of Directors

Gregory Robert Beecher Chairman	Michael Dennis Callahan	Charles Jeffrey Gray
Jürgen Peter von Hollen		

Independent Auditor's Report

To the Shareholder of Universal Robots A/S

Opinion
In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2018 and of the results of the Group's and the Parent Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Universal Robots A/S for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company ("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 Group 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 Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company 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.

Management's responsibilities for the Financial Statements
Management is responsible for the preparation of consolidated financial statements and parent company

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 Group's and 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 Group or 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 and the Group'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 Group's and 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 Group and 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Odense, 1 March 2019
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Mikael Johansen
statsautoriseret revisor
mne23318

Henrik Trangeled Kristensen
statsautoriseret revisor
mne23333

Company Information

The Company	Universal Robots A/S Energivej 25 DK-5260 Odense S E-mail: info@universal-robots.dk CVR No: 29 13 80 60 Financial period: 1 January - 31 December Municipality of reg. office: Odense
Board of Directors	Gregory Robert Beecher , Chairman Michael Dennis Callahan Charles Jeffrey Gray Jürgen Peter von Hollen
Executive Board	Jürgen Peter von Hollen Klaus Michael Vestergaard
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Rytterkasernen 21 DK-5000 Odense C

Financial Highlights

Seen over a five-year period, the development of the Group is described by the following financial highlights:

	Group				
	2018	2017	2016	2015	2014
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	1.479.186	1.125.376	662.466	409.706	212.837
Operating profit/loss	288.321	231.473	80.296	54.957	22.486
Net financials	-163	-6.749	-2.780	5.333	3.996
Net profit/loss for the year	221.172	174.825	74.163	44.472	19.294
Balance sheet					
Balance sheet total	823.217	534.236	329.914	207.496	106.385
Equity	453.243	246.995	142.673	68.477	38.233
Investment in property, plant and equipment	64.184	41.448	43.780	13.289	16.020
Number of employees	489	315	236	154	92
Ratios					
Profit margin	19,4%	20,5%	14,2%	13,4%	10,6%
Return on assets	34,9%	43,3%	28,5%	26,5%	21,1%
Solvency ratio	55,1%	46,2%	43,2%	33,0%	35,9%
Return on equity	63,2%	89,7%	70,2%	83,4%	63,6%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

Key activities

As in prior years, the Group's main activity is the development, manufacturing and sale of flexible, easily programmable and collaborative industrial robots.

Development in the year

The Group reported a profit for 2018 of DKK 221,172k, and equity amounts to DKK 453,241k at 31. December 2018. The results are consistent with previously announced expectations.

Revenue increased by 31% compared to the prior year. The increasing activity level is partly due to the increasing knowledge of collaborative robots in general and partly due to a continued investment in market penetration and development.

The Group has distribution channels in approximately 50 countries around the world and has subsidiaries, branches or group-related companies in these countries: USA, Mexico, Germany, Spain, Italy, France, Czech Republic, China, Singapore, India, Japan, Taiwan and South Korea.

Management considers the net income to be satisfactory and expects a revenue growth in the range of 30-40% in the Group during 2019.

Research and development

Universal Robots A/S continues to invest many resources in the continuous development of the Company's products and markets. Consequently, the Company is dependent on being able to attract and retain the right human resources and skills.

Foreign exchange risks

The Group has a natural currency exposure, primarily in EUR but also in USD and CNY (Renminbi), and the Group is therefore to some extent exposed to variations in exchange rates. It is the Group's foreign exchange policy not to hedge such exposures.

External environment

The activities of the Group do not to a high degree impact the external environment; however, the Company is working on reducing the level of energy on a continuous basis.

Subsequent events

No material events have occurred after the end of the financial year.

Management's Review

Corporate social responsibility statement cf. section 99 a of the Danish Financial Statements Act and statement of the gender composition of the management cf. section 99 b of the Danish Financial Statements Act

CSR is an important focus point at Universal Robots, and responsibility as a systematic basis for management decisions has always been and will continue to be an important and integral part of our strategies and daily work procedures.

We have visions, policies and guidelines addressing several aspects of the CSR area, including e.g. employee Code of Conduct, anti-corruption, responsible sourcing, compliance with competition laws, whistle-blower scheme, environment, occupational health and safety, community relations, climate and human rights.

As an integral part of management roles and responsibilities our management team and our Board of Directors ongoingly assess risks of relevant areas and decide on initiatives to be implemented.

The full statements according to the above Act can be found in a separate report at our homepage www.universal-robots.com/about-universal-robots/corporate-responsibility/ or via this deep link: www.universal-robots.com/media/1804328/csr-report-2018-final.pdf

Income Statement 1 January - 31 December

	Note	Group 2018	Group 2017	Parent company 2018	Parent company 2017
		TDKK	TDKK	TDKK	TDKK
Revenue	1	**1.479.186**	**1.125.376**	**1.459.107**	**1.089.803**
Cost of sales	2	-635.804	-546.088	-690.856	-540.929
Gross profit/loss		**843.382**	**579.288**	**768.251**	**548.874**
Distribution expenses	2	-431.028	-235.137	-362.324	-215.537
Administrative expenses	2	-124.033	-112.678	-124.033	-112.678
Operating profit/loss		**288.321**	**231.473**	**281.894**	**220.659**
Other operating expenses		-924	-251	-924	-251
Profit/loss before financial income and expenses		**287.397**	**231.222**	**280.970**	**220.408**
Financial income	3	728	260	1.245	136
Financial expenses	4	-891	-7.009	-898	-7.325
Profit/loss before tax		**287.234**	**224.473**	**281.317**	**213.219**
Tax on profit/loss for the year	5	-66.062	-49.648	-63.142	-47.200
Net profit/loss for the year		**221.172**	**174.825**	**218.175**	**166.019**

Balance Sheet 31 December

Assets

	Note	Group 2018 TDKK	Group 2017 TDKK	Parent company 2018 TDKK	Parent company 2017 TDKK
Completed development projects		100.369	15.725	100.369	15.725
Acquired patents		574	1.110	574	1.110
Acquired licenses		6.303	5.467	6.303	5.467
Goodwill		1.306	1.512	0	0
Development projects in progress		21.079	77.205	21.079	77.205
Intangible assets	6	**129.631**	**101.019**	**128.325**	**99.507**
Other fixtures and fittings, tools and equipment		86.529	46.955	79.198	42.584
Leasehold improvements		23.717	23.086	21.527	22.512
Property, plant and equipment in progress		2.065	7.571	2.065	7.571
Property, plant and equipment	7	**112.311**	**77.612**	**102.790**	**72.667**
Investments in subsidiaries	8	0	0	5.399	5.399
Deposits	9	5.958	2.285	5.128	821
Fixed asset investments		**5.958**	**2.285**	**10.527**	**6.220**
Fixed assets		**247.900**	**180.916**	**241.642**	**178.394**

Balance Sheet 31 December *(continued)*

Assets

	Note	Group 2018	Group 2017	Parent company 2018	Parent company 2017
		TDKK	TDKK	TDKK	TDKK
Raw materials and consumables		152.854	73.321	152.854	73.321
Work in progress		380	1.845	380	1.845
Finished goods and goods for resale		55.626	54.483	49.875	52.665
Prepayments for goods		43.139	0	43.139	0
Inventories		**251.999**	**129.649**	**246.248**	**127.831**
Trade receivables		131.050	90.564	122.480	82.272
Receivables from group enterprises		0	0	32.420	22.446
Other receivables		17.158	8.466	12.496	7.509
Corporation tax		888	0	888	0
Prepayments	10	7.006	5.134	7.006	3.976
Receivables		**156.102**	**104.164**	**175.290**	**116.203**
Cash at bank and in hand		**167.216**	**119.507**	**139.811**	**88.559**
Currents assets		**575.317**	**353.320**	**561.349**	**332.593**
Assets		**823.217**	**534.236**	**802.991**	**510.987**

Balance Sheet 31 December

Liabilities and equity

	Note	Group 2018	Group 2017	Parent company 2018	Parent company 2017
		TDKK	TDKK	TDKK	TDKK
Share capital		546	546	546	546
Reserve for development costs		84.970	57.380	84.970	57.380
Retained earnings		292.725	189.067	282.080	181.446
Proposed dividend for the year		75.000	0	75.000	0
Equity attributable to shareholders of the Parent Company		**453.241**	**246.993**	**442.596**	**239.372**
Minority interests		2	2	0	0
Equity		**453.243**	**246.995**	**442.596**	**239.372**
Provision for deferred tax	12	17.981	10.314	18.752	13.266
Other provisions	13	6.500	4.700	6.500	4.700
Provisions		**24.481**	**15.014**	**25.252**	**17.966**
Credit institutions		1.477	1.064	1.477	1.064
Prepayments received from customers		3.765	9.669	3.765	9.669
Trade payables		149.292	112.926	146.263	109.279
Payables to group enterprises		26.367	11.761	34.336	18.776
Corporation tax		608	10.732	135	7.751
Other payables		92.972	73.243	78.155	63.947
Deferred income	14	71.012	52.832	71.012	43.163
Short-term debt		**345.493**	**272.227**	**335.143**	**253.649**
Debt		**345.493**	**272.227**	**335.143**	**253.649**
Liabilities and equity		**823.217**	**534.236**	**802.991**	**510.987**

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Statement of Changes in Equity

Group

	Share capital	Reserve for development costs	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	546	57.380	189.070	0	246.996	2	246.998
Exchange adjustments	0	0	73	0	73	0	73
Extraordinary dividend paid	0	0	-15.000	0	-15.000	0	-15.000
Development costs for the year	0	35.102	-35.102	0	0	0	0
Depreciation, amortisation and impairment for the year	0	-7.512	7.512	0	0	0	0
Net profit/loss for the year	0	0	146.172	75.000	221.172	0	221.172
Equity at 31 December	**546**	**84.970**	**292.725**	**75.000**	**453.241**	**2**	**453.243**

Parent company

	Share capital	Reserve for development costs	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
Equity at 1 January	546	57.380	181.447	0	239.373	0	239.373
Exchange adjustments	0	0	48	0	48	0	48
Extraordinary dividend paid	0	0	-15.000	0	-15.000	0	-15.000
Development costs for the year	0	35.102	-35.102	0	0	0	0
Depreciation, amortisation and impairment for the year	0	-7.512	7.512	0	0	0	0
Net profit/loss for the year	0	0	143.175	75.000	218.175	0	218.175
Equity at 31 December	**546**	**84.970**	**282.080**	**75.000**	**442.596**	**0**	**442.596**

Notes to the Financial Statements

	Group		Parent company	
	2018	2017	2018	2017
	TDKK	TDKK	TDKK	TDKK
1 Revenue				
Geographical segments				
America	434.695	310.253	434.695	310.253
Asia	381.442	311.412	361.363	275.839
Europe	663.049	503.711	663.049	503.711
	1.479.186	**1.125.376**	**1.459.107**	**1.089.803**

Notes to the Financial Statements

		Group		Parent company	
		2018	2017	2018	2017
		TDKK	TDKK	TDKK	TDKK
2	**Staff**				
	Wages and Salaries	253.335	203.875	212.062	173.928
	Pensions	13.639	10.673	13.185	9.284
	Other social security expenses	10.974	5.899	4.647	3.355
		277.948	**220.447**	**229.894**	**186.567**
	Wages and Salaries, pensions and other social security expenses are recognised in the following items:				
	Cost of sales	144.128	103.674	144.128	103.674
	Distribution expenses	89.447	67.902	41.393	34.022
	Administrative expenses	44.373	48.871	44.373	48.871
		277.948	**220.447**	**229.894**	**186.567**
	Including remuneration to the Executive Board of Directors	14.059	12.640	14.059	12.640
		14.059	**12.640**	**14.059**	**12.640**
	Average number of employees	**489**	**315**	**353**	**254**

Under Teradyne's stock compensation plans, Teradyne grants stock options, restricted stock units and performance-based restricted stock units, and employees are eligible to purchase Teradyne's common stock through its Employee Stock Purchase Plan ("ESPP"). Time-based restricted stock unit awards, granted to employees, vest in equal annual installments over four years. Restricted stock units are offered to the Executive board of Universal Robots and other Management positions. In 2018 29.310 stock units were granted to employees of Universal Robots. All stock units remain unvested as of 31 December 2018.

Notes to the Financial Statements

	Group		Parent company	
	2018	2017	2018	2017
	TDKK	TDKK	TDKK	TDKK

3 Financial income

Interest received from group enterprises	0	0	130	56
Other financial income	478	260	315	80
Exchange gains	250	0	800	0
	728	**260**	**1.245**	**136**

4 Financial expenses

Interest paid to group enterprises	0	216	29	216
Other financial expenses	891	753	869	678
Exchange loss	0	6.040	0	6.431
	891	**7.009**	**898**	**7.325**

5 Tax on profit/loss for the year

Current tax for the year	61.648	49.419	60.909	44.328
Deferred tax for the year	4.420	229	2.239	2.872
Adjustment of tax concerning previous years	-3.253	0	-3.253	0
Adjustment of deferred tax concerning previous years	3.247	0	3.247	0
	66.062	**49.648**	**63.142**	**47.200**

Notes to the Financial Statements

6 Intangible assets

Group

	Completed development projects	Acquired patents	Acquired licenses	Goodwill	Development projects in progress	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	41.698	4.528	12.317	1.718	77.205	137.466
Additions for the year	24.502	0	4.287	0	20.565	49.354
Disposals for the year	-4.656	0	0	0	0	-4.656
Transfers for the year	76.691	0	0	0	-76.691	0
Cost at 31 December	138.235	4.528	16.604	1.718	21.079	182.164
Impairment losses and amortisation at 1 January	25.973	3.418	6.850	206	0	36.447
Amortisation for the year	16.050	536	3.451	206	0	20.243
Reversal of amortisation of disposals for the year	-4.157	0	0	0	0	-4.157
Impairment losses and amortisation at 31 December	37.866	3.954	10.301	412	0	52.533
Carrying amount at 31 December	**100.369**	**574**	**6.303**	**1.306**	**21.079**	**129.631**

Development projects relating to the further development of the company's product portfolio. The majority of the projects in progress are expected to be finalized in the coming years and the projects are progressing as planned using the resources allocated by Management to the development.

Prior to the launching of the projects the company has studied the market and assessed that there is a need for the products.

Notes to the Financial Statements

6 Intangible assets (continued)

Parent company

	Completed development projects	Acquired patents	Acquired licenses	Development projects in progress	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	41.698	4.528	12.317	77.205	135.748
Additions for the year	24.502	0	4.287	20.565	49.354
Disposals for the year	-4.656	0	0	0	-4.656
Transfers for the year	76.691	0	0	-76.691	0
Cost at 31 December	138.235	4.528	16.604	21.079	180.446
Impairment losses and amortisation at 1 January	25.973	3.418	6.850	0	36.241
Amortisation for the year	16.050	536	3.451	0	20.037
Reversal of amortisation of disposals for the year	-4.157	0	0	0	-4.157
Impairment losses and amortisation at 31 December	37.866	3.954	10.301	0	52.121
Carrying amount at 31 December	**100.369**	**574**	**6.303**	**21.079**	**128.325**

Development projects relating to the further development of the company's product portfolio. The majority of the projects in progress are expected to be finalized in the coming years and the projects are progressing as planned using the resources allocated by Management to the development.

Prior to the launching of the projects the company has studied the market and assessed that there is a need for the products.

Notes to the Financial Statements

7 Property, plant and equipment

Group

	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress	Total
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	79.591	31.895	7.571	119.057
Exchange adjustment	2	22	0	24
Additions for the year	55.343	6.776	2.065	64.184
Disposals for the year	-6.192	0	0	-6.192
Transfers for the year	9.939	-2.368	-7.571	0
Cost at 31 December	138.683	36.325	2.065	177.073
Impairment losses and depreciation at 1 January	32.633	8.809	0	41.442
Exchange adjustment	7	13	0	20
Depreciation for the year	24.636	4.428	0	29.064
Reversal of impairment and depreciation of sold assets	-5.764	0	0	-5.764
Transfers for the year	642	-642	0	0
Impairment losses and depreciation at 31 December	52.154	12.608	0	64.762
Carrying amount at 31 December	**86.529**	**23.717**	**2.065**	**112.311**

Notes to the Financial Statements

7 Property, plant and equipment (continued)

Parent company

	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress	Total
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	72.861	30.786	7.571	111.218
Exchange adjustment	7	3	0	10
Additions for the year	50.680	4.804	2.065	57.549
Disposals for the year	-6.192	0	0	-6.192
Transfers for the year	9.939	-2.368	-7.571	0
Cost at 31 December	127.295	33.225	2.065	162.585
Impairment losses and depreciation at 1 January	30.277	8.274	0	38.551
Exchange adjustment	1	1	0	2
Depreciation for the year	22.941	4.065	0	27.006
Reversal of impairment and depreciation of sold assets	-5.764	0	0	-5.764
Transfers for the year	642	-642	0	0
Impairment losses and depreciation at 31 December	48.097	11.698	0	59.795
Carrying amount at 31 December	**79.198**	**21.527**	**2.065**	**102.790**

8 Investments in subsidiaries

	Parent company 2018	Parent company 2017
	TDKK	TDKK
Cost at 1 January	5.399	5.399
Disposals for the year	0	0
Carrying amount at 31 December	**5.399**	**5.399**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership	Equity	Net profit/loss for the year
Universal Robots (Shanghai) Co. Ltd.	Shanghai, China	100%	14.122	5.636
Universal Robots (India) Private Limited	Bangalore, India	99%	1.357	482
Universal Robots Spain S.L.	Barcelona, Spain	100%	1.310	391
Universal Robots (Singapore) Pte. Ltd.	Singapore, Singapore	100%	2.423	423
Universal Robots Germany	Hamburg, Germany	100%	1.926	1.031
Universal Robots Mexico S.A. de C.V.	Mexico City, Mexico	100%	142	141
			21.280	8.104

9 Other fixed asset investments

	Group	Parent company
	Deposits	Deposits
	TDKK	TDKK
Cost at 1 January	2.285	821
Additions for the year	3.673	4.307
Cost at 31 December	5.958	5.128
Carrying amount at 31 December	**5.958**	**5.128**

Notes to the Financial Statements

10 Prepayments

Prepayments consist of prepaid expenses concerning insurance premiums, marketing materials, subscriptions and other costs.

11 Distribution of profit

	Parent company 2018	Parent company 2017
	TDKK	TDKK
Extraordinary dividend paid	15.000	70.000
Proposed dividend for the year	75.000	0
Retained earnings	128.175	96.019
	218.175	**166.019**

12 Provision for deferred tax

	Group 2018	Group 2017	Parent company 2018	Parent company 2017
	TDKK	TDKK	TDKK	TDKK
Provision for deferred tax at 1 January	10.314	10.027	13.266	10.370
Amounts recognised in the income statement for the year	7.667	287	5.486	2.896
Provision for deferred tax at 31 December	**17.981**	**10.314**	**18.752**	**13.266**

13 Other provisions

The Company provides warranties of up to 15 months on its products and is therefore obliged to repair or replace goods which are not satisfactory. Based on previous experience in respect of the level of repairs and returns, the following have been recognised for expected warranty claims.

Warranty provisions	6.500	4.700	6.500	4.700
	6.500	**4.700**	**6.500**	**4.700**

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Notes to the Financial Statements

14 Deferred income

Deferred income relates to accrual of revenue from future services relating to the company's delivered products and additional warranty.

15 Contingent assets, liabilities and other financial obligations

	Group		Parent company	
	2018	2017	2018	2017
	TDKK	TDKK	TDKK	TDKK
Rental and lease obligations				
Rent and lease liabilities	71.927	58.779	48.281	43.450
Guarantee obligations				
The company has issued guarentee commiments covering bankfacilities of group companies at a maximum of	0	0	6.104	5.400

Other contingent liabilities

Parent company

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Danish group. The total amount of corporation tax payable is disclosed in the Annual Report of Teradyne Holdings Denmark ApS, which is the management company of the joint taxation purposes. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company’s liability.

	Group		Parent company	
Including to group enterprises				
Guarantee obligations	0	0	6.104	5.400

Notes to the Financial Statements

16 Related parties

	Basis
Controlling interest	
Teradyne Inc.	Ultimate Parent

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

There have been no transactions with the Supervisory Board, the Executive Board, senior officers, significant shareholders, group enterprises or other related parties, except for intercompany transactions and normal management remuneration.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company:

Name	Place of registered office
Teradyne Inc.	North Reading, MA, USA

Notes to the Financial Statements

	Group		Parent company	
	2018	2017	2018	2017
	TDKK	TDKK	TDKK	TDKK
17 Fee to auditors appointed at the general meeting				
PricewaterhouseCoopers				
Audit fee	320	236	320	236
Other assurance engagements	43	57	0	57
Tax advisory services	52	11	52	11
Other services	84	625	84	625
	499	**929**	**456**	**929**
KPMG				
Audit fee	193	195	0	0
Other services	0	6	0	0
	193	**201**	**0**	**0**
	692	**1.130**	**456**	**929**

18 Subsequent events

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

Notes to the Financial Statements

19 Accounting Policies

The Annual Report of Universal Robots A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2018 are presented in TDKK.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Teradyne Inc., the Company and the Group have not prepared a cash flow statement.

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.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Universal Robots A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Compa-

Notes to the Financial Statements

19 Accounting Policies (continued)

ny's share of the net asset value of subsidiaries stated at the time of consolidation.

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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.

Revenue

Information on geographical segments based on the Group´s risks and returns and its internal financial reporting system. Geographical segments are regarded as the primary segments.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service

Notes to the Financial Statements

19 Accounting Policies (continued)

and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Cost of sales

Cost of sales comprises costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc, as well as operation, administration and management of factories.

Distribution expenses

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc. Amortisation of goodwill is also included to the extent that goodwill relates to distribution activities.

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc. Amortisation of goodwill is also included to the extent that goodwill relates to administrative activities.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

Financial income and expenses

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

Notes to the Financial Statements

19 Accounting Policies (continued)

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.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Development projects, patents and licences

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the Group can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item "Reserve for development costs". The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 5 years.

Patents and licences are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

Patents are amortised over the remaining patent period or a shorter useful life. The amortisation period is 5 years. Software licences are amortised over the period of the agreement, which is 3 years.

Notes to the Financial Statements

19 Accounting Policies (continued)

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life of 10 years. determined on the basis of Management's experience with the individual business areas.

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	2-10 years
Leasehold improvements	2-8 years

Depreciation period and residual value are reassessed annually.

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.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the

Notes to the Financial Statements

19 Accounting Policies (continued)

inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period of up to 15 months. Provisions are measured and recognised based on experience with guarantee work.

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 de-

Notes to the Financial Statements

19 Accounting Policies (continued)

ferred 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.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$