
Litepoint Europe A/S

Alfred Nobles Vej 27, 3., DK-9220 Aalborg Øst

Annual Report for 1 January - 31 December 2018

CVR No 29 61 80 46

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
30/05 2019

Carsten Palsgaard
Chairman of the General
Meeting



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Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Company Information	
Company Information	4
Financial Statements	
Income Statement 1 January - 31 December	5
Balance Sheet 31 December	6
Statement of Changes in Equity	8
Notes to the Financial Statements	9

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Litepoint Europe 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 give a true and fair view of the financial position at 31 December 2018 of the Company and of the results of the Company operations for 2018.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Aalborg, 30 May 2019

Executive Board

Jens Jungersen
Executive Officer

Board of Directors

Michael Dennis Callahan

Charles Jeffrey Gray

Bradford Bigelow Robbins

Independent Auditor's Report

To the Shareholder of Litepoint Europe A/S

Opinion

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

We have audited the Financial Statements of Litepoint Europe 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 ("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 Company 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.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of 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 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 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

Independent Auditor's Report

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 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 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 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.

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, 30 May 2019

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Mikael Johansen
State Authorised Public Accountant
mne23318

Henrik Trangeled Kristensen
State Authorised Public Accountant
mne23333

Company Information

The Company

Litepoint Europe A/S
Alfred Nobles Vej 27, 3.
DK-9220 Aalborg Øst

CVR No: 29 61 80 46
Financial period: 1 January - 31 December
Municipality of reg. office: Aalborg

Board of Directors

Michael Dennis Callahan
Charles Jeffrey Gray
Bradford Bigelow Robbins

Executive Board

Jens Jungersen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Rytterkasernen 21
DK-5000 Odense C

Income Statement 1 January - 31 December

	Note	2018 DKK	2017 DKK
Gross profit/loss		10.888.718	10.341.612
Staff expenses	2	-9.000.866	-7.932.351
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-26.521	-697.423
Profit/loss before financial income and expenses		1.861.331	1.711.838
Financial income		5.767	7
Financial expenses		-117.619	-603.799
Profit/loss before tax		1.749.479	1.108.046
Tax on profit/loss for the year	3	-453.571	-373.711
Net profit/loss for the year		1.295.908	734.335

Distribution of profit

Proposed distribution of profit

Retained earnings	1.295.908	734.335
	1.295.908	734.335

Balance Sheet 31 December

Assets

	Note	2018 DKK	2017 DKK
Acquired licenses		0	0
Intangible assets	4	0	0
Other fixtures and fittings, tools and equipment		6.629	33.151
Leasehold improvements		0	0
Property, plant and equipment	5	6.629	33.151
Fixed assets		6.629	33.151
Trade receivables		8.575.735	4.940.376
Other receivables		337.577	338.813
Deferred tax asset		176.984	257.863
Prepayments		102.584	29.015
Receivables		9.192.880	5.566.067
Cash at bank and in hand		5.908.730	5.421.253
Currents assets		15.101.610	10.987.320
Assets		15.108.239	11.020.471

Balance Sheet 31 December

Liabilities and equity

	<u>Note</u>	<u>2018</u> DKK	<u>2017</u> DKK
Share capital		500.000	500.000
Retained earnings		<u>7.367.752</u>	<u>6.071.843</u>
Equity		<u>7.867.752</u>	<u>6.571.843</u>
Trade payables		135.297	62.161
Payables to group enterprises		4.952.805	2.236.320
Corporation tax		95.516	109.524
Other payables		<u>2.056.869</u>	<u>2.040.623</u>
Short-term debt		<u>7.240.487</u>	<u>4.448.628</u>
Debt		<u>7.240.487</u>	<u>4.448.628</u>
Liabilities and equity		<u>15.108.239</u>	<u>11.020.471</u>
Main activity	1		
Contingent assets, liabilities and other financial obligations	6		
Related parties	7		
Accounting Policies	8		

Statement of Changes in Equity

	<u>Share capital</u> DKK	<u>Retained earnings</u> DKK	<u>Total</u> DKK
Equity at 1 January	500.000	6.071.844	6.571.844
Net profit/loss for the year	0	1.295.908	1.295.908
Equity at 31 December	500.000	7.367.752	7.867.752

Notes to the Financial Statements

1 Main activity

The company's main activity is to trade and test wireless communications equipment.

	2018 DKK	2017 DKK
2 Staff expenses		
Wages and salaries	7.839.532	6.947.113
Other social security expenses	23.330	27.602
Other staff expenses	1.138.004	957.636
	<u>9.000.866</u>	<u>7.932.351</u>
 Average number of employees	 <u>9</u>	 <u>8</u>

3 Tax on profit/loss for the year

Current tax for the year	372.414	356.628
Deferred tax for the year	80.879	-60.421
Adjustment of tax concerning previous years	278	77.504
	<u>453.571</u>	<u>373.711</u>

4 Intangible assets

	Acquired licenses DKK
Cost at 1 January	<u>2.599.497</u>
Cost at 31 December	<u>2.599.497</u>
Impairment losses and amortisation at 1 January	<u>2.599.497</u>
Impairment losses and amortisation at 31 December	<u>2.599.497</u>
 Carrying amount at 31 December	 <u>0</u>

Notes to the Financial Statements

5 Property, plant and equipment

	Other fixtures and fittings, tools and equipment <u>DKK</u>	Leasehold improvements <u>DKK</u>
Cost at 1 January	336.597	42.024
Disposals for the year	<u>-52.650</u>	<u>0</u>
Cost at 31 December	<u>283.947</u>	<u>42.024</u>
Impairment losses and depreciation at 1 January	303.447	42.024
Depreciation for the year	26.521	0
Reversal of impairment and depreciation of sold assets	<u>-52.650</u>	<u>0</u>
Impairment losses and depreciation at 31 December	<u>277.318</u>	<u>42.024</u>
Carrying amount at 31 December	<u>6.629</u>	<u>0</u>

6 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

	<u>2018</u> DKK	<u>2017</u> DKK
Rent obligations	296.411	377.790

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the 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 group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on un-earned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

7 Related parties

	<u>Basis</u>
Controlling interest	
LitePoint Corporation	Holds the majority of the share capital
Consolidated Financial Statements	
<u>Name</u>	<u>Place of registered office</u>
LitePoint Corporation	USA
Teradyne Inc.	USA

The Group Annual Report of LitePoint Corporation and Teradyne Inc. may be obtained by contacting the company.

Notes to the Financial Statements

8 Accounting Policies

The Annual Report of Litepoint Europe A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2018 are presented in DKK.

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.

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

8 Accounting Policies (continued)

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 Company.

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 Company. 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.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses other than production wages.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Notes to the Financial Statements

8 Accounting Policies (continued)

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 subsidiaries. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance Sheet

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	2-5 years
Leasehold improvements	2-5 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

8 Accounting Policies (continued)

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

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

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.