JAI Group Holding ApS

Valby Torvegade 17, 1., DK-2500 Valby

Annual Report for 1 April 2018 - 31 March 2019

CVR No 26 15 35 81

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 26/8 2019

Ole Finn Nielsen
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 JAI Group Holding ApS for the financial year 1 April 2018 - 31 March 2019.

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 March 2019 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2018/19.

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.

Copenhagen, 5 August 2019

Executive Board

Jørgen Kjeld Andersen

Board of Directors

Lizzie Andersen	Ole Finn Nielsen	Jørgen Kjeld Andersen

Independent Auditor's Report

To the Shareholder of JAI Group Holding ApS

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 March 2019 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 April 2018 - 31 March 2019 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of JAI Group Holding ApS for the financial year 1 April 2018 - 31 March 2019, 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, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Independent Auditor’s Report

Management’s responsibilities for the Financial Statements
Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group’s and the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s and the Group’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management’s use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s and the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 5 August 2019
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Ulrik Ræbild
State Authorised Public Accountant
mne33262

Flemming Eghoff
State Authorised Public Accountant
mne30221

Company Information

The Company	JAI Group Holding ApS Valby Torvegade 17, 1. DK-2500 Valby E-mail: mail@jai.com Website: www.jai.com CVR No: 26 15 35 81 Financial period: 1 April - 31 March Municipality of reg. office: Copenhagen
Board of Directors	Lizzie Andersen Ole Finn Nielsen Jørgen Kjeld Andersen
Executive Board	Jørgen Kjeld Andersen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

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

	Group				
	2018/19	2017/18	2016/17	2015/16	2014/15
	KEUR	KEUR	KEUR	KEUR	KEUR
Key figures					
Profit/loss					
Revenue	41,070	41,932	40,270	35,215	30,807
Gross profit/loss	15,685	15,038	15,186	14,025	12,051
Operating profit/loss	3,025	3,302	3,366	775	-335
Profit/loss before financial income and expenses	3,025	3,302	3,366	775	-333
Net financials	-165	-322	-108	-363	1,031
Net profit/loss for the year	2,007	1,724	1,905	280	483
Balance sheet					
Balance sheet total	48,714	46,061	46,675	42,177	45,252
Equity	38,216	34,623	35,371	32,670	32,791
Cash flows					
Cash flows from:					
- operating activities	5,302	3,520	5,618	2,404	1,004
- investing activities	-2,333	-2,185	-2,147	-2,241	-3,351
including investment in property, plant and equipment	-756	-680	-750	-598	-3,911
- financing activities	-707	-1,286	-702	-1,381	855
Change in cash and cash equivalents for the year	2,262	49	2,769	-1,218	-1,492
Number of employees	117	126	123	140	138
Ratios					
Gross margin	38.2%	35.9%	37.7%	39.8%	39.1%
Profit margin	7.4%	7.9%	8.4%	2.2%	-1.1%
Return on assets	6.2%	7.2%	7.2%	1.8%	-0.7%
Solvency ratio	78.4%	75.2%	75.8%	77.5%	72.5%
Return on equity	5.5%	4.9%	5.6%	0.9%	1.5%

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

Consolidated and Parent Company Financial Statements of JAI Group Holding ApS for 2018/19 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Consolidated and Parent Company Financial Statements have been prepared under the same accounting policies as last year.

Key activities

The principal activities of the Group are development, production and sale of high technology cameras for the industrial market as well as for traffic solutions.

Development in the year

For the financial year 2018/2019, the group achieved a turnover of KEUR 41,070 compared to KEUR 41,932 in 2017/2018.

Operating profit amounts to KEUR 3,025 compared to KEUR 3,302 in 2017/2018, and the profit of the year amounts to KEUR 2,007 compared to KEUR 1,724 in 2017/18.

The development in revenue & profit came in a bit lower than planned. This is due to some longer lead time on key products and the current economic uncertainty in the industry, which has caused some delay in investments globally.

The equity of the group increased from KEUR 34,623 in 2017/2018 to KEUR 38,216 in 2018/2019, which is an increase of KEUR 3,593.

The net changes in cash and cash equivalents of 2018/2019 were positive by KEUR 2,262, compared to KEUR 49, in 2017/2018. The change is mainly due to increase in cash flow from operating activities of KEUR 1,782 due to exchange adjustments.

At the end of the financial year 2018/2019, the JAI group is still a sound company with a solvency of 78,4 % and cash at bank and in hand of KEUR 16,592.

Beside the above mentioned development in revenue where an increase in number was expected then both the development in profit for the year and cash flow fully were in line with our expectations.

Management's Review

Subsidiaries/Branches

All subsidiaries/Branches in the JAI group are 100% owned by JAI A/S, which is 67,43% owned by JAI Group Holding ApS.

JAI Germany (Branch)
JAI Germany delivers service and repair services for the EMEA region and forms a branch of JAI A/S.

JAI in Japan
Among other things, the subsidiaries in Japan handle development and production of cameras for the JAI Group. Furthermore, they handle delivery of products to Asia and the Pacific region. For 2018/2019, JAI Ltd. achieved a post tax profit of KEUR 584 compared to a profit of KEUR 1,690 in 2017/2018.

JAI in US
Among other things, the subsidiary in the US handles production of camera and delivery of products to the North American markets. For 2018/2019, JAI Inc. achieved a post tax profit of KEUR 1,509 compared to a post tax profit of KEUR 1,219 in 2017/2018.

JAI in Denmark
Among other things, the subsidiary in Denmark handle a distribution business of product for the EMEA market developed by the subsidiaries in Japan and US. For 2018/19, JAI A/S achieved a post-tax profit of KEUR 2,481 compared to KEUR 1,743 in 2017/18.

JAI in Finland
The subsidiary in Finland are in the process of voluntary liquidation and it is expected to be completed in the fiscal year 2018/19. The company achieved a post-tax profit of KEUR 183.

Expectations for the future

In the fiscal year 2019/20 we expect a raise in revenue in all regions driven by our continued focus at our key products and segments. However, the current business environment is a bit uncertain so growth rates will be moderate.

Cash flow from operating activities for 2019/2020 is expected to be positive.

Risks

General risks

The Group most significant operating risk relates to the ability to be strongly positioned in the market and to remain a market leader in terms of the technological developments within the Group's business areas.

Management's Review

Financial risks

As part of its operations, investments, and financial affairs the Group is exposed to changes in foreign exchange rates and interest rate levels. It is Group policy not to engage in active speculation in financial risks. The Group financial management is thus directed solely at managing existing financial risks.

Currency risks

The Group is affected by changes in foreign exchange rates, as the profit/loss of foreign subsidiaries is translated into EUR based on average exchange rates at the balance sheet date.

The Group currency risks are primarily hedged by matching income/expenses and short term asset/liabilities in the same currency and by the use of financial instruments.

The Group have no hedging of long term Group asset and liabilities. The net foreign exchange loss of year 2018/19 amount to KEUR 46 are primarily due to unrealized gain from group entities.

Subsequent events

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

Income Statement 1 April - 31 March

	Note	Group 2018/19 KEUR	Group 2017/18 KEUR	Parent Company 2018/19 KEUR	Parent Company 2017/18 KEUR
Revenue		**41,070**	**41,932**	**0**	**0**
Capitalized research costs		1,501	1,516	0	0
Expenses for raw materials and consumables		-19,413	-20,945	0	0
Other external expenses		-7,473	-7,465	-454	0
Gross profit/loss		**15,685**	**15,038**	**-454**	**0**
Staff expenses	1	-9,943	-8,466	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-2,717	-3,270	0	0
Profit/loss before financial income and expenses		**3,025**	**3,302**	**-454**	**0**
Income from investments in subsidiaries	3	0	0	1,751	1,230
Financial income	4	287	638	0	0
Financial expenses	5	-452	-960	-29	-24
Profit/loss before tax		**2,860**	**2,980**	**1,268**	**1,206**
Tax on profit/loss for the year	6	-853	-1,256	9	5
Net profit/loss for the year		**2,007**	**1,724**	**1,277**	**1,211**

Balance Sheet 31 March

Assets

		Group		Parent Company	
	Note	2019	2018	2019	2018
		KEUR	KEUR	KEUR	KEUR
Completed development projects		4,490	4,255	0	0
Software		304	369	0	0
Goodwill		0	0	0	0
Development projects in progress		652	1,003	0	0
Intangible assets	7	**5,446**	**5,627**	**0**	**0**
Land and buildings		1,166	1,175	0	0
Other fixtures and fittings, tools and equipment		3,459	3,686	0	0
Leasehold improvements		676	406	0	0
Property, plant and equipment in progress		172	59	0	0
Property, plant and equipment	8	**5,473**	**5,326**	**0**	**0**
Investments in subsidiaries	9	0	0	23,507	21,121
Deposits		16	0	0	0
Fixed asset investments		**16**	**0**	**23,507**	**21,121**
Fixed assets		**10,935**	**10,953**	**23,507**	**21,121**
Inventories	10	**10,867**	**7,557**	**0**	**0**
Trade receivables		8,746	11,137	0	0
Receivables from group enterprises		0	0	0	36
Other receivables		321	303	0	0
Deferred tax asset	14	545	812	0	0
Corporation tax		46	74	46	74
Prepayments	11	662	895	0	0
Receivables		**10,320**	**13,221**	**46**	**110**
Cash at bank and in hand		**16,592**	**14,330**	**4,830**	**4,552**
Currents assets		**37,779**	**35,108**	**4,876**	**4,662**
Assets		**48,714**	**46,061**	**28,383**	**25,783**

Balance Sheet 31 March

Liabilities and equity

	Note	Group 2019 KEUR	Group 2018 KEUR	Parent Company 2019 KEUR	Parent Company 2018 KEUR
Share capital		85	85	85	85
Reserve for net revaluation under the equity method		0	0	12,079	9,693
Retained earnings		28,289	25,696	16,210	16,003
Equity attributable to shareholders of the Parent Company		**28,374**	**25,781**	**28,374**	**25,781**
Minority interests		9,842	8,842	0	0
Equity	12	**38,216**	**34,623**	**28,374**	**25,781**
Provision for deferred tax	14	1,033	1,095	0	0
Other provisions	15	827	769	0	0
Provisions		**1,860**	**1,864**	**0**	**0**
Credit institutions		1,495	1,452	0	0
Lease obligations		0	9	0	0
Long-term debt	16	**1,495**	**1,461**	**0**	**0**
Credit institutions	16	579	987	0	0
Lease obligations	16	10	23	0	0
Trade payables		4,754	4,800	0	0
Corporation tax		201	426	0	0
Other payables		1,599	1,877	9	2
Short-term debt		**7,143**	**8,113**	**9**	**2**
Debt		**8,638**	**9,574**	**9**	**2**
Liabilities and equity		**48,714**	**46,061**	**28,383**	**25,783**

Distribution of profit	13
Contingent assets, liabilities and other financial obligations	19
Related parties	20
Accounting Policies	21

Statement of Changes in Equity

Group

	Share capital	Reserve for net revalua-tion under the equity method	Retained earnings	Equity excl. minority interests	Minority interests	Total
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Equity at 1 April	85	0	25,696	25,781	8,842	34,623
Exchange adjustments	0	0	1,316	1,316	554	1,870
Ordinary dividend paid	0	0	0	0	-297	-297
Ordinary dividend on treasury shares	0	0	0	0	13	13
Net profit/loss for the year	0	0	1,277	1,277	730	2,007
Equity at 31 March	**85**	**0**	**28,289**	**28,374**	**9,842**	**38,216**

Parent Company

	Share capital	Reserve for net revalua-tion under the equity method	Retained earnings	Equity excl. minority interests	Minority interests	Total
Equity at 1 April	85	9,693	16,003	25,781	0	25,781
Exchange adjustments	0	1,316	0	1,316	0	1,316
Dividend from group enterprises	0	-681	681	0	0	0
Net profit/loss for the year	0	1,751	-474	1,277	0	1,277
Equity at 31 March	**85**	**12,079**	**16,210**	**28,374**	**0**	**28,374**

Cash Flow Statement 1 April - 31 March

	Note	Group 2018/19 KEUR	Group 2017/18 KEUR
Net profit/loss for the year		2,007	1,724
Adjustments	17	4,678	699
Change in working capital	18	-992	1,153
Cash flows from operating activities before financial income and expenses		**5,693**	**3,576**
Financial income		287	638
Financial expenses		-453	-960
Cash flows from ordinary activities		**5,527**	**3,254**
Corporation tax paid		-225	266
Cash flows from operating activities		**5,302**	**3,520**
Purchase of intangible assets		-1,561	-1,671
Purchase of property, plant and equipment		-756	-680
Fixed asset investments made etc		-16	0
Sale of intangible assets		0	166
Cash flows from investing activities		**-2,333**	**-2,185**
Repayment of loans from credit institutions		-365	-927
Reduction of lease obligations		-22	-75
Repayment of payables to group enterprises		-36	0
Dividend paid		-284	-284
Cash flows from financing activities		**-707**	**-1,286**
Change in cash and cash equivalents		**2,262**	**49**
Cash and cash equivalents at 1 April		14,330	14,281
Cash and cash equivalents at 31 March		**16,592**	**14,330**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		16,592	14,330
Cash and cash equivalents at 31 March		**16,592**	**14,330**

Notes to the Financial Statements

	Group		Parent Company	
	2018/19	2017/18	2018/19	2017/18
	KEUR	KEUR	KEUR	KEUR
1 Staff expenses				
Wages and salaries	8,700	7,695	0	0
Pensions	0	49	0	0
Other social security expenses	771	332	0	0
Other staff expenses	472	390	0	0
	9,943	**8,466**	**0**	**0**
Including remuneration to the Executive Board and Board of Directors of:				
Executive Board	462	475	0	0
Supervisory Board	54	46	0	0
	516	**521**	**0**	**0**
Average number of employees	**117**	**126**	**0**	**0**
2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment				
Amortisation of intangible assets	1,926	2,374	0	0
Depreciation of property, plant and equipment	791	896	0	0
	2,717	**3,270**	**0**	**0**
3 Income from investments in subsidiaries				
Share of profits of subsidiaries			1,751	1,230
			1,751	**1,230**

Notes to the Financial Statements

	Group		Parent Company	
	2018/19	2017/18	2018/19	2017/18
	KEUR	KEUR	KEUR	KEUR
4 Financial income				
Other financial income	59	21	0	0
Exchange gains	228	617	0	0
	287	**638**	**0**	**0**
5 Financial expenses				
Other financial expenses	149	162	0	0
Exchange loss	303	798	29	24
	452	**960**	**29**	**24**
6 Tax on profit/loss for the year				
Current tax for the year	620	596	-9	-5
Deferred tax for the year	233	660	0	0
	853	**1,256**	**-9**	**-5**

Notes to the Financial Statements

7 Intangible assets

Group

	Completed development projects	Software	Goodwill	Development projects in progress	Total
	KEUR	KEUR	KEUR	KEUR	KEUR
Cost at 1 April	20,393	1,356	2,128	1,003	24,880
Exchange adjustment	1,249	30	0	101	1,380
Additions for the year	0	60	0	1,501	1,561
Transfers for the year	1,823	0	0	-1,953	-130
Cost at 31 March	23,465	1,446	2,128	652	27,691
Impairment losses and amortisation at 1 April	16,138	987	2,128	0	19,253
Exchange adjustment	1,050	16	0	0	1,066
Amortisation for the year	1,787	139	0	0	1,926
Impairment losses and amortisation at 31 March	18,975	1,142	2,128	0	22,245
Carrying amount at 31 March	**4,490**	**304**	**0**	**652**	**5,446**

As a Technology company our development projects relates to development of new camera technologies, and improvement of existing products and some customization.

Our development projects is developed according to plan and launch to support our growth.

The development of new technologies is a key activity to keep up with the technology development and will continue to support the company strategy. Projects is monitored and progressing according to plans.

Notes to the Financial Statements

8 Property, plant and equipment

Group

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress	Total
	KEUR	KEUR	KEUR	KEUR	KEUR
Cost at 1 April	2,598	10,024	924	59	13,605
Exchange adjustment	142	307	53	3	505
Additions for the year	0	359	225	172	756
Disposals for the year	0	-249	-17	-62	-328
Transfers for the year	0	0	130	0	130
Cost at 31 March	2,740	10,441	1,315	172	14,668
Impairment losses and depreciation at 1 April	1,423	6,338	518	0	8,279
Exchange adjustment	79	275	30	0	384
Depreciation for the year	72	618	101	0	791
Reversal of impairment and depreciation of sold assets	0	-249	-10	0	-259
Impairment losses and depreciation at 31 March	1,574	6,982	639	0	9,195
Carrying amount at 31 March	**1,166**	**3,459**	**676**	**172**	**5,473**
Including assets under finance leases amounting to	0	10	0	0	10

Notes to the Financial Statements

		Parent Company	
		2019	2018
		KEUR	KEUR
9	**Investments in subsidiaries**		
	Cost at 1 April	11,428	11,428
	Cost at 31 March	11,428	11,428
	Value adjustments at 1 April	9,693	10,680
	Exchange adjustment	1,316	-1,537
	Net profit/loss for the year	1,751	1,230
	Dividend to the Parent Company	-711	-711
	Paid dividend	30	31
	Value adjustments at 31 March	12,079	9,693
	Carrying amount at 31 March	**23,507**	**21,121**

The direct ownership of JAI A/S is 67,43%, while the indirect ownership of JAI A/S is 70,49%. This is due to the fact that JAI A/S owns treasury shares.

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
JAI A/S	Valby, Denmark	KEUR 1,254	67%	33,348	2,481

Notes to the Financial Statements

10 Inventories

	Group		Parent Company	
	2019	2018	2019	2018
	KEUR	KEUR	KEUR	KEUR
Raw materials and consumables	8,243	5,820	0	0
Work in progress	845	392	0	0
Finished goods and goods for resale	4,067	2,833	0	0
Write-down for obsolescense	-2,288	-1,488	0	0
	10,867	**7,557**	**0**	**0**

11 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well.

12 Equity

The share capital is broken down as follow:

	Number	Nominal value
		KEUR
A-shares	2,000	27
B-shares	4,300	58
		85

There have been no changes in the share capital during the last 5 years.

Notes to the Financial Statements

	Group		Parent Company	
	2018/19	2017/18	2018/19	2017/18
	KEUR	KEUR	KEUR	KEUR

13 Distribution of profit

Reserve for net revaluation under the equity method	0	0	1,751	1,230
Minority interests' share of net profit/loss of subsidiaries	730	513	0	0
Retained earnings	1,277	1,211	-474	-19
	2,007	**1,724**	**1,277**	**1,211**
Extraordinary dividend after year end	0	0	161	0

14 Provision for deferred tax

Provision for deferred tax at 1 April	1,095	1,185	0	0
Amounts recognised in the income statement for the year	233	-90	0	0
Exchange rate adjustments	-295	0	0	0
Provision for deferred tax at 31 March	**1,033**	**1,095**	**0**	**0**

Deferred tax asset

The presentation of the Annual Report involves a calculation of the carrying amount of certain assets and liabilities which is subject to various assessments, estimates and assumptions about future events. These are often based on factors that in certain circumstances are considered reasonable and correct by Company Management at the time of reporting. In the nature of the case, however, these factors are often associated with some degree of uncertainty and predictability.

A deferred tax asset of a total value of EUR 545k (2018: EUR 812k) has been recognised in the Financial Statements. The tax asset has been recognised to the extent that it is considered probable that the tax asset may be realised within the foreseeable future. The amount has been determined on the basis of the budget prepared for 2019/20 and estimates for 2020/21 and 2021/22, so that the amount is based on an estimate of the probable future taxable profit for those periods.

15 Other provisions

The Company provides warranties of 3 years 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, other provisions of KEUR 397 (2017: KEUR 411) have been recognised for expected warranty claims.

The Company provides a one time payment to employees in Japan, who have been employed more than 3 years, when they leave the Company. This is regarded as retirement benefit obligation.

	Group		Parent Company	
	2019	2018	2019	2018
	KEUR	KEUR	KEUR	KEUR
Warranty obligations	397	411	0	0
Retirement Benefit Obligation	430	358	0	0
	827	**769**	**0**	**0**
The provisions are expected to mature as follows:				
Within 1 year	827	769	0	0
	827	**769**	**0**	**0**

16 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	
	2019	2018	2019	2018
	KEUR	KEUR	KEUR	KEUR
Credit institutions				
After 5 years	336	353	0	0
Between 1 and 5 years	1,159	1,099	0	0
Long-term part	1,495	1,452	0	0
Within 1 year	539	907	0	0
Other short-term debt to credit institutions	40	80	0	0
Short-term part	579	987	0	0
	2,074	**2,439**	**0**	**0**
Lease obligations				
Between 1 and 5 years	0	9	0	0
Long-term part	0	9	0	0
Within 1 year	10	23	0	0
	10	**32**	**0**	**0**

	Group	
	2018/19	2017/18
	KEUR	KEUR

17 Cash flow statement - adjustments

	2018/19 KEUR	2017/18 KEUR
Financial income	-287	-638
Financial expenses	452	960
Depreciation, amortisation and impairment losses, including losses and gains on sales	2,717	3,270
Tax on profit/loss for the year	853	1,256
Exchange rate adjustment	943	-4,149
	4,678	**699**

18 Cash flow statement - change in working capital

	2018/19 KEUR	2017/18 KEUR
Change in inventories	-3,310	467
Change in receivables	2,590	1,188
Change in other provisions	58	-49
Change in trade payables, etc	-330	-453
	-992	**1,153**

	Group		Parent Company	
	2019	2018	2019	2018
	KEUR	KEUR	KEUR	KEUR

19 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

	Group 2019 KEUR	Group 2018 KEUR	Parent Company 2019 KEUR	Parent Company 2018 KEUR
Lease obligations under operating leases. Total future lease payments:				
Rental obligations	723	723	0	0
Lease obligations	326	142	0	0
	1,049	**865**	**0**	**0**

Other contingent liabilities

The Danish 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 by the Group. 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.

20 Related parties

	Basis
Controlling interest	
Jørgen Andersen	Shareholder

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.

Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Jørgen Andersen, Langelinie Allé 27 A, 5., 2100 København Ø

Notes to the Financial Statements

21 Accounting Policies

The Annual Report of JAI Group Holding ApS for 2018/19 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 2018/19 are presented in KEUR.

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, JAI Group Holding ApS, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

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

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Notes to the Financial Statements

21 Accounting Policies (continued)

Business combinations

Acquisitions

On acquisition of subsidiaries, the difference between cost and net asset value of the enterprise acquired is determined at the date of acquisition after the individual assets and liabilities having been adjusted to fair value (the purchase method). Cost comprises the fair value of the consideration paid as well as expenses for consultants etc directly related to the acquisition. Any remaining positive differences are recognised in intangible assets in the balance sheet as goodwill, which is amortised in the income statement on a straightline basis over its estimated useful life. Any remaining negative differences are recognised as income in the income statement at the date of acquisition.

Positive and negative differences from enterprises acquired may, due to changes to the recognition and measurement of net assets, be adjusted until the end of the financial year following the year of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made. Moreover, any change in contingent consideration is adjusted in the value of goodwill or negative goodwill.

Amortisation of goodwill is recognised in "Amortisation, depreciation and impairment losses".

Minority interests

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

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

Notes to the Financial Statements

21 Accounting Policies (continued)

Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

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

21 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 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.

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.

Income from investments in subsidiaries

The item “Income from investments in subsidiaries” in the income statement includes the proportionate share of the profit for the year.

Notes to the Financial Statements

21 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 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.

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

Patents is amortised over the remaining patent period or a shorter useful life. The amortisation period is maximum 8 years. Software licences are amortised over the period of the agreement, which usually is 3-5 years.

Notes to the Financial Statements

21 Accounting Policies (continued)

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life of 20 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:

Buildings	20-50	years
Fixures and equipment	3-20	years
Leasehold improvements	3-10	years
Property, plant and equipment	3-20	years

Depreciation period and residual value are reassessed annually.

Assets costing less than EUR 1,705 are expensed in the year of acquisition.

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 recognised and measured under the equity method.

The item"Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

Notes to the Financial Statements

21 Accounting Policies (continued)

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method“ under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at EUR 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

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 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.

Equity

Dividend

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

21 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 3 years. 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.

21 Accounting Policies (continued)

Financial debts

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Cash Flow Statement

The cash flow statement shows the Group´s cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group´s cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise ”Cash at bank and in hand”.

The cash flow statement cannot be immediately derived from the published financial records.

Notes to the Financial Statements

21 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

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