



## **Pascal A/S**

Ellekær 6A, 2., 2730 Herlev


**CVR no. 29 24 08 17**

**Annual report for the period  
1 July 2022 to 30 June 2023**

Adopted at the annual general meeting on 15 November 2023

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Eyal Steinitz  
Chairman

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## Statement by management on the annual report

The supervisory board and executive board have today discussed and approved the annual report of Pascal A/S for the financial year 1 July 2022 - 30 June 2023.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and parent financial statements give a true and fair view of the company and the group financial position at 30 June 2023 and of the results of the group and the company operations and consolidated cash flows for the financial year 1 July 2022 - 30 June 2023.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Herlev, 15 November 2023

### Executive board

Jan Gustaf Höskuldsson

### Supervisory board

Eyal Steinitz  
chairman

Peter Frentz

Jens Villads Bjerregaard Thomsen

# Independent auditor's report

## *To the shareholder of Pascal A/S*

### **Opinion**

We have audited the consolidated financial statements and the parent company financial statements of Pascal A/S for the financial year 1 July 2022 - 30 June 2023, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes, for both the group and the parent company as well as consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the group and the parent company's financial position at 30 June 2023 and of the results of the group and the parent company's operations and consolidated cash flows for the financial year 1 July 2022 - 30 June 2023 in accordance with the Danish Financial Statements Act.

### **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 consolidated financial statements and parent company" section of our report. We are independent of the group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Management's responsibilities for the consolidated financial statements and 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 the consolidated financial statements and the parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and parent company financial statements, management is responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the consolidated financial statements and parent company 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 consolidated financial statements and parent company financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and parent company 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 consolidated financial statements and parent company financial statements.

## Independent auditor's report

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 consolidated financial statements and parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the parent company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the consolidated financial statements and parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and parent company 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 consolidated financial statements and parent company financial statements, including the disclosures, and whether the consolidated financial statements and parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient and appropriate audit evidence regarding the financial information for the group's entities or business activities to express an opinion on the consolidated financial statements. We are responsible for directing, supervising and conducting the audit of the group. We alone are 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.

### Statement on management's review

Management is responsible for management's review.

Our opinion on the consolidated financial statements and parent company financial statements does not cover management's review, and we do not express any form of assurance conclusion thereon.

## Independent auditor's report

In connection with our audit of the consolidated financial statements and parent company financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the consolidated financial statements and parent company financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that management's review is in accordance with the consolidated financial statements and 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 of management's review.

Copenhagen, 15 November 2023

**Baker Tilly Denmark**  
Godkendt Revisionspartnerselskab  
CVR no. 35 25 76 91

Morten Friis Munksgaard  
statsautoriseret revisor  
MNE no. mne34482

## Company details

The company	<p>Pascal A/S Ellekær 6A, 2. 2730 Herlev</p> <p>CVR no.: 29 24 08 17</p> <p>Reporting period: 1 July 2022 - 30 June 2023 Incorporated: 1 January 2006</p> <p>Domicile: Herlev</p>
Supervisory board	<p>Eyal Steinitz, chairman Peter Frentz Jens Villads Bjerregaard Thomsen</p>
Executive board	<p>Jan Gustaf Höskuldsson</p>
Auditors	<p>Baker Tilly Denmark Godkendt Revisionspartnerselskab Poul Bundgaards Vej 1, 1. 2500 Valby</p>

## Group chart

**Parent Company**

Pascal A/S  
Herlev, Denmark

100%

**Consolidated subsidiaries**

Pascal Inc.  
North Carolina, USA



## Financial highlights

Seen over a 2-year period, the development of the Group may be described by means of the following financial highlights:

	<b>Group</b>	
	2022/23	2021/22
	TDKK	TDKK
<b>Key figures</b>		
<b>Profit/loss</b>		
Revenue	184.257	102.703
Profit/loss before net financials	32.151	7.572
Net financials	-1.764	876
Profit/loss for the year	19.961	5.228
<b>Balance sheet</b>		
Balance sheet total	90.699	63.714
Investment in property, plant and equipment	-1.565	-2.196
Equity	48.494	28.283
<b>Financial ratios</b>		
Return on assets	41,6%	14,4%
Solvency ratio	53,5%	44,4%
Return on equity	52,0%	20,4%

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies.

## Management's review

### Pascal A/S: A Tale of Triumph in Challenging Times

We are thrilled about the last year's achievement and the outlook for the years ahead.

We are grateful to our employees, customers, partners, and stakeholders for their trust and support, which has been instrumental for our journey.

### Driving Innovation in the Pro AV Industry

Pascal A/S, a leading player in the Pro AV industry, specializes in delivering cutting-edge hardware and software solutions. Our journey began in the world of amplification modules, and today, we've evolved into a dynamic force, operating both as an OEM/ODM partner under the Pascal brand as well as under our Blaze brand. This dual approach allows us to leverage the efficiency of the ODM model while gaining valuable insights from selling under our brand. It's a win-win strategy that continuously elevates the quality of our offerings, benefiting customers in both segments.

### Customer-Centric Excellence

At **Pascal**, we're driven by a relentless commitment to our OEM customers. We aim to be the go-to partner in the Pro AV industry, offering customized high-quality amplification solutions with unparalleled speed to market. We take pride in our customer-centric mindset, ensuring that every interaction with Pascal, from innovative product solutions to swift, reliable deliveries, is as smooth as it can be.

The Pascal brand is synonymous with innovation in amplification solutions and software controls, catering to a wide spectrum of sectors, from commercial installations to residential settings, portable PA systems, and the dynamic world of touring and live events.

**Blaze**, on the other hand, is on a mission to servicing the commercial installation sector, as the preferred choice for distribution and installation partners. We offer a seamless and efficient experience, providing specialized amplification, control systems, and speakers tailored to the unique needs of this sector.

### FY22/23 - Overcoming Challenges, Delivering Excellence

The fiscal year 22/23 posed significant challenges for Pascal A/S, with hurdles like component shortages, logistical complexities, and the ongoing conflict in Ukraine. Moreover, customer demand saw substantial fluctuations. In the face of adversity, Pascal stood firm, unwavering in our commitment to our valued customers. Throughout the fiscal year, we maintained exceptional reliability and availability, demonstrating the robustness of our supply chain and the efficiency of our operational processes.

As we navigated the extraordinary impacts of the COVID-19 pandemic, supply chain constraints, and geopolitical tensions, we also observed a gradual return to normalcy. This marked a promising shift towards business as usual, and we're excited about what the future holds.

## Management's review

### **Pascal A/S: Pioneering Innovation, Elevating Quality, and Championing Customer Satisfaction in the Pro AV Industry**

#### **Embracing Change in Leadership**

After the launch of our Blaze brand and the establishment of our subsidiary, Pascal Inc., Pascal A/S has undertaken a strategic reorganization to consolidate business functions under Pascal A/S and realign our vision.

In a significant development, Co-founder Lars Fenger has transitioned his role, paving the way for our new CEO, Gustaf Höskuldsson. Additionally, we are delighted to welcome Eyal Steinitz as the new Chairman of our board. These changes have brought forth a multitude of implications, including establishment of a new governance structure and a formulation of an innovative business strategy.

As a strategic move in our ongoing efforts to professionalize our organizations, we have made key appointments to strengthen our leadership team. Nikolaj Pihl has been appointed as the Vice President of Sales for Pascal, and George Balfour Tennet has taken on the role of Vice President of Sales for Blaze. In addition, we are pleased to welcome Rebecca Collard as the Head of People and Culture. Following the close of the fiscal year, Thorlak Vestergaard also joined us as our Chief Operating Officer, bringing valuable expertise and leadership to our team.

#### **Empowering Our Team**

At Pascal A/S, we take great pride in welcoming a remarkable 40% increase in new team members to our Pascal family over the past year. Our unwavering dedication to providing a nurturing and growth-oriented work environment is exemplified by our outstanding employee retention rate, which stands at above 95%. Throughout the year, we significantly expanded our in-house development capabilities, emphasizing simplicity, logical structures, agility, and data-driven decision-making, fostering a culture of continuous growth and learning.

#### **Putting Customers First**

Our unyielding commitment to customer satisfaction has borne fruit with the addition of 16 new OEM customers during the fiscal year. At Pascal, we prioritize an "outside-in" mindset, looking at our business through the customer's perspective. This approach empowers our partners to achieve their aspirations.

#### **Going Global**

In the fiscal year, we took substantial steps to expand our global presence into the APAC and Americas regions, enhancing our operational scope and capabilities. We've established a robust supply chain, forming three distinct partners to ensure swift, precision-driven deliveries worldwide. Our dedication to expanding horizons remains steadfast as we actively seek partnerships with distributors and manufacturers to explore new markets.

## Management's review

### Financial Excellence

Financially, we've surpassed our targets. Pascal Group achieved revenues of DKK 184 million and a Cash EBITDA of DKK 33 million in FY22/23, underscoring our unwavering financial strength and stability. Our cashflow from operating activities contributed DKK 32 million. The majority of our revenue is in USD. This USD currency revenue exposure is mitigated by a significant portion of our expenditure being in the same currency. Furthermore, we are pleased to report that there were no losses from bad debt during the year. The fiscal year has resulted in a DKK 3 million impairment write-down, covering components and speaker products that were decided to be discontinued as they fall outside our strategic focus for the coming years.

	FY 2020/21	FY 2021/22	FY 2022/23
	TDKK	TDKK	TDKK
Revenue	44,719	102,703	184,257
Gross Profit	27,199	60,132	112,721
EBITDA before capitalization	-0,104	2,242	33,501
EBIT	-1,795	7,571	32,151
EBT	-2,944	8,447	30,387
Profit/loss	-2,031	5,227	19,961
Cash flow from operating activities	9,700	-18,451	32,039

### Celebrating Excellence

Our dedication to excellence has been recognized with awards from independent organizations, underscoring the commitment of our team and the exceptional quality of our products and services.



## Management's review

### Leading in ESG Practices

As a company, we remain steadfast in our commitment to becoming a leader in ESG (Environmental, Social, and Governance) practices within the Pro-Audio industry. We prioritize energy efficiency in our modules, contributing to power savings with every module sold, and maintain stringent product standards to reduce waste. We actively cooperate with value chain partners to minimize the supply chain's carbon footprint. Employee satisfaction is a core value, consistently achieving exceptionally high scores in employee engagement surveys. We are dedicated to being trailblazers in ESG practices and actively invest in enhancing our ESG standards.

### The Future is Bright

As we embark on FY23/24, we are filled with excitement and optimism for the journey ahead. Our strategic focus remains centred on positioning Pascal Group for industry growth and success:

**Enhancing Pascal's ODM Business:** We are committed to strengthening our ODM business by introducing new amplification platforms and solutions, building upon the successful launch of the IP series. These new amplifiers cater to a wide range of sectors, reducing lead times and simplifying business interactions.

**Blaze's Focus on Commercial Installations:** We have dedicated Blaze to commercial installations, delivering amplification, control systems, and speakers tailored for these venues. We've expanded our presence in North America, offering specialized speakers for commercial installations and building a robust distribution-based sales network.

### Financial targets for FY23/24

In the upcoming fiscal year, FY23/24, we have set ambitious yet achievable financial targets. Our primary goal is to achieve revenues of at least DKK 250 million, combined with a EBITDA before capitalizations of DKK 40 million. These targets reflect our unwavering commitment to profitable growth, strategic investments in future profitability, and the maintenance of a steady growth trajectory. We are determined to meet and exceed these milestones, further strengthening our position in the market and ensuring the long-term success of our organization.

Pascal A/S is thrilled about the future and remains wholeheartedly dedicated to serving our customers with unwavering commitment to innovation and excellence.

### Recognition and measurement uncertainties

The recognition and measurement of items in the annual report is not associated with any uncertainty.

### Unusual matters

The group's financial position at 30 June 2023 and the results of its operations and cash flows for the financial year ended 30 June 2023 are not affected by any unusual matters.

### Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the group's financial position.

## Income statement 1 July - 30 June

	Note	Group		Parent company	
		2022/23	2021/22	2022/23	2021/22
		TDKK	TDKK	TDKK	TDKK
Revenue		184.257	102.703	185.917	106.219
Expenses for raw materials and consumables		-71.940	-44.718	-73.196	-46.087
<b>Gross profit</b>		<b>112.317</b>	<b>57.985</b>	<b>112.721</b>	<b>60.132</b>
Other operating income		1.176	176	1.176	176
Other external costs		-29.519	-17.342	-22.924	-17.567
<b>EBITDA before staff costs</b>		<b>83.974</b>	<b>40.819</b>	<b>90.973</b>	<b>42.741</b>
Staff costs	1	-40.782	-27.686	-32.505	-21.261
<b>EBITDA</b>		<b>43.192</b>	<b>13.133</b>	<b>58.468</b>	<b>21.480</b>
Depreciation		-6.312	-4.629	-5.656	-4.478
Impairment		-3.131	-932	-3.131	-932
Other operating costs		-1.598	0	-886	0
<b>EBIT</b>		<b>32.151</b>	<b>7.572</b>	<b>48.795</b>	<b>16.070</b>
Financial income	2	567	1.614	1.257	1.973
Financial costs		-2.331	-738	-2.172	-270
<b>Profit/loss before tax</b>		<b>30.387</b>	<b>8.448</b>	<b>47.880</b>	<b>17.773</b>
Tax on profit/loss for the year	3	-10.426	-3.220	-10.413	-3.220
<b>Profit/loss for the year</b>		<b>19.961</b>	<b>5.228</b>	<b>37.467</b>	<b>14.553</b>
Distribution of profit	4				

## Balance sheet 30 June

	Note	Group		Parent company	
		2023	2022	2023	2022
		TDKK	TDKK	TDKK	TDKK
Assets					
Completed development projects		14.293	9.613	14.293	9.614
Acquired patents		249	212	249	212
Development projects in progress		3.945	6.836	4.239	6.836
Intangible assets	5	18.487	16.661	18.781	16.662
Other fixtures and fittings, tools and equipment	6	2.288	2.788	1.426	847
Leasehold improvements	6	355	151	355	152
Tangible assets		2.643	2.939	1.781	999
Investments in subsidiaries	7	0	0	876	876
Receivables from subsidiaries	8	0	0	28.747	12.586
Deposits	8	693	415	613	405
Fixed asset investments		693	415	30.236	13.867
Total non-current assets		21.823	20.015	50.798	31.528
Raw materials and consumables		19.789	11.378	16.589	11.378
Work in progress		2.988	981	2.988	981
Finished goods and goods for resale		23.530	10.031	23.530	8.385
Stocks		46.307	22.390	43.107	20.744
Trade receivables		15.584	18.473	14.817	18.353
Other receivables		449	499	449	437
Prepayments	9	1.673	762	1.596	762
Receivables		17.706	19.734	16.862	19.552
Cash at bank and in hand		4.863	1.575	4.249	831
Total current assets		68.876	43.699	64.218	41.126
Total assets		90.699	63.714	115.016	72.654

## Balance sheet 30 June

		Group		Parent company	
	Note	2023	2022	2023	2022
		TDKK	TDKK	TDKK	TDKK
Equity and liabilities					
Share capital		500	500	500	500
Reserve for development expenditure		14.226	12.830	14.455	12.830
Retained earnings		33.568	14.953	59.792	24.150
Proposed dividend for the year		200	0	200	0
Equity		48.494	28.283	74.947	37.480
Provision for deferred tax	10	3.671	2.638	3.671	2.638
Total provisions		3.671	2.638	3.671	2.638
Corporation tax		7.837	17	7.837	17
Other payables		2.630	2.598	2.630	2.598
Total non-current liabilities	11	10.467	2.615	10.467	2.615
Other credit institutions		4.422	18.853	4.380	18.780
Prepayments received from customers		997	620	997	620
Trade payables		15.126	5.398	14.683	5.375
Payables to group		1.565	1.549	1.565	1.549
Corporation tax		17	17	17	17
Other payables		5.940	3.741	4.289	3.580
Total current liabilities		28.067	30.178	25.931	29.921
Total liabilities		38.534	32.793	36.398	32.536
Total equity and liabilities		90.699	63.714	115.016	72.654
Contingent liabilities	12				
Mortgages and collateral	13				
Related parties and ownership structure	14				



## Statement of changes in equity

### Group

	Share capital	Reserve for development expenditure	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 July	500	12.830	14.950	0	28.280
Exchange adjustment, foreign	0	0	252	0	252
Net profit/loss for the year	0	1.396	18.366	200	19.962
<b>Equity at 30 June</b>	<b>500</b>	<b>14.226</b>	<b>33.568</b>	<b>200</b>	<b>48.494</b>

### Parent company

	Share capital	Reserve for development expenditure	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 July	500	12.830	24.149	0	37.479
Net profit/loss for the year	0	1.625	35.643	200	37.468
<b>Equity at 30 June</b>	<b>500</b>	<b>14.455</b>	<b>59.792</b>	<b>200</b>	<b>74.947</b>

Pascal A/S' investment in Pascal Inc. is measured at cost in the financial statements for the parent company and consolidated in the group financial statements.

## Cash flow statement 1 July - 30 June

Note	Group	
	2022/23	2021/22
	TDKK	TDKK
Net profit/loss for the year	19.961	5.228
Adjustments	15 21.633	7.905
Change in working capital	16 -9.555	-31.583
<b>Cash flows from operating activities before financial income and expenses</b>	<b>32.039</b>	<b>-18.450</b>
Financial income	844	1.973
Financial expenses	-2.608	-1.098
<b>Cash flows from ordinary activities</b>	<b>30.275</b>	<b>-17.575</b>
Corporation tax paid	-1.574	-809
<b>Cash flows from operating activities</b>	<b>28.701</b>	<b>-18.384</b>
Purchase of intangible assets	-9.829	-11.105
Purchase of property, plant and equipment	-1.565	-2.196
Fixed asset investments made etc	-278	-36
Sale of property, plant and equipment	359	0
Other adjustments	314	127
<b>Cash flows from investing activities</b>	<b>-10.999</b>	<b>-13.210</b>
Repayment of loans from credit institutions	-14.430	0
Repayment of payables to group	16	0
Raising of loans from credit institutions	0	18.853
Raising of loans from group	0	1.200
<b>Cash flows from financing activities</b>	<b>-14.414</b>	<b>20.053</b>
<b>Change in cash and cash equivalents</b>	<b>3.288</b>	<b>-11.541</b>
Cash and cash equivalents	1.575	13.116
<b>Cash and cash equivalents</b>	<b>4.863</b>	<b>1.575</b>
Analysis of cash and cash equivalents:		
Cash at bank and in hand	4.863	1.575
<b>Cash and cash equivalents</b>	<b>4.863</b>	<b>1.575</b>

## Notes

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
<b>1 Staff costs</b>				
Wages and salaries	35.604	23.919	27.327	17.493
Pensions	3.336	2.442	3.336	2.442
Other social security costs	324	339	324	339
Other staff costs	1.518	987	1.518	987
	<b>40.782</b>	<b>27.687</b>	<b>32.505</b>	<b>21.261</b>
<b>Including remuneration to the executive boards</b>	<b>3.142</b>	<b>2.987</b>	<b>2.548</b>	<b>1.919</b>
Number of fulltime employees on average	52	35	42	32
<p>The board of directors has been authorized in the period until 1 April 2028 to issue up to 34,188 warrants on one or more occasions which each entitles the holder to subscribe for 1 share of a nominal value of DKK 1 in the company. Warrants are issued to certain members of the board of directors, the executive board and employees at the discretion of the board of directors. All current employees have been included in the program. Allocated warrants are vested over a period of 48 months.</p>				
<b>2 Financial income</b>				
Interest received from subsidiaries	0	0	1.237	359
Other financial income	567	1.614	20	1.614
	<b>567</b>	<b>1.614</b>	<b>1.257</b>	<b>1.973</b>
<b>3 Tax on profit/loss for the year</b>				
Current tax for the year	9.393	826	9.380	826
Deferred tax for the year	1.033	2.394	1.033	2.394
	<b>10.426</b>	<b>3.220</b>	<b>10.413</b>	<b>3.220</b>

## Notes

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
<b>4 Distribution of profit</b>				
Proposed dividend for the year	200	0	200	0
Transferred to reserve for development expenditure	1.395	5.097	1.624	5.097
Retained earnings	18.366	131	35.643	9.456
	<b>19.961</b>	<b>5.228</b>	<b>37.467</b>	<b>14.553</b>

## 5 Intangible assets

### Group

	Completed development projects	Acquired patents	Development projects in progress
	TDKK	TDKK	TDKK
Cost at 1 July	44.420	644	7.768
Additions for the year	4.439	138	5.252
Transfers for the year	5.944	0	-5.944
Cost at 30 June	54.803	782	7.076
Impairment losses and amortisation at 1 July	34.806	432	932
Impairment losses for the year	0	0	3.131
Depreciation for the year	4.772	101	0
Transfers for the year	932	0	-932
Impairment losses and amortisation at 30 June	40.510	533	3.131
<b>Carrying amount at 30 June</b>	<b>14.293</b>	<b>249</b>	<b>3.945</b>

### Special assumptions regarding development projects and tax assets

The development projects of the group comprise the development of several new hardware and software audio solutions.

The projects progress as planned with ongoing completion over the next couple of years. Management's expectations as far as earnings are concerned remain positive.

## Notes

### 6 Tangible assets

#### Group

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	TDKK	TDKK
Cost at 1 July	10.300	479
Exchange adjustment	-91	0
Additions for the year	1.274	292
Disposals for the year	-572	0
Cost at 30 June	10.911	771
Impairment losses and depreciation at 1 July	7.513	328
Exchange adjustment	-28	0
Depreciation for the year	1.369	88
Reversal of impairment and depreciation of sold assets	-231	0
Impairment losses and depreciation at 30 June	8.623	416
<b>Carrying amount at 30 June</b>	<b>2.288</b>	<b>355</b>

### 7 Investments in subsidiaries

	Parent company	
	2023	2022
	TDKK	TDKK
Cost at 1 July	876	0
Additions for the year	0	876
Cost at 30 June	876	876
<b>Carrying amount at 30 June</b>	<b>876</b>	<b>876</b>

Investments in subsidiaries are specified as follows:

Navn	Registered office	Ownership interest
Pascal Inc.	North Carolina, USA	100%

## Notes

### 8 Fixed asset investments

#### Group

	Deposits
	TDKK
Cost at 1 July	415
Additions for the year	278
Cost at 30 June	693
<b>Carrying amount at 30 June</b>	<b>693</b>

#### Parent company

	Receivables from subsidiaries	Deposits
	TDKK	TDKK
Cost at 1 July	12.586	406
Additions for the year	16.161	207
Cost at 30 June	28.747	613
<b>Carrying amount at 30 June</b>	<b>28.747</b>	<b>613</b>

### 9 Prepayments

Prepayments comprise prepaid expenses regarding rent, insurance premiums, subscriptions etc.

## Notes

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
<b>10 Provision for deferred tax</b>				
Provision for deferred tax at 1 July	2.638	245	2.638	245
Deferred tax recognised in income statement	1.033	2.393	1.033	2.393
<b>Provision for deferred tax at 30 June</b>	<b>3.671</b>	<b>2.638</b>	<b>3.671</b>	<b>2.638</b>

### Provisions for deferred tax on:

Intangible assets	4.072	3.625	4.761	3.625
Property, plant and equipment	-401	-491	-401	-491
Tax loss carry-forward	0	-496	-689	-496
	<b>3.671</b>	<b>2.638</b>	<b>3.671</b>	<b>2.638</b>

## 11 Long term debt

Group	Debt at 1 July	Debt at 30 June	Instalment next year	Debt outstanding after 5 years
	TDKK	TDKK	TDKK	TDKK
Corporation tax	17	7.837	0	0
Other payables	2.598	2.630	0	0
	<b>2.615</b>	<b>10.467</b>	<b>0</b>	<b>0</b>

Parent Company	Debt at 1 July	Debt at 30 June	Instalment next year	Debt outstanding after 5 years
	TDKK	TDKK	TDKK	TDKK
Corporation tax	17	7.837	0	0
Other payables	2.598	2.630	0	0
	<b>2.615</b>	<b>10.467</b>	<b>0</b>	<b>0</b>

## Notes

### 12 Contingent liabilities

The group is jointly taxed with its parent company, Pascal Capital ApS (management company), and jointly and severally liable for payment of income taxes and withholding taxes on dividends, interest and royalties.

The group has entered rental contracts. The total liability amounts to DKK 1.661 thousand per 30 June 2023.

The group has entered a lease agreement with a liability of DKK 20 thousand and a residual maturity of 1 years per balance sheet date.

### 13 Mortgages and collateral

As security for all accounts with Danske Bank, the group has provided a corporate charge of DKK 10.000 thousand. This security comprises unsecured claims, inventories, operating tangible and intangible rights.

### 14 Related parties and ownership structure

#### Controlling interest

Pascal Capital ApS, Ellekær 6A, 2., 2730 Herlev, parent company.

Pascal Inc. North Carolina, USA, subsidiary company.

#### Transactions

All transactions with related parties have occurred on market terms.

#### Consolidated financial statements

The company is included in the consolidated financial statements of Pascal Capital ApS, business registration number 29322538, which can be obtained by contacting the company or visiting the website [www.cvr.dk](http://www.cvr.dk).



## Notes

		Group	
		2022/23	2021/22
		TDKK	TDKK
<b>15</b>	<b>Cash flow statement - adjustments</b>		
	Financial income	-844	-1.973
	Financial costs	2.608	1.097
	Depreciation, amortisation and impairment losses, including losses and gains on sales	9.443	5.561
	Tax on profit/loss for the year	10.426	3.220
		<b>21.633</b>	<b>7.905</b>
<b>16</b>	<b>Cash flow statement - change in working capital</b>		
	Change in inventories	-23.917	-15.709
	Change in receivables	2.405	-15.042
	Change in trade payables, etc.	11.957	-831
		<b>-9.555</b>	<b>-31.582</b>

## Accounting policies

The annual report of Pascal 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 are consistent with those of last year.

The annual report for 2022/23 is presented in TDKK

### Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the group's and the parent company's 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 from the group's and the parent company's and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

### Consolidated financial statements

The consolidated financial statements comprise the parent company Pascal A/S and subsidiaries in which the parent company, directly or indirectly, holds more than 50% of the voting rights or otherwise has a controlling interest. Entities in which the Group holds between 20% and 50% of the voting rights and over which it exercises significant influence, but which it does not control, are considered participating interests or associates, cf. the group chart.

The consolidated financial statements are prepared as a consolidation of the parent company's and subsidiaries' financial statements by aggregating uniform accounting items. On consolidation, intra-group income and expenses, holdings of shares, intra-group balances and dividends as well as realised and unrealised gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets and liabilities at the acquisition date.

## Accounting policies

Entities acquired or formed during the year are recognised in the consolidated financial statements from the date at which control is obtained. Entities sold during the year are recognised in the consolidated income statement until the date of disposal. Comparative figures are not restated for acquisitions or disposals.

### Income statement

#### Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less costs of raw materials and consumables and other external expenses.

#### Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

#### Expenses for raw materials and consumables

Costs of raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

#### Other operating income

The item Other operating income includes items of a secondary nature relative to the company's activities, including gains on the sale of intangible assets and items of property, plant and equipment, operating losses, indemnities relating to operating losses and conflicts as well as payroll refunds. Indemnities are recognised when it is more probable than not that the company is going to be indemnified.

#### Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the company's activities, including losses on the sale of intangible assets and items of property, plant and equipment.

#### Other external costs

Other external costs include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

#### Staff costs

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

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

Depreciation, amortisation and impairment of intangible assets and property, plant and equipment comprise the year's depreciation, amortisation and impairment of intangible assets and property, plant and equipment.

## Accounting policies

### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities, liabilities and foreign currency transactions, amortisation of financial assets and liabilities and surcharges and allowances under the Danish Tax Prepayment Scheme, etc.

### Tax on profit/loss for the year

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

### Balance sheet

#### Intangible assets

##### *Development projects and patents*

Development costs comprise costs, wages/salaries and amortisation losses that are directly and indirectly attributable to the company's development activities.

Development projects recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses. The depreciation period is 3-7 years.

Patents are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining patent period.

#### Tangible assets

Fixtures and fittings, tools, equipment and leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

The useful life and residual value are re-assessed annually. A change is accounted for as an accounting estimate, and the impact on amortisation/depreciation is recognised going forward.

Gains and losses on the sale of items of property, plant and equipment are calculated as the difference between the selling price, less costs to sell, and the carrying amount at the time of sale. Gains or losses on the sale of items of property, plant and equipment are recognised in the income statement under other operating income or other operating expenses, respectively.

## Accounting policies

### Investments in subsidiaries

Investment in subsidiaries are measured at cost. If cost exceeds the recoverable amount, a write-down is made to this lower value.

### Deposits

Deposits are measured at amortised cost.

### Stocks

Stocks are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

Production overheads include the indirect cost of materials, wages and salaries as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised in the cost.

The net realisable value of stocks is calculated as the expected selling price less direct costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

### Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

### Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

### Cash and cash equivalents

Cash equivalents comprise cash and deposits at banks.

### Equity

#### Reserve for development costs

An amount corresponding to capitalised development costs is recognised in the reserve. The reserve is reduced as development costs are amortised.

### Dividends

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability when declared by the annual general meeting of shareholders.

## Accounting policies

### Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

### Liabilities

Liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

### Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency instruments are considered cash flow hedges, any unrealised value adjustments are taken directly to a fair value reserve under 'Equity'.

### Cash flow statement

The cash flow statement shows the group's cash flows for the year, broken down under cash flows from operating, investing and financing activities, the year's changes in cash and cash equivalents and the group's cash and cash equivalents at the beginning and at the end of the year.

The cash flow effect of additions and disposals of entities is shown separately under cash flows from investing activities. The cash flow statement includes cash flows from acquired entities from the time of acquisition, and cash flows from sold entities are included until the date of sale.

### Cash flows from operating activities

Cash flows from operating activities are stated as the group's profit or loss for the year, adjusted for non-cash operating items, changes in working capital and paid income taxes. Dividend income from investments is recognised under 'Interest income and dividend received'.

### Cash flows from investing activities

Cash flows from investing activities comprise payments related to the acquisition and sale of entities and activities as well as intangible assets, property, plant and equipment and investments.

### Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the group's share capital and related costs, as well as the raising of loans, repayment of interest-bearing debt and payment of dividends to shareholders.

## Accounting policies

### Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term securities whose remaining life is less than three months and which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

### Financial Highlights

Definitions of financial ratios.

Return on assets	$\frac{\text{Profit/loss before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$