Annual Report for

JAI A/S

Valby Torvegade 17, 1.,
DK-2500 Valby

1 April 2022 - 31 March 2023

CVR No 34 79 53 12

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 30/8 2023

Ole Finn Nielsen
Chairman of the General Meeting

www.jai.com

Contents

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of JAI A/S for the financial year 1 April 2022 - 31 March 2023.

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 2023 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2022/23.

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, 23 August 2023

Executive Board

Michael Lisby Jensen
CEO

Board of Directors

Jørgen Kjeld Andersen
Chairman

Mogens Jensen
Deputy Chairman

Masatoshi Hitomi

Karl Kristian Nielsen

Sigurd Lilienfeldt

Independent Auditor's Report

To the Shareholder of JAI A/S

Opinion
In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 March 2023 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 2022 - 31 March 2023 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of JAI A/S for the financial year 1 April 2022 - 31 March 2023, 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 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, 23 August 2023
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

The Company	JAI A/S Valby Torvegade 17, 1. DK-2500 Valby E-mail: mail@jai.com Website: www.jai.com CVR No: 34 79 53 12 Financial period: 1 April - 31 March Incorporated: 18 June 1971 Municipality of reg. office: København
Board of Directors	Jørgen Kjeld Andersen, Chairman Mogens Jensen Masatoshi Hitomi Karl Kristian Nielsen Sigurd Lilienfeldt
Executive Board	Michael Lisby Jensen
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				
	2022/23	2021/22	2020/21	2019/20	2018/19
	KEUR	KEUR	KEUR	KEUR	KEUR
Key figures					
Profit/loss					
Revenue	48,575	33,190	30,531	33,930	41,070
Gross profit/loss	17,784	10,525	13,321	12,244	16,139
Operating profit/loss	3,949	-2,437	678	-1,324	3,479
Profit/loss before financial income and expenses	3,949	-2,437	988	-1,324	3,479
Net financials	2	11	-79	-78	-136
Net profit/loss for the year	2,900	-1,684	683	-1,039	2,481
Balance sheet					
Balance sheet total	47,825	44,169	42,154	42,767	43,972
Equity	29,795	28,114	31,155	32,504	33,348
Cash flows					
Cash flows from:					
- operating activities	-1,943	-8,279	5,650	1,911	5,883
- investing activities	-2,441	-2,311	-2,246	-1,724	-2,513
including investment in property, plant and equipment	-700	-829	-888	-520	-936
- financing activities	1,195	2,387	1,096	-1,031	-1,386
Change in cash and cash equivalents for the year	-3,189	-8,203	4,500	-844	1,984
Number of employees	133	118	115	121	117
Ratios					
Gross margin	36.6%	31.7%	43.6%	36.1%	39.3%
Return on assets	8.3%	-5.5%	2.3%	-3.1%	7.9%
Solvency ratio	62.3%	63.7%	73.9%	76.0%	75.8%
Return on equity	10.0%	-5.7%	2.1%	-3.2%	7.8%
EBITDA	6,411	69	3,438	1,358	6,196
Depreciations	2,462	2,506	2,450	2,673	2,717
Operating profit/loss margin (EBIT)	8.3%	(7.3)%	3.2%	(3.9)%	8.5%

Management's Review

Key activities

The main activities of JAI A/S are development, production and sale of high-performance industrial cameras and Intelligent Traffic Systems. JAI provides innovative digital CMOS camera technology for applications in industrial machine vision, medical imaging, and outdoor imaging applications, as well as complete camera subsystems for traffic imaging/vehicles recognition in Intelligent Traffic Systems (ITS).

Development in the year

The financial year 2022/2023 was a post Covid-19 pandemic year for most countries in the world. JAI A/S cope with the situation with local initiatives to keep all employees safe.

The most important implication of the pandemic was the global micro-chip shortage and how it affected JAI's lead time. JAI has taken multiple steps in 2022 to meet our ambition for future growth in a changing environment.

Significant highlights

In the financial year 2022/2023 JAI successfully launched a wide range of new products and customized models, offering a diverse and innovative portfolio. Through market research and customer feedback, JAI identified emerging trends and specific demands, allowing JAI to meet the evolving customer needs. The launch of these new products and customized models has not only contributed to growth but has also strengthened JAI's position as a trusted provider of cutting-edge solutions.

JAI has made substantial investments in the R&D capabilities and re-designing more camra series to overcome the challenges of component and micro-chip shortage. Recognizing the importance of innovation and staying ahead of the competition, JAI expanded the R&D team and implemented new processes to foster creativity and accelerate product development.

All models of the highly anticipated GO-X series are now fully available and shipping. The GO-X products represents a significant milestone for JAI, combining state-of-the-art features with strong performance and high value-for-money. JAI would have anticipated even further growth in the financial year 2022/2023 in revenue as well as profit, if JAI had not been affected by shortage of key components and a need to re-design the GO-X series.

During FY22 JAI launched new UV and SWIR products. These are market segments for which very substantial future growth is expected.

Continued...

Significant highlights - continued

JAI continued the high level of booking in the fiscal year 2022/2023 as was reached the previous year. JAI experienced strong sales growth and achieved notable milestones, which can be attributed to several key factors, including the strengthening of the Sales team and sales processes as well as successful product launches, and a favourable market environment. The proactive approach, combined with the compelling value proposition, resulted in increased customer interest and conversions. In the second half of the year there was change in momentum in the market due to more cautiousness related to the uncertainty in the World economy.

In the year JAI has had an all-time high shipment and invoicing despite of the above mentioned global micro-chip shortage. The performance was a result of a ramp up of the capacity in our factories in Japan and USA combined with increasing productivity and effective supply chain management.

JAI has invested significant amounts in optimizing the supply chain management processes, which has been a crucial key factor in the high shipment. By the strong relationships with suppliers and enhancing logistics capabilities, JAI have ensured a seamless flow of goods from production to customer delivery. The investments into the supply chain will benefit JAI in the coming years.

Finally, during the year JAI decided to in-source its production of a camara series to JAI's factory in Japan. This has had a considerable short term cost, but will increase JAI's competitiveness in the mid and long term.

Financial highlights

· The income statement of the Group for 2022/23 shows a profit of 2,926 KEUR, and on 31 March 2023, the balance sheet of the Group shows equity of 29,821 KEUR.

· The value of the equity has been negative affected by a weakened JPY/EUR rate. The total impact from currency fluctuations is -1.219 KEUR.

· The revenue increased to 48,575 KEUR in 2022/23, which is an increase of 46% compared to the 33,190 KEUR revenue in 2021/22, of which 37%-points are due to organic growth, and 9% is due to the customers' extra payment of components from the spot market due to the shortage.

· The EBITDA amounted to a profit of 6,411 KEUR compared to a profit of 69 KEUR in 2021/22.

· The revenue and EBITDA are satisfactory considering the significant impact of the Covid-19 situation, global supply chain challenges as well as global effects of the war in Europe.

· JAI considers the result of the year and the improvement from last year to be highly satisfactory.

Expectations for the future

There is increased uncertainly about the level of growth of the machine vision market in the very near term, but longer-term growth expectations remain double-digit. The demand for advanced machine vision systems is likely to continue growing across various industries such as factory automation, automotive, warehousing, food and agriculture and healthcare. The need for automation, quality control, and improved operational efficiency is driving the adoption of machine vision technologies.

Ongoing advancements in machine vision technologies, such as AI, deep learning, 3D vision, hyperspectral imaging, and edge computing, will unlock new possibilities and applications. These advancements are likely to drive the market growth. JAI will be investing into these areas including in particular – AI.

JAI looks into a significant growth in the future based on the combination of the existing solutions and the new products in the pipeline. With the expertise built up over more than half a century as well as the strong brand, the company expects to increase its market share.

JAI has prepared for a sustainable growth in the 2023/24 and in the coming years. Compared to this year's revenue, JAI A/S expects an increase in revenue of approximately 10% for the upcoming fiscal year and an increase in earnings at the same level. In these expectations, JAI is taking into account the aftermath of the global component shortage, which is still a factor in 2023/24.

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 gain for the year 2022/23 amounts to 274 KEUR primarily due to unrealized profit from group entities.

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 2022/23 the Group incurred research and development costs of 1,731 KEUR against 2,339 KEUR in 2021/22. Development costs of 1,731 KEUR were capitalized in 2022/23 compared to 1,483 KEUR in 2021/22.

Development projects in progress and Capitalized research amounted to 4,320 KEUR on 31 March 2023.

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 - 31 March

	Note	Group 2022/23 KEUR	Group 2021/22 KEUR	Parent Company 2022/23 KEUR	Parent Company 2021/22 KEUR
Revenue		**48,575**	**33,190**	**12,641**	**6,988**
Capitalized research costs		1,731	1,483	0	0
Other operating income		0	0	3,884	3,430
Expenses for raw materials and consumables		-25,164	-17,871	-8,227	-4,834
Other external expenses		-7,358	-6,277	-3,384	-2,875
Gross profit/loss		**17,784**	**10,525**	**4,914**	**2,709**
Staff expenses	1	-11,373	-10,456	-3,496	-3,435
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-2,462	-2,506	-698	-297
Profit/loss before financial income and expenses		**3,949**	**-2,437**	**720**	**-1,023**
Income from investment in subsidiaries	3	0	0	2,284	-899
Financial income	4	734	989	379	172
Financial expenses	5	-732	-978	-267	-98
Profit/loss before tax		**3,951**	**-2,426**	**3,116**	**-1,848**
Tax on profit/loss for the year	6	-1,051	742	-216	164
Net profit/loss for the year		**2,900**	**-1,684**	**2,900**	**-1,684**

Balance Sheet 31 March

Assets

		Group		Parent Company	
	Note	2023	2022	2023	2022
		KEUR	KEUR	KEUR	KEUR
Completed development projects		3,005	2,669	2,013	588
Software		14	51	0	0
Goodwill		0	0	0	0
Development projects in progress		1,315	1,434	1,249	0
Intangible assets	7	**4,334**	**4,154**	**3,262**	**588**
Land and buildings		937	1,058	122	122
Other fixtures and fittings, tools and equipment		2,376	3,098	84	647
Leasehold improvements		213	381	0	0
Property, plant and equipment in progress		337	135	0	0
Property, plant and equipment	8	**3,863**	**4,672**	**206**	**769**
Investments in subsidiaries	9	0	0	24,802	23,748
Fixed asset investments		**0**	**0**	**24,802**	**23,748**
Fixed assets		**8,197**	**8,826**	**28,270**	**25,105**
Inventories	10	**24,032**	**16,111**	**108**	**275**
Trade receivables		9,523	9,796	2,462	1,594
Receivables from group enterprises		0	0	4,135	1,624
Other receivables		445	499	39	38
Deferred tax	14	1,595	1,892	226	481
Corporation tax receivable from group enterprises		0	0	37	0
Prepayments	11	567	610	187	166
Receivables		**12,130**	**12,797**	**7,086**	**3,903**
Cash at bank and in hand		**3,466**	**6,435**	**400**	**1,065**
Currents assets		**39,628**	**35,343**	**7,594**	**5,243**
Assets		**47,825**	**44,169**	**35,864**	**30,348**

Balance Sheet 31 March

Liabilities and equity

		Group		Parent Company	
	Note	2023	2022	2023	2022
		KEUR	KEUR	KEUR	KEUR
Share capital	12	1,254	1,254	1,254	1,254
Reserve for net revaluation under the equity method		0	0	16,767	15,702
Reserve for development costs		0	0	2,547	459
Other statutory reserves		-1,612	-393	-346	-346
Retained earnings		27,253	27,253	6,673	11,045
Proposed dividend for the year		2,900	0	2,900	0
Equity		**29,795**	**28,114**	**29,795**	**28,114**
Provision for deferred tax	14	422	754	0	0
Other provisions	15	703	725	0	0
Provisions		**1,125**	**1,479**	**0**	**0**
Credit institutions		1,761	1,259	0	0
Long-term debt	16	**1,761**	**1,259**	**0**	**0**
Credit institutions	16	5,896	5,203	2,125	912
Prepayments received from customers		1,304	164	230	0
Trade payables		5,151	5,475	379	446
Payables to group enterprises		0	0	2,646	30
Corporation tax		726	117	0	0
Payables to group enterprises relating to corporation tax		0	35	0	0
Other payables		2,067	2,323	689	846
Short-term debt		**15,144**	**13,317**	**6,069**	**2,234**
Debt		**16,905**	**14,576**	**6,069**	**2,234**
Liabilities and equity		**47,825**	**44,169**	**35,864**	**30,348**
Distribution of profit	13				
Contingent assets, liabilities and other financial obligations	19				
Related parties	20				
Accounting Policies	21				

Statement of Changes in Equity

Group

	Share capital	Reserve for net revalua-tion under the equity method	Reserve for development costs	Other statutory reserves	Retained earnings	Proposed dividend for the year	Total
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Equity at 1 April	1,254	0	0	-393	27,253	0	28,114
Exchange adjustments	0	0	0	-1,219	0	0	-1,219
Net profit/loss for the year	0	0	0	0	0	2,900	2,900
Equity at 31 March	**1,254**	**0**	**0**	**-1,612**	**27,253**	**2,900**	**29,795**

Parent Company

	Share capital	Reserve for net revalua-tion under the equity method	Reserve for development costs	Other statutory reserves	Retained earnings	Proposed dividend for the year	Total
Equity at 1 April	1,254	15,702	459	-346	11,045	0	28,114
Exchange adjustments	0	-1,219	0	0	0	0	-1,219
Development projects of the year	0	0	2,352	0	-2,352	0	0
Depreciation, amortisation and impairment for the year	0	0	-264	0	264	0	0
Net profit/loss for the year	0	2,284	0	0	-2,284	2,900	2,900
Equity at 31 March	**1,254**	**16,767**	**2,547**	**-346**	**6,673**	**2,900**	**29,795**

Cash Flow Statement 1 April - 31 March

	Note	Group 2022/23 KEUR	Group 2021/22 KEUR
Net profit/loss for the year		2,900	-1,684
Adjustments	17	2,292	1,484
Change in working capital	18	-7,024	-8,349
Cash flows from operating activities before financial income and expenses		**-1,832**	**-8,549**
Financial income		709	830
Financial expenses		-707	-294
Cash flows from ordinary activities		**-1,830**	**-8,013**
Corporation tax paid/ received		-113	-266
Cash flows from operating activities		**-1,943**	**-8,279**
Purchase of intangible assets		-1,741	-1,482
Purchase of property, plant and equipment		-700	-829
Cash flows from investing activities		**-2,441**	**-2,311**
Raising of loans in credit institutions		1,195	3,351
Dividend paid		0	-964
Cash flows from financing activities		**1,195**	**2,387**
Change in cash and cash equivalents		**-3,189**	**-8,203**
Cash and cash equivalents at 1 April		6,435	14,577
Currency translation effect on cash and cash equivalents		220	61
Cash and cash equivalents at 31 March		**3,466**	**6,435**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		3,466	6,435
Cash and cash equivalents at 31 March		**3,466**	**6,435**

Notes to the Financial Statements

	Group		Parent Company	
	2022/23	2021/22	2022/23	2021/22
	KEUR	KEUR	KEUR	KEUR
1 Staff expenses				
Wages and salaries	10,384	9,411	3,455	3,396
Other social security expenses	765	743	41	39
Other staff expenses	224	302	0	0
	11,373	**10,456**	**3,496**	**3,435**
Including remuneration to the Executive Board and Board of Directors	**1,244**	**1,237**	**1,244**	**1,237**
Average number of employees	**133**	**118**	**21**	**20**

	Group		Parent Company	
	2022/23	2021/22	2022/23	2021/22
	KEUR	KEUR	KEUR	KEUR
2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment				
Amortisation of intangible assets	1,322	1,659	339	260
Depreciation of property, plant and equipment	1,140	847	359	37
	2,462	**2,506**	**698**	**297**

Notes to the Financial Statements

		Parent Company	
		2022/23	2021/22
		KEUR	KEUR
3	**Income from investment in subsidiaries**		
	Share of profits of subsidiaries	2,284	-899
		2,284	**-899**

		Group		Parent Company	
		2022/23	2021/22	2022/23	2021/22
		KEUR	KEUR	KEUR	KEUR
4	**Financial income**				
	Interest received from group enterprises	0	0	66	26
	Other financial income	11	19	2	0
	Exchange gains	723	970	311	146
		734	**989**	**379**	**172**
5	**Financial expenses**				
	Interest paid to group enterprises	0	0	56	0
	Other financial expenses	283	128	96	29
	Exchange loss	449	850	115	69
		732	**978**	**267**	**98**
6	**Tax on profit/loss for the year**				
	Current tax for the year	1,131	348	0	0
	Deferred tax for the year	-113	-1,090	183	-164
	Adjustment of deferred tax concerning previous years	33	0	33	0
		1,051	**-742**	**216**	**-164**

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	17,420	599	2,131	1,434	21,584
Other adjustments	0	-40	0	0	-40
Exchange adjustment	-940	-4	-3	-84	-1,031
Additions for the year	0	10	0	1,731	1,741
Transfers for the year	1,766	0	0	-1,766	0
Cost at 31 March	18,246	565	2,128	1,315	22,254
Impairment losses and amortisation at 1 April	14,751	548	2,131	0	17,430
Exchange adjustment	-829	1	-3	0	-831
Amortisation for the year	1,319	2	0	0	1,321
Impairment losses and amortisation at 31 March	15,241	551	2,128	0	17,920
Carrying amount at 31 March	**3,005**	**14**	**0**	**1,315**	**4,334**

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

7 **Intangible assets** (continued)

Parent Company

	Completed development projects	Development projects in progress
	KEUR	KEUR
Cost at 1 April	870	0
Exchange adjustment	-2	0
Additions for the year	0	3,015
Transfers for the year	1,766	-1,766
Cost at 31 March	2,634	1,249
Impairment losses and amortisation at 1 April	283	0
Exchange adjustment	-1	0
Amortisation for the year	339	0
Impairment losses and amortisation at 31 March	621	0
Carrying amount at 31 March	**2,013**	**1,249**

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	2,693	11,147	1,524	135	15,499
Exchange adjustment	-172	-407	-78	-9	-666
Additions for the year	0	489	0	211	700
Disposals for the year	0	-719	0	0	-719
Cost at 31 March	2,521	10,510	1,446	337	14,814
Impairment losses and depreciation at 1 April	1,635	8,049	1,143	0	10,827
Exchange adjustment	-110	-482	-58	0	-650
Impairment losses for the year	0	344	0	0	344
Depreciation for the year	59	589	148	0	796
Reversal of impairment and depreciation of sold assets	0	-366	0	0	-366
Impairment losses and depreciation at 31 March	1,584	8,134	1,233	0	10,951
Carrying amount at 31 March	**937**	**2,376**	**213**	**337**	**3,863**

Notes to the Financial Statements

8 Property, plant and equipment (continued)

Parent Company

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	KEUR	KEUR	KEUR	KEUR
Cost at 1 April	125	1,519	123	1,767
Exchange adjustment	0	-17	0	-17
Additions for the year	0	63	0	63
Disposals for the year	0	-622	0	-622
Kostpris at 31 March	125	943	123	1,191
Impairment losses and depreciation at 1 April	3	872	123	998
Exchange adjustment	0	-7	0	-7
Impairment losses for the year	0	344	0	344
Depreciation for the year	0	15	0	15
Reversal of impairment and depreciation of sold assets	0	-365	0	-365
Impairment losses and depreciation at 31 March	3	859	123	985
Carrying amount at 31 March	**122**	**84**	**0**	**206**

Notes to the Financial Statements

9 Investments in subsidiaries

	Parent Company 2023 KEUR	Parent Company 2022 KEUR
Cost at 1 April	8,046	8,047
Exchange adjustment	-11	-1
Cost at 31 March	8,035	8,046
Value adjustments at 1 April	15,702	18,676
Exchange adjustment	-1,219	-47
Net profit/loss for the year	2,284	-896
Dividend to the Parent Company	0	-1,802
Change in intercompany profit on inventories	0	-229
Value adjustments at 31 March	16,767	15,702
Carrying amount at 31 March	**24,802**	**23,748**

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 Ltd.	Yokohama City, Japan	KJPY 90,000	100%	15,562	-511
JAI Inc.	California, USA	KUSD 3,000	100%	9,086	2,672
JAI Aviation ApS	Valby, Denmark	KDKK 200	100%	343	28
JAI Singapore	Singapore	KEUR 0	100%	40	95
				25,031	2,284

Notes to the Financial Statements

	Group		Parent Company	
	2023	2022	2023	2022
	KEUR	KEUR	KEUR	KEUR
10 Inventories				
Raw materials and consumables	19,680	14,200	0	0
Work in progress	1,182	572	0	0
Finished goods and goods for resale	3,170	1,339	108	275
	24,032	**16,111**	**108**	**275**

11 Prepayments

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

12 Equity

The share capital is broken down as follow:

	Number	Nominal value
		KEUR
A-shares, foreign investors	2,000,000	269
B-shares, foreign investors	6,934,100	931
B-shares, treasury shares	409,000	54
		1,254

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

The Company holds a total of 409 treasury shares with a nominal value of EUR 54k corresponding to 4.31 % of the total capital.

Notes to the Financial Statements

13 Distribution of profit

	Parent Company	
	2022/23	2021/22
	KEUR	KEUR
Proposed dividend for the year	2,900	0
Reserve for net revaluation under the equity method	2,284	-2,926
Retained earnings	-2,284	1,242
	2,900	**-1,684**

14 Deferred tax

	Group		Parent Company	
	2023	2022	2023	2022
	KEUR	KEUR	KEUR	KEUR
Deferred tax at 1 April	754	1,550	481	317
Amounts recognised in the income statement for the year	-113	-1,090	-183	164
Exchange rate adjustments	-219	294	0	0
Deferred tax at 31 March	**422**	**754**	**226**	**481**

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 unpredictability.

As of 31 March 2023 a deferred tax asset of a total value of EUR 1,595k (2022: EUR 1,892k) 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 2023/24 and the forecasts for the following two financial years.

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 406 kEUR (2022: kEUR 385) have been recognised for expected warranty claims.

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

	Group		Parent Company	
	2023	2022	2023	2022
	KEUR	KEUR	KEUR	KEUR
Warranty obligations	406	385	0	0
Retirement Benefit Obligation	297	340	0	0
	703	**725**	**0**	**0**
The provisions are expected to mature as follows:				
Between 1 and 5 years	703	725	0	0
	703	**725**	**0**	**0**

Notes to the Financial Statements

16 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group		Parent Company	
	2023	2022	2023	2022
	KEUR	KEUR	KEUR	KEUR
Credit institutions				
Between 1 and 5 years	1,761	1,259	0	0
Long-term part	1,761	1,259	0	0
Within 1 year	229	4,291	0	0
Other short-term debt to credit institutions	5,667	912	2,125	912
Short-term part	5,896	5,203	2,125	912
	7,657	**6,462**	**2,125**	**912**

17 Cash flow statement - adjustments

	Group	
	2022/23	2021/22
	KEUR	KEUR
Financial income	-734	-989
Financial expenses	732	978
Depreciation, amortisation and impairment losses, including losses and gains on sales	2,462	2,506
Other adjustments	0	124
Tax on profit/loss for the year	1,051	-742
Equity exchange rate adjustment	-1,219	-393
	2,292	**1,484**

Notes to the Financial Statements

	Group	
	2022/23	2021/22
	KEUR	KEUR
18 Cash flow statement - change in working capital		
Change in inventories	-7,921	-8,254
Change in receivables	364	-2,766
Change in other provisions	-22	-63
Change in trade payables, etc	555	2,734
	-7,024	**-8,349**

	Group		Parent Company	
	2023	2022	2023	2022
	KEUR	KEUR	KEUR	KEUR
19 Contingent assets, liabilities and other financial obligations				
Rental and lease obligations				
Lease obligations under operating leases. Total future lease payments:				
Rental obligations	372	675	56	93
Lease obligations	85	89	85	98
	457	**764**	**141**	**191**

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 is disclosed in the Annual Report of JAI Group Holding ApS, which is the management company of the joint taxation purposes. Moreover, the danish 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.

The Parent Company has provided absolute guarantee for the subsidiary, JAI Aviation ApS', bank institution.

Notes to the Financial Statements

20 Related parties

	Basis
Controlling interest	
Jørgen Andersen	Shareholder

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Ownership

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

JAI Group Holding ApS, Valby Torvegade 17, 1., 2500 Valby

Notes to the Financial Statements

21 Accounting Policies

The Annual Report of JAI A/S for 2022/23 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 2022/23 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 A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

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

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

Notes to the Financial Statements

21 Accounting Policies (continued)

Business combinations

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.

Notes to the Financial Statements

21 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.

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.

Notes to the Financial Statements

21 Accounting Policies (continued)

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

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

Amortisation, depreciation and impairment losses

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

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Notes to the Financial Statements

21 Accounting Policies (continued)

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.

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 and the Danish parent company. 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 and licences are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

Notes to the Financial Statements

21 Accounting Policies (continued)

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

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

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

The fixed assets' residual values are determined at nil.

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.

Notes to the Financial Statements

21 Accounting Policies (continued)

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

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

Inventories

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

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

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

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

Notes to the Financial Statements

21 Accounting Policies (continued)

Treasury shares

Purchase and sales prices for treasury shares are recognised directly in retained earnings under equity. A reduction of capital by cancellation of treasury shares reduces the share capital by an amount equal to the nominal value of the shares and increases retained earnings. Dividend on treasury shares is recognised directly in equity under retained earnings.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period of 3 years. Provisions are measured and recognised based on experience with guarantee work.

Deferred tax assets and liabilities

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

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

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

Current tax receivables and liabilities

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

Notes to the Financial Statements

21 Accounting Policies (continued)

Financial debts

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

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

Cash Flow Statement

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

Cash flows from operating activities

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

Cash flows from investing activities

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

Cash flows from financing activities

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

Cash and cash equivalents

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

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

Notes to the Financial Statements

21 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Operating profit/loss margin (EBIT)	$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$
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	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$