
Universal Robots A/S

Energivej 25, DK-5260 Odense S

Annual Report for 1 January - 31 December 2020

CVR No 29 13 80 60

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
25/2 2021

Ole Nørgaard
Chairman of the General
Meeting



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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 2020.

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 2020 of the Company and the Group and of the results of the Company and Group operations for 2020.

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, 25 February 2021

Executive Board

Gregory Stephen Smith
CEO

Klaus Michael Vestergaard
CFO

Board of Directors

Charles Jeffrey Gray
Chairman

Michael Dennis Callahan

Amy Rose McAndrews

Gregory Stephen Smith

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 2020 and of the results of the Group's and the Parent Company's operations for the financial year 1 January - 31 December 2020 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 2020, 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 Financial 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

Independent Auditor's Report

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 condi-

Independent Auditor's Report

tions 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, 25 February 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Mikael Johansen
State Authorized Public Accountant
mne23318

Anders Kronborg Choy
State Authorized Public Accountant
mne44142

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

Charles Jeffrey Gray , Chairman
Michael Dennis Callahan
Amy Rose McAndrews
Gregory Stephen Smith

Executive Board

Gregory Stephen Smith
Klaus Michael Vestergaard

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Munkebjergvænget 1, 3. og 4. sal
DK-5230 Odense M

Financial Highlights

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

	Group				
	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK	2016 TDKK
Key figures					
Profit/loss					
Revenue	1.437.762	1.658.558	1.479.186	1.125.376	662.466
Operating profit/loss	200.777	274.324	288.321	231.473	80.296
Net financials	-17.064	192	-163	-6.749	-2.780
Net profit/loss for the year	151.264	213.307	221.172	174.825	74.163
Balance sheet					
Balance sheet total	936.683	922.124	823.217	534.236	329.914
Equity	601.549	591.990	453.243	246.995	142.673
Investment in property, plant and equipment	34.359	37.674	64.184	41.448	43.780
Number of employees	678	602	489	315	236
Ratios					
Profit margin	13,9%	16,5%	19,4%	20,5%	14,2%
Return on assets	21,4%	29,7%	34,9%	43,3%	28,5%
Solvency ratio	64,2%	64,2%	55,1%	46,2%	43,2%
Return on equity	25,3%	40,8%	63,2%	89,7%	70,2%

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 before tax for 2020 of DKK 183,196k, and equity amounts to DKK 601,549k at 31. December 2020. The results are overall considered satisfactory especially in the light of the COVID-19 pandemic that materially impacted the company's revenue during the year.

Revenue decreased by 13% compared to the prior year because of the COVID-19 pandemic impact on the Group's markets and verticals. The pandemic hit the Group especially within the first 3 quarters of the year but did see improvements during the 2nd half of the year and particularly with a Q4 being back into growth.

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, Sweden, United Kingdom, China, Singapore, India, Japan, Taiwan and South Korea.

Management expects strong revenue growth within the Group in 2021, unless the pandemic flares up again and affects the business environment negatively. Due to the current pandemic, specific growth expectations cannot be expressed at this point.

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 A/S, and corporate 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's 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: <https://www.universal-robots.com/media/1817553/2020-corporate-social-responsibility-report.pdf>

Income Statement 1 January - 31 December

	Note	Group		Parent company	
		2020 TDKK	2019 TDKK	2020 TDKK	2019 TDKK
Revenue	1	1.437.762	1.658.558	1.408.609	1.623.508
Cost of sales	2	-715.033	-772.068	-711.291	-772.068
Gross profit/loss		722.729	886.490	697.318	851.440
Distribution expenses	2	-383.158	-458.824	-363.032	-433.672
Administrative expenses	2	-138.794	-153.342	-138.794	-153.342
Operating profit/loss		200.777	274.324	195.492	264.426
Other operating expenses		-517	-513	-517	-513
Profit/loss before financial income and expenses		200.260	273.811	194.975	263.913
Financial income	3	161	1.666	199	1.546
Financial expenses	4	-17.225	-1.474	-15.890	-1.198
Profit/loss before tax		183.196	274.003	179.284	264.261
Tax on profit/loss for the year	5	-31.932	-60.696	-31.082	-57.806
Net profit/loss for the year		151.264	213.307	148.202	206.455

Balance Sheet 31 December

Assets

	Note	Group		Parent company	
		2020	2019	2020	2019
		TDKK	TDKK	TDKK	TDKK
Completed development projects		105.915	93.479	105.915	93.479
Acquired patents		936	344	936	344
Acquired licenses		13.605	8.822	13.605	8.822
Goodwill		894	1.100	0	0
Development projects in progress		70.697	52.243	70.697	52.243
Intangible assets	6	192.047	155.988	191.153	154.888
Other fixtures and fittings, tools and equipment		74.620	86.639	65.229	77.133
Leasehold improvements		16.116	21.090	13.002	17.573
Property, plant and equipment in progress		16.132	3.684	16.132	3.684
Property, plant and equipment	7	106.868	111.413	94.363	98.390
Investments in subsidiaries	8	0	0	5.399	5.399
Receivables from group enterprises	9	0	0	6.692	5.288
Deposits	9	9.279	8.760	5.335	5.230
Fixed asset investments		9.279	8.760	17.426	15.917
Fixed assets		308.194	276.161	302.942	269.195

Balance Sheet 31 December

Assets

	Note	Group		Parent company	
		2020 TDKK	2019 TDKK	2020 TDKK	2019 TDKK
Raw materials and consumables		97.727	147.539	97.727	147.539
Work in progress		0	551	0	551
Finished goods and goods for resale		27.405	54.823	20.283	46.757
Prepayments for goods		35.518	31.839	35.518	31.839
Inventories		160.650	234.752	153.528	226.686
Trade receivables		143.385	151.329	124.944	135.883
Receivables from group enterprises		2.491	191	30.146	46.501
Other receivables		5.257	13.329	5.499	6.679
Prepayments	10	9.845	14.159	5.900	11.177
Receivables		160.978	179.008	166.489	200.240
Cash at bank and in hand		306.861	232.203	273.898	187.408
Currents assets		628.489	645.963	593.915	614.334
Assets		936.683	922.124	896.857	883.529

Balance Sheet 31 December

Liabilities and equity

	Note	Group		Parent company	
		2020 TDKK	2019 TDKK	2020 TDKK	2019 TDKK
Share capital		546	546	546	546
Reserve for development costs		134.193	103.129	134.193	103.129
Reserve for currency exchange		-1.705	0	-146	0
Retained earnings		323.513	388.313	302.572	370.434
Proposed dividend for the year		145.000	100.000	145.000	100.000
Equity attributable to shareholders of the Parent Company		601.547	591.988	582.165	574.109
Minority interests		2	2	0	0
Equity		601.549	591.990	582.165	574.109
Provision for deferred tax	12	17.372	16.972	20.605	20.064
Other provisions	13	15.100	10.000	15.100	10.000
Provisions		32.472	26.972	35.705	30.064
Deferred income		69.032	61.232	61.165	59.228
Long-term debt	14	69.032	61.232	61.165	59.228
Credit institutions		466	1.674	466	1.674
Prepayments received from customers		1.331	7.871	1.331	7.871
Trade payables		67.335	76.569	63.622	71.788
Payables to group enterprises		20.278	31.916	33.634	39.381
Corporation tax		6.293	6.329	3.447	1.824
Other payables		97.586	85.346	79.466	65.365
Deferred income	14,15	40.341	32.225	35.856	32.225
Short-term debt		233.630	241.930	217.822	220.128
Debt		302.662	303.162	278.987	279.356
Liabilities and equity		936.683	922.124	896.857	883.529

Balance Sheet 31 December

Liabilities and equity

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Statement of Changes in Equity

Group

	Share capital	Reserve for development costs	Reserve for currency exchange	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	546	103.129	0	388.313	100.000	591.988	2	591.990
Ordinary dividend paid	0	0	0	0	-100.000	-100.000	0	-100.000
Extraordinary dividend paid	0	0	0	-40.000	0	-40.000	0	-40.000
Transfers, reserves	0	0	-1.705	0	0	-1.705	0	-1.705
Development costs for the year	0	53.495	0	-53.495	0	0	0	0
Depreciation, amortisation and impairment for the year	0	-22.431	0	22.431	0	0	0	0
Net profit/loss for the year	0	0	0	6.264	145.000	151.264	0	151.264
Equity at 31 December	546	134.193	-1.705	323.513	145.000	601.547	2	601.549

Statement of Changes in Equity

Parent company

	Share capital	Reserve for development costs	Reserve for currency exchange	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	546	103.129	0	370.434	100.000	574.109	0	574.109
Ordinary dividend paid	0	0	0	0	-100.000	-100.000	0	-100.000
Extraordinary dividend paid	0	0	0	-40.000	0	-40.000	0	-40.000
Transfers, reserves	0	0	-146	0	0	-146	0	-146
Development costs for the year	0	53.495	0	-53.495	0	0	0	0
Depreciation, amortisation and impairment for the year	0	-22.431	0	22.431	0	0	0	0
Net profit/loss for the year	0	0	0	3.202	145.000	148.202	0	148.202
Equity at 31 December	546	134.193	-146	302.572	145.000	582.165	0	582.165

Notes to the Financial Statements

1 Revenue	Group		Parent company	
	2020	2019	2020	2019
	TDKK	TDKK	TDKK	TDKK
Geographical segments				
America	405.916	469.734	406.221	469.722
Asia	404.650	469.283	376.243	435.628
Europe	627.196	719.541	626.145	718.158
	1.437.762	1.658.558	1.408.609	1.623.508

Notes to the Financial Statements

	Group		Parent company	
	2020 TDKK	2019 TDKK	2020 TDKK	2019 TDKK
2 Staff				
Wages and Salaries	326.535	329.657	265.553	254.522
Pensions	19.069	18.561	16.140	15.739
Other social security expenses	13.038	15.780	6.095	5.821
	358.642	363.998	287.788	276.082
Wages and Salaries, pensions and other social security expenses are recognised in the following items:				
Cost of sales	193.665	180.601	193.665	180.601
Distribution expenses	131.011	131.866	60.157	43.950
Administrative expenses	33.966	51.531	33.966	51.531
	358.642	363.998	287.788	276.082
Including remuneration to the Executive Board of Directors	12.366	9.610	12.366	9.610
	12.366	9.610	12.366	9.610
Average number of employees	678	602	450	423

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 2020 24.985 stock units were granted to employees of Universal Robots and 20.068 stock units were vested.

Notes to the Financial Statements

	Group		Parent company	
	2020 TDKK	2019 TDKK	2020 TDKK	2019 TDKK
3 Financial income				
Interest received from group enterprises	0	0	131	135
Other financial income	161	553	68	479
Exchange gains	0	1.113	0	932
	161	1.666	199	1.546
4 Financial expenses				
Interest paid to group enterprises	0	0	0	29
Other financial expenses	2.901	954	1.370	931
Exchange loss	14.324	520	14.520	238
	17.225	1.474	15.890	1.198
5 Tax on profit/loss for the year				
Current tax for the year	32.749	62.212	29.464	57.012
Deferred tax for the year	-1.811	-746	805	1.076
Adjustment of tax concerning previous years	-1.362	-733	813	-282
Adjustment of deferred tax concerning previous years	2.356	-37	0	0
	31.932	60.696	31.082	57.806

Notes to the Financial Statements

6 Intangible assets

Group

	Completed development projects	Acquired pa- tents	Acquired licenses	Goodwill	Development projects in progress	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	158.813	4.647	23.269	1.718	52.242	240.689
Additions for the year	18.611	800	6.786	0	49.985	76.182
Disposals for the year	0	0	-44	0	0	-44
Transfers for the year	26.017	0	5.513	0	-31.530	0
Cost at 31 December	203.441	5.447	35.524	1.718	70.697	316.827
Impairment losses and amortisation at 1 January	65.333	4.303	14.448	618	0	84.702
Amortisation for the year	32.193	208	7.515	206	0	40.122
Reversal of amortisation of disposals for the year	0	0	-44	0	0	-44
Impairment losses and amortisation at 31 December	97.526	4.511	21.919	824	0	124.780
Carrying amount at 31 December	105.915	936	13.605	894	70.697	192.047

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 pa- tents	Acquired licenses	Development projects in progress	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	158.813	4.647	23.269	52.242	238.971
Additions for the year	18.611	800	6.786	49.985	76.182
Disposals for the year	0	0	-44	0	-44
Transfers for the year	26.017	0	5.513	-31.530	0
Cost at 31 December	203.441	5.447	35.524	70.697	315.109
Impairment losses and amortisation at 1 January	65.333	4.303	14.448	0	84.084
Amortisation for the year	32.193	208	7.515	0	39.916
Reversal of amortisation of disposals for the year	0	0	-44	0	-44
Impairment losses and amortisation at 31 December	97.526	4.511	21.919	0	123.956
Carrying amount at 31 December	105.915	936	13.605	70.697	191.153

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	161.308	38.911	3.684	203.903
Exchange adjustment	-800	-414	0	-1.214
Additions for the year	18.749	1.097	14.513	34.359
Disposals for the year	-5.754	-1.341	0	-7.095
Transfers for the year	2.065	0	-2.065	0
Cost at 31 December	<u>175.568</u>	<u>38.253</u>	<u>16.132</u>	<u>229.953</u>
Impairment losses and depreciation at 1 January	74.668	17.821	0	92.489
Exchange adjustment	-309	-166	0	-475
Depreciation for the year	31.494	5.547	0	37.041
Reversal of impairment and depreciation of sold assets	<u>-4.905</u>	<u>-1.065</u>	<u>0</u>	<u>-5.970</u>
Impairment losses and depreciation at 31 December	<u>100.948</u>	<u>22.137</u>	<u>0</u>	<u>123.085</u>
Carrying amount at 31 December	<u>74.620</u>	<u>16.116</u>	<u>16.132</u>	<u>106.868</u>

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	145.152	33.686	3.684	182.522
Exchange adjustment	-237	-23	0	-260
Additions for the year	15.409	333	14.513	30.255
Disposals for the year	-5.700	-144	0	-5.844
Transfers for the year	2.065	0	-2.065	0
Kostpris at 31 December	156.689	33.852	16.132	206.673
Impairment losses and depreciation at 1 January	68.020	16.113	0	84.133
Exchange adjustment	-64	-13	0	-77
Depreciation for the year	28.359	4.836	0	33.195
Reversal of impairment and depreciation of sold assets	-4.855	-86	0	-4.941
Impairment losses and depreciation at 31 December	91.460	20.850	0	112.310
Carrying amount at 31 December	65.229	13.002	16.132	94.363

Notes to the Financial Statements

	Parent company	
	2020	2019
	TDKK	TDKK
8 Investments in subsidiaries		
Cost at 1 January	5.399	5.399
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%	15.961	-2.524
Universal Robots (India) Private Limited	Bangalore, India	99%	1.770	398
Universal Robots Spain S.L.	Barcelona, Spain	100%	3.010	1.037
Universal Robots (Singapore) Pte. Ltd.	Singapore, Singapore	100%	5.358	1.005
Universal Robots Germany	Hamburg, Germany	100%	5.456	1.626
Universal Robots Mexico S.A. de C.V.	Mexico City, Mexico	100%	725	-13
Universal Robot (UK) Ltd.	London, United Kingdom	100%	359	368
			<u>32.639</u>	<u>1.897</u>

Notes to the Financial Statements

9 Other fixed asset investments

	<u>Group</u>		<u>Parent company</u>
	Deposits TDKK	Receivables from group enterprises TDKK	Deposits TDKK
Cost at 1 January	8.760	5.288	5.230
Additions for the year	519	1.404	105
Cost at 31 December	9.279	6.692	5.335
Carrying amount at 31 December	9.279	6.692	5.335

10 Prepayments

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

11 Distribution of profit

	<u>Parent company</u>	
	2020 TDKK	2019 TDKK
Extraordinary dividend paid	40.000	0
Proposed dividend for the year	145.000	100.000
Retained earnings	-36.798	106.455
	148.202	206.455

12 Provision for deferred tax

	<u>Group</u>		<u>Parent company</u>	
	2020 TDKK	2019 TDKK	2020 TDKK	2019 TDKK
Provision for deferred tax at 1 January	16.972	17.981	20.064	18.752
Amounts recognised in the income statement for the year	400	-1.009	541	1.312
Provision for deferred tax at 31 December	17.372	16.972	20.605	20.064

Notes to the Financial Statements

	Group		Parent company	
	2020	2019	2020	2019
	TDKK	TDKK	TDKK	TDKK
13 Other provisions				
<p>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.</p>				
Warranty provisions	15.100	10.000	15.100	10.000
	15.100	10.000	15.100	10.000

14 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Deferred income

Between 1 and 5 years	69.032	61.232	61.165	59.228
Long-term part	69.032	61.232	61.165	59.228
Within 1 year	0	0	0	0
Other deferred income	40.341	32.225	35.856	32.225
	109.373	93.457	97.021	91.453

15 Deferred income

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

Notes to the Financial Statements

16 Contingent assets, liabilities and other financial obligations

	Group		Parent company	
	2020	2019	2020	2019
	TDKK	TDKK	TDKK	TDKK
Rental and lease obligations				
Rent and lease liabilities	62.006	76.976	39.500	46.562
Guarantee obligations				
The company has issued guarantee commitments covering bankfacilities of group companies at a maximum of	0	0	3.862	5.742
Other contingent liabilities				
Parent company				
<p>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.</p>				
Including to group enterprises				
Guarantee obligations	0	0	3.862	5.742

Notes to the Financial Statements

17 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	
	2020	2019	2020	2019
	TDKK	TDKK	TDKK	TDKK
18 Fee to auditors appointed at the general meeting				
PricewaterhouseCoopers				
Audit fee	385	365	350	320
Other assurance engagements	0	9	0	9
Tax advisory services	256	292	256	292
Other services	54	58	54	58
	695	724	660	679
KPMG				
Audit fee	226	267	0	0
	226	267	0	0
	921	991	660	679

19 Subsequent events

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

Notes to the Financial Statements

20 Accounting Policies

The Annual Report of Universal Robots A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The Consolidated and Parent Company Financial Statements for 2020 are presented in TDKK.

Changes in accounting policies

The Company's accounting policy has been changed in 2020 to reflect the amendments made to the Danish Financial Statements Act. The change has resulted in reclassifications between equity reserves. The change has not affected the net result for the year or equity at year end.

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

Notes to the Financial Statements

20 Accounting Policies (continued)

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 Company'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.

Business acquisitions carried through before 1 July 2018

Minority interests are recognised at the carrying amounts of the acquired assets and liabilities at the time of acquisition of subsidiaries.

Business acquisitions carried through on or after 1 July 2018

Minority interests are initially measured at their proportionate share of the fair value of the acquired entity's identifiable net assets. In this way, only goodwill related to the Parent Company's share of the entity acquired is recognised.

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.

Notes to the Financial Statements

20 Accounting Policies (continued)

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 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.

Notes to the Financial Statements

20 Accounting Policies (continued)

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.

Financial income and expenses

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

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 amor-

Notes to the Financial Statements

20 Accounting Policies (continued)

tisation 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.

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.

Notes to the Financial Statements

20 Accounting Policies (continued)

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 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.

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Notes to the Financial Statements

20 Accounting Policies (continued)

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 deferred 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

Notes to the Financial Statements

20 Accounting Policies (continued)

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