Pascal Capital ApS

Ellekær 6A, 2., 2730 Herlev

CVR no. 29 32 25 38

Annual report for the period

1 July 2022 to 30 June 2023

Adopted at the annual general meeting on 15 November 2023

Peter Frentz
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 Capital ApS 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

Peter Frentz

Supervisory board

Peter Frentz

Knud Verner Lauridsen

Jesper Lind Hansen

Independent auditor's report

To the shareholders of Pascal Capital ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Pascal Capital ApS 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

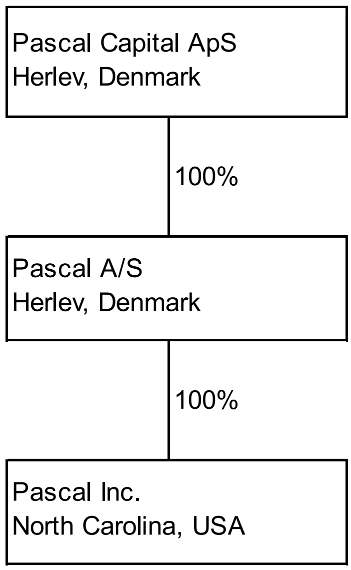
Company details

The company	Pascal Capital ApS Ellekær 6A, 2. 2730 Herlev	
	CVR no.:	29 32 25 38
	Reporting period: Incorporated:	1 July 2022 - 30 June 2023 2 February 2006
	Domicile:	Herlev
Supervisory board	Peter Frentz Knud Verner Lauridsen Jesper Lind Hansen	
Executive board	Peter Frentz	
Auditors	Baker Tilly Denmark Godkendt Revisionspartnerselskab Poul Bundgaards Vej 1, 1. 2500 Valby	

Group chart

Parent Company

Consolidated subsidiaries



Financial highlights

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

	Group	
	2022/23	2021/22
	TDKK	TDKK
Key figures		
Profit/loss		
Revenue	184.257	102.703
Profit/loss before net financials	31.055	6.477
Net financials	-1.834	797
Profit/loss for the year	18.811	4.071
Balance sheet		
Balance sheet total	94.560	68.670
Investment in property, plant and equipment	-1.118	-2.196
Equity	52.126	33.063
Financial ratios		
Return on assets	38,1%	11,8%
Solvency ratio	55,1%	48,1%
Return on equity	44,2%	14,5%

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 Group: 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 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, 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 Group: 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 in Pascal A/S, Gustaf Höskuldsson. Additionally, we are delighted to welcome Eyal Steinitz as the new Chairman of our board in Pascal A/S. 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, 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.

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.

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.

Management's review

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 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	0	0
Expenses for raw materials and consumables		-71.940	-44.718	0	0
Gross profit		**112.317**	**57.985**	**0**	**0**
Other operating income		1.176	176	0	0
Other external costs		-29.520	-17.342	-1	0
EBITDA before staff costs		**83.973**	**40.819**	**-1**	**0**
Staff costs	1	-40.782	-27.686	0	0
EBITDA		**43.191**	**13.133**	**-1**	**0**
Depreciation		-7.407	-5.724	0	0
Impairment		-3.131	-932	0	0
Other operating costs		-1.598	0	0	0
EBIT		**31.055**	**6.477**	**-1**	**0**
Financial income		567	1.614	0	0
Financial costs		-2.401	-817	-70	-79
Profit/loss before tax		**29.221**	**7.274**	**-71**	**-79**
Tax on profit/loss for the year	2	-10.410	-3.203	16	17
Profit/loss for the year		**18.811**	**4.071**	**-55**	**-62**
Distribution of profit	3				

Balance sheet 30 June

	Note	Group 2023 TDKK	Group 2022 TDKK	Parent company 2023 TDKK	Parent company 2022 TDKK
Assets					
Completed development projects		14.293	9.613	0	0
Acquired patents		249	212	0	0
Goodwill		3.832	4.927	0	0
Development projects in progress		3.945	6.836	0	0
Intangible assets	4	**22.319**	**21.588**	**0**	**0**
Other fixtures and fittings, tools and equipment	5	2.288	2.788	0	0
Leasehold improvements	5	355	151	0	0
Tangible assets		**2.643**	**2.939**	**0**	**0**
Investments in subsidiaries	6	0	0	17.593	17.593
Deposits	7	693	415	0	0
Fixed asset investments		**693**	**415**	**17.593**	**17.593**
Total non-current assets		**25.655**	**24.942**	**17.593**	**17.593**
Raw materials and consumables		19.789	11.378	0	0
Work in progress		2.988	981	0	0
Finished goods and goods for resale		23.530	10.031	0	0
Stocks		**46.307**	**22.390**	**0**	**0**
Trade receivables		15.584	18.473	0	0
Receivables from subsidiaries		0	0	1.565	1.549
Other receivables		449	499	0	0
Joint taxation contributions receivable		0	0	33	35
Prepayments	8	1.673	762	0	0
Receivables		**17.706**	**19.734**	**1.598**	**1.584**
Cash at bank and in hand		**4.892**	**1.604**	**29**	**29**
Total current assets		**68.905**	**43.728**	**1.627**	**1.613**
Total assets		**94.560**	**68.670**	**19.220**	**19.206**

Balance sheet 30 June

		Group		Parent company	
	Note	2023	2022	2023	2022
		TDKK	TDKK	TDKK	TDKK
Equity and liabilities					
Share capital		140	140	140	140
Reserve for development expenditure		14.225	12.830	0	0
Retained earnings		37.761	20.093	17.253	17.309
Equity		**52.126**	**33.063**	**17.393**	**17.449**
Provision for deferred tax	9	3.671	2.638	0	0
Total provisions		**3.671**	**2.638**	**0**	**0**
Corporation tax		7.821	0	0	0
Other payables		2.630	2.598	0	0
Total non-current liabilities	10	**10.451**	**2.598**	**0**	**0**
Other credit institutions		4.422	18.853	0	0
Prepayments received from customers		997	620	0	0
Trade payables		15.126	5.398	0	0
Other payables		7.767	5.500	1.827	1.757
Total current liabilities		**28.312**	**30.371**	**1.827**	**1.757**
Total liabilities		**38.763**	**32.969**	**1.827**	**1.757**
Total equity and liabilities		**94.560**	**68.670**	**19.220**	**19.206**
Contingent liabilities	11				
Mortgages and collateral	12				
Related parties and ownership structure	13				

Statement of changes in equity

Group

	Share capital	Reserve for development expenditure	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 July	140	12.830	20.093	33.063
Exchange adjustment, foreign	0	0	252	252
Net profit/loss for the year	0	1.395	17.416	18.811
Equity at 30 June	**140**	**14.225**	**37.761**	**52.126**

Parent company

	Share capital	Reserve for net re-valuation under the equity method	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 July	140	24.814	17.308	42.262
Net effect from change of accounting policy	0	-24.814	0	-24.814
Adjusted equity at 1 July	140	0	17.308	17.448
Net profit/loss for the year	0	0	-55	-55
Equity at 30 June	**140**	**0**	**17.253**	**17.393**

Pascal Capital ApS' investment in Pascal A/S 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	Group 2021/22
		TDKK	TDKK
Net profit/loss for the year		18.811	4.071
Adjustments	14	22.782	9.062
Change in working capital	15	-9.485	-31.515
Cash flows from operating activities before financial income and expenses		**32.108**	**-18.382**
Financial income		567	1.614
Financial expenses		-2.401	-818
Cash flows from ordinary activities		**30.274**	**-17.586**
Corporation tax paid		-1.556	-809
Cash flows from operating activities		**28.718**	**-18.395**
Purchase of intangible assets		-9.829	-11.105
Purchase of property, plant and equipment		-1.118	-2.196
Fixed asset investments made etc		-278	-36
Other adjustments		225	126
Cash flows from investing activities		**-11.000**	**-13.211**
Repayment of other long-term debt		-14.430	18.853
Cash flows from financing activities		**-14.430**	**18.853**
Change in cash and cash equivalents		**3.288**	**-12.753**
Cash and cash equivalents		1.604	14.357
Cash and cash equivalents		**4.892**	**1.604**
Analysis of cash and cash equivalents:			
Cash at bank and in hand		4.892	1.604
Cash and cash equivalents		**4.892**	**1.604**

Notes

		Group		Parent company	
		2022/23	2021/22	2022/23	2021/22
		TDKK	TDKK	TDKK	TDKK
1	**Staff costs**				
	Wages and salaries	35.604	23.919	0	0
	Pensions	3.336	2.442	0	0
	Other social security costs	324	339	0	0
	Other staff costs	1.518	987	0	0
		40.782	**27.687**	**0**	**0**
	Number of fulltime employees on average	52	35	0	0

According to section 98 B(3) of the Danish Financial Statements Act, renumeration to the executive board has not been disclosed.

The board of directors in Pascal A/S 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.

		Group 2022/23	Group 2021/22	Parent 2022/23	Parent 2021/22
2	**Tax on profit/loss for the year**				
	Current tax for the year	9.378	809	-16	-17
	Deferred tax for the year	1.033	2.394	0	0
		10.411	**3.203**	**-16**	**-17**
		10.411	**3.203**	**-16**	**-17**

		Group 2022/23	Group 2021/22	Parent 2022/23	Parent 2021/22
3	**Distribution of profit**				
	Transferred to reserve for development expenditure	1.395	5.097	0	0
	Retained earnings	17.416	-1.026	-55	-62
		18.811	**4.071**	**-55**	**-62**

Notes

4 Intangible assets

Group

	Completed development projects	Acquired patents	Goodwill	Development projects in progress
	TDKK	TDKK	TDKK	TDKK
Cost at 1 July	44.420	644	3.832	7.768
Additions for the year	4.439	138	0	5.252
Transfers for the year	5.944	0	0	-5.944
Cost at 30 June	54.803	782	3.832	7.076
Impairment losses and amortisation at 1 July	34.806	432	0	932
Impairment losses for the year	0	0	0	3.131
Depreciation for the year	4.772	101	0	0
Transfers for the year	932	0	0	-932
Impairment losses and amortisation at 30 June	40.510	533	0	3.131
Carrying amount at 30 June	**14.293**	**249**	**3.832**	**3.945**

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

5 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
Carrying amount at 30 June	**2.288**	**355**

	Parent company	
	2023	2022
	TDKK	TDKK
6 Investments in subsidiaries		
Cost at 1 July	17.593	17.593
Cost at 30 June	17.593	17.593
Carrying amount at 30 June	**17.593**	**17.593**

Investments in subsidiaries are specified as follows:

Name	Registered office	Ownership interest
Pascal A/S	Herlev, Denmark	100%

Notes

7 Fixed asset investments

Group

	Deposits
	TDKK
Cost at 1 July	415
Additions for the year	278
Cost at 30 June	693
Carrying amount at 30 June	**693**

8 Prepayments

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

		Group		Parent company	
		2023	2022	2023	2022
		TDKK	TDKK	TDKK	TDKK
9	**Provision for deferred tax**				
	Provision for deferred tax at 1 July	2.638	245	0	0
	Deferred tax recognised in income statement	1.033	2.393	0	0
	Provision for deferred tax at 30 June	**3.671**	**2.638**	**0**	**0**
	Provisions for deferred tax on:				
	Intangible assets	4.072	3.625	0	0
	Property, plant and equipment	-401	-491	0	0
	Tax loss carry-forward	0	-496	0	0
		3.671	**2.638**	**0**	**0**

Notes

10 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	0	7.821	0	0
Other payables	2.598	2.630	0	0
	2.598	**10.451**	**0**	**0**

11 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.

12 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.

13 Related parties and ownership structure

Controlling interest

Pascal A/S, Ellekær 6A, 2., 2730 Herlev, subsidiary company.

Pascal Inc. North Carolina, USA, subsidiary company.

Transactions

All transactions with related parties have occurred on market terms.

Notes

		Group	
		2022/23	2021/22
		TDKK	TDKK
14	**Cash flow statement - adjustments**		
	Financial income	-567	-1.614
	Financial costs	2.401	817
	Depreciation, amortisation and impairment losses, including losses and gains on sales	10.538	6.656
	Tax on profit/loss for the year	10.410	3.203
		22.782	**9.062**

15	**Cash flow statement - change in working capital**		
	Change in inventories	-23.917	-15.709
	Change in receivables	2.405	-15.042
	Change in trade payables, etc.	12.027	-764
		-9.485	**-31.515**

Accounting policies

The annual report of Pascal Capital ApS 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 annual report for 2022/23 is presented in TDKK

Changes in accounting policies

Investments in subsidiaries have previously been measured at the proportionate share of the net asset value of the entities in previous annual reports. It has been decided to change this, so that investments in subsidiaries are now measured at cost, since management considers this to give a more fair view of the nature of the investments.

The change in accounting policy has been adjusted in the comparative figures and results in the following adjustments:

- Annual profit for 2021/22 is reduced by T.DKK 13,458.

- Investments in subsidiaries for 2021/22 are reduced by T.DKK 24,814.

- Equity for 2021/22 is reduced by T.DKK 24,814.

Apart from the above changes, the annual report has been prepared using the same practices as last year.

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.

Accounting policies

Consolidated financial statements

The consolidated financial statements comprise the parent company Pascal Capital ApS 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.

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.

Accounting policies

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.

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

The parent company acts as management company for all jointly taxed entities and, in its capacity as such, pays all income taxes to the Danish tax authorities.

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

Goodwill

Goodwill is amortised over the expected economic life of the asset, measured by reference to management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is 7 years. The amortisation period is based on the assessment that the entities in question are strategically acquired entities with a strong market position and a long-term earnings profile.

Accounting policies

Development projects, patents and licences

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

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

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

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.

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.

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.

Accounting policies

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.

Income tax and deferred tax

As management company, Pascal Capital ApS is liable for payment of the subsidiaries' corporate income taxes to the tax authorities.

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.

Accounting policies

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.

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.

Accounting policies

Financial Highlights

Definitions of financial ratios.

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