

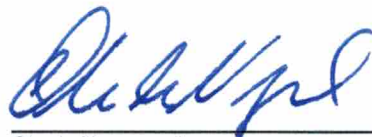
PNC Holding ApS

Hørskædden 18, Kløvtofte, 2630 Taastrup

CVR no. 29 83 01 77

**Annual report for the period
1 July 2021 to 30 June 2022**

Adopted at the annual general meeting on 8
December 2022



Ole de Neergaard
chairman

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Statement by management on the annual report

The executive board has today discussed and approved the annual report of PNC Holding ApS for the financial year 1 July 2021 - 30 June 2022.

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 2022 and of the results of the group and the company operations and consolidated cash flows for the financial year 1 July 2021 - 30 June 2022.

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.

Høje Taastrup, 8 December 2022

Executive board



Olof Patrik Nilsson



Carsten Helt

Independent auditor's report

To the shareholders of PNC Holding ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of PNC Holding ApS for the financial year 1 July 2021 - 30 June 2022, 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 2022 and of the results of the group and the parent company's operations and consolidated cash flows for the financial year 1 July 2021 - 30 June 2022 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, 8 December 2022

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



Henrik Ulvsgaard
State Authorised Public Accountant
MNE no. mne21318

Company details

The company

PNC Holding ApS
Hørskæften 18
Klovtofte
2630 Taastrup

CVR no.: 29 83 01 77

Reporting period: 1 July 2021 - 30 June 2022

Incorporated: 21 December 2006

Domicile: Høje Taastrup

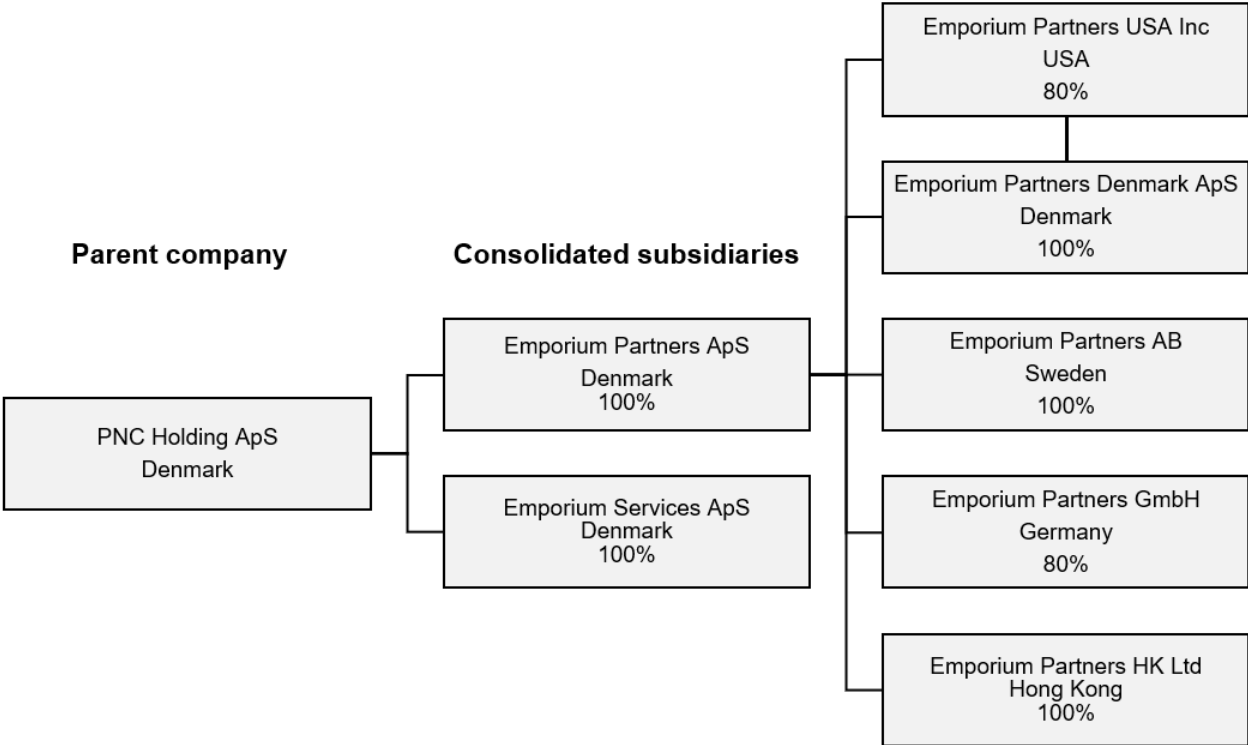
Executive board

Olof Patrik Nilsson
Carsten Helt

Auditors

Baker Tilly Denmark
Godkendt Revisionspartnerselskab
Poul Bundgaards Vej 1, 1.
2500 Valby

Group chart



Financial highlights

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

	Group	
	2021/22	2020/21
	TDKK	TDKK
Key figures		
Revenue	1.126.748	226.628
Gross profit	329.122	62.269
Profit/loss before amortisation/depreciation and impairment losses	241.630	36.611
Profit/loss before net financials	240.901	35.900
Net financials	6.537	-3.351
Profit/loss for the year	188.976	24.519
Balance sheet total	297.762	98.978
Investment in property, plant and equipment	-1.318	0
Equity	200.844	32.334
Financial ratios		
Gross margin	29,2%	27,5%
EBIT margin	21,4%	15,8%
Return on assets	121,4%	72,5%
Solvency ratio	67,5%	32,7%
Return on equity	162,1%	151,7%

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

Business review

The Group and the company have two main activities:

- Trade within electronic components sold worldwide through subsidiaries in Denmark, Sweden, Germany, Hong Kong, and the USA.
- Long Term Storage of electronic components provided at our warehouses.

Unusual matters

The group's financial position at 30 June 2022 and the results of its operations and cash flows for the financial year ended 30 June 2022 are not affected by any unusual matters.

Financial review

The group's income statement for the year ended 30 June 2022 shows a profit of DKK 188.975.887, and the balance sheet at 30 June 2022 shows equity of DKK 200.844.492.

It has been chosen to omit a segment breakdown of the net turnover, as it is assessed that providing this information could cause significant competitive damage, partly because none of the company's competitors provides similar information.

The general shortage situation in the market for electronic components has resulted in an advantageous market position for the group and the company.

The group and the company have managed to cover the customers' needs through a strong network of reliable suppliers. Something their normal suppliers have not been able to do.

It is not assessed that the group or the company has been significantly affected by the ongoing COVID-19 pandemic.

It is the group' and the company's assessment that the realised result is satisfactory

Significant events occurring after the end of the financial year

No events have occurred after the end of the financial year which could have an impact on the assessment of the group's and the parent company's financial position as of 31 August 2021.

Expected development of the company, including specific prerequisites and uncertainties

It is expected that the shortage situation in the market for electronic components will continue in the financial year of 2022/23. A satisfactory result is expected.

The company's knowledge resources if of particular importance to its future earnings

The management assesses that there is no knowledge that is of particularly critical importance for future revenue.

Management's review

Special risks, including business and financial risks

The group's activities are distributed across several markets and customer segments. No single market or individual customer is decisive for the company's earning capacity.

The group is vulnerable to changes in exchange rates and interest rates as a result of its daily operations. It is the group's policy not to engage in active speculation in financial risks. Therefore, financial management focuses solely on the management of already undertaken financial risks.

Most of the group's revenue is invoiced in foreign currencies, primarily EUR and USD, but as it is partially offset by operating costs and goods purchased in the same currencies, the exposure in these currencies is reduced. It is continuously assessed to what extent this exposure must be hedged when entering future exchange transactions.

The company has chosen – with few exceptions – to insure its receivables from both Danish and foreign customers as part of the credit policy

Corporate social responsibility

It is the company's goal to act continuously socially responsible, contribute to positive social development, and influence our business partners in the same direction.

Corruption occurs in some of the group's markets. Emporium Partners does not accept corruption, but it may have resulted in the loss of orders in some cases.

Women are not represented at the company's top management level. Emphasis is placed on hiring qualified female candidates.

As a workplace, we continuously seek to contribute to greater job satisfaction and job security for all employees. Furthermore, diversity in the workforce is considered to provide greater dynamism to the company.

Sexism is not tolerated. A high seniority in the company confirms a general satisfaction with the working conditions.

Environmental liability

For many years, the company has used environmentally friendly packaging products and minimized the content of harmful substances.

Research and development activities in or for the company

It is an important competitive parameter to be able to live up to the customers' demand for continued development of the products. Therefore, the activity will continue to have a high priority in the group.

Management's review

Branches abroad

The parent company has the following subsidiaries abroad:

Emporium Partners USA Inc. (USA)

Emporium Partners AB (Sweden)

Emporium Partners GmbH (Germany)

Emporium Partners HK Ltd. (Hong Kong)

The subsidiaries have the same financial year as the parent company. Recognition has taken place based on annual reports per 30 June 2022 or reconciled balances. All subsidiaries are taxed jointly with PNC Holding ApS.

Data ethics

The Group does not have a data ethics policy but plans to prepare one.

It is assessed that the group has good ethics, and that data is only recorded when it is relevant and only kept when it is a requirement according to legislation or warranty commitments.

The year's result compared to the most recently published expectation

The expectation of a satisfactory result has been met with a result that is better than expected at the start of the financial year.

A significantly increased activity has had a positive impact on the result. The increased activity has been achieved because of positive development in the company's markets.

Disclosure of treasury shares

Information on treasury shares in the company's portfolio

Number of treasury shares in the company's portfolio: 11.012 Shares

Nominal value of treasury shares in the company's portfolio: DKK11.012

Percentage of the contributed capital, etc. of treasury shares in the company's portfolio: 4,9 %

Income statement 1 July - 30 June

	Note	Group		Parent company	
		2021/22	2020/21	2021/22	2020/21
		DKK	DKK	DKK	DKK
Revenue	1	1.126.747.784	226.627.572	0	0
Change in inventories of finished goods, work in progress and goods for resale		-777.168.831	-150.987.402	0	0
Other external expenses		-20.456.638	-13.371.102	-362.438	-18.102
Gross profit		329.122.315	62.269.068	-362.438	-18.102
Staff costs	2	-87.492.307	-25.658.037	0	0
Profit/loss before amortisation/depreciation and impairment losses		241.630.008	36.611.031	-362.438	-18.102
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-728.985	-710.660	0	0
Profit/loss before net financials		240.901.023	35.900.371	-362.438	-18.102
Non-controlling interests equity movement		0	0	176.861.037	22.934.281
Financial income	3	16.514.234	1.224.215	0	0
Financial costs	4	-9.977.330	-4.575.661	-25.359	-12.773
Profit/loss before tax		247.437.927	32.548.925	176.473.240	22.903.406
Tax on profit/loss for the year	5	-58.462.040	-8.029.961	81.532	-68.236
Profit/loss for the year		188.975.887	24.518.964	176.554.772	22.835.170
Distribution of profit	6				

Balance sheet 30 June

	Note	Group		Parent company	
		2022	2021	2022	2021
		DKK	DKK	DKK	DKK
Assets					
Completed development projects		1.310.264	1.849.585	0	0
Intangible assets	7	1.310.264	1.849.585	0	0
Other fixtures and fittings, tools and equipment		1.650.979	611.353	0	0
Leasehold improvements		341.226	209.506	0	0
Tangible assets	8	1.992.205	820.859	0	0
Investments in subsidiaries	9	0	0	188.427.967	28.782.264
Deposits		408.520	393.296	0	0
Fixed asset investments		408.520	393.296	188.427.967	28.782.264
Total non-current assets		3.710.989	3.063.740	188.427.967	28.782.264
Finished goods and goods for resale		9.924.751	4.969.759	0	0
Prepayments for goods		8.992.961	4.707.541	0	0
Stocks		18.917.712	9.677.300	0	0
Trade receivables		163.865.783	75.425.799	0	0
Receivables from subsidiaries		0	0	5.625.130	5.512.267
Other receivables		71.178.647	74.306	2.243	0
Joint taxation contributions receivable		0	0	33.139.201	4.838.214
Prepayments	10	710.393	922.993	0	0
Receivables		235.754.823	76.423.098	38.766.574	10.350.481
Cash at bank and in hand		39.378.268	9.813.874	31.263	27.603
Total current assets		294.050.803	95.914.272	38.797.837	10.378.084
Total assets		297.761.792	98.978.012	227.225.804	39.160.348

Balance sheet 30 June

	Note	Group		Parent company	
		2022	2021	2022	2021
		DKK	DKK	DKK	DKK
Equity and liabilities					
Share capital		225.000	225.000	225.000	225.000
Reserve for net revaluation under the equity method		0	0	186.773.038	27.127.155
Retained earnings		187.632.139	12.424.981	859.100	-14.715.735
Proposed dividend for the year		0	18.000.000	0	18.000.000
Non-controlling interests		12.987.353	1.683.793	0	0
Equity		200.844.492	32.333.774	187.857.138	30.636.420
Provision for deferred tax	11	812.896	3.274.283	0	2.381.225
Total provisions		812.896	3.274.283	0	2.381.225
Corporation tax		21.594.921	3.652.526	21.594.921	3.652.526
Total non-current liabilities	12	21.594.921	3.652.526	21.594.921	3.652.526
Trade payables		20.564.950	16.747.565	0	0
Payables to subsidiaries		0	0	13.840.064	1.976.686
Corporation tax		4.698.602	414.784	3.578.526	390.836
Other payables		48.009.414	41.309.550	355.155	122.655
Deferred income	13	1.236.517	1.245.530	0	0
Total current liabilities		74.509.483	59.717.429	17.773.745	2.490.177
Total liabilities		96.104.404	63.369.955	39.368.666	6.142.703
Total equity and liabilities		297.761.792	98.978.012	227.225.804	39.160.348

Statement of changes in equity

Group

	Share capital	Retained earnings	Proposed dividend for the year	Non-controlling interests	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 July	225.000	12.411.241	18.000.000	1.697.353	32.333.594
Ordinary dividend paid	0	0	-17.118.720	0	-17.118.720
Ordinary dividend on treasury shares	0	881.280	-881.280	0	0
Exchange adjustment, foreign	0	-2.215.334	0	0	-2.215.334
Other equity movements	0	0	0	-1.130.935	-1.130.935
Net profit/loss for the year	0	176.554.952	0	12.420.935	188.975.887
Equity at 30 June	225.000	187.632.139	0	12.987.353	200.844.492

Parent company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 July	225.000	27.127.155	-14.715.735	18.000.000	30.636.420
Ordinary dividend paid	0	0	0	-17.118.720	-17.118.720
Ordinary dividend on treasury shares	0	0	881.280	-881.280	0
Exchange adjustment, foreign	0	-2.215.334	0	0	-2.215.334
Net profit/loss for the year	0	0	-306.445	0	-306.445
Profit/loss from investments in subsidiaries	0	176.861.217	0	0	176.861.217
Distributed dividends from investments in subsidiaries	0	-15.000.000	15.000.000	0	0
Equity at 30 June	225.000	186.773.038	859.100	0	187.857.138

Cash flow statement 1 July - 30 June

	Note	<u>Group</u> 2021/22
		DKK
Net profit/loss for the year		188.975.887
Adjustments	19	-2.892.852
Change in working capital	20	-86.889.957
Cash flows from operating activities before financial income and expenses		99.193.078
Interest expenses and similar charges		-1
Cash flows from ordinary activities		99.193.077
Ordinary dividend on treasury shares		881.280
Corporation tax paid		22.226.213
Cash flows from operating activities		122.300.570
Purchase of property, plant and equipment		-1.318.114
Adjustment deposit		-15.224
Cash flows from investing activities		-1.333.338
Credit institutions assumed		-71.173.944
Dividend paid		-18.000.000
Cash flows from financing activities		-89.173.944
Change in cash and cash equivalents		31.793.288
Cash and cash equivalents		9.813.874
Exchange adjustment of current asset investments		-2.228.894
Cash and cash equivalents		39.378.268
Analysis of cash and cash equivalents:		
Cash at bank and in hand		39.378.268
Cash and cash equivalents		39.378.268

Notes

1 Information on segments

It has been decided to omit a segment breakdown of the net turnover, as it is assessed that providing this information could cause significant competitive damage, partly because none of the company's competitors provides similar information.

	Group		Parent company	
	2021/22	2020/21	2021/22	2020/21
	DKK	DKK	DKK	DKK
2 Staff costs				
Wages and salaries	82.293.486	22.901.674	0	0
Pensions	1.177.133	799.058	0	0
Other social security costs	3.362.880	1.535.966	0	0
Other staff costs	658.808	421.339	0	0
	87.492.307	25.658.037	0	0
Average number of employees	52	38	1	1

Notes

	Group		Parent company	
	2021/22	2020/21	2021/22	2020/21
	DKK	DKK	DKK	DKK
3 Financial income				
Other financial income	16.514.234	1.224.215	0	0
	16.514.234	1.224.215	0	0
4 Financial costs				
Other financial costs	9.977.330	4.575.661	25.359	12.773
	9.977.330	4.575.661	25.359	12.773
5 Tax on profit/loss for the year				
Current tax for the year	58.631.313	7.905.869	-81.532	-5.016
Deferred tax for the year	-169.273	-270.100	0	82.995
Adjustment of tax concerning previous years	0	394.192	0	-9.743
	58.462.040	8.029.961	-81.532	68.236
6 Distribution of profit				
Proposed dividend for the year	0	18.000.000	0	18.000.000
Reserve for net revaluation under the equity method	0	0	176.861.217	22.934.281
Retained earnings	176.554.952	4.835.171	-306.445	-18.099.111
	176.554.952	22.835.171	176.554.772	22.835.170
Non-controlling interests	12.420.935	1.683.793	0	0
	188.975.887	24.518.964	176.554.772	22.835.170

After the end of the financial year, an extraordinary distribution of dividends totaling 99 m.DKK was made from the Parent company.

Notes

7 Intangible assets

Group	Completed development projects DKK
Cost at 1 July	5.638.725
Cost at 30 June	5.638.725
Impairment losses and amortisation at 1 July	3.789.141
Amortisation for the year	539.320
Impairment losses and amortisation at 30 June	4.328.461
Carrying amount at 30 June	1.310.264

Development projects consist of the development of an IT system and website.

8 Tangible assets

Group	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK	Total DKK
Cost at 1 July	1.468.374	430.844	1.899.218
Additions for the year	1.129.078	198.362	1.327.440
Cost at 30 June	2.597.452	629.206	3.226.658
Impairment losses and depreciation at 1 July	825.283	262.402	1.087.685
Depreciation for the year	121.190	25.578	146.768
Impairment losses and depreciation at 30 June	946.473	287.980	1.234.453
Carrying amount at 30 June	1.650.979	341.226	1.992.205

Notes

	Parent company	
	2022	2021
	DKK	DKK
9 Investments in subsidiaries		
Cost at 1 July	1.655.109	1.655.109
Cost at 30 June	1.655.109	1.655.109
Revaluations at 1 July	27.127.155	6.121.140
Exchange adjustment	-2.215.514	571.734
Net profit/loss for the year	176.861.217	22.934.281
Received dividend	-15.000.000	-2.500.000
Revaluations at 30 June	186.772.858	27.127.155
Carrying amount at 30 June	188.427.967	28.782.264

Parent company

Investments in subsidiaries are specified as follows:

Navn	Registered office	Ownership interest	Equity	Profit/loss for the year
Emporium Partners ApS	Taastrup	100%	172.017.651	161.175.646
Emporium Services ApS	Taastrup	100%	16.391.390	15.685.574
Emporium Partners Denmark ApS	Taastrup	100%	19.370.563	19.014.286
Emporium Partners Sweden AB	Sweden	100%	17.653.010	18.036.813
Emporium Partners USA Inc.	USA	80%	7.734.373	6.600.837
Emporium Partners Germany GmbH	Germany	80%	57.202.391	55.643.721
Emporium Partners HK Ltd.	Hong Kong	100%	4.982.757	5.644.261

All foreign subsidiaries are recognised and measured as separate entities.

10 Prepayments

Prepayments comprise prepaid expenses regarding rent, insurance premiums, subscriptions and interest as well as fair value adjustments of derivative financial instruments with a positive fair value.

Notes

	Group		Parent company	
	2022	2021	2022	2021
	DKK	DKK	DKK	DKK
11 Provision for deferred tax				
Provision for deferred tax at 1 July	3.274.283	3.274.283	0	2.381.225
Deferred tax recognised in income statement	-2.461.387	0	0	0
Provision for deferred tax at 30 June	812.896	3.274.283	0	2.381.225

12 Long term debt

Group	Debt	Debt	Instalment next year	Debt outstanding after 5 years
	at 1 July	at 30 June		
	DKK	DKK		
Corporation tax	3.652.526	21.594.921	0	0
	3.652.526	21.594.921	0	0

13 Deferred income

Deferred income consists of payments received in respect of income in subsequent financial years as well as fair value adjustments of derivative financial instruments with a negative fair value.

	Group		Parent company	
	2022	2021	2022	2021
	DKK	DKK	DKK	DKK
14 Rent and lease liabilities				
Rent and lease liabilities				
Operating lease liabilities.				
Total future lease payments:				
Within 1 year	1.927.755	1.927.755	0	0
Between 1 and 5 years	1.313.532	3.241.287	0	0
	3.241.287	5.169.042	0	0

Notes

15 Contingent assets

The Group has sent a claim to a US company of USD 111 thousand related to defective goods. The case has been upheld by judgment, but the payment of the receivables has not taken place. There is uncertainty as to whether the company will receive the payment.

16 Contingent liabilities

As management company, the company is jointly taxed with other related parties and jointly and severally liable with other jointly taxed entities for payment of income taxes for income year 2022 onwards as well as for payment of withholding taxes on dividends, interest and royalties.

The group has received a claim from a US company of USD 4.9 million related to sales of goods. The Group is represented by the law firm of Emporium Partners insurance company. The Group has taken out insurance cover for ingredient and component damage with an insurance sum of DKK 10 million, and for ingredient and component losses of DKK 1 million. It is the insurance company's lawyers assessment on the available basis that there is a limited risk in the case and that the case should not burden the Company financially.

The Group has announced a prohibition of pledging regarding the group's debtors related to the entered financing agreement. As of year 2021/22 the security amounts to DKK 0.

17 Related parties and ownership structure

Controlling interest

None of the shareholders has individual controlling influence of the Group.

Other related parties

Emporium ApS

Emporium Services ApS

Emporium Partners Denmark ApS

Emporium Partners Sweden AB

Emporium Partners USA Inc.

Emporium Partners Germany GmbH

Emporium Partners HK Ltd.

Notes

17 Related parties and ownership structure (continued)

Transactions

No agreements were entered into in the financial year, nor were any deals or transactions carried out in the company in any other way, in which the board of directors or the executive board have a financial interest in addition to transactions that follow the terms of employment.

Ownership structure

According to the company's register of shareholders, the following shareholder holds at least 5% of the votes or at least 5% of the share capital:

Helt Holding ApS
Hørskæften 18, 2630 Taastrup
Main shareholder

Hollis 2 Limited
42 Cudworth Road, Ashford, Kent, TN24 0BG, GB
Main shareholder

	Group		Parent company	
	2021/22	2020/21	2021/22	2020/21
	DKK	DKK	DKK	DKK
18 Fee to auditors appointed at the general meeting				
Baker Tilly Denmark:				
Audit fee	346.000	303.000	0	0
Non-audit services	87.700	98.900	0	0
	433.700	401.900	0	0

Notes

	<u>Group</u>
	<u>2021/22</u>
	DKK
19 Cash flow statement - adjustments	
Depreciation, amortisation and impairment losses	686.089
Non-controlling interests equity movement	-1.117.554
Deferred tax recognised in income statement	-2.461.387
	<u>-2.892.852</u>
20 Cash flow statement - change in working capital	
Change in inventories	-9.240.412
Change in receivables	-88.157.781
Change in trade payables, etc.	10.508.236
	<u>-86.889.957</u>

Accounting policies

The annual report of PNC Holding ApS for 2021/22 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to reporting class B entities, as well as provisions applying to reporting class C entities.

The accounting policies are identical for both the parent company financial statements and the consolidated financial statements.

The accounting policies applied are consistent with those of last year.

The annual report for 2021/22 is presented in DKK

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.

Subsidiaries

Consolidated financial statements

The consolidated financial statements comprise the parent company Moder 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.

Accounting policies

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.

Minority interests

In the consolidated financial statements, the items of subsidiaries are recognised in full. The minority interests' proportionate share of subsidiaries' profit/loss and equity is presented separately under appropriation of profit and in a main item under equity.

Income statement

Gross profit

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.

Raw materials and consumables

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

Other external expenses

Other external expenses 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. The item is net of refunds made by public authorities.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation 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.

Income from investments in subsidiaries, associates and participating interests

The proportionate share of the profit/loss for the year of subsidiaries is recognised in the parent company's income statement after full elimination of intra-group profits/losses.

Tax on profit/loss for the year

The parent company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries participate in the joint taxation arrangement from the time when they are included in the consolidated financial statements and until the time when they withdraw from the consolidation.

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

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 and impairment losses.

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually five years.

Tangible assets

Items of plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Accounting policies

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. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

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

	Useful life
Andre anlæg, driftsmateriel og inventar	10 years
Indretning af lejede lokaler	10 years

Fixed asset investments

Investments in subsidiaries, associates and participating interests

Investments in subsidiaries, associates and participating interests are measured at the proportionate share of the net asset value of the entities, calculated on the basis of the group's accounting policies, plus or less unrealised intra-group gains or losses and plus or less any remaining value of positive or negative goodwill stated according to the purchase method. Negative goodwill is recognised in the income statement on acquisition. Where the negative goodwill relates to contingent liabilities having been taken over, the negative goodwill is not recognised until the contingent liabilities have been settled or no longer exist.

Investments in subsidiaries and associates are measured in the parent company financial statements using the equity method.

Investments in subsidiaries, associates and participating interests with a negative net asset value are measured at DKK 0, and the carrying amount of any receivables from these entities is reduced to the extent that they are considered irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the receivable, the balance is recognised under provisions.

Net revaluations of investments in subsidiaries, associates and participating interests are taken to the net revaluation reserve according to the equity method in so far as that the carrying amount exceeds the cost. Dividends from subsidiaries which are expected to be declared before the annual report of PNC Holding ApS is adopted are not taken to the net revaluation reserve.

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.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct cost of labour and production/production overheads.

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.

Accounting policies

Receivables

Receivables are measured at amortised cost.

Equity

Fair value reserve

The year's changes in exchange rates from translating foreign subsidiaries, participating interests and associates based on closing rates as well as the year's changes in value adjustments of hedging instruments are recognised in the fair value reserve in the consolidated financial statements.

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method in the company's financial statements comprises net revaluation of investments in subsidiaries, participating interests and associates relative to the cost.

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.

Provisions

Provisions comprise expected expenses relating to warranty commitments, losses on work in progress, restructuring, etc. Provisions are recognised when, as a result of a past event, the group has a legal or constructive obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Income tax and deferred tax

As management company, PNC Holding 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.

Joint taxation contributions payable and receivable are recognised in the balance sheet as 'Joint taxation contributions receivable' or 'Joint taxation contributions payable'.

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.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Accounting policies

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the net proceeds and the nominal value is recognised in the income statement over the term of the loan.

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

Deferred income

Deferred income recognised under 'Current liabilities' comprises payments received concerning income in subsequent financial years.

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'.

Accounting policies

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.

Financial Highlights

Definitions of financial ratios.

Gross margin ratio	$\frac{\text{Gross Profit} \times 100}{\text{Revenue}}$
EBIT margin	$\frac{\text{Profit/loss before financials} \times 100}{\text{Revenue}}$
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	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$