Litepoint Europe A/S

Alfred Nobels Vej 27, DK-9220 Aalborg Øst

Annual Report for 1 January - 31 December 2019

CVR No 29 61 80 46

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 25/8 2020

Carsten Palsgaard
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 Litepoint Europe A/S for the financial year 1 January - 31 December 2019.

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 2019 of the Company and of the results of the Company operations for 2019.

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

Aalborg, 25 August 2020

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 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 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 2019, which comprise income statement, balance sheet 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 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, 25 August 2020
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 Nobels Vej 27 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	2019 DKK	2018 DKK
Gross profit/loss		**14.824.268**	**11.218.482**
Staff expenses	3	-12.473.454	-9.330.630
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-322.499	-26.521
Profit/loss before financial income and expenses		**2.028.315**	**1.861.331**
Financial income		87.708	5.767
Financial expenses		-132.900	-117.619
Profit/loss before tax		**1.983.123**	**1.749.479**
Tax on profit/loss for the year	4	-532.269	-453.571
Net profit/loss for the year		**1.450.854**	**1.295.908**

Distribution of profit

Proposed distribution of profit

Retained earnings	1.450.854	1.295.908
	1.450.854	**1.295.908**

Balance Sheet 31 December

Assets

	Note	2019	2018
		DKK	DKK
Acquired licenses		0	0
Intangible assets	5	**0**	**0**
Land and buildings		210.264	0
Other fixtures and fittings, tools and equipment		0	6.629
Leasehold improvements		0	0
Property, plant and equipment in progress		11.427	0
Property, plant and equipment	6	**221.691**	**6.629**
Deposits		141.639	147.252
Fixed asset investments	7	**141.639**	**147.252**
Fixed assets		**363.330**	**153.881**
Trade receivables		5.772.517	8.575.735
Other receivables		187.085	190.325
Deferred tax asset		92.848	176.984
Prepayments		14.388	102.584
Receivables		**6.066.838**	**9.045.628**
Cash at bank and in hand		**10.061.711**	**5.943.937**
Currents assets		**16.128.549**	**14.989.565**
Assets		**16.491.879**	**15.143.446**

Balance Sheet 31 December

Liabilities and equity

	Note	2019	2018
		DKK	DKK
Share capital		500.000	500.000
Retained earnings		8.818.608	7.367.752
Equity	8	**9.318.608**	**7.867.752**
Other payables		146.244	0
Long-term debt	9	**146.244**	**0**
Credit institutions		14.889	35.207
Lease obligations		210.595	0
Trade payables		125.836	135.297
Payables to group enterprises		4.002.031	4.952.805
Corporation tax		151.538	95.516
Other payables	9	2.522.138	2.056.869
Short-term debt		**7.027.027**	**7.275.694**
Debt		**7.173.271**	**7.275.694**
Liabilities and equity		**16.491.879**	**15.143.446**
Subsequent events	1		
Main activity	2		
Contingent assets, liabilities and other financial obligations	10		
Related parties	11		
Accounting Policies	12		

Notes to the Financial Statements

1 Subsequent events

The implications of COVID-19 with many governments across the world deciding to "close down their countries", will have great impact on the global economy. Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date (31 December 2019), which is therefore a non-adjusting event to the Company.

Many of the Company's customers have indicated that they will continue projects in progress, but there is still a risk that COVID-19 will have negative impacts on the Company's revenue and earnings in 2020. Management is monitoring developments closely. It is, however, too early yet to give an opinion as to whether and, if so, to what extent COVID-19 will impact revenue and earnings in 2020. Naturally, Management will make an effort to recapture any lost revenue later in the year.

At this time, it is not possibleto calculate the size of the negative Covid-19 impact.

2 Main activity

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

	2019	2018
	DKK	DKK
3 Staff expenses		
Wages and salaries	10.819.115	7.836.406
Pensions	367.782	332.890
Other social security expenses	32.348	23.330
Other staff expenses	1.254.209	1.138.004
	12.473.454	**9.330.630**
Average number of employees	**11**	**9**

4 Tax on profit/loss for the year

	2019	2018
Current tax for the year	448.133	372.414
Deferred tax for the year	84.136	80.879
Adjustment of tax concerning previous years	0	278
	532.269	**453.571**

Notes to the Financial Statements

5 Intangible assets

	Acquired licenses
	DKK
Cost at 1 January	2.599.497
Cost at 31 December	2.599.497
Impairment losses and amortisation at 1 January	2.599.497
Impairment losses and amortisation at 31 December	2.599.497
Carrying amount at 31 December	**0**

6 Property, plant and equipment

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress	Total
	DKK	DKK	DKK	DKK	DKK
Cost at 1 January	0	283.947	42.024	0	325.971
Additions for the year	526.134	0	0	11.427	537.561
Cost at 31 December	526.134	283.947	42.024	11.427	863.532
Impairment losses and depreciation at 1 January	0	277.318	42.024	0	319.342
Depreciation for the year	315.870	6.629	0	0	322.499
Impairment losses and depreciation at 31 December	315.870	283.947	42.024	0	641.841
Carrying amount at 31 December	**210.264**	**0**	**0**	**11.427**	**221.691**

7 Fixed asset investments

	Deposits
	DKK
Cost at 1 January	141.639
Cost at 31 December	141.639
Carrying amount at 31 December	**141.639**

Notes to the Financial Statements

8 Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	500.000	7.367.754	7.867.754
Net profit/loss for the year	0	1.450.854	1.450.854
Equity at 31 December	**500.000**	**8.818.608**	**9.318.608**

9 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:

	2019	2018
	DKK	DKK
Other payables		
Between 1 and 5 years	146.244	0
Long-term part	146.244	0
Other short-term payables	2.522.138	2.056.869
	2.668.382	**2.056.869**

10 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Rent obligations	0	296.411

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 unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company’s liability.

Notes to the Financial Statements

11 Related parties

	Basis
Controlling interest	
LitePoint Corporation	Holds the majority of the share capital

Consolidated Financial Statements

Name	Place of registered office
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

12 Accounting Policies

The Annual Report of Litepoint Europe A/S for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The Financial Statements for 2019 are presented in DKK.

Changes in accounting policies

As of 1 January 2019 LitePoint Denmark A/S has adopted IFRS 16 ‘Leases’ with effect from 1 January 2019. IFRS 16 replaces IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement Contains a Lease', SIC-15 'Operating Leases-Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.

The Company has used the modified retrospective approach to implement the standard and the comparative figures have not been restated. The cumulative effect of applying the standard has been recognised as of 1 January 2019. At initial recognition, right-of-use assets are measured at an amount equal to the lease liability, which is measured at the present value of future lease payments.

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. Based on the contract the right-of-use asset and the lease liability is recognized at commencement of the lease. The initial measurement of the right-of-use asset is at cost and comprises the initial value of the lease liability and lease payments made at or before the commencement date. The right-of-use assets are depreciated on a straight-line basis over the shorter period of the lease term or the useful life of the underlying asset. The carrying amounts are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by depreciation.

The lease liabilities are initially measured at the present value of lease payments that are not paid at the commencement date. Lease payments include fixed payments and variable payments that depend on an index such as an inflation index as well as lease payments from an extension option that the Company considers reasonably certain to be exercised.

Furthermore, the company has chosen to adopt IFRS 15 for recognition and measurement of revenue with effective date from January 1, 2019. The transition has not affected the financial statements for 2019.

IMPACT OF IFRS 16 ON FINANCIALS

The implementation of IFRS 16 has impacted the Company’s financial statements as contracts previously classified as off-balance operating leases under IAS 17 have now been capitalised as right-of-use assets and lease liabilities. The impact on ‘net profit’ will be limited to a timing impact due to frontloading of depreciations and interest expenses.

Notes to the Financial Statements

12 Accounting Policies (continued)

The balance sheet impact of the IFRS 16 implementation is an increase in right-of-use assets (fixed assets) and lease liabilities of DKK 526,134 per 1st January 2019.

‘Net cash flow’ is not impacted as the increase in cash flow from operating activities’ is offset by the increase in cash outflow from ‘cash flow from financing activities’

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.

Leases

As of 1 January 2019 LitePoint Denmark A/S has adopted IFRS 16 ‘Leases’ with effect from 1 January 2019. IFRS 16 replaces IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement Contains a Lease', SIC-15 'Operating Leases-Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.

The Company has used the modified retrospective approach to implement the standard and the comparative figures have not been restated. The cumulative effect of applying the standard has been recognised as of 1 January 2019. At initial recognition, right-of-use assets are measured at an amount equal to the lease liability, which is measured at the present value of future lease payments.

Notes to the Financial Statements

12 Accounting Policies (continued)

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. Based on the contract the right-of-use asset and the lease liability is recognized at commencement of the lease. The initial measurement of the right-of-use asset is at cost and comprises the initial value of the lease liability and lease payments made at or before the commencement date. The right-of-use assets are depreciated on a straight-line basis over the shorter period of the lease term or the useful life of the underlying asset. The carrying amounts are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by depreciation.

The lease liabilities are initially measured at the present value of lease payments that are not paid at the commencement date. Lease payments include fixed payments and variable payments that depend on an index such as an inflation index as well as lease payments from an extension option that the Company considers reasonably certain to be exercised.

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.

Income Statement

Revenue

Revenue is recognised and measured in accordance with IFRS 15. Revenue from the sale of goods is recognised when the Company has fulfilled its performance obligations, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company. Revenue is measured as 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.

Notes to the Financial Statements

12 Accounting Policies (continued)

Other external expenses

Other external expenses comprise 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, other operating income, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

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

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, 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 subsidiaries. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

12 Accounting Policies (continued)

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.

Fixed asset investments

Fixed asset investments consist of deposit.

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.

Notes to the Financial Statements

12 Accounting Policies (continued)

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.