Annual Report for JAI A/S

Valby Torvegade 17, 1.,
DK-2500 Valby

1 April 2021 -31 March 2022

CVR No 34 79 53 12

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 30/8 2022

Ole Finn Nielsen
Chairman of the General Meeting

www.jai.com

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of JAI A/S for the financial year 1 April 2021 - 31 March 2022.

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 2022 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2021/22.

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, 29 August 2022

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 2022 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 2021 - 31 March 2022 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 2021 - 31 March 2022, 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, 29 August 2022
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				
	2021/22	2020/21	2019/20	2018/19	2017/18
	KEUR	KEUR	KEUR	KEUR	KEUR
Key figures					
Profit/loss					
Revenue	33,190	30,531	33,930	41,070	41,932
Gross profit/loss	10,525	13,154	12,244	16,139	15,038
Operating profit/loss	-2,437	678	-1,324	3,479	3,302
Profit/loss before financial income and expenses	-2,437	988	-1,324	3,479	3,302
Net financials	11	-79	-78	-136	-298
Net profit/loss for the year	-1,684	683	-1,039	2,481	1,743
Balance sheet					
Balance sheet total	44,169	42,154	42,767	43,972	41,435
Equity	28,114	31,155	32,504	33,348	29,963
Cash flows					
Cash flows from:					
- operating activities	-8,279	5,013	1,911	5,883	3,556
- investing activities	-2,311	-2,246	-1,724	-2,513	-2,185
including investment in property, plant and equipment	-829	-888	-520	-936	-680
- financing activities	2,387	1,096	-1,031	-1,386	-1,931
Change in cash and cash equivalents for the year	-8,203	3,863	-844	1,984	-560
Number of employees	118	115	121	117	126
Ratios					
Gross margin	31.7%	43.1%	36.1%	39.3%	35.9%
Return on assets	-5.5%	2.3%	-3.1%	7.9%	8.0%
Solvency ratio	63.7%	73.9%	76.0%	75.8%	72.3%
Return on equity	-5.7%	2.1%	-3.2%	7.8%	5.7%
EBITDA	69	3,438	1,358	6,196	6,572
Depreciations	2,506	2,450	2,673	2,717	2,370
Operating profit/loss margin (EBIT)	-7.3%	3.2%	-3.9%	8.5%	7.9%

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 2021/2022 was another year impacted by the Covid-19 pandemic and global micro-chip shortage. To cope with the global situation JAI A/S initiated several initiatives to keep all employees safe during the period. JAI has taken multiple steps to adapt to the year 2022 and create optimal conditions for future growth in a changing environment.

Significant highlights

Despite the external challenges in the fiscal year 2021/2022 there has been a high demand for JAI's products and a substantial rise in bookings.

JAI has increased its shipments and invoicing for the financial year 2021/2022 even though there has been a global micro-chip shortage. This is mainly due to a broader sourcing strategy being implemented and the acceptance of in some cases overpriced key components. These external factors have led to a reduced gross margin and shipments only accounting for 65% of the bookings in 2021/2022.

To overcome the challenges of component and micro-chip shortage, JAI has made a substantial effort to redesign several products and invested in the development of new products. Furthermore, the supply chain has been transformed by creating a more advanced supply chain process with a new global sourcing strategy. These actions will improve the development of JAI's new products that are set to be launched in the coming years and expand JAI's product portfolio.

The challenges faced during 2021/2022 have strengthened the entire organization. Both management and employees have been equipped with better tools for facing global challenges and thereby preparing the company for future growth.

These initiatives will focus on the growing global market and consolidate JAI's long-term commitment to delivering quality machine vision products and ITS systems.

Financial highlights

- The income statement of the Group for 2021/22 shows a loss of KEUR 1,684, and on 31 March 2022, the balance sheet of the Group shows equity of KEUR 28,114.
- The revenue increased to 33,190 KEUR in 2020/21, which is an increase of 9% compared to the 30,531 KEUR revenue in 2020/21.
- The EBITDA amounted to a profit of 69 KEUR compared to a profit of 3,438 KEUR in 2020/21.
- The revenue and EBITDA are acceptable based on the Covid-19 situation last year and the before-mentioned challenges in the component market.

Expectations for the future

The market for machine vision is developing at a high pace with double-digit growth rates every year. This combined with the existing solutions and the new products in the pipeline at JAI, the company looks into the future with significant growth in mind. With the expertise built up over more than half a century, the company expects to increase its market share.

It is expected that the current shortage of components will last at least for the fiscal year of 2022/2023. By having prepared for this JAI forecasts sustainable growth in the fiscal years 2022/2023 and 2023/24.

Compared to this year's revenue JAI A/S expects an increase in revenue of between 20%-30% for the upcoming fiscal year and earnings at the same level as before Covid-19.

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 and by the use of financial instruments.

The Group has no hedging of long-term group assets and liabilities. The net foreign exchange gain for the year 2021/22 amounts to KEUR 120 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, Singapore, 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 2021/22 the Group incurred research and development costs of KEUR 2,339 against KEUR 2,204 in 2020/21. Development costs of KEUR 1,483 were capitalized in 2021/22 compared to KEUR 1,352 in 2020/21.

Capitalized research and development projects in progress amounted to KEUR 1,434 on 31 March 2022.

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 2021/22 KEUR	Group 2020/21 KEUR	Parent Company 2021/22 KEUR	Parent Company 2020/21 KEUR
Revenue		**33,190**	**30,531**	**6,988**	**5,758**
Capitalized research costs		1,483	1,352	0	0
Other operating income		0	310	3,430	2,629
Expenses for raw materials and consumables		-17,871	-13,563	-4,834	-4,099
Other external expenses		-6,277	-5,476	-2,875	-2,490
Gross profit/loss		**10,525**	**13,154**	**2,709**	**1,798**
Staff expenses	1	-10,456	-9,716	-3,435	-2,646
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-2,506	-2,450	-297	-38
Profit/loss before financial income and expenses		**-2,437**	**988**	**-1,023**	**-886**
Income from investment in subsidiaries	3	0	0	-899	1,367
Financial income	4	989	109	172	44
Financial expenses	5	-978	-188	-98	-122
Profit/loss before tax		**-2,426**	**909**	**-1,848**	**403**
Tax on profit/loss for the year	6	742	-226	164	280
Net profit/loss for the year		**-1,684**	**683**	**-1,684**	**683**

Balance Sheet 31 March

Assets

	Note	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
		KEUR	KEUR	KEUR	KEUR
Completed development projects		2,669	4,292	588	759
Software		51	97	0	0
Goodwill		0	0	0	0
Development projects in progress		1,434	40	0	0
Intangible assets	7	**4,154**	**4,429**	**588**	**759**
Land and buildings		1,058	1,162	122	122
Other fixtures and fittings, tools and equipment		3,098	2,866	647	31
Leasehold improvements		381	597	0	0
Property, plant and equipment in progress		135	314	0	18
Property, plant and equipment	8	**4,672**	**4,939**	**769**	**171**
Investments in subsidiaries	9	0	0	23,748	26,722
Fixed asset investments		**0**	**0**	**23,748**	**26,722**
Fixed assets		**8,826**	**9,368**	**25,105**	**27,652**
Inventories	10	**16,111**	**7,857**	**275**	**93**
Trade receivables		9,796	7,169	1,594	856
Receivables from group enterprises		0	0	1,624	1,788
Other receivables		499	416	38	181
Deferred tax	14	1,892	1,543	481	317
Corporation tax		0	670	0	172
Prepayments	11	610	554	166	199
Receivables		**12,797**	**10,352**	**3,903**	**3,513**
Cash at bank and in hand		**6,435**	**14,577**	**1,065**	**2,458**
Currents assets		**35,343**	**32,786**	**5,243**	**6,064**
Assets		**44,169**	**42,154**	**30,348**	**33,716**

Balance Sheet 31 March

Liabilities and equity

	Note	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
		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	15,702	18,675
Reserve for development costs		0	0	459	592
Other statutory reserves		-393	0	-346	0
Retained earnings		27,253	28,893	11,045	9,626
Proposed dividend for the year		0	1,008	0	1,008
Equity		**28,114**	**31,155**	**28,114**	**31,155**
Provision for deferred tax	14	754	1,550	0	0
Other provisions	15	725	788	0	0
Provisions		**1,479**	**2,338**	**0**	**0**
Credit institutions		1,259	2,468	0	0
Long-term debt	16	**1,259**	**2,468**	**0**	**0**
Credit institutions	16	5,203	643	912	0
Prepayments received from customers		164	144	0	0
Trade payables		5,475	2,933	446	584
Payables to group enterprises		0	0	30	1,288
Corporation tax		117	293	0	0
Payables to group enterprises relating to corporation tax		35	29	0	0
Other payables		2,323	2,151	846	689
Short-term debt		**13,317**	**6,193**	**2,234**	**2,561**
Debt		**14,576**	**8,661**	**2,234**	**2,561**
Liabilities and equity		**44,169**	**42,154**	**30,348**	**33,716**

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Statement of Changes in Equity

Group

	Share capital	Reserve for net revaluation 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	0	28,893	1,008	31,155
Exchange adjustments	0	0	0	-393	0	0	-393
Ordinary dividend paid	0	0	0	0	0	-964	-964
Ordinary dividend on treasury shares	0	0	0	0	44	-44	0
Net profit/loss for the year	0	0	0	0	-1,684	0	-1,684
Equity at 31 March	**1,254**	**0**	**0**	**-393**	**27,253**	**0**	**28,114**

Parent Company

	Share capital	Reserve for net revaluation 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	18,675	592	0	9,626	1,008	31,155
Exchange adjustments	0	-47	0	-346	0	0	-393
Ordinary dividend paid	0	0	0	0	0	-964	-964
Ordinary dividend on treasury shares	0	0	0	0	44	-44	0
Development projects of the year	0	0	69	0	133	0	202
Depreciation, amortisation and impairment for the year	0	0	-202	0	0	0	-202
Net profit/loss for the year	0	-2,926	0	0	1,242	0	-1,684
Equity at 31 March	**1,254**	**15,702**	**459**	**-346**	**11,045**	**0**	**28,114**

Cash Flow Statement 1 April - 31 March

	Note	Group 2021/22 KEUR	Group 2020/21 KEUR
Net profit/loss for the year		-1,684	683
Adjustments	17	1,484	723
Change in working capital	18	-8,349	2,779
Cash flows from operating activities before financial income and expenses		**-8,549**	**4,185**
Financial income		830	746
Financial expenses		-294	-188
Cash flows from ordinary activities		**-8,013**	**4,743**
Corporation tax paid/ received		-266	270
Cash flows from operating activities		**-8,279**	**5,013**
Purchase of intangible assets		-1,482	-1,358
Purchase of property, plant and equipment		-829	-888
Cash flows from investing activities		**-2,311**	**-2,246**
Raising of loans in credit institutions		3,351	1,177
Reduction of lease obligations		0	-10
Repayment of payables to group enterprises		0	-71
Dividend paid		-964	0
Cash flows from financing activities		**2,387**	**1,096**
Change in cash and cash equivalents		**-8,203**	**3,863**
Cash and cash equivalents at 1 April		14,577	11,351
Currency translation effect on cash and cash equivalents		61	-637
Cash and cash equivalents at 31 March		**6,435**	**14,577**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		6,435	14,577
Cash and cash equivalents at 31 March		**6,435**	**14,577**

Notes to the Financial Statements

		Group		Parent Company	
		2021/22	2020/21	2021/22	2020/21
		KEUR	KEUR	KEUR	KEUR
1	**Staff expenses**				
	Wages and salaries	9,411	8,566	3,396	2,569
	Other social security expenses	743	954	39	76
	Other staff expenses	302	196	0	1
		10,456	**9,716**	**3,435**	**2,646**
	Including remuneration to the Executive Board and Board of Directors	**1,237**	**841**	**1,237**	**828**
	Average number of employees	**118**	**115**	**20**	**19**
2	**Depreciation, amortisation and impairment of intangible assets and property, plant and equipment**				
	Amortisation of intangible assets	1,659	1,621	260	22
	Depreciation of property, plant and equipment	847	829	37	16
		2,506	**2,450**	**297**	**38**

Notes to the Financial Statements

	Parent Company 2021/22	Parent Company 2020/21
	KEUR	KEUR
3 Income from investment in subsidiaries		
Share of profits of subsidiaries	-899	1,596
Change in intercompany profit on inventories purchased within the Group	0	-229
	-899	**1,367**

	Group 2021/22	Group 2020/21	Parent Company 2021/22	Parent Company 2020/21
	KEUR	KEUR	KEUR	KEUR
4 Financial income				
Interest received from group enterprises	0	0	26	44
Other financial income	19	23	0	0
Exchange gains	970	86	146	0
	989	**109**	**172**	**44**
5 Financial expenses				
Other financial expenses	128	117	29	28
Exchange loss	850	71	69	94
	978	**188**	**98**	**122**
6 Tax on profit/loss for the year				
Current tax for the year	348	292	0	-172
Deferred tax for the year	-1,090	82	-164	-93
Adjustment of tax concerning previous years	0	-148	0	-15
	-742	**226**	**-164**	**-280**

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	17,831	624	2,131	40	20,626
Exchange adjustment	-500	-25	0	0	-525
Additions for the year	0	0	0	1,483	1,483
Transfers for the year	89	0	0	-89	0
Cost at 31 March	17,420	599	2,131	1,434	21,584
Impairment losses and amortisation at 1 April	13,539	527	2,131	0	16,197
Exchange adjustment	-405	-21	0	0	-426
Amortisation for the year	1,617	42	0	0	1,659
Impairment losses and amortisation at 31 March	14,751	548	2,131	0	17,430
Carrying amount at 31 March	**2,669**	**51**	**0**	**1,434**	**4,154**

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
	KEUR
Cost at 1 April	781
Additions for the year	89
Cost at 31 March	870
Impairment losses and amortisation at 1 April	22
Amortisation for the year	260
Impairment losses and amortisation at 31 March	282
Carrying amount at 31 March	**588**

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	2,799	10,553	1,564	314	15,230
Exchange adjustment	-106	-235	-40	-12	-393
Additions for the year	0	829	0	0	829
Disposals for the year	0	0	0	-167	-167
Cost at 31 March	2,693	11,147	1,524	135	15,499
Impairment losses and depreciation at 1 April	1,637	7,687	967	0	10,291
Exchange adjustment	-66	-216	-29	0	-311
Depreciation for the year	64	578	205	0	847
Impairment losses and depreciation at 31 March	1,635	8,049	1,143	0	10,827
Carrying amount at 31 March	**1,058**	**3,098**	**381**	**135**	**4,672**

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	Property, plant and equipment in progress	Total
	KEUR	KEUR	KEUR	KEUR	KEUR
Cost at 1 April	125	866	123	18	1,132
Additions for the year	0	653	0	0	653
Disposals for the year	0	0	0	-18	-18
Kostpris at 31 March	125	1,519	123	0	1,767
Impairment losses and depreciation at 1 April	3	835	123	0	961
Depreciation for the year	0	37	0	0	37
Impairment losses and depreciation at 31 March	3	872	123	0	998
Carrying amount at 31 March	**122**	**647**	**0**	**0**	**769**
Including assets under finance leases amounting to	0	2	0	0	2

Notes to the Financial Statements

	Parent Company	
	2022	2021
	KEUR	KEUR
9 Investments in subsidiaries		
Cost at 1 April	8,047	8,035
Exchange adjustment	-1	12
Cost at 31 March	8,046	8,047
Value adjustments at 1 April	18,676	19,375
Exchange adjustment	-47	-2,067
Net profit/loss for the year	-896	1,596
Dividend to the Parent Company	-1,802	0
Change in intercompany profit on inventories	-229	-229
Value adjustments at 31 March	15,702	18,675
Carrying amount at 31 March	**23,748**	**26,722**

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%	17,270	-1,824
JAI Inc.	California, USA	KUSD 3,000	100%	6,442	852
JAI Aviation ApS	Valby, Denmark	KDKK 200	100%	316	27
JAI Singapore	Singapore	KEUR 0	100%	-52	49
				23,976	-896

	Group		Parent Company	
	2022	2021	2022	2021
	KEUR	KEUR	KEUR	KEUR
10 Inventories				
Raw materials and consumables	14,200	6,241	0	0
Work in progress	572	530	0	0
Finished goods and goods for resale	1,339	1,086	275	93
	16,111	**7,857**	**275**	**93**

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.

13 Distribution of profit

	Parent Company 2021/22	Parent Company 2020/21
	KEUR	KEUR
Proposed dividend for the year	0	1,008
Reserve for net revaluation under the equity method	-2,926	1,367
Retained earnings	1,242	-1,692
	-1,684	**683**

14 Deferred tax

	Group		Parent Company	
	2022	2021	2022	2021
	KEUR	KEUR	KEUR	KEUR
Deferred tax at 1 April	1,550	1,495	0	0
Amounts recognised in the income statement for the year	-1,090	-82	0	0
Exchange rate adjustments	294	-27	0	0
Deferred tax at 31 March	**754**	**1,550**	**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 unpredictability.

A deferred tax asset of a total value of EUR 1,892k (2021: EUR 1,543k) 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 2022/23 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 385 kEUR (2020: kEUR 413) 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	
	2022	2021	2022	2021
	KEUR	KEUR	KEUR	KEUR
Warranty obligations	385	413	0	0
Retirement Benefit Obligation	340	375	0	0
	725	**788**	**0**	**0**
The provisions are expected to mature as follows:				
Between 1 and 5 years	725	788	0	0
	725	**788**	**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	
	2022	2021	2022	2021
	KEUR	KEUR	KEUR	KEUR
Credit institutions				
Between 1 and 5 years	1,259	2,468	0	0
Long-term part	1,259	2,468	0	0
Within 1 year	4,291	643	0	0
Other short-term debt to credit institutions	912	0	912	0
Short-term part	5,203	643	912	0
	6,462	**3,111**	**912**	**0**

17 Cash flow statement - adjustments

	Group	
	2021/22	2020/21
	KEUR	KEUR
Financial income	-989	-109
Financial expenses	978	188
Depreciation, amortisation and impairment losses, including losses and gains on sales	2,506	2,450
Other adjustments	124	0
Tax on profit/loss for the year	-742	226
Equity exchange rate adjustment	-393	-2,032
	1,484	**723**

18 Cash flow statement - change in working capital

	Group 2021/22	Group 2020/21
	KEUR	KEUR
Change in inventories	-8,254	1,316
Change in receivables	-2,766	2,080
Change in other provisions	-63	-92
Change in trade payables, etc	2,734	-525
	-8,349	**2,779**

19 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
	KEUR	KEUR	KEUR	KEUR
Lease obligations under operating leases. Total future lease payments:				
Rental obligations	675	791	93	87
Lease obligations	89	113	98	106
	764	**904**	**191**	**193**

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

Notes to the Financial Statements

21 Accounting Policies

The Annual Report of JAI A/S for 2021/22 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

With regards to the true and fair view of the financial statements, certain reclassifications have been made in the balance sheet and notes. Comparative figures have been adjusted accordingly

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2021/22 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	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$