

# Annual Report for JAI Group Holding Aps

Valby Torvegade 17, 1.,  
DK-2500 Valby

1 April 2023 - 31 March 2024

CVR No 34 79 53 12

The Annual Report was  
presented and adopted at  
the Annual General Meeting of  
the Company on  
28 August 2024

Ole Finn Nielsen  
Chairman of the General Meeting

[www.jai.com](http://www.jai.com)



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# 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 2023 - 31 March 2024.

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 2024 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2023/24.

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.

Valby, 28 August 2024

## Executive Board

Jørgen Kjeld Andersen  
CEO

## Board of Directors

Jørgen Kjeld Andersen

Ole Finn Nielsen

Lizzie 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 2024 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 2023 - 31 March 2024 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 2023 - 31 March 2024, 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 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 Parent 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 Parent Company or to cease operations, or has no realistic alternative but to do so.

# Independent Auditor's report

## 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 Group's and the Parent 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 Group's and the Parent 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 Parent 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.

# Independent Auditor's report

Hellerup, 28 August 2024

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Flemming Eghoff

State Authorised Public Accountant

mne30221

Mads Blichfeldt Fjord

State Authorised Public Accountant

mne46065

# Company information

|                           |  |
|---------------------------|--|
| <b>The Company</b>        | JAI Group Holding ApS<br>Valby Torvegade 17, 1.<br>2500<br><br>CVR No: 26 15 35 81<br>Financial period: 1 April 2023 - 31 March 2024<br>Incorporated: 20 July 2001<br>Financial year: 23th financial year<br>Municipality of reg. office: Copenhagen |
| <b>Board of Directors</b> | Jørgen Kjeld Andersen<br>Ole Finn Nielsen<br>Lizzie Andersen   |
| <b>Executive Board</b>    | Jørgen Kjeld Andersen  |
| <b>Auditors</b>           | PricewaterhouseCoopers<br>Statsautoriseret Revisionspartnerselskab<br>Strandvejen 44<br>DK-2900 Hellerup   |

# Group Chart

| <b>Company</b>               | <b>Residence</b>      | <b>Ownership</b> |
|------------------------------|-----------------------|------------------|
| <b>JAI Group Holding ApS</b> | <b>Valby, Denmark</b> |                  |
| JAI A/S                      | Valby, Denmark        | 100              |
| JAI Ltd.                     | Yokohama City, Japan  | 100              |
| JAI Inc.                     | California, USA       | 100              |
| JAI Korea Ltd.               | Seoul, South Korea    | 100              |
| JAI China                    | Beijing, China        | 100              |
| JAI Singapore                | Singapore             | 100              |
| JAI Aviation ApS             | Valby, Denmark        | 100              |



# Financial Highlights

Seen over a 5-year period, the development of the Group is described by the following financial highlights:

|  | <b>Group</b> |         |         |         |         |
|--|--------------|---------|---------|---------|---------|
|  | 2023/24      | 2022/23 | 2021/22 | 2020/21 | 2019/20 |
|  | TEUR         | TEUR    | TEUR    | TEUR    | TEUR    |
| <b>Key figures</b>                               |              |         |         |         |         |
| <b>Profit/loss</b>                               |              |         |         |         |         |
| Revenue  | 41,489       | 48,575  | 33,190  | 30,531  | 33,930  |
| Gross profit                                     | 15,697       | 17,736  | 10,779  | 13,316  | 12,231  |
| EBITDA   | 5,185        | 6,363   | 61      | 3,433   | 1,345   |
| Profit/loss of primary operations                | 2,891        | 3,902   | -2,445  | 673     | -1,337  |
| Profit/loss of financial income and expenses     | -439         | -26     | -43     | -110    | -110    |
| Net profit/loss for the year                     | 2,275        | 2,822   | -1,732  | 655     | -1,075  |
| <b>Balance sheet</b>                             |              |         |         |         |         |
| Balance sheet total Equity                       | 49,830       | 53,734  | 50,137  | 47,482  | 48,055  |
|  | 35,973       | 35,704  | 34,088  | 36,476  | 37,853  |
| <b>Cash flows</b>                                |              |         |         |         |         |
| Cash flows from:                                 |              |         |         |         |         |
| - operating activities                           | 4,898        | -2,008  | -8,531  | 4,367   | 1,857   |
| - investing activities                           | -1,501       | -2,441  | -1,631  | -2,246  | -1,724  |
| - financing activities                           | -1,374       | 1,188   | 2,671   | 1,167   | -585    |
| Change in cash and cash equivalents for the year | 2,023        | -3,261  | -7,491  | 3,288   | -452    |
| Number of employees                              | 127          | 133     | 118     | 115     | 121     |
| <b>Ratios</b>                                    |              |         |         |         |         |
| Gross margin                                     | 37.8%        | 36.5%   | 32.5%   | 43.6%   | 36.0%   |
| Profit margin                                    | 7.0%         | 8.0%    | -7.4%   | 2.2%    | -3.9%   |
| Return on assets                                 | 5.8%         | 7.3%    | -4.9%   | 1.4%    | -2.8%   |
| Solvency ratio                                   | 72.2%        | 66.4%   | 68.0%   | 76.8%   | 78.8%   |
| Return on equity                                 | 6.3%         | 8.1%    | -4.9%   | 1.8%    | -2.8%   |

The ratios has been prepared in accordance with the definitions under accounting policies.

# Management's Review

## Key activities

JAI is a leading manufacturer of high-quality, industrial-grade cameras for various markets, including machine vision, transportation, food & beverage, aerospace, medical, and scientific sectors. With over 60 years in the vision industry, JAI has sold more than 1 million cameras globally, serving multiple applications and industries where camera vision technology is crucial to processes, products, or services.

JAI's extensive product line features high-performance progressive scan CMOS cameras, including NIR, SWIR and UV, with spatial resolutions up to 45 megapixels. It also includes innovative multi-sensor prism-block cameras, available in both area scan and line scan models.

Physical interfaces supported by JAI cameras include Camera Link®, GigE Vision®, CoaX-Press, and USB3 Vision digital standards, along with SFP+ fiber optic transmission.

With a global presence, JAI cameras enhance customer businesses by improving quality and accuracy, reducing costs, increasing yields, and enabling better service. Besides cameras, JAI's traffic solutions group is a world leader in specialized traffic systems, offering solutions based on JAI-developed hardware and software, often integrated with third-party products.

## Development in the year

The financial year 2023/24 delivered an acceptable revenue compared to the extraordinary strong performance in 2022/23. In the same way there is a slightly decline in the EBTIDA.

The market has in the last four years been characterised by challenging conditions with a Covid-19 that stop most activities, followed by two years of component shortages combined with a high level of orders from the customers, and subsequently a hesitant year. The war in Europe and the high tension between USA and China are other factors that have a negative impact on the market.

JAI Group has adapted to the situation with focus on the future customer demand. JAI is prepared to come up with a wide range of new products in the coming years.



⋮ **Significant highlights**

⋮ This year, as the rest of the machine vision market we experienced a market slowdown, which presented us with an opportunity to focus on optimizing our internal processes across the entire organization. By streamlining operations and enhancing efficiencies, we have positioned ourselves to respond more effectively to future market demands.

⋮ Our Research and Development (R&D) department has been particularly active, ramping up efforts and progressing on several new products. We are excited to announce that these innovations are on track for launch within the coming years, promising to bring cutting-edge solutions to our customers.

⋮ Despite a lower level of new orders this year, primarily due to de-stocking trends in the market and a flat global market specific in 2024, our customers continue to express strong satisfaction with our products. This feedback reinforces our commitment to quality and customer service, which remains a cornerstone of our business.

⋮ We maintained a robust and healthy order backlog, which was successfully shipped throughout the year. As a result, our revenue only experienced a slight decline, underscoring the resilience of our business model and the effectiveness of our operational strategies.

⋮ Our Supply Chain Management (SCM) operations remain robust. Through continuous optimization, we have achieved high and flexible capacity, significantly reducing the order-to-delivery time. These improvements enhance our ability to meet customer demands promptly and efficiently, further solidifying our market position.



## Financial highlights

- The EBITDA amounted to a profit of 5,185 KEUR compared to a profit of 6,363 KEUR in 2022/23.
- Adjusted for non-machine-vision activities the EBITDA shows a profit of 5,623 KEUR compared to 6,731 KEUR in 2022/23.
- The income statement of the Group for 2023/24 shows a profit of 2,275 KEUR, and on 31 March 2024, the balance sheet of the Group shows equity of 35,949 KEUR.
- The revenue was 41,489 KEUR in 2023/24, which was a decline of 16% compared to 2022/23.
- JAI considers the result of the year to be satisfactory considering the general de-stocking in the global industry. In this light, JAI is satisfied that The EBITDA is in line with pre-Covid levels however the revenue and earnings is below the expectations as set out in the annual report for 2022/23.

## Expectations for the future

The longer-term projections for the market for machine vision is overall growth, driven by the increasing demand for solutions from factory automation to quality assurance. Our products are uniquely positioned to address a wide array of challenges in these sectors, ensuring continued relevance and demand.

We anticipate that the market will remain slow in the near 2024 with no significant increase expected immediately. Economic conditions and industry trends suggest a cautious outlook for the coming quarters. However, we are prepared for a gradual increase in orders as market conditions stabilize and customer demand rebounds.

JAI is in close dialogue with our customers, and in second half year, we expect that our customers will have largely depleted their existing stockpiles, leading to a return to normal order levels. This anticipated shift will mark a pivotal moment, restoring momentum and demand for our products.

Despite the current market challenges, JAI is well-prepared for the future. Our strategic initiatives and internal optimizations have strengthened our foundation, ensuring that we are ready to capitalize on opportunities as the market recovers.

JAI A/S expect a revenue for the financial year 2024/25 of 40- 45 MEUR, which is in line with the financial year 2023/24. With increasing investments in R&D we expect slightly lower earnings with an EBITDA of 2-4 MEUR.

## Risks

### **General risks**

The Group's largest operating risks relate to the ability to stay strongly positioned in the market and to remain a market leader in terms of the technological developments within the Group's business areas.

### **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 net profit/loss for the year 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 assets/liabilities in the same currency.

The Group has no hedging of long-term group assets and liabilities. The net foreign exchange loss for the year 2023/24 amounts to 274 KEUR primarily due to unrealized profit from group entities. The impact on the equity is a loss of 1,833 KEUR due to a devaluation of the JPY of 11% combined with a significant part of the Group is located in Japan.

## Intellectual capital and research and development activities

### **Intellectual capital**

JAI's intellectual capital comprises customer relations, employees, technologies, and processes. Skilled and committed employees are a prerequisite for the results of the Group. The working environment is informal with a large degree of freedom and responsibility delegated to each employee. Employee skills are maintained and developed continuously.

The JAI Group has considerable know-how about advanced camera technology and traffic systems, which are maintained and developed on an ongoing basis.

Product development takes place in Japan, USA, and Denmark. It is strategically important for JAI to undertake development activities in these three countries.

Production takes place in Japan, and the USA. JAI has considerable experience in the production of advanced cameras where quality requirements are at a high level.

## Research and development activities

In 2023/24 the Group incurred research and development costs of 2,170 KEUR against 2,339 KEUR in 2022/23. Development costs of 1,108 KEUR were capitalized in 2023/24 compared to 1,486 KEUR in 2022/23.

Development projects in progress and Capitalized research amounted to 914 KEUR on 31 March 2024.

### ***Quality systems***

Quality has a high priority at JAI, and the company strives to deliver the best possible quality in all respects.

All companies in the JAI Group are ISO 9001:2015 / ISO 14001:2008 certified. JAI's quality management systems are subject to constant development and improvement.

### ***Subsequent events***

No events materially affecting the assessment of the annual report have occurred after the balance sheet date.

## Income statement 1 April 2023 - 31 March 2024

|   | Note | Group         |               | Parent company |              |
|---|------|---------------|---------------|----------------|--------------|
|   |      | 2023/24       | 2022/23       | 2023/24        | 2022/23      |
|   |      | TEUR          | TEUR          | TEUR           | TEUR         |
| Revenue   |      | 41,489        | 48,575        | 0              | 0            |
| Work on own account recognised in assets  |      | 927           | 1,731         | 0              | 0            |
| Expenses for raw materials and consumables  |      | -19,822       | -25,164       | 0              | 0            |
| Other external expenses   |      | -6,897        | -7,406        | -111           | -47          |
| <b>Gross profit</b>   |      | <b>15,697</b> | <b>17,736</b> | <b>-111</b>    | <b>-47</b>   |
| Staff expenses  | 1    | -10,512       | -11,373       | 0              | 0            |
| Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment | 2    | -2,294        | -2,461        | 0              | 0            |
| <b>Profit/loss before financial income and expenses</b>   |      | <b>2,891</b>  | <b>3,902</b>  | <b>-111</b>    | <b>-47</b>   |
| Income from investments in subsidiaries   | 3    | 0             | 0             | 2,166          | 2,898        |
| Financial income  | 4    | 747           | 734           | 211            | 0            |
| Financial expenses  | 5    | -1,186        | -760          | 0              | -28          |
| <b>Profit/loss before tax</b>   |      | <b>2,452</b>  | <b>3,876</b>  | <b>2,266</b>   | <b>2,823</b> |
| Tax on profit/loss for the year   | 6    | -177          | -1,054        | 7              | -3           |
| <b>Net profit/loss for the year</b>   | 7    | <b>2,275</b>  | <b>2,822</b>  | <b>2,273</b>   | <b>2,820</b> |

# Balance sheet 31 March 2024

## Assets

|   | Note      | Group         |               | Parent company |               |
|---|-----------|---------------|---------------|----------------|---------------|
|   |           | 2023/24       | 2022/23       | 2023/24        | 2022/23       |
|   |           | TEUR          | TEUR          | TEUR           | TEUR          |
| Completed development projects                    |           | 2,866         | 3,005         | 0              | 0             |
| Acquired licenses                                 |           | 10            | 14            | 0              | 0             |
| Goodwill  |           | 0             | 0             | 0              | 0             |
| Development projects in progress                  |           | 914           | 1,315         | 0              | 0             |
| <b>Intangible assets</b>                          | <b>8</b>  | <b>3,790</b>  | <b>4,334</b>  | <b>0</b>       | <b>0</b>      |
| Land and buildings                                |           | 835           | 937           | 0              | 0             |
| Other fixtures and fittings, tools and equipment  |           | 2,114         | 2,376         | 0              | 0             |
| Leasehold improvements                            |           | 220           | 213           | 0              | 0             |
| Property, plant and equipment in progress         |           | 186           | 337           | 0              | 0             |
| <b>Property, plant and equipment</b>              | <b>9</b>  | <b>3,355</b>  | <b>3,863</b>  | <b>0</b>       | <b>0</b>      |
| Investments in subsidiaries                       | 10        | 0             | 0             | 27,204         | 29,768        |
| Receivables from group enterprises                |           | 0             | 0             | 2,862          | 0             |
| <b>Fixed asset investments</b>                    |           | <b>0</b>      | <b>0</b>      | <b>30,066</b>  | <b>29,768</b> |
| <b>Fixed assets</b>                               |           | <b>7,145</b>  | <b>8,197</b>  | <b>30,066</b>  | <b>29,768</b> |
| <b>Inventories</b>                                | <b>11</b> | <b>20,776</b> | <b>24,032</b> | <b>0</b>       | <b>0</b>      |
| Trade receivables                                 |           | 7,188         | 9,523         | 0              | 0             |
| Other receivables                                 |           | 226           | 445           | 0              | 0             |
| Deferred tax asset                                | 12        | 1,918         | 1,595         | 7              | 0             |
| Corporation tax                                   |           | 413           | 0             | 0              | 0             |
| Corporation tax receivable from group enterprises |           | 0             | 0             | 0              | 8             |
| Prepayments                                       | 13        | 706           | 563           | 7              | 0             |
| <b>Receivables</b>                                |           | <b>10,451</b> | <b>12,126</b> | <b>14</b>      | <b>8</b>      |



# Balance sheet 31 March 2024

## Assets

| Note                     | Group         |               | Parent company |               |
|--------------------------|---------------|---------------|----------------|---------------|
|                          | 2023/24       | 2022/23       | 2023/24        | 2022/23       |
|                          | TEUR          | TEUR          | TEUR           | TEUR          |
| Cash at bank and in hand | <b>11,458</b> | <b>9,379</b>  | <b>5,876</b>   | <b>5,913</b>  |
| Current assets           | <b>42,685</b> | <b>45,537</b> | <b>5,890</b>   | <b>5,921</b>  |
| Assets                   | <b>49,830</b> | <b>53,734</b> | <b>35,956</b>  | <b>35,689</b> |

# Balance sheet 31 March 2024

## Liabilities and equity

|  | Note | Group           |                 | Parent company  |                 |
|--|------|-----------------|-----------------|-----------------|-----------------|
|  |      | 2023/24<br>TEUR | 2022/23<br>TEUR | 2023/24<br>TEUR | 2022/23<br>TEUR |
| Share capital  | 14   | 135             | 135             | 135             | 135             |
| Reserve for net revaluation under the equity method              |      | 0               | 0               | 7,036           | 9,600           |
| Other statutory reserves   |      | -3,443          | -1,462          | -23             | 0               |
| Retained earnings  |      | 39,257          | 36,984          | 28,800          | 25,922          |
| <b>Equity attributable to shareholders of the Parent Company</b> |      | <b>35,949</b>   | <b>35,657</b>   | <b>35,948</b>   | <b>35,657</b>   |
| Minority interests   |      | 24              | 47              | 0               | 0               |
| <b>Equity</b>  |      | <b>35,973</b>   | <b>35,704</b>   | <b>35,948</b>   | <b>35,657</b>   |
| Provision for deferred tax                                       | 12   | 366             | 422             | 0               | 0               |
| Provisions for pensions and similar obligations                  |      | 285             | 297             | 0               | 0               |
| Other provisions   | 15   | 392             | 406             | 0               | 0               |
| <b>Provisions</b>  |      | <b>1,043</b>    | <b>1,125</b>    | <b>0</b>        | <b>0</b>        |
| Credit institutions  |      | 619             | 1,761           | 0               | 0               |
| <b>Long-term debt</b>  | 16   | <b>619</b>      | <b>1,761</b>    | <b>0</b>        | <b>0</b>        |
| Credit institutions  | 16   | 5,664           | 5,896           | 0               | 0               |
| Prepayments received from customers                              |      | 508             | 1,304           | 0               | 0               |
| Trade payables   |      | 3,600           | 5,151           | 0               | 0               |
| Payables to group enterprises                                    |      | 0               | 0               | 0               | 32              |
| Corporation tax  |      | 354             | 726             | 0               | 0               |
| Other payables   |      | 2,069           | 2,067           | 8               | 0               |
| <b>Short-term debt</b>   |      | <b>12,195</b>   | <b>15,144</b>   | <b>8</b>        | <b>32</b>       |
| <b>Debt</b>  |      | <b>12,814</b>   | <b>16,905</b>   | <b>8</b>        | <b>32</b>       |
| <b>Liabilities and equity</b>                                    |      | <b>49,830</b>   | <b>53,734</b>   | <b>35,956</b>   | <b>35,689</b>   |

# Balance sheet 31 March 2024

## Liabilities and equity

|  | Note | Group   |         | Parent company |         |
|--|------|---------|---------|----------------|---------|
|  |      | 2023/24 | 2022/23 | 2023/24        | 2022/23 |
|  |      | TEUR    | TEUR    | TEUR           | TEUR    |
| Contingent assets, liabilities and other financial obligations | 19   |         |         |                |         |
| Related parties  | 20   |         |         |                |         |
| Accounting Policies  | 21   |         |         |                |         |

## Statement of changes in equity

### Group

|                              | Share capital | Other statutory reserves | Retained earnings | Equity excl. minority interests | Minority interests | Total         |
|------------------------------|---------------|--------------------------|-------------------|---------------------------------|--------------------|---------------|
|                              | TEUR          | TEUR                     | TEUR              | TEUR                            | TEUR               | TEUR          |
| Equity at 1 April            | 135           | -1,462                   | 36,984            | 35,657                          | 47                 | 35,704        |
| Exchange adjustments         | 0             | -1,981                   | 0                 | -1,981                          | -25                | -2,006        |
| Net profit/loss for the year | 0             | 0                        | 2,273             | 2,273                           | 2                  | 2,275         |
| <b>Equity at 31 March</b>    | <b>135</b>    | <b>-3,443</b>            | <b>39,257</b>     | <b>35,949</b>                   | <b>24</b>          | <b>35,973</b> |

### Parent company

|                                 | Share capital | Reserve for net revaluation under the equity method | Other statutory reserves | Retained earnings | Total         |
|---------------------------------|---------------|---|--------------------------|-------------------|---------------|
|                                 | TEUR          | TEUR  | TEUR                     | TEUR              | TEUR          |
| Equity at 1 April               | 135           | 9,600   | 0                        | 25,922            | 35,657        |
| Exchange adjustments            | 0             | -1,959  | -23                      | 0                 | -1,982        |
| Dividend from group enterprises | 0             | -2,771  | 0                        | 2,771             | 0             |
| Net profit/loss for the year    | 0             | 2,166   | 0                        | 107               | 2,273         |
| <b>Equity at 31 March</b>       | <b>135</b>    | <b>7,036</b>  | <b>-23</b>               | <b>28,800</b>     | <b>35,948</b> |

## Cash flow statement 1 April 2023 - 31 March 2024

|   | Note | Group         |               |
|---|------|---------------|---------------|
|   |      | 2023/24       | 2022/23       |
|   |      | TEUR          | TEUR          |
| Result of the year                                      |      | 2,275         | 2,822         |
| Adjustments   | 17   | 904           | 2,335         |
| Change in working capital                               | 18   | 3,296         | -7,027        |
| <b>Cash flow from operations before financial items</b> |      | <b>6,475</b>  | <b>-1,870</b> |
| Financial income  |      | 747           | 709           |
| Financial expenses                                      |      | -1,186        | -734          |
| <b>Cash flows from ordinary activities</b>              |      | <b>6,036</b>  | <b>-1,895</b> |
| Corporation tax paid                                    |      | -1,138        | -113          |
| <b>Cash flows from operating activities</b>             |      | <b>4,898</b>  | <b>-2,008</b> |
| Purchase of intangible assets                           |      | -1,118        | -1,741        |
| Purchase of property, plant and equipment               |      | -383          | -700          |
| <b>Cash flows from investing activities</b>             |      | <b>-1,501</b> | <b>-2,441</b> |
| Repayment of loans from credit institutions             |      | -1,374        | 0             |
| Raising of loans from credit institutions               |      | 0             | 1,195         |
| Minority interests                                      |      | 0             | -7            |
| <b>Cash flows from financing activities</b>             |      | <b>-1,374</b> | <b>1,188</b>  |
| <b>Change in cash and cash equivalents</b>              |      | <b>2,023</b>  | <b>-3,261</b> |
| Cash and cash equivalents at 1 April                    |      | 9,379         | 12,403        |
| Exchange adjustment                                     |      | 56            | 237           |
| <b>Cash and cash equivalents at 31 March</b>            |      | <b>11,458</b> | <b>9,379</b>  |
| Cash and cash equivalents are specified as follows:     |      |               |               |
| Cash at bank and in hand                                |      | 11,458        | 9,379         |
| <b>Cash and cash equivalents at 31 March</b>            |      | <b>11,458</b> | <b>9,379</b>  |

## Notes to the Financial Statements

|   | <b>Group</b>   |                | <b>Parent company</b> |                |
|---|----------------|----------------|-----------------------|----------------|
|   | <b>2023/24</b> | <b>2022/23</b> | <b>2023/24</b>        | <b>2022/23</b> |
|   | TEUR           | TEUR           | TEUR                  | TEUR           |
| <b>1. Staff Expenses</b>  |                |                |                       |                |
| Wages and salaries  | 9,211          | 10,384         | 0                     | 0              |
| Pensions  | 193            | 0              | 0                     | 0              |
| Other social security expenses  | 629            | 765            | 0                     | 0              |
| Other staff expenses  | 479            | 224            | 0                     | 0              |
|   | <b>10,512</b>  | <b>11,373</b>  | <b>0</b>              | <b>0</b>       |
| <b>Including remuneration to the Executive Board and Board of Directors</b>                                       | <b>1,187</b>   | <b>1,244</b>   | <b>0</b>              | <b>0</b>       |
| <b>Average number of employees</b>  | <b>127</b>     | <b>133</b>     | <b>0</b>              | <b>0</b>       |
|   |                |                |                       |                |
|   | <b>Group</b>   |                | <b>Parent company</b> |                |
|   | <b>2023/24</b> | <b>2022/23</b> | <b>2023/24</b>        | <b>2022/23</b> |
|   | TEUR           | TEUR           | TEUR                  | TEUR           |
| <b>2. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment</b> |                |                |                       |                |
| Amortisation of intangible assets   | 1,618          | 1,321          | 0                     | 0              |
| Depreciation of property, plant and equipment   | 676            | 1,140          | 0                     | 0              |
|   | <b>2,294</b>   | <b>2,461</b>   | <b>0</b>              | <b>0</b>       |
|   |                |                |                       |                |
|   |                |                | <b>Parent company</b> |                |
|   |                |                | <b>2023/24</b>        | <b>2022/23</b> |
|   |                |                | TEUR                  | TEUR           |
| <b>3. Income from investments in subsidiaries</b>   |                |                |                       |                |
| Share of profit of subsidiary   |                |                | 2,166                 | 2,898          |
|   |                |                | <b>2,166</b>          | <b>2,898</b>   |

## Notes to the Financial Statements

|  | Group      |            | Parent company |          |
|--|------------|------------|----------------|----------|
|  | 2023/24    | 2022/23    | 2023/24        | 2022/23  |
|  | TEUR       | TEUR       | TEUR           | TEUR     |
| <b>4. Financial income</b>               |            |            |                |          |
| Interest received from group enterprises | 0          | 0          | 109            | 0        |
| Other financial income                   | 121        | 11         | 102            | 0        |
| Exchange gains                           | 626        | 723        | 0              | 0        |
|  | <b>747</b> | <b>734</b> | <b>211</b>     | <b>0</b> |

|                              | Group        |            | Parent company |           |
|------------------------------|--------------|------------|----------------|-----------|
|                              | 2023/24      | 2022/23    | 2023/24        | 2022/23   |
|                              | TEUR         | TEUR       | TEUR           | TEUR      |
| <b>5. Financial expenses</b> |              |            |                |           |
| Other financial expenses     | 286          | 311        | 0              | 28        |
| Exchange loss                | 900          | 449        | 0              | 0         |
|                              | <b>1,186</b> | <b>760</b> | <b>0</b>       | <b>28</b> |

|  | Group      |              | Parent company |          |
|--|------------|--------------|----------------|----------|
|  | 2023/24    | 2022/23      | 2023/24        | 2022/23  |
|  | TEUR       | TEUR         | TEUR           | TEUR     |
| <b>6. Income tax expense</b>                         |            |              |                |          |
| Current tax for the year                             | 656        | 1,123        | 0              | -8       |
| Deferred tax for the year                            | -446       | -113         | -7             | 0        |
| Adjustment of tax concerning previous years          | 0          | 11           | 0              | 11       |
| Adjustment of deferred tax concerning previous years | -33        | 33           | 0              | 0        |
|  | <b>177</b> | <b>1,054</b> | <b>-7</b>      | <b>3</b> |

## Notes to the Financial Statements

|  | Group        |              | Parent company |              |
|--|--------------|--------------|----------------|--------------|
|  | 2023/24      | 2022/23      | 2023/24        | 2022/23      |
|  | TEUR         | TEUR         | TEUR           | TEUR         |
| <b>7. Profit allocation</b>                                  |              |              |                |              |
| Reserve for net revaluation under the equity method          | 0            | 0            | 2,166          | 2,409        |
| Minority interests' share of net profit/loss of subsidiaries | 2            | 2            | 0              | 0            |
| Retained earnings  | 2,273        | 2,820        | 107            | 411          |
|  | <b>2,275</b> | <b>2,822</b> | <b>2,273</b>   | <b>2,820</b> |

## 8. Intangible fixed assets

### Group

|  | Completed development projects | Acquired licenses | Goodwill | Development projects in progress |
|--|--------------------------------|-------------------|----------|----------------------------------|
|  | TEUR                           | TEUR              | TEUR     | TEUR                             |
| Cost at 1 April                                | 18,246                         | 565               | 2,126    | 1,315                            |
| Exchange adjustment                            | -1,553                         | -65               | 0        | 73                               |
| Additions for the year                         | 0                              | 10                | 0        | 1,108                            |
| Transfers for the year                         | 1,582                          | 0                 | 0        | -1,582                           |
| Cost at 31 March                               | 18,275                         | 510               | 2,126    | 914                              |
| Impairment losses and amortisation at 1 April  | 15,241                         | 551               | 2,126    | 0                                |
| Exchange adjustment                            | -1,436                         | -65               | 0        | 0                                |
| Amortisation for the year                      | 1,604                          | 14                | 0        | 0                                |
| Impairment losses and amortisation at 31 March | 15,409                         | 500               | 2,126    | 0                                |
| <b>Carrying amount at 31 March</b>             | <b>2,866</b>                   | <b>10</b>         | <b>0</b> | <b>914</b>                       |
| Amortised over                                 | 3-5 years                      | 5 years           | 10 years |                                  |

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.

Development of new technologies is a key activity to keep up with the industry standards and will continue to support the company strategy. Projects are monitored and progressing according to plans.



## Notes to the Financial Statements

### 9. Property, plant and equipment Group

|  | Land and buildings | Other fixtures and fittings, tools and equipment | Leasehold improvements | Property, plant and equipment in progress |
|--|--------------------|--|------------------------|---|
|  | TEUR               | TEUR   | TEUR                   | TEUR                                      |
| Cost at 1 April  | 2,521              | 10,510   | 1,446                  | 337                                       |
| Exchange adjustment                                    | -230               | -1,060   | 31                     | -56                                       |
| Additions for the year                                 | 0                  | 249  | 34                     | 100                                       |
| Disposals for the year                                 | 0                  | -234   | 0                      | 0   |
| Transfers for the year                                 | 0                  | 195  | 0                      | -195                                      |
| Cost at 31 March                                       | <u>2,291</u>       | <u>9,660</u>                                     | <u>1,511</u>           | <u>186</u>                                |
| Impairment losses and depreciation at 1 April          | 1,584              | 8,134  | 1,233                  | 0   |
| Exchange adjustment                                    | -155               | -995   | 50                     | 0   |
| Depreciation for the year                              | 27                 | 641  | 8                      | 0   |
| Reversal of impairment and depreciation of sold assets | 0                  | -234   | 0                      | 0   |
| Impairment losses and depreciation at 31 March         | <u>1,456</u>       | <u>7,546</u>                                     | <u>1,291</u>           | <u>0</u>                                  |
| Carrying amount at 31 March                            | <u>835</u>         | <u>2,114</u>                                     | <u>220</u>             | <u>186</u>                                |
| Amortised over   | <u>20-50 years</u> | <u>3-20 years</u>                                | <u>3-10 years</u>      |   |

## Notes to the Financial Statements

|  | <b>Parent company</b> |                      |
|--|-----------------------|----------------------|
|  | <u>2023/24</u>        | <u>2022/23</u>       |
|  | TEUR                  | TEUR                 |
| <b>10. Investments in subsidiaries</b> |                       |                      |
| Cost at 1 April                        | 20,168                | 11,428               |
| Additions for the year                 | 0                     | 8,740                |
| Cost at 31 March                       | <u>20,168</u>         | <u>20,168</u>        |
| Value adjustments at 1 April           | 9,600                 | 8,387                |
| Exchange adjustment                    | -1,959                | -1,218               |
| Net profit/loss for the year           | 2,166                 | 2,898                |
| Dividend to the Parent Company         | -2,771                | 0                    |
| Other adjustments                      | 0                     | -467                 |
| Value adjustments at 31 March          | <u>7,036</u>          | <u>9,600</u>         |
| <b>Carrying amount at 31 March</b>     | <u><b>27,204</b></u>  | <u><b>29,768</b></u> |

Investments in subsidiaries are specified as follows:

| <u>Name</u> | <u>Place of registered office</u> | <u>Share capital</u> | <u>Owner-ship</u> | <u>Equity</u> | <u>Net profit/loss for the year</u> |
|-------------|-----------------------------------|----------------------|-------------------|---------------|-------------------------------------|
| JAI A/S     | Valby,<br>Denmark                 | TEUR 1,254           | 99,95%            | 27,230        | 2,168                               |
|             |                                   |                      |                   | <u>27,230</u> | <u>2,168</u>                        |

The direct ownership of JAI A/S is 95,57%, while the indirect ownership of JAI A/S is 99,95%. This is due to the fact that JAI A/S owns treasury shares.

|                                     | <b>Group</b>   |                | <b>Parent company</b> |                |
|-------------------------------------|----------------|----------------|-----------------------|----------------|
|                                     | <u>2023/24</u> | <u>2022/23</u> | <u>2023/24</u>        | <u>2022/23</u> |
|                                     | TEUR           | TEUR           | TEUR                  | TEUR           |
| <b>11. Inventories</b>              |                |                |                       |                |
| Raw materials and consumables       | 18,107         | 19,680         | 0                     | 0              |
| Work in progress                    | 2,178          | 1,182          | 0                     | 0              |
| Finished goods and goods for resale | 491            | 3,170          | 0                     | 0              |
|                                     | <u>20,776</u>  | <u>24,032</u>  | <u>0</u>              | <u>0</u>       |

## Notes to the Financial Statements

|   | Group        |              | Parent company |          |
|---|--------------|--------------|----------------|----------|
|   | 2023/24      | 2022/23      | 2023/24        | 2022/23  |
|   | TEUR         | TEUR         | TEUR           | TEUR     |
| <b>12. Deferred tax asset</b>                           |              |              |                |          |
| Deferred tax asset at 1 April                           | 1,173        | 1,505        | 0              | 0        |
| Exchange rate adjustments                               | -100         | -252         | 0              | 0        |
| Amounts recognised in the income statement for the year | 479          | -80          | 7              | 0        |
| <b>Deferred tax asset at 31 March</b>                   | <b>1,552</b> | <b>1,173</b> | <b>7</b>       | <b>0</b> |
| Recognised in the balance sheet as follows:             |              |              |                |          |
| Assets  | 1,918        | 1,595        | 7              | 0        |
| Provisions  | -366         | -422         | 0              | 0        |
|   | <b>1,552</b> | <b>1,173</b> | <b>7</b>       | <b>0</b> |

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 unpredictability.

As of 31 March 2024 a deferred tax asset of a total value of EUR 1,918k (2023: EUR 1,595k) is recognised in the Financial Statements. The tax asset is recognised to the extent that it is considered probable that the tax asset may be realised within the foreseeable future. The recognised deferred tax asset is based on the Company's budget for the financial year 2024/25 and the forecasts for the following two financial years.

### 13. Prepayments

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

### 14. Share capital

|          | Number | Nominal value |
|----------|--------|---------------|
|          |        | TEUR          |
| A-shares | 2,000  | 27            |
| B-shares | 8,000  | 108           |
|          |        | <b>135</b>    |

## Notes to the Financial Statements

| Group   |         | Parent company |         |
|---------|---------|----------------|---------|
| 2023/24 | 2022/23 | 2023/24        | 2022/23 |
| TEUR    | TEUR    | TEUR           | TEUR    |

### 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 392 kEUR (2023: kEUR 406) have been recognised for expected warranty claims.

|                      |            |            |          |          |
|----------------------|------------|------------|----------|----------|
| Warranty obligations | 392        | 406        | 0        | 0        |
|                      | <b>392</b> | <b>406</b> | <b>0</b> | <b>0</b> |

The provisions are expected to mature as follows:

|                       |            |            |          |          |
|-----------------------|------------|------------|----------|----------|
| Between 1 and 5 years | 392        | 406        | 0        | 0        |
| After 5 years         | 0          | 0          | 0        | 0        |
|                       | <b>392</b> | <b>406</b> | <b>0</b> | <b>0</b> |

| Group   |         | Parent company |         |
|---------|---------|----------------|---------|
| 2023/24 | 2022/23 | 2023/24        | 2022/23 |
| TEUR    | TEUR    | TEUR           | TEUR    |

### 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:

#### Credit institutions

|  |              |              |          |          |
|--|--------------|--------------|----------|----------|
| After 5 years                                | 0            | 0            | 0        | 0        |
| Between 1 and 5 years                        | 619          | 1,761        | 0        | 0        |
| Long-term part                               | 619          | 1,761        | 0        | 0        |
| Within 1 year                                | 188          | 229          | 0        | 0        |
| Other short-term debt to credit institutions | 5,476        | 5,667        | 0        | 0        |
|  | <b>6,283</b> | <b>7,657</b> | <b>0</b> | <b>0</b> |

## Notes to the Financial Statements

|   | <b>Group</b> |              |
|---|--------------|--------------|
|   | 2023/24      | 2022/23      |
|   | TEUR         | TEUR         |
| <b>17. Cash flow statement - Adjustments</b>  |              |              |
| Financial income  | -747         | -734         |
| Financial expenses  | 1,186        | 760          |
| Depreciation, amortisation and impairment losses, including losses and gains on sales | 2,294        | 2,461        |
| Tax on profit/loss for the year   | 177          | 1,054        |
| Exchange adjustments  | -2,006       | -1,206       |
|   | <b>904</b>   | <b>2,335</b> |

|  | <b>Group</b> |               |
|--|--------------|---------------|
|  | 2023/24      | 2022/23       |
|  | TEUR         | TEUR          |
| <b>18. Cash flow statement - Change in working capital</b> |              |               |
| Change in inventories                                      | 3,256        | -7,922        |
| Change in receivables                                      | 2,411        | 371           |
| Change in other provisions                                 | -26          | -23           |
| Change in trade payables, etc                              | -2,345       | 547           |
|  | <b>3,296</b> | <b>-7,027</b> |

|   | <b>Group</b> |         | <b>Parent company</b> |         |
|---|--------------|---------|-----------------------|---------|
|   | 2023/24      | 2022/23 | 2023/24               | 2022/23 |
|   | TEUR         | TEUR    | TEUR                  | TEUR    |
| <b>19. Contingent assets, liabilities and other financial obligations</b> |              |         |                       |         |
| <b>Rental and lease obligations</b>                                       |              |         |                       |         |
| Rental obligations  | 334          | 372     | 0                     | 0       |
| Lease obligations   | 212          | 85      | 0                     | 0       |

# Notes to the Financial Statements

| Group   |         | Parent company |         |
|---------|---------|----------------|---------|
| 2023/24 | 2022/23 | 2023/24        | 2022/23 |
| TEUR    | TEUR    | TEUR           | TEUR    |

## 19. Contingent assets, liabilities and other financial obligations

### Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of 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 Group's liability.

## 20. Related parties

|  | <u>Basis</u> |
|--|--------------|
| <b>Controlling interest</b><br>Jørgen Andersen,<br>Langelinie Allé 27A, 5. th 2100 København Ø | 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.

There are no related party transactions that have not been carried through on market terms.

# Notes to the Financial Statements

## 21. Accounting policies

The Annual Report of JAI Group Holding ApS for 2023/24 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 Financial Statements and the Parent Company Financial Statements for 2023/24 are presented in TEUR.

### 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.

### 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.

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

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

### Translation policies

EUR is used as the presentation currency. All other currencies are regarded as foreign currencies.

# Notes to the Financial Statements

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 transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Income statements of enterprises that are integrated entities are translated at transaction date rates or approximated average exchange rates; however, items derived from non-monetary balance sheet items are translated at the transaction date rates of the underlying assets or liabilities. Monetary balance sheet items are translated at the exchange rates at the balance sheet date, whereas non-monetary items are translated at transaction date rates. Exchange adjustments arising on the translation are recognised in financial income and expenses in the income statement.

## 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 the consolidated revenue for the year.

### Other external expenses

Other external expenses comprise expenses for premises, sales as well as office expenses, etc.

### Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees.

### 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.



# Notes to the Financial Statements

## **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.

## **Financial income and expenses**

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

## **Tax on profit/loss for the year**

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with wholly owned Danish subsidiaries. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

# Notes to the Financial Statements

## Balance sheet

### Intangible fixed assets

#### *Goodwill*

Goodwill is amortised on a straight-line basis over the estimated useful life of 10 years, determined on the basis of Management's experience with the individual business areas.

#### *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 feasibility, sufficient resources and a potential future market or development opportunity in the enterprise 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 3-5 year.

#### *Other intangible fixed assets*

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

Software licences are amortised over the period of 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.

Interest expenses on loans contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

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 |
| Other fixtures and fittings, tools and equipment | 3-20 years  |
| Leasehold improvements                           | 3-10 years  |

The fixed assets' residual values are determined at nil.

# Notes to the Financial Statements

Depreciation period and residual value are reassessed annually.

## Impairment of fixed assets

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

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Goodwill, head office buildings and other assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

## 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.

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 and costs of completion. 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.

# Notes to the Financial Statements

## 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 1-5 years. Provisions are measured and recognised based on experience with guarantee work.

## Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

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. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured 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.

Deferred tax assets and liabilities are offset within the same legal tax entity.

## Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

## Financial liabilities

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

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.

# Notes to the Financial Statements

## *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.

## **Financial Highlights**

### **Explanation of financial ratios**

|                  |  |
|------------------|--|
| Gross margin     | $\text{Gross profit} \times 100 / \text{Revenue}$  |
| Profit margin    | $\text{Profit/loss of ordinary primary operations} \times 100 / \text{Revenue}$                  |
| Return on assets | $\text{Profit/loss of ordinary primary operations} \times 100 / \text{Total assets at year end}$ |
| Solvency ratio   | $\text{Equity at year end} \times 100 / \text{Total assets at year end}$                         |
| Return on equity | $\text{Net profit for the year} \times 100 / \text{Average equity}$                              |