
Mobile Industrial Robots A/S

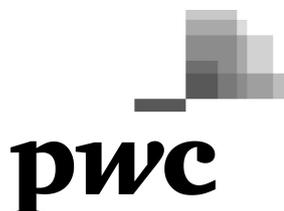
Emil Neckelmanns Vej 15, DK-5220 Odense SØ

Annual Report for 1 January - 31 December 2020

CVR No 35 25 12 35

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
28/5 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 Mobile Industrial 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, 28 May 2021

Executive Board

Søren Eriksen Nielsen
CEO

Board of Directors

Charles Jeffrey Gray
Chairman

Amy Rose McAndrews

Michael Dennis Callahan

Independent Auditor's Report

To the Shareholder of Mobile Industrial 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 Mobile Industrial 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, 28 May 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Mikael Johansen
statsautoriseret revisor
mne23318

Anders Kronborg Choy
statsautoriseret revisor
mne44142

Company Information

The Company

Mobile Industrial Robots A/S
Emil Neckelmanns Vej 15
DK-5220 Odense SØ

CVR No: 35 25 12 35
Financial period: 1 January - 31 December
Municipality of reg. office: Odense

Board of Directors

Charles Jeffrey Gray, Chairman
Amy Rose McAndrews
Michael Dennis Callahan

Executive Board

Søren Eriksen Nielsen

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					
Gross profit/loss	115.994	108.757	118.945	30.936	6.912
Profit/loss before financial income and expenses	-28.993	3.346	37.908	7.242	-4.106
Net financials	-363	-2.152	-2.262	-2.128	85
Net profit/loss for the year	-21.024	4.723	33.655	4.189	-3.431
Balance sheet					
Balance sheet total	247.839	177.467	141.286	34.197	16.576
Equity	110.099	78.179	73.416	9.630	4.974
Investment in property, plant and equipment	4.972	9.235	2.880	27	555
Number of employees	200	182	94	42	20
Ratios					
Return on assets	-11,7%	1,9%	26,8%	21,2%	-24,8%
Solvency ratio	44,4%	44,1%	52,0%	28,2%	30,0%
Return on equity	-22,3%	6,2%	81,1%	57,4%	-138,0%

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 development, manufacturing and sale of autonomous mobile robots. The robots are developed and produced in Denmark and sold through distributors worldwide.

Financial review

The group reported a profit before tax for 2020 of KDKK -29.356, and equity amounts to KDKK 110.099 December 31, 2020. The results are overall considered satisfactory seen in the light of the Covid-19 pandemic that materially impacted the company's revenue during the year and the fact that the company has continued investing in product development and building up markets and distribution around the world.

The Group has distribution channels in approximately 50 countries around the world and has subsidiaries, branches and group-related companies in USA, Spain, Germany, Singapore, China and Japan.

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.

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.

Research and development

Mobile Industrial 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.

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 events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	Group		Parent company	
		2020	2019	2020	2019
		TDKK	TDKK	TDKK	TDKK
Gross profit/loss		115.994	108.757	88.913	89.000
Staff expenses	1	-129.034	-98.300	-104.495	-80.543
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-15.953	-7.111	-15.239	-6.778
Profit/loss before financial income and expenses		-28.993	3.346	-30.821	1.679
Financial income	2	3.810	192	3.900	185
Financial expenses	3	-4.173	-2.344	-4.138	-2.260
Profit/loss before tax		-29.356	1.194	-31.059	-396
Tax on profit/loss for the year	4	8.332	3.529	8.622	3.583
Net profit/loss for the year		-21.024	4.723	-22.437	3.187

Balance Sheet 31 December

Assets

	Note	Group		Parent company	
		2020 TDKK	2019 TDKK	2020 TDKK	2019 TDKK
Completed development projects		57.378	35.060	57.378	35.060
Acquired patents		576	0	576	0
Acquired other similar rights		5.563	0	5.563	0
Development projects in progress		21.564	19.863	21.564	19.863
Intangible assets	5	85.081	54.923	85.081	54.923
Other fixtures and fittings, tools and equipment		6.418	6.144	5.589	5.341
Leasehold improvements		2.195	3.143	867	1.485
Property, plant and equipment	6	8.613	9.287	6.456	6.826
Investments in subsidiaries	7	0	0	1.335	1.335
Deposits	8	1.663	1.922	1.354	1.463
Fixed asset investments		1.663	1.922	2.689	2.798
Fixed assets		95.357	66.132	94.226	64.547
Raw materials and consumables		28.754	10.956	28.754	10.956
Finished goods and goods for resale		33.768	10.914	33.768	10.914
Inventories		62.522	21.870	62.522	21.870
Trade receivables		57.672	68.498	57.672	68.498
Receivables from group enterprises		0	0	1.454	1.942
Other receivables		15.881	6.092	14.428	4.484
Prepayments	9	2.312	4.056	2.312	4.038
Receivables		75.865	78.646	75.866	78.962
Cash at bank and in hand		14.095	10.819	9.979	8.066
Currents assets		152.482	111.335	148.367	108.898
Assets		247.839	177.467	242.593	173.445

Balance Sheet 31 December

Liabilities and equity

	Note	Group		Parent company	
		2020 TDKK	2019 TDKK	2020 TDKK	2019 TDKK
Share capital		1.420	1.420	1.420	1.420
Reserve for development costs		0	42.622	61.578	42.622
Reserve for currency exchange		-161	0	0	0
Retained earnings		108.840	34.137	43.609	31.897
Equity		110.099	78.179	106.607	75.939
Provision for deferred tax	11	662	2.883	662	2.883
Other provisions	12	9.438	2.685	9.438	2.685
Provisions		10.100	5.568	10.100	5.568
Payables to group enterprises		12.332	13.682	12.332	13.682
Other payables		8.633	2.746	8.633	2.746
Deferred income		1.977	1.110	1.977	1.110
Long-term debt	13	22.942	17.538	22.942	17.538
Trade payables		32.107	18.503	32.107	18.505
Payables to group enterprises	13	47.656	35.491	47.609	35.746
Corporation tax		218	0	32	0
Other payables	13	15.579	12.770	14.058	10.731
Deferred income	13,14	9.138	9.418	9.138	9.418
Short-term debt		104.698	76.182	102.944	74.400
Debt		127.640	93.720	125.886	91.938
Liabilities and equity		247.839	177.467	242.593	173.445
Distribution of profit	10				
Contingent assets, liabilities and other financial obligations	15				
Related parties	16				
Accounting Policies	17				

Statement of Changes in Equity

Group

	Share capital	Reserve for development costs	Reserve for currency exchange	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	1.420	42.622	0	34.137	78.179
Exchange adjustments	0	0	-161	0	-161
Contribution from group	0	0	0	53.105	53.105
Transferred to retained earnings	0	-42.622	0	42.622	0
Net profit/loss for the year	0	0	0	-21.024	-21.024
Equity at 31 December	1.420	0	-161	108.840	110.099

Parent company

Equity at 1 January	1.420	42.622	0	31.897	75.939
Contribution from group	0	0	0	53.105	53.105
Development costs for the year	0	27.082	0	-27.082	0
Transferred to retained earnings	0	-8.126	0	8.126	0
Net profit/loss for the year	0	0	0	-22.437	-22.437
Equity at 31 December	1.420	61.578	0	43.609	106.607

Notes to the Financial Statements

	Group		Parent company	
	2020 TDKK	2019 TDKK	2020 TDKK	2019 TDKK
1 Staff expenses				
Wages and salaries	117.786	89.336	97.106	74.930
Pensions	8.671	6.594	6.484	4.709
Other social security expenses	2.373	2.264	900	798
Other staff expenses	204	106	5	106
	129.034	98.300	104.495	80.543
Including remuneration to the executive Board of Directors	3.218	0	3.218	0
	3.218	0	3.218	0
Average number of employees	200	182	159	141
Remuneration to the Executive Board for 2019 has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.				
2 Financial income				
Interest received from group enterprises	0	0	94	0
Other financial income	10	192	6	185
Exchange adjustments	3.800	0	3.800	0
	3.810	192	3.900	185
3 Financial expenses				
Interest paid to group enterprises	2.375	1.044	2.375	1.044
Other financial expenses	191	149	168	65
Exchange adjustments, expenses	1.607	1.151	1.595	1.151
	4.173	2.344	4.138	2.260

Notes to the Financial Statements

	Group		Parent company	
	2020	2019	2020	2019
	TDKK	TDKK	TDKK	TDKK
4 Tax on profit/loss for the year				
Current tax for the year	342	93	52	39
Deferred tax for the year	-2.221	-209	-2.221	-209
Adjustment of tax concerning previous years	0	-4	0	-4
Adjustment of deferred tax concerning previous years	-6.453	-3.409	-6.453	-3.409
	-8.332	-3.529	-8.622	-3.583

5 Intangible assets

Group

	Completed development projects	Acquired patents	Acquired other similar rights	Development projects in progress	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	42.966	0	0	19.863	62.829
Additions for the year	19.399	576	5.027	15.319	40.321
Transfers for the year	13.618	0	1.777	-13.618	1.777
Cost at 31 December	75.983	576	6.804	21.564	104.927
Impairment losses and amortisation at 1 January	7.905	0	0	0	7.905
Impairment losses for the year	2.129	0	0	0	2.129
Amortisation for the year	8.571	0	1.020	0	9.591
Transfers for the year	0	0	221	0	221
Impairment losses and amortisation at 31 December	18.605	0	1.241	0	19.846
Carrying amount at 31 December	57.378	576	5.563	21.564	85.081

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

Parent company

	Completed development projects	Acquired pa- tents	Acquired other similar rights	Development projects in progress	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	42.966	0	0	19.863	62.829
Additions for the year	19.399	576	5.027	15.319	40.321
Transfers for the year	13.618	0	1.777	-13.618	1.777
Cost at 31 December	<u>75.983</u>	<u>576</u>	<u>6.804</u>	<u>21.564</u>	<u>104.927</u>
Impairment losses and amortisation at 1 January	7.905	0	0	0	7.905
Impairment losses for the year	2.129	0	0	0	2.129
Amortisation for the year	8.571	0	1.020	0	9.591
Transfers for the year	0	0	221	0	221
Impairment losses and amortisation at 31 December	<u>18.605</u>	<u>0</u>	<u>1.241</u>	<u>0</u>	<u>19.846</u>
Carrying amount at 31 December	<u>57.378</u>	<u>576</u>	<u>5.563</u>	<u>21.564</u>	<u>85.081</u>

Notes to the Financial Statements

6 Property, plant and equipment

Group

	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	TDKK	TDKK	TDKK
Cost at 1 January	8.015	5.120	13.135
Exchange adjustment	0	24	24
Additions for the year	4.389	583	4.972
Disposals for the year	-59	0	-59
Transfers for the year	-1.777	0	-1.777
Cost at 31 December	<u>10.568</u>	<u>5.727</u>	<u>16.295</u>
Impairment losses and depreciation at 1 January	1.871	1.977	3.848
Depreciation for the year	2.500	1.555	4.055
Transfers for the year	-221	0	-221
Impairment losses and depreciation at 31 December	<u>4.150</u>	<u>3.532</u>	<u>7.682</u>
Carrying amount at 31 December	<u>6.418</u>	<u>2.195</u>	<u>8.613</u>

Parent company

	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	TDKK	TDKK	TDKK
Cost at 1 January	6.907	3.382	10.289
Additions for the year	4.094	793	4.887
Transfers for the year	-1.777	0	-1.777
Kostpris at 31 December	<u>9.224</u>	<u>4.175</u>	<u>13.399</u>
Impairment losses and depreciation at 1 January	1.566	1.897	3.463
Depreciation for the year	2.290	1.411	3.701
Transfers for the year	-221	0	-221
Impairment losses and depreciation at 31 December	<u>3.635</u>	<u>3.308</u>	<u>6.943</u>
Carrying amount at 31 December	<u>5.589</u>	<u>867</u>	<u>6.456</u>

Notes to the Financial Statements

	Parent company	
	2020	2019
	TDKK	TDKK
7 Investments in subsidiaries		
Cost at 1 January	1.335	1.335
Carrying amount at 31 December	1.335	1.335

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
MIR GmbH	Germany	TEUR 25	100%	922	371
MIR SL	Spain	TEUR 3	100%	1.150	723
MIR PTE. LTD.	Singapore	TSGD 100	100%	1.277	367
MIR (Shanghai) Cp. Ltd.	China	TCNY 700	100%	1.462	294
				<u>4.811</u>	<u>1.755</u>

8 Other fixed asset investments

	Group	Parent company
	Deposits	Deposits
	TDKK	TDKK
Cost at 1 January	1.922	1.463
Exchange adjustment	-9	-109
Disposals for the year	-250	0
Cost at 31 December	<u>1.663</u>	<u>1.354</u>
Carrying amount at 31 December	1.663	1.354

9 Prepayments

Prepayments consist of prepaid expenses concerning rent, exhibitions and materials.

Notes to the Financial Statements

	Group		Parent company	
	2020 TDKK	2019 TDKK	2020 TDKK	2019 TDKK
10 Distribution of profit				
Retained earnings	-21.024	4.723	-22.437	3.187
	-21.024	4.723	-22.437	3.187
11 Provision for deferred tax				
Provision for deferred tax at 1 January	2.883	3.130	2.883	3.130
Amounts recognised in the income statement for the year	-2.221	-209	-2.221	-209
Other	0	-38	0	-38
Provision for deferred tax at 31 December	662	2.883	662	2.883
12 Other provisions				
Other provisions	9.438	2.685	9.438	2.685
	9.438	2.685	9.438	2.685

The Company provides warranties of 1 years on some of 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, other provisions of kDKK 9.438 (2019: kDKK 2.685) have been recognised for expected warranty claims.

Notes to the Financial Statements

13 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:

	Group		Parent company	
	2020 TDKK	2019 TDKK	2020 TDKK	2019 TDKK
Payables to group enterprises				
Between 1 and 5 years	12.332	13.682	12.332	13.682
Long-term part	12.332	13.682	12.332	13.682
Other short-term debt to group enterprises	47.656	35.491	47.609	35.746
	59.988	49.173	59.941	49.428
Other payables				
Between 1 and 5 years	8.633	2.746	8.633	2.746
Long-term part	8.633	2.746	8.633	2.746
Other short-term payables	15.579	12.770	14.058	10.731
	24.212	15.516	22.691	13.477
Deferred income				
Between 1 and 5 years	1.977	1.110	1.977	1.110
Long-term part	1.977	1.110	1.977	1.110
Within 1 year	0	0	0	0
Other deferred income	9.138	9.418	9.138	9.418
	11.115	10.528	11.115	10.528

14 Deferred income

Deferred income relates to accrual of revenue from future services relating to the company's delivered products, grants and payments received in respect of income in subsequent years.

Notes to the Financial Statements

	Group		Parent company	
	2020 TDKK	2019 TDKK	2020 TDKK	2019 TDKK
15 Contingent assets, liabilities and other financial obligations				
Charges and security				
The following assets have been placed as security with bankers:				
Floating charge of TDKK 5.000, pledged in goodwill, operating equipment, unregistered vehicles, inventory, and simple claims at a total booked value of	211.731	152.117	211.731	152.117
Rental and lease obligations				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	1.515	1.553	970	935
Between 1 and 5 years	1.390	1.954	992	1.033
	2.905	3.507	1.962	1.968
Rental obligations, non-cancellation period up to 41 months	10.313	14.629	3.601	4.836

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

16 Related parties

	<u>Basis</u>
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 sale of Mobile Industrial Robots Inc. (note 3), intercompany transactions and normal management remuneration.

Consolidated Financial Statements

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

<u>Name</u>	<u>Place of registered office</u>
Teradyne Inc.	North Reading, MA, USA

The Group Annual Report of Teradyne Inc. may be obtained by contacting Mobile Industrial Robots A/S.

Notes to the Financial Statements

17 Accounting Policies

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

The accounting policies applied remain unchanged from last year.

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

Cash flow statement

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

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Basis of consolidation

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

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

Notes to the Financial Statements

17 Accounting Policies (continued)

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.

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 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.

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.

Notes to the Financial Statements

17 Accounting Policies (continued)

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, work on own account recognised in assets, 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 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 companies. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Development projects

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

Notes to the Financial Statements

17 Accounting Policies (continued)

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

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

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

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

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	3-5 years
Leasehold improvements	2-3 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Notes to the Financial Statements

17 Accounting Policies (continued)

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

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

Other fixed asset investments

Other fixed asset investments consist of deposits.

Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of 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 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, exhibitions and materials.

Notes to the Financial Statements

17 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 1 year. 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, including the tax base of tax loss carry-forwards, 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.

Notes to the Financial Statements

17 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

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	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$