PR electronics Group ApS

Lerbakken 10
8410 Rønde
CVR No. 43648942

Annual report 01.07.2023 - 30.06.2024

The Annual General Meeting adopted the annual report on 22.10.2024

George Benjamin Mitchell
Chairman of the General Meeting

Contents

Entity details

Entity

PR electronics Group ApS
Lerbakken 10
8410 Rønde

Business Registration No.: 43648942
Registered office: Syddjurs
Financial year: 01.07.2023 - 30.06.2024

Board of Directors

Tobias Holk Faber
Heiko von Dewitz
Andreas Færk
George Benjamin Mitchell

Executive Board

Andreas Færk
Simon Bisbo
Johnny Pedersen
George Benjamin Mitchell

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of PR electronics Group ApS for the financial year 01.07.2023 - 30.06.2024.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30.06.2024 and of the results of their operations and the consolidated cash flows for the financial year 01.07.2023 - 30.06.2024.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Rønde, 22.10.2024

Executive Board

Andreas Færk

Simon Bisbo

Johnny Pedersen

George Benjamin Mitchell

Board of Directors

Tobias Holk Faber

Heiko von Dewitz

Andreas Færk

George Benjamin Mitchell

Independent auditor's report

To the shareholders of PR electronics Group ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of PR electronics Group ApS for the financial year 01.07.2023 - 30.06.2024, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30.06.2024 and of the results of their operations and the consolidated cash flows for the financial year 01.07.2023 - 30.06.2024 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 the parent financial statements" section of this auditor’s report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Entity’s ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Entity 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 the parent financial statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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 Entity'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 the parent 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 Entity'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 the parent 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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

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

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Aarhus, 22.10.2024

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Morten Gade Steinmetz
State Authorised Public Accountant
Identification No (MNE) mne34145

Jonas Thøstesen Svensson
State Authorised Public Accountant
Identification No (MNE) mne47824

Management commentary

Financial highlights

	2023/24 DKK'000	2022/23 DKK'000
Key figures		
Revenue	471,685	0
Gross profit/loss	256,675	(12)
Operating profit/loss	(114,393)	(12)
EBITDA	108,300	12
Net financials	(36,391)	(1)
Profit/loss for the year	(147,500)	(13)
Balance sheet total	2,305,055	18,968
Investments in property, plant and equipment	114,012	0
Equity	1,506,365	27
Cash flows from operating activities	50,948	0
Cash flows from investing activities	(2,133,503)	0
Cash flows from financing activities	2,174,155	0
Ratios		
Gross margin (%)	54.42	0.00
EBIT margin (%)	(24.27)	0.00
Equity ratio (%)	65.35	0.14

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Gross margin (%):
Gross profit/loss * 100
Revenue

Ebit margin 2 (%):
Operating profit/loss * 100
Revenue

Equity ratio (%):
Equity * 100
Balance sheet total

Primary activities

The Group develops, produces, and sells electronic components. Development and production take place in PR electronics A/S, whereas the Group's products are sold through its foreign sales subsidiaries and independent distributors as well as from PR electronics A/S directly.

Development in activities and finances

Revenue for the year amounts to DKK 471,685k.

Other external expenses and staff costs combined amounts to DKK 241,514k resulting in an EBITDA of DKK 108,300k.
Depreciation, amortization and impairment losses amounts to DKK 222,693k mainly reflecting amortization of goodwill related to the acquisition of PR electronics A/S during 2023/2024.

The profit for the year amounts to DKK -147,500k in 2023/2024.

Profit/loss for the year in relation to expected developments

The profit for the year is regarded as satisfactory. The Group constantly takes steps and adjusts to ensure that its strategy plan for growth in revenue and profitability is met.

Outlook

Founded in a continuously wider high-quality product range, increased activities to create market awareness and a larger sales force, the Group expects to continue its growth path. Increased profitability is expected through continued optimization of the Group's internal value chains, including purchasing and production optimizations.

The Group expects to grow revenue by 0-15% in 2024/2025 and to improve margin on profit before tax.

Use of financial instruments

The Group is strongly focused on financial management, including continuous assessment and hedging of the Group's trading risks and financial risks, etc.

Financial risks

As a result of its operations, investments and financing, the Group is exposed to changes in exchange rates and interest levels. The Group manages the financial risks centrally and has a central coordination of the Group's cash management, including capital procurement and investment of excess liquidity.

Foreign exchange risks

Foreign exchange risks are primarily hedged by means of matching of payments received and made in the same currency and by means of forward exchange contracts.

Credit risks

Credit risks related to financial assets correspond to the values recognized in the balance sheet. The Group does not have any material risks relating to a single customer or cooperative partner. According to the Group's policy for assuming credit risks, all major customers and other cooperative partners are credit rated on an ongoing basis.

According to the Group's policy, capital procurement as well as investment of surplus liquidity shall be managed centrally by PR electronics A/S.

Interest risks

It is the Group's policy to hedge interest rate risks on Group loans if it is assessed that such interest payments can be ensured at a satisfactory level compared to the related costs. At present, the Group has limited debt compared to its activity level and balance sheet size.

Liquidity risks
The Group has policies stipulating availability of minimum cash resources, which the Group must have at its disposal at any time.

Research and development activities

Research and development activities are carried out in PR electronics A/S. The activities primarily comprise development of modules for electronic signal conditioning and related products.

Approx. 7.1% of revenue for the year is spent on research and development activities of which DKK 12.3m has been recognized under intangible assets.

For the next financial year, the Group expects that resources used for research and development activities will increase to approximately 10% of revenue.

Other financial matters
The Group is strongly focused on financial management, including continuous assessment and hedging of the Group's trading risks and financial risks, etc.

Business risks
The markets, in which the Group operates, are mainly product-driven. Therefore, the Group's efforts in the research and development area contribute to securing the Group's long-term market position. Consequently, it is important to retain and further enhance the Group's innovative potential and to be able to attract the best-qualified candidates.

Product risks mainly relate to delays in launch of new products. The Group has focus on all parts of the product development and launch processes to minimize this risk. The Group's supply chain is constantly monitored, and policies ensure availability of minimum inventory levels to avoid adverse consequences of short and medium-term interruptions of the supply chain. Finally, significant resources are spent to protect inventions through patents and the Group continuously develop and maintain its competences in this area.

Management and employees
The average number of employees (converted into full-time employees) was 227 in 2023/2024.

Knowledge resources
The Group's strategic objective of continued growth in revenue and profit requires maintenance of a high level of innovation through a flexible and knowledge-based organization. This is a sustained process, which is facilitated through the implementation of educational plans, encouragement to cooperation and by inspiring employees to take responsibility.

Maintenance of the Group's leading technology edge requires core competencies amongst others within effective project management, hardware design of analogue and digital electronics, design of solid and high-efficient embedded software as well as development of advanced signal conditioning algorithms. Furthermore, outstanding product quality and productivity of new products requires core competencies within development of high-precision calibration equipment and end test equipment with high production efficiency.

To maintain a leading edge in the development of new innovative technologies and products, the Group cooperates with several external consultants as well as design and development companies.

Statutory report on corporate social responsibility

The Group has focus on corporate social responsibility in relation to its activities and the following section describes policies, activities and results in relation hereto. Our business model is described in the section "Primary activities" above.

Environmental performance

The risk of negative impact on the external environment is low for the Group as only small quantities of dangerous substances is used in the production process. The Group is certified according to the DS/EN ISO 14001:2015 standard and has continuous focus on minimizing our environmental footprint. Specifically, the standard is used in setting procedures for daily work routines, and therefore new and existing employees are constantly made aware of and trained to live up to the specified standard.

Management concludes that the Group's activities have contributed to minimizing its impact on environment as well as the climate in general in the fiscal year 2023/2024, and the Group will continue to improve its environmental footprint in 2024/2025.

Health and safety at work

The Group takes responsibility for the working environment and focus on the health of its employees. Therefore, the Group is focusing on any potential risks related to work-related accidents and the employee's general wellbeing. The working environment complies with the highest national standards, and the Group focuses on being a healthy workplace for the well-being of its employees.

Health and safety at work is closely monitored amongst others through health and safety related questions in the yearly employee satisfactory survey as well as real time recording of work-related accidents and near-accidents.

Management concludes that the Group's activities have contributed to maintaining a work environment compliant with the highest national standards in the fiscal year 2023/2024, and the Group will strive to maintain the highest national standards also in 2024/2025.

Society & Human rights

The Group consents with the 10 UN Global Compact Principles in its day-to-day business operations and has particular focus on maintaining compliance with human rights and labor rights and hereby mitigating any risk of employees feeling discriminated or not treated equally. The Group has a zero tolerance in relation to discrimination of employees and any breaches concerning human and labor rights. To ensure focus amongst employees, the policy is part of the employee handbook, which has been distributed to all employees.

During fiscal year 2023/2024, the management is not aware of any breaches of human rights in the Group. The Group will in the next financial year continue with a high level of activities to secure a satisfying result of the employee surveys and ensure protection of human rights.

Anti-corruption & Bribery

The Group does not operate in businesses and markets where corruption and bribery are considered a major risk but as part of the Group's overall approach to CSR, a code of conduct and anti-corruption policies are in place. The Group has a zero tolerance in relation to corruption and bribery and has strong values and a shared vision of professional business acumen. Additionally, internal controls and implemented authority matrix aim at ensuring and enhancing adherence.

Furthermore, the Group's Code of Conduct policy is an integrated part of the employee handbook and employees are made aware through their introductory training which also includes a Code of Conduct test and the employee's signature on the Code of Conduct to certify adherence. Similar Code of Conduct programs are in place in relation to suppliers.

During the fiscal year 2023/2024, the management is not aware of any breaches regarding corruption and bribery in the Group. This is also the target for next financial year, which is expected to be achieved through a continuation of training programs and awareness campaigns.

Statutory report on the underrepresented gender

	2023/24
Supreme management body	
Total number of members	4
Underrepresented gender (%)	0.00
Target figures (%)	25.00
Year of expected achievement of target figures	2026

The Group has always and will also in the future strive to recruit the most competent and best suited human capital for any position irrespective of gender. Currently, the generally elected members of the board consist of four male members. The Group has set a target of 1 female member of the generally elected members of the board by 2026. The target was not achieved in the financial year.

	2023/24
Other management levels	
Total number of members	N/A
Underrepresented gender (%)	N/A
Target figures (%)	N/A
Year of expected achievement of target figures	N/A

As there are no FTEs hired in PR electronics Group ApS, the gender composition on "other management levels" cannot be reported.

Statutory report on data ethics policy

The Group has updated all relevant policies, including employee and data privacy policies, to ensure compliance with the GDPR regulations introduced in 2018. The Group has appointed a GDPR responsible individual per main GDPR area as well as a Group GDPR responsible person embedded with the task to maintain our group-wide GDPR documentations and compliance and to perform internal reviews. We have provided training to our employees – based on a risk-based approach – to ensure awareness and compliance with GDPR in their day-to-day work and on what actions are required in case a breach of sensitive data is detected.

During 2023/24, we have developed and implemented a Data Ethics Policy in accordance with the Danish Financial Statements Act § 99d ("Redegørelse for politik for dataetik, jf. årsregnskabslovens § 99 d"). The policy stipulates how we collect, process, use, share and delete data, and is accessible on the PR electronics A/S' homepage, www.prelectronics.com

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2023/24

	Notes	2023/24 DKK'000	2022/23 DKK'000
Revenue	2	471,685	0
Own work capitalised		12,581	0
Other operating income		1,661	0
Costs of raw materials and consumables		(136,113)	0
Other external expenses	3	(93,139)	(12)
Gross profit/loss		**256,675**	**(12)**
Staff costs	4	(148,375)	0
Depreciation, amortisation and impairment losses	5	(222,693)	0
Operating profit/loss		**(114,393)**	**(12)**
Other financial income	6	3,795	0
Other financial expenses	7	(40,186)	(1)
Profit/loss before tax		**(150,784)**	**(13)**
Tax on profit/loss for the year	8	3,284	0
Profit/loss for the year	9	**(147,500)**	**(13)**

Consolidated balance sheet at 30.06.2024

Assets

	Notes	2023/24 DKK'000	2022/23 DKK'000
Completed development projects	11	7,731	0
Acquired intangible assets		689,931	0
Acquired patents		760	0
Acquired trademarks		113,356	0
Goodwill		1,065,741	0
Development projects in progress	11	39,081	0
Intangible assets	10	**1,916,600**	**0**
Land and buildings		69,510	0
Plant and machinery		28,958	0
Other fixtures and fittings, tools and equipment		4,226	0
Property, plant and equipment	12	**102,694**	**0**
Deposits		660	0
Financial assets	13	**660**	**0**
Fixed assets		**2,019,954**	**0**
Raw materials and consumables		82,172	0
Work in progress		11,246	0
Manufactured goods and goods for resale		8,040	0
Inventories		**101,458**	**0**
Trade receivables		71,429	0
Receivables from group enterprises		382	0
Other receivables		15,306	40
Prepayments	14	4,871	18,928
Receivables		**91,988**	**18,968**
Other investments		55	0
Investments		**55**	**0**

Cash	**91,600**	**0**
Current assets	**285,101**	**18,968**
Assets	**2,305,055**	**18,968**

Equity and liabilities

	Notes	2023/24 DKK'000	2022/23 DKK'000
Contributed capital		205,752	40
Retained earnings		1,300,613	(13)
Equity		**1,506,365**	**27**
Deferred tax	15	194,487	0
Provisions		**194,487**	**0**
Mortgage debt		7,392	0
Bank loans		500,444	0
Non-current liabilities other than provisions	16	**507,836**	**0**
Current portion of non-current liabilities other than provisions	16	22,161	0
Bank loans		0	1
Prepayments received from customers		958	0
Trade payables		28,120	18,940
Tax payable		10,560	0
Derivative financial instruments	17	4,842	0
Other payables	18	29,560	0
Deferred income	19	166	0
Current liabilities other than provisions		**96,367**	**18,941**
Liabilities other than provisions		**604,203**	**18,941**
Equity and liabilities		**2,305,055**	**18,968**
Events after the balance sheet date	1		
Assets charged and collateral	21		
Non-arm’s length related party transactions	22		
Group relations	23		
Subsidiaries	24		

Consolidated statement of changes in equity for 2023/24

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	40	(13)	27
Increase of capital	205,712	1,326,668	1,532,380
Exchange rate adjustments	0	792	792
Group contributions etc.	0	124,443	124,443
Other entries on equity	0	(4,842)	(4,842)
Tax of entries on equity	0	1,065	1,065
Profit/loss for the year	0	(147,500)	(147,500)
Equity end of year	**205,752**	**1,300,613**	**1,506,365**

Consolidated cash flow statement for 2023/24

	Notes	2023/24 DKK'000	2022/23 DKK'000
Operating profit/loss		(114,393)	(12)
Amortisation, depreciation and impairment losses		222,693	0
Working capital changes	20	3,146	12
Cash flow from ordinary operating activities		**111,446**	**0**
Financial income received		3,868	0
Financial expenses paid		(37,311)	0
Taxes refunded/(paid)		(27,055)	0
Cash flows from operating activities		**50,948**	**0**
Acquisition etc. of intangible assets		(12,267)	0
Acquisition etc. of property, plant and equipment		(12,076)	0
Other cash flows from investing activities		(2,109,160)	0
Cash flows from investing activities		**(2,133,503)**	**0**
Free cash flows generated from operations and investments before financing		**(2,082,555)**	**0**
Loans raised		544,398	0
Repayments of loans etc.		(26,682)	0
Incurrence of debt to group enterprises		(384)	0
Cash capital increase		1,656,823	0
Cash flows from financing activities		**2,174,155**	**0**
Increase/decrease in cash and cash equivalents		**91,600**	**0**
Cash and cash equivalents end of year		**91,600**	**0**
Cash and cash equivalents at year-end are composed of:			
Cash		91,600	0
Cash and cash equivalents end of year		**91,600**	**0**

Notes to consolidated financial statements

1 Events after the balance sheet date

No events have occured after the balance sheet data to this date, which would influence the evaluation of this annual report.

2 Revenue

	2023/24 DKK'000
Denmark	34,313
Other EU-contries	240,507
Other countries	196,865
Total revenue by geographical market	**471,685**

All revenue relates to sale of electronical components. There are no separate business segment in terms of risk and return.

3 Fees to the auditor appointed by the Annual General Meeting

	2023/24 DKK'000	2022/23 DKK'000
Statutory audit services	235	13
Other assurance engagements	240	0
Other services	250	0
	725	**13**

4 Staff costs

	2023/24 DKK'000	2022/23 DKK'000
Wages and salaries	128,130	0
Pension costs	8,790	0
Other social security costs	11,455	0
	148,375	**0**
Average number of full-time employees	**227**	**0**

	Remuneration of management 2023/24 DKK'000
Executive Board	3,833
	3,833

5 Depreciation, amortisation and impairment losses

	2023/24 DKK'000	2022/23 DKK'000
Amortisation of intangible assets	211,375	0
Depreciation on property, plant and equipment	11,318	0
	222,693	**0**

6 Other financial income

	2023/24 DKK'000	2022/23 DKK'000
Other interest income	3,793	0
Other financial income	2	0
	3,795	**0**

7 Other financial expenses

	2023/24 DKK'000	2022/23 DKK'000
Other interest expenses	11	1
Other financial expenses	40,175	0
	40,186	**1**

8 Tax on profit/loss for the year

	2023/24 DKK'000	2022/23 DKK'000
Current tax	14,269	0
Change in deferred tax	(17,553)	0
	(3,284)	**0**

9 Proposed distribution of profit/loss

	2023/24 DKK'000	2022/23 DKK'000
Retained earnings	(147,500)	(13)
	(147,500)	**(13)**

10 Intangible assets

	Completed development projects DKK'000	Acquired intangible assets DKK'000	Acquired patents DKK'000	Acquired trademarks DKK'000	Goodwill DKK'000
Transfers	3,917	0	0	0	0
Additions	17,639	762,838	1,021	119,322	1,184,157
Cost end of year	**21,556**	**762,838**	**1,021**	**119,322**	**1,184,157**
Amortisation for the year	(13,825)	(72,907)	(261)	(5,966)	(118,416)
Amortisation and impairment losses end of year	**(13,825)**	**(72,907)**	**(261)**	**(5,966)**	**(118,416)**
Carrying amount end of year	**7,731**	**689,931**	**760**	**113,356**	**1,065,741**

	Development projects in progress DKK'000
Transfers	(3,917)
Additions	42,998
Cost end of year	**39,081**
Amortisation for the year	0
Amortisation and impairment losses end of year	**0**
Carrying amount end of year	**39,081**

11 Development projects

The Company's development projects relate to development of new products to be used in industrial applications and control systems within the process industry, among others. Development of new products is made on the basis of an identified market need, a commercial long-term need for new technology or an identified need for production optimisation. All projects are assessed on the basis of a business case before they are initiated. Development projects are recognised in the balance sheet when it is assessed that the products derived from the project will yield a future financial benefit. The projects and their values are assessed on a continuous basis, and no indication of impairment of the carrying amount is found to exist.

12 Property, plant and equipment

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000
Additions	71,292	37,045	5,675
Disposals	0	(14)	0
Cost end of year	**71,292**	**37,031**	**5,675**
Depreciation for the year	(1,782)	(8,087)	(1,449)
Reversal regarding disposals	0	14	0
Depreciation and impairment losses end of year	**(1,782)**	**(8,073)**	**(1,449)**
Carrying amount end of year	**69,510**	**28,958**	**4,226**

13 Financial assets

	Deposits DKK'000
Additions	660
Cost end of year	**660**
Carrying amount end of year	**660**

14 Prepayments

Prepayments cover substantially prepaid insurance, licenses, lease payments etc.

15 Deferred tax

Changes during the year	2023/24 DKK'000
Recognised in the income statement	(17,553)
Recognised directly in equity	(1,065)
Additions through business combinations etc	14,496
Additions through business combinations - deferred tax of goodwill	198,609
End of year	**194,487**

16 Non-current liabilities other than provisions

	Due within 12 months 2023/24 DKK'000	Due after more than 12 months 2023/24 DKK'000
Mortgage debt	1,742	7,392
Bank loans	20,419	500,444
	22,161	**507,836**

17 Derivative financial instruments

The group has entered into an interest rate swap agreement to secure the interest rate on the group's bank loans. The agreement ensures the group a fixed interest rate on the bank loans instead of a variable interest rate. The agreement applies for the next 2 years. The value is recognized on the basis of market data from the group's bank.

18 Other payables

	2023/24 DKK'000	2022/23 DKK'000
VAT and duties	9,318	0
Wages and salaries, personal income taxes, social security costs, etc. payable	14,842	0
Other costs payable	5,400	0
	29,560	**0**

19 Deferred income

Deferred income cover prepaid rental.

20 Changes in working capital

	2023/24 DKK'000	2022/23 DKK'000
Increase/decrease in inventories	18,974	0
Increase/decrease in receivables	12,204	0
Increase/decrease in trade payables etc.	(28,283)	12
Other changes	251	0
	3,146	**12**

21 Assets charged and collateral

The group has received an overdraft facility maximized to EUR 7,5 mio. PR electronics A/S og PR electronics Group have put up a shared guarentee of payment as collateral for the overdraft facility.

Bank loans are secured by investmenst in group enterprises. Investments in group enterprises include PR electronics A/S and the carrying amount is TDKK 2.011.712.

22 Non-arm’s length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

23 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
PR electronics Group Holdings ApS, Lerbakken 10, 8410 Rønde, CVR-nr.: 43952277

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
PR electronics Group ApS, Lerbakken 10, 8410 Rønde, CVR-nr.: 43648942

24 Subsidiaries

	Registered in	Corporate form	Ownership %
PR electronics A/S	Denmark	A/S	100.00
PR electronics Sarl	France	SARL	100.00
PR electronics AB	Sweden	AB	100.00
PR electronics Srl	Italy	Srl	100.00
PR electronics GmbH	Germany	GmbH	100.00
PR electronics S.L.	Spain	S.L	100.00
PR electronics inc.	USA	Inc.	100.00
PR electronics Ltd.	China	Ltd.	100.00
PR electronics UK	Scotland	Ltd.	100.00
PR electronics Lyon Sci	France	Sci	100.00
PR electronics Holding ApS	Denmark	ApS	100.00

Parent income statement for 2023/24

	Notes	2023/24 DKK'000	2022/23 DKK'000
Other external expenses		(1,336)	(12)
Gross profit/loss		**(1,336)**	**(12)**
Income from investments in group enterprises		(118,486)	0
Other financial income	1	3,009	0
Other financial expenses	2	(39,158)	(1)
Profit/loss before tax		**(155,971)**	**(13)**
Tax on profit/loss for the year	3	8,471	0
Profit/loss for the year	4	**(147,500)**	**(13)**

Parent balance sheet at 30.06.2024

Assets

	Notes	2023/24 DKK'000	2022/23 DKK'000
Investments in group enterprises		2,011,712	0
Financial assets	5	**2,011,712**	**0**
Fixed assets		**2,011,712**	**0**
Receivables from group enterprises		384	0
Deferred tax	6	1,756	0
Other receivables		0	40
Tax receivable		7,780	0
Prepayments	7	0	18,928
Receivables		**9,920**	**18,968**
Cash		**10,480**	**0**
Current assets		**20,400**	**18,968**
Assets		**2,032,112**	**18,968**

Equity and liabilities

	Notes	2023/24 DKK'000	2022/23 DKK'000
Contributed capital		205,752	40
Reserve for fair value adjustments and hedging instruments		(3,777)	0
Retained earnings		1,304,390	(13)
Equity		**1,506,365**	**27**
Bank loans		500,444	0
Non-current liabilities other than provisions	8	**500,444**	**0**
Current portion of non-current liabilities other than provisions	8	20,419	0
Bank loans		0	1
Trade payables		42	18,940
Derivative financial instruments	9	4,842	0
Current liabilities other than provisions		**25,303**	**18,941**
Liabilities other than provisions		**525,747**	**18,941**
Equity and liabilities		**2,032,112**	**18,968**

Employees	10
Contingent liabilities	11
Assets charged and collateral	12
Related parties with controlling interest	13
Non-arm’s length related party transactions	14

Parent statement of changes in equity for 2023/24

	Contributed capital DKK'000	Reserve for fair value adjustments of hedging instruments DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	40	0	(13)	27
Increase of capital	205,712	0	1,326,668	1,532,380
Exchange rate adjustments	0	0	792	792
Group contributions etc.	0	0	124,443	124,443
Other entries on equity	0	(4,842)	0	(4,842)
Tax of entries on equity	0	1,065	0	1,065
Profit/loss for the year	0	0	(147,500)	(147,500)
Equity end of year	**205,752**	**(3,777)**	**1,304,390**	**1,506,365**

Notes to parent financial statements

1 Other financial income

	2023/24 DKK'000	2022/23 DKK'000
Other interest income	3,009	0
	3,009	**0**

2 Other financial expenses

	2023/24 DKK'000	2022/23 DKK'000
Other interest expenses	1,489	0
Other financial expenses	37,669	1
	39,158	**1**

3 Tax on profit/loss for the year

	2023/24 DKK'000	2022/23 DKK'000
Change in deferred tax	(691)	0
Refund in joint taxation arrangement	(7,780)	0
	(8,471)	**0**

4 Proposed distribution of profit and loss

	2023/24 DKK'000	2022/23 DKK'000
Retained earnings	(147,500)	(13)
	(147,500)	**(13)**

5 Financial assets

	Investments in group enterprises DKK'000
Additions	2,189,434
Disposals	(59,700)
Cost end of year	**2,129,734**
Exchange rate adjustments	464
Amortisation of goodwill	(182,233)
Share of profit/loss for the year	84,321
Other adjustments	(20,574)
Revaluations end of year	**(118,022)**
Carrying amount end of year	**2,011,712**
Goodwill or negative goodwill recognised during the financial year	1,706,081

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

6 Deferred tax

Changes during the year	**2023/24 DKK'000**
Recognised in the income statement	691
Recognised directly in equity	1,065
End of year	**1,756**

Deferred tax assets
Deferred tax consist of the tax base of borrowing costs.

7 Prepayments

The entity had last year recieved a series of invoices for assistance provided before the balance sheet date, which is linked to the acquisition where the closing date was 12th of july 2023. Therefor no prepayments end of year.

8 Non-current liabilities other than provisions

	Due within 12 months 2023/24 DKK'000	Due after more than 12 months 2023/24 DKK'000
Bank loans	20,419	500,444
	20,419	**500,444**

9 Derivative financial instruments

The company has entered into an interest rate swap agreement to secure the interest on the company's bank loan. The agreement ensures the company a fixed interest rate on the bank loans instead of a variable interest rate. The agreement applies for the next 2 years. The value is recognized on the basis of market data from the company's bank connection.

10 Employees

The Entity has no employees other than the Executive Board. The Executive Officer has not received any remuneration.

11 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which PR electronics Group Holdings ApS serves as the administration company.
According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

12 Assets charged and collateral

Bank loans are secured by investments in group enterprises. Investments in group enterprises include PR electronics A/S and the carrying amount is TDKK 2.011.712.

The company has put up a guarentee of payment as collateral for the overdraft facility maximized to TDKK 55.932.

13 Related parties with controlling interest

PR electronics Group Holdings ApS, CVR-nr. 43952277 owns all shares in the Entity, thus exercising control.

14 Non-arm’s length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Non-comparability

As last year was the company's first financial year, consisting of the period 17.11.2022 - 30.06.2023, there is non-comparability with prior year. PR electronics Group ApS has acquired investments in PR electronics A/S. PR electronics Group ApS has acquired 100% of PR electronics A/S why PR electronics Group ApS in the financial year has been parent of the group, which means that the financial year is the first year, where PR electronics Group ApS has to make a consolidated report, which also means there is non-comparability with prior year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling, influence are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in Management's proposal for the distribution of net profit/loss and equity, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Business combinations

Newly acquired or newly established enterprises are recognised in the financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised in intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful lives. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful life is reassessed annually.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value, which has been calculated as the discounted value of expected future net cash flows by using an approximate risk-free interest rate adjusted for any factors that a potential market participant would attribute value to when acquiring the instrument. Derivative financial instruments are recognised in other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in the reserve for fair value adjustments of hedging instruments in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Own work capitalised

Own work capitalised comprises staff costs and other costs incurred in the financial year and recognised in cost for proprietary intangible assets.

Other operating income
Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Costs of raw materials and consumables
Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and normal writedowns of the relevant inventories.

Other external expenses
Other external expenses include expenses relating to the Entity's normal activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Other external expenses also include development costs settled (including license) for the use of the right to market product.

Staff costs
Staff costs comprise wages and salaries, and social security contributions, pension contributions, etc. for entity staff.

Depreciation, amortisation and impairment losses
Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year.

Income from investments in group enterprises
Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income
Other financial income comprises dividends etc. received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Goodwill
Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 10 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc.
Intellectual property rights etc. comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity in the reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 5-20 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised on a straight-line basis over the term of the agreement.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment
Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost is the lower of the asset’s fair value and present value of future lease payments.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life
Buildings	50 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-5 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises
Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unrealised intra-group profits or losses.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to the reserve for net revaluation according to the equity method in equity.

Goodwill is the difference between cost of investments and fair value of the pro rata share of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For other amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 10 years.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

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

Cost consists of purchase price plus delivery costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Other investments (current assets)

Other current asset investments comprise listed securities measured at fair value (market price) at the balance sheet date.

Cash

Cash comprises bank deposits.

Mortgage debt

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes, and financial income, financial expenses and income tax paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, repayments of interest-bearing debt, including lease liabilities, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash less short-term bank debt.