JAI Group Holding ApS

Valby Torvegade 17, 1., DK-2500 Valby

Annual Report for 1 April 2019 - 31 March 2020

CVR No 26 15 35 81

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 19/8 2020

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 2019 - 31 March 2020.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 March 2020 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2019/20.

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, 3 July 2020

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 2020 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 2019 - 31 March 2020 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 2019 - 31 March 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, 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, 3 July 2020
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Flemming Eghoff State Authorised Public Accountant mne30221	Mads Haugegaard Albrechtsen State Authorised Public Accountant mne45846

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				
	2019/20	2018/19	2017/18	2016/17	2015/16
	KEUR	KEUR	KEUR	KEUR	KEUR
Key figures					
Profit/loss					
Revenue	33,930	41,070	41,932	40,270	35,215
Gross profit/loss	12,231	15,685	15,038	15,186	14,025
Profit/loss before financial income and expenses	-1,337	3,025	3,302	3,366	775
Net financials	-110	-165	-322	-108	-363
Net profit/loss for the year	-1,075	2,007	1,724	1,905	280
Balance sheet					
Balance sheet total	48,055	48,714	46,061	46,675	42,177
Equity	37,853	38,216	34,623	35,371	32,670
Cash flows					
Cash flows from:					
- operating activities	1,857	5,302	3,520	5,618	2,404
- investing activities	-1,724	-2,333	-2,185	-2,147	-2,241
including investment in property, plant and equipment	-520	-756	-680	-750	-598
- financing activities	-585	-707	-1,286	-702	-1,381
Change in cash and cash equivalents for the year	-452	2,262	49	2,769	-1,218
Number of employees	121	117	126	123	140
Ratios					
Gross margin	36.0%	38.2%	35.9%	37.7%	39.8%
Profit margin	-3.9%	7.4%	7.9%	8.4%	2.2%
Return on assets	-2.8%	6.2%	7.2%	7.2%	1.8%
Solvency ratio	78.8%	78.4%	75.2%	75.8%	77.5%
Return on equity	-2.8%	5.5%	4.9%	5.6%	0.9%

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

Management's Review

Consolidated and Parent Company Financial Statements of JAI Group Holding ApS for 2019/20 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

The income statement of the Group for 2019/20 shows a loss of KEUR 1,075, and at 31 March 2020 the Balance Sheet of the Group shows equity of KEUR 37,853.

For 2019/2020, the Group achieved a revenue of KEUR 33,930 compared to KEUR 41,070 in 2018/2019.

Operating profit (EBIT) amounts to a loss of 1,337 KEUR compared to an Operating profit (EBIT) of KEUR 3,025 in 2018/2019. Net/profit loss for the year amounts to a loss of KEUR 1,075 compared to a profit of KEUR 2,007 in 2018/19.

The equity of the group decreased from KEUR 38,216 in 2018/2019 to KEUR 37,853 in 2019/2020, corresponding to a decrease of KEUR 363.

At the end of the financial year 2019/2020, the JAI Group is still a solid group with a solvency of 78.8% and cash at bank and in hand of KEUR 16,606.

As in previous years part of our cost base is affected by non-core activities. The Operating Profit (EBIT) adjusted for non-core activities in 2019/20 amounts to a loss of KEUR 680 compared to a profit of KEUR 3,857 in 2018/19.

Due to the uncertain outlook as a consequence of COVID-19 it has been necessary to balance the costbase. This has resulted in one-off redundancy payments of KEUR 259, which is recognised in the net/profit loss for 2019/20.

The development in turnover and net profit/loss for the year is lower than expected. This is driven by theglobal slowdown before the outbreak of COVID-19 and the slowdown in key markets primarily due to the political environment in mainly Asia and the ongoing trade war between China and USA.

Therefore, the net profit/loss for the year is not in line with the expectations due to the above mentionfactors.

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 2019/2020, JAI Ltd. achieved a loss before tax of KEUR 23 compared to a profit before tax of KEUR 584 in 2018/2019.

JAI in USA

Among other things, the subsidiary in the US handles production of camera and delivery of products tothe North American markets. For 2019/2020, JAI Inc. achieved a loss before tax of KEUR 188 compared to a profit before tax of KEUR 1,509 in 2018/2019.

JAI in Finland

The subsidiary in Finland has in the year 2019/20 ended the process of voluntary liquidation. The Company achieved a loss before tax of KEUR 4.

Expectations for the future

The Company's outlook for the future can be negatively affected by the COVID-19 outbreak and themeasures taken by governments in most of the world to mitigate the impacts of the outbreak, see also subsequent events.

Management has tried to estimate the effect of COVID-19 on the expected revenue and net profit of theCompany. It is, however, too early yet to give an opinion as to the extent of the negative implications.Therefore, Management finds itself unable to disclose reliably its outlook for the future in accordancewith section 12 of the Danish Financial Statements Act.

Management's Review

Risks

General risks

The Group's most significant operating risks 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.

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 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 gain of year 2019/20 amounts to KEUR 33 are primarily due to unrealised loss from group entities.

Management's Review

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 Group results. The working environment isinformal and with a large degree of freedom and responsibility delegated to each employee. Employeeskills are maintained and developed currently.

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

Product development takes place in Japan, USA and Denmark. It is strategically important to JAI toundertake development activities on these three continents.

Production takes place in Japan and USA. JAI has considerable experience in the production of advancedcameras where quality requirements are high.

Research and development activities

In 2019/20 the Group incurred research and development costs of KEUR 2,160 against KEUR 2,886 in 2018/19. Development costs of KEUR 1,220 were capitalized in 2018/19 compared to KEUR 1,501 in 2018/19. Capitalized research and development projects in progress amounted to KEUR 288 at 31 March 2020.

Quality systems

Quality has a high priority at JAI, and the Company strives for the best possible quality in all respects.

All companies in the JAI Group are ISO 9001:2015 / ISO 14001:2008 certified. JAI's qualitymanagement 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 - 31 March

	Note	Group 2019/20 KEUR	Group 2018/19 KEUR	Parent Company 2019/20 KEUR	Parent Company 2018/19 KEUR
Revenue		**33,930**	**41,070**	**0**	**0**
Capitalized research costs		1,220	1,501	0	0
Expenses for raw materials and consumables		-16,404	-19,413	0	0
Other external expenses		-6,515	-7,473	-13	-454
Gross profit/loss		**12,231**	**15,685**	**-13**	**-454**
Staff expenses	1	-10,893	-9,943	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-2,675	-2,717	0	0
Profit/loss before financial income and expenses		**-1,337**	**3,025**	**-13**	**-454**
Income from investments in subsidiaries	3	0	0	-732	1,751
Financial income	4	345	287	0	0
Financial expenses	5	-455	-452	-32	-29
Profit/loss before tax		**-1,447**	**2,860**	**-777**	**1,268**
Tax on profit/loss for the year	6	372	-853	9	9
Net profit/loss for the year		**-1,075**	**2,007**	**-768**	**1,277**

Balance Sheet 31 March

Assets

	Note	Group		Parent Company	
		2020	2019	2020	2019
		KEUR	KEUR	KEUR	KEUR
Completed development projects		4,651	4,490	0	0
Software		173	304	0	0
Goodwill		0	0	0	0
Development projects in progress		288	652	0	0
Intangible assets	7	**5,112**	**5,446**	**0**	**0**
Land and buildings		1,141	1,166	0	0
Other fixtures and fittings, tools and equipment		3,050	3,459	0	0
Leasehold improvements		829	676	0	0
Property, plant and equipment in progress		133	172	0	0
Property, plant and equipment	8	**5,153**	**5,473**	**0**	**0**
Investments in subsidiaries	9	0	0	22,912	23,507
Deposits	10	0	16	0	0
Fixed asset investments		**0**	**16**	**22,912**	**23,507**
Fixed assets		**10,265**	**10,935**	**22,912**	**23,507**
Inventories	11	**9,173**	**10,867**	**0**	**0**
Trade receivables		8,997	8,746	0	0
Receivables from group enterprises		0	0	71	0
Other receivables		333	321	0	0
Deferred tax	15	1,588	545	0	0
Corporation tax		204	46	33	46
Prepayments	12	889	662	0	0
Receivables		**12,011**	**10,320**	**104**	**46**
Cash at bank and in hand		**16,606**	**16,592**	**5,255**	**4,830**
Currents assets		**37,790**	**37,779**	**5,359**	**4,876**
Assets		**48,055**	**48,714**	**28,271**	**28,383**

Balance Sheet 31 March

Liabilities and equity

	Note	Group 2020 KEUR	Group 2019 KEUR	Parent Company 2020 KEUR	Parent Company 2019 KEUR
Share capital		85	85	85	85
Reserve for net revaluation under the equity method		0	0	11,484	12,079
Retained earnings		28,176	28,289	16,692	16,210
Equity attributable to shareholders of the Parent Company		**28,261**	**28,374**	**28,261**	**28,374**
Minority interests		9,592	9,842	0	0
Equity	13	**37,853**	**38,216**	**28,261**	**28,374**
Provision for deferred tax	15	1,495	1,033	0	0
Other provisions	16	880	827	0	0
Provisions		**2,375**	**1,860**	**0**	**0**
Credit institutions		895	1,495	0	0
Long-term debt	17	**895**	**1,495**	**0**	**0**
Credit institutions	17	1,039	579	0	0
Lease obligations		10	10	0	0
Prepayments received from customers		173	0	0	0
Trade payables		3,180	4,754	0	0
Corporation tax		120	201	0	0
Other payables		2,410	1,599	10	9
Short-term debt		**6,932**	**7,143**	**10**	**9**
Debt		**7,827**	**8,638**	**10**	**9**
Liabilities and equity		**48,055**	**48,714**	**28,271**	**28,383**

Distribution of profit	14
Contingent assets, liabilities and other financial obligations	20
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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	28,289	28,374	9,842	38,216
Ordinary dividend paid	0	0	0	0	-296	-296
Ordinary dividend on treasury shares	0	0	-161	-161	12	-149
Exchange adjustments	0	0	816	816	341	1,157
Net profit/loss for the year	0	0	-768	-768	-307	-1,075
Equity at 31 March	**85**	**0**	**28,176**	**28,261**	**9,592**	**37,853**

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	12,079	16,210	28,374	0	28,374
Ordinary dividend on treasury shares	0	0	-161	-161	0	-161
Exchange adjustments	0	816	0	816	0	816
Dividend from group enterprises	0	-679	679	0	0	0
Net profit/loss for the year	0	-732	-36	-768	0	-768
Equity at 31 March	**85**	**11,484**	**16,692**	**28,261**	**0**	**28,261**

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Cash Flow Statement 1 April - 31 March

	Note	Group 2019/20 KEUR	Group 2018/19 KEUR
Net profit/loss for the year		-1,075	2,007
Adjustments	18	2,413	4,678
Change in working capital	19	666	-992
Cash flows from operating activities before financial income and expenses		**2,004**	**5,693**
Financial income		355	287
Financial expenses		-463	-453
Cash flows from ordinary activities		**1,896**	**5,527**
Corporation tax paid		-39	-225
Cash flows from operating activities		**1,857**	**5,302**
Purchase of intangible assets		-1,220	-1,561
Purchase of property, plant and equipment		-520	-756
Fixed asset investments made etc		16	-16
Cash flows from investing activities		**-1,724**	**-2,333**
Repayment of loans from credit institutions		-140	-365
Reduction of lease obligations		0	-22
Repayment of payables to group enterprises		0	-36
Dividend paid		-445	-284
Cash flows from financing activities		**-585**	**-707**
Change in cash and cash equivalents		**-452**	**2,262**
Cash and cash equivalents at 1 April		16,592	14,330
Currency translation effect on cash and cash equivalents		466	0
Cash and cash equivalents at 31 March		**16,606**	**16,592**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		16,606	16,592
Cash and cash equivalents at 31 March		**16,606**	**16,592**

Notes to the Financial Statements

	Group		Parent Company	
	2019/20	2018/19	2019/20	2018/19
	KEUR	KEUR	KEUR	KEUR
1 Staff expenses				
Wages and salaries	9,910	8,700	0	0
Other social security expenses	700	771	0	0
Other staff expenses	283	472	0	0
	10,893	**9,943**	**0**	**0**
Including remuneration to the Executive Board and Board of Directors	**876**	**516**	**0**	**0**
Average number of employees	**121**	**117**	**0**	**0**

2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

	Group 2019/20	Group 2018/19	Parent Company 2019/20	Parent Company 2018/19
Amortisation of intangible assets	1,860	1,926	0	0
Depreciation of property, plant and equipment	815	791	0	0
	2,675	**2,717**	**0**	**0**

3 Income from investments in subsidiaries

	Group 2019/20	Group 2018/19	Parent Company 2019/20	Parent Company 2018/19
Share of profits of subsidiaries			-732	1,751
			-732	**1,751**

Notes to the Financial Statements

	Group		Parent Company	
	2019/20	2018/19	2019/20	2018/19
	KEUR	KEUR	KEUR	KEUR

4 Financial income

Other financial income	79	59	0	0
Exchange gains	266	228	0	0
	345	**287**	**0**	**0**

5 Financial expenses

Other financial expenses	222	149	32	29
Exchange loss	233	303	0	0
	455	**452**	**32**	**29**

6 Tax on profit/loss for the year

Current tax for the year	216	620	-9	-9
Deferred tax for the year	-578	233	0	0
Adjustment of tax concerning previous years	-10	0	0	0
	-372	**853**	**-9**	**-9**

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	23,465	1,446	2,128	652	27,691
Exchange adjustment	1,063	31	0	53	1,147
Additions for the year	0	0	0	1,220	1,220
Disposals for the year	0	-636	-2,128	0	-2,764
Transfers for the year	1,637	0	0	-1,637	0
Cost at 31 March	26,165	841	0	288	27,294
Impairment losses and amortisation at 1 April	18,975	1,142	2,128	0	22,245
Exchange adjustment	818	23	0	0	841
Amortisation for the year	1,721	139	0	0	1,860
Reversal of amortisation of disposals for the year	0	-636	-2,128	0	-2,764
Impairment losses and amortisation at 31 March	21,514	668	0	0	22,182
Carrying amount at 31 March	**4,651**	**173**	**0**	**288**	**5,112**

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	2,740	10,441	1,315	172	14,668
Exchange adjustment	124	270	52	8	454
Additions for the year	0	198	293	29	520
Disposals for the year	0	-216	0	-76	-292
Cost at 31 March	2,864	10,693	1,660	133	15,350
Impairment losses and depreciation at 1 April	1,574	6,982	639	0	9,195
Exchange adjustment	75	293	35	0	403
Depreciation for the year	74	584	157	0	815
Reversal of impairment and depreciation of sold assets	0	-216	0	0	-216
Impairment losses and depreciation at 31 March	1,723	7,643	831	0	10,197
Carrying amount at 31 March	**1,141**	**3,050**	**829**	**133**	**5,153**
Including assets under finance leases amounting to	0	10	0	0	10

Notes to the Financial Statements

	Parent Company	
	2020	2019
	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	12,079	9,693
Exchange adjustment	816	1,316
Net profit/loss for the year	-732	1,751
Dividend to the Parent Company	-679	-681
Value adjustments at 31 March	11,484	12,079
Carrying amount at 31 March	**22,912**	**23,507**

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%	32,504	-1,039

Notes to the Financial Statements

10 Other fixed asset investments

	Group
	Deposits
	KEUR
Cost at 1 April	16
Disposals for the year	-16
Cost at 31 March	0
Carrying amount at 31 March	**0**

11 Inventories

Raw materials and consumables	6,826	8,243	0	0
Work in progress	620	845	0	0
Finished goods and goods for resale	3,891	4,067	0	0
Write-down for obsolescense	-2,164	-2,288	0	0
	9,173	**10,867**	**0**	**0**

12 Prepayments

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

13 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	
	2019/20	2018/19	2019/20	2018/19
	KEUR	KEUR	KEUR	KEUR
14 Distribution of profit				
Ordinary dividend on treasury shares	161	0	161	0
Reserve for net revaluation under the equity method	0	0	-732	1,751
Minority interests' share of net profit/loss of subsidiaries	-307	730	0	0
Retained earnings	-929	1,277	-197	-474
	-1,075	**2,007**	**-768**	**1,277**
Extraordinary dividend after year end	0	0	0	161

15 Deferred tax

	Group 2019/20	Group 2018/19	Parent Company 2019/20	Parent Company 2018/19
Provision for deferred tax at 1 April	488	283	0	0
Amounts recognised in the income statement for the year	-578	233	0	0
Exchange rate adjustments	-3	-28	0	0
Provision for deferred tax at 31 March	**-93**	**488**	**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 1,588k (2019: EUR 545k) 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 amount has been determined on the basis of the budget prepared for 2020/21 and estimates for 2021/22 and 2022/23, so that the amount is based on an estimate of the probable future taxable profit for those periods.

16 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 417 kEUR (2019: kEUR 397) 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 2020 KEUR	Group 2019 KEUR	Parent Company 2020 KEUR	Parent Company 2019 KEUR
Warranty obligations	417	397	0	0
Retirement Benefit Obligation	463	430	0	0
	880	**827**	**0**	**0**
The provisions are expected to mature as follows:				
Between 1 and 5 years	880	827	0	0
	880	**827**	**0**	**0**

17 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

	Group 2020 KEUR	Group 2019 KEUR	Parent Company 2020 KEUR	Parent Company 2019 KEUR
After 5 years	0	336	0	0
Between 1 and 5 years	895	1,159	0	0
Long-term part	895	1,495	0	0
Other short-term debt to credit institutions	1,039	579	0	0
	1,934	**2,074**	**0**	**0**

Notes to the Financial Statements

	Group	
	2019/20	2018/19
	KEUR	KEUR

18 Cash flow statement - adjustments

	2019/20 KEUR	2018/19 KEUR
Financial income	-345	-287
Financial expenses	455	452
Depreciation, amortisation and impairment losses, including losses and gains on sales	2,675	2,717
Tax on profit/loss for the year	-372	853
Exchange rate adjustments	0	943
	2,413	**4,678**

19 Cash flow statement - change in working capital

	2019/20 KEUR	2018/19 KEUR
Change in inventories	1,694	-3,310
Change in receivables	-490	2,590
Change in other provisions	53	58
Change in trade payables, etc	-591	-330
	666	**-992**

Notes to the Financial Statements

	Group		Parent Company	
	2020	2019	2020	2019
	KEUR	KEUR	KEUR	KEUR

20 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

	2020	2019	2020	2019
Lease obligations under operating leases. Total future lease payments:				
Rental obligations	831	723	0	0
Lease obligations	213	326	0	0
	1,044	**1,049**	**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.

21 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

22 Accounting Policies

The Annual Report of JAI Group Holding ApS for 2019/20 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 2019/20 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

22 Accounting Policies (continued)

Business combinations

Business acquisitions carried through on or after 1 July 2018

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition. Acquired contingent liabilities are recognised at fair value in the Consolidated Financial Statements to the extent that the value can be measured reliably.

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Amortisation of goodwill is allocated in the Consolidated Financial Statements to the operations to which goodwill is related. Where the differences are negative, they are recognised immediately in the income statement.

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

In respect of step acquisitions, any previously held investments in the entity acquired are remeasured at fair value at the time of acquisition. The difference between the carrying amount of the investment previously held and the fair value is recognised in the income statement.

Business acquisitions carried through before 1 July 2018

Subject to some exemptions, acquisitions carried through before 1 July 2018 are accounted for under the same accounting policies as those applying to business combinations carried through on or after 1 July 2018. The most material exemptions are:

- Identifiable assets and liabilities of the entity acquired are recognised only if they are probable.

22 Accounting Policies (continued)

- Identifiable contingent liabilities of the entity acquired are not recognised in the consolidated balance sheet.

- Where the purchase price allocation is not final, positive and negative differences due to changes to the recognition and measurement of the acquired net assets may 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.

- Transaction costs directly attributable to the acquisition of subsidiaries are included as part of cost.

- After the initial recognition, adjustment of contingent consideration is recognised directly with its counter entry in initial purchase price, thus correcting the value of goodwill or negative goodwill.

- In respect of step acquisitions, the carrying amount of the existing investments is recognised in cost.

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.

Business acquisitions carried through before 1 July 2018

Minority interests are recognised at the carrying amounts of the acquired assets and liabilities at the time of acquisition of subsidiaries.

Business acquisitions carried through on or after 1 July 2018

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.

Notes to the Financial Statements

22 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

22 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.

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 are recognised in the income statement at the amounts relating to the financial year.

Notes to the Financial Statements

22 Accounting Policies (continued)

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 5 years. Software licences are amortised over the period of the agreement, which usually is 3-5 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

22 Accounting Policies (continued)

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.

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.

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.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Notes to the Financial Statements

22 Accounting Policies (continued)

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.

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.

Notes to the Financial Statements

22 Accounting Policies (continued)

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Notes to the Financial Statements

22 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

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

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