

Provargo A/S

Korskildelund 6, 2670 Greve

Company reg. no. 37 86 73 30

Annual report

1 July 2023 - 30 June 2024

The annual report was submitted and approved by the general meeting on the 4 October 2024.

Jens Arnesen
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of Provargo A/S for the financial year 1 July 2023 - 30 June 2024.

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

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 30 June 2024 and of the results of the Company's operations for the financial year 1 July 2023 – 30 June 2024.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Greve, 4 October 2024

Managing Director

Jens Christian Larsen

Board of directors

Kenneth Axel Mandrup Hansen

Mikael Munck

Almas Chukin

Otto Tyge Krabbe

Michael Sauer

The independent practitioner's report

To the Shareholders of Provargo A/S

Conclusion

We have performed an extended review of the financial statements of Provargo A/S for the financial year 1 July 2023 - 30 June 2024, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies. The financial statements are prepared under the Danish Financial Statements Act.

Based on the work performed, in our opinion, the financial statements give a true and fair view of the Company's financial position at 30 June 2024 and of the results of the Company's operations for the financial year 1 July 2023 - 30 June 2024 in accordance with the Danish Financial Statements Act.

Basis for conclusion

We conducted our extended review in accordance with the Danish Business Authority's Assurance Standard for Small Enterprises and FSR – Danish Auditors' standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the "Practitioner's responsibilities for the extended review of the Financial Statements" section of our report. We are independent of the Company 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 evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Practitioner's responsibilities for the extended review of the Financial Statements

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures in order to obtain limited assurance for our conclusion on the financial statements and in addition perform specifically required supplementary procedures to obtain further assurance for our conclusion.

The independent practitioner's report

An extended review comprises procedures that primarily consist of making inquiries of Management and others within the Company, as appropriate, analytical procedures and the specifically required supplementary procedures as well as evaluation of the evidence obtained.

The procedures performed in an extended review are less than those performed in an audit, and accordingly, we do not express an audit opinion on the financial statements.

Statement on the Management's Review

Management is responsible for the Management's Review.

Our conclusion on the financial statements does not cover the Management's Review, and we do not express any form of assurance conclusion thereon.

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

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

Based on the work we have performed, we conclude that the Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in the Management's Review.

Copenhagen, 4 October 2024

Grant Thornton

Certified Public Accountants
Company reg. no. 34 20 99 36

Michael Beuchert

State Authorised Public Accountant
mne32794

Company information

The company

Provargo A/S
Korskildelund 6
2670 Greve

Company reg. no. 37 86 73 30
Financial year: 1 July - 30 June

Board of directors

Kenneth Axel Mandrup Hansen
Mikael Munck
Almas Chukin
Otto Tyge Krabbe
Michael Sauer

Managing Director

Jens Christian Larsen

Auditors

Grant Thornton, Godkendt Revisionspartnerselskab
Stockholmsgade 45
2100 København Ø

Subsidiary

Provargo Invest ApS, Greve

Management's review

Description of key activities of the company

The main activity of the company is development and sale of dispensing and control solutions for the food & beverage industry supported by Cloud based bar management systems enabling our customers in real time to optimise and track their performance.

Uncertainties as to recognition or measurement

The company is in a development phase, and due to the limited number of staff and the resulting lack of segregation of duties there is an inherent risk regarding measurement of development costs.

Development in activities and financial matters

The gross loss for the year totals DKK -1.641.000 against DKK -557.000 last year. Income or loss from ordinary activities after tax totals DKK -5.980.000 against DKK -3.598.000 last year.

Like previous years, the company has an ongoing contact with the company's shareholders, with a view to ensuring that the company has the necessary liquidity available for the continued growth in sales and to complete both started and new development projects.

The company has elected not to be audited, and it is managements opnion that the critieria for not electing audit are met. The company has elected a volontry extended review.

Income statement 1 July - 30 June

All amounts in DKK.

<u>Note</u>	<u>2023/24</u>	<u>2022/23</u>
Gross profit	-1.641.099	-556.966
1 Staff costs	-3.887.386	-2.730.718
Depreciation and impairment of non-current assets	-452.441	-447.214
Operating profit	-5.980.926	-3.734.898
2 Other financial expenses	-461.960	-550.887
Pre-tax net profit or loss	-6.442.886	-4.285.785
3 Tax on net profit or loss for the year	462.509	687.412
Net profit or loss for the year	-5.980.377	-3.598.373
Proposed distribution of net profit:		
Allocated to reserves for development costs	0	1.563.099
Allocated from retained earnings	-5.980.377	-5.161.472
Total allocations and transfers	-5.980.377	-3.598.373

Balance sheet at 30 June

All amounts in DKK.

Assets			
<u>Note</u>		<u>2024</u>	<u>2023</u>
Non-current assets			
4	Completed development projects, including patents and similar rights arising from development projects	2.929.592	3.372.806
5	Development projects in progress and prepayments for intangible assets	9.797.852	7.680.462
	Total intangible assets	12.727.444	11.053.268
6	Other fixtures, fittings, tools and equipment	528.485	402.512
	Total property, plant, and equipment	528.485	402.512
7	Investments in group enterprises	50.000	0
8	Deposits	73.051	50.400
	Total investments	123.051	50.400
	Total non-current assets	13.378.980	11.506.180
Current assets			
	Manufactured goods and trade goods	787.622	577.844
	Total inventories	787.622	577.844
	Trade receivables	455.029	658.194
	Income tax receivables	818.662	719.370
	Other debtors	35.000	18.367
	Prepayments	21.329	151.257
	Total receivables	1.330.020	1.547.188
	Available funds	12.016	2.239.678
	Total current assets	2.129.658	4.364.710
	Total assets	15.508.638	15.870.890

Balance sheet at 30 June

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>2024</u>	<u>2023</u>
Equity			
	Contributed capital	2.180.064	762.255
	Share premium	14.359.323	0
	Reserve for development costs	11.121.205	11.121.205
	Retained earnings	-17.480.811	-11.500.434
	Total equity	10.179.781	383.026
Liabilities other than provisions			
9	Other mortgage debt	2.334.673	3.449.490
	Total long term liabilities other than provisions	2.334.673	3.449.490
	Current portion of long term liabilities	819.870	0
	Trade creditors	576.618	989.714
	Payables to shareholders and management	701.010	10.541.884
	Other debts	896.686	506.776
	Total short term liabilities other than provisions	2.994.184	12.038.374
	Total liabilities other than provisions	5.328.857	15.487.864
	Total equity and liabilities	15.508.638	15.870.890

10 Charges and security

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Share premium	Reserve for development costs	Retained earnings	Total
Equity 1 July 2023	762.255	0	11.121.205	-11.500.434	383.026
Cash capital increase	1.417.809	14.359.323	0	0	15.777.132
Retained earnings for the year	0	0	0	-5.980.377	-5.980.377
	2.180.064	14.359.323	11.121.205	-17.480.811	10.179.781

Notes

All amounts in DKK.

	2023/24	2022/23
1. Staff costs		
Salaries and wages	3.738.925	2.602.384
Pension costs	79.841	74.021
Other costs for social security	68.620	54.313
	3.887.386	2.730.718
Average number of employees	7	6
2. Other financial expenses		
Other financial costs	461.960	550.887
	461.960	550.887
3. Tax on net profit or loss for the year		
Tax on net profit or loss for the year	-465.826	-352.836
Adjustment of deferred tax for the year	0	-334.576
Adjustment of tax for previous years	3.317	0
	-462.509	-687.412
4. Completed development projects, including patents and similar rights arising from development projects		
Cost 1 July 2023	4.432.135	4.432.135
Cost 30 June 2024	4.432.135	4.432.135
Amortisation and write-down 1 July 2023	-1.059.329	-616.115
Amortisation and depreciation for the year	-443.214	-443.214
Amortisation and write-down 30 June 2024	-1.502.543	-1.059.329
Carrying amount, 30 June 2024	2.929.592	3.372.806

Notes

All amounts in DKK.

	30/6 2024	30/6 2023
5. Development projects in progress and prepayments for intangible assets		
Cost 1 July 2023	7.680.462	6.076.662
Additions during the year	2.117.390	1.603.800
Cost 30 June 2024	9.797.852	7.680.462
 Carrying amount, 30 June 2024	 9.797.852	 7.680.462
 6. Other fixtures, fittings, tools and equipment		
Cost 1 July 2023	747.934	345.421
Additions during the year	135.200	402.513
Cost 30 June 2024	883.134	747.934
 Depreciation and write-down 1 July 2023	-345.422	-341.422
Amortisation and depreciation for the year	-9.227	-4.000
Depreciation and write-down 30 June 2024	-354.649	-345.422
 Carrying amount, 30 June 2024	 528.485	 402.512
 7. Investments in group enterprises		
Additions during the year	50.000	0
Carrying amount, 30 June 2024	50.000	0

Financial highlights for the enterprises according to the latest approved annual reports

	Equity interest	Equity DKK	Results for the year DKK	Carrying amount, Provargo A/S DKK
Provargo Invest ApS, Greve	100 %	179	-49.821	0
		179	-49.821	0

Notes

All amounts in DKK.

	<u>30/6 2024</u>	<u>30/6 2023</u>
8. Deposits		
Cost 1 July 2023	50.400	50.400
Additions during the year	<u>22.651</u>	<u>0</u>
Cost 30 June 2024	<u>73.051</u>	<u>50.400</u>
 Carrying amount, 30 June 2024	 <u>73.051</u>	 <u>50.400</u>
 9. Other mortgage debt		
Total other mortgage debt	<u>2.334.673</u>	<u>3.449.490</u>
 Share of liabilities due after 5 years	 <u>0</u>	 <u>614.000</u>
 10. Charges and security		
As collateral for mortgage loans, DKK 3.154.543, a floating company charge of DKK 3.000.000 has been granted.		

Accounting policies

The annual report for Provargo A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Income statement

Gross loss

Gross loss comprises the revenue, changes in inventories of finished goods, and work in progress, own work capitalised, other operating income, and external costs.

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Own work capitalised

Own work capitalised includes staff cost and other internal costs incurred during the financial year and recognised in the cost of proprietary intangible and tangible fixed assets.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets, operating loss and conflict compensation as well as salary reimbursements received. Compensation is recognized when it is overwhelmingly probable that the company will receive the compensation.

Other external costs comprise expenses incurred for distribution, sales, advertisement, administration and premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Accounting policies

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from investments in group enterprises

Dividend from investments in group enterprises is recognised in the financial year in which the dividend is declared.

If the dividend received exceeds the proportionate share of the year's result, this is considered an indication of impairment, which entails a requirement to prepare an impairment test.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The balance sheet

Intangible assets

Development projects, patents, and licences

Development costs comprise salaries, wages, and amortisation directly attributable to development activities.

Clearly defined and identifiable development projects are recognised as intangible assets provided that they are proven to be technically practicable, that sufficient resources and a potential market or development opportunity exist, and insofar as the intention is to produce, market or utilise the project. It is, however, a condition that the cost can be reliably calculated and that a sufficiently high degree of certainty indicates that future earnings will cover the costs of production, sales, and administration. Other development costs are recognised in the income statement concurrently with their realisation.

Development costs recognised in the statement of financial position are measured at cost less accrued amortisations and write-downs for impairment.

After completion of the development work, capitalised development costs are amortised on a straight-line basis over the estimated useful economic life. The amortisation period is usually 10 years.

Patents and licenses are measured at cost less accrued amortisation. Patents are amortised on a straightline basis over the remaining patent period and licenses are amortised over the contract period, however, for a maximum of 10 years.

Accounting policies

Profit and loss from the sale of development projects, patents, and licenses are measured as the difference between the sales price less sales costs and the carrying amount at the time of sale. Profit or loss are recognised in the income statement as other operating income or other operating expenses, respectively.

Property, plant, and equipment

Buildings are measured at cost plus revaluations and less accrued depreciation and write-down for impairment.

Buildings are revaluated on the basis of regular, independent fair-value assessments. Net revaluation at fair value adjustment is recognised directly in equity less deferred tax and tied up in a particular revaluation reserve. Net impairment loss at fair value adjustment is recognised in the income statement.

The depreciable amount is cost plus revaluations at fair value less expected residual value after the end of the useful life of the asset. The amortisation period is fixed at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount of the asset, depreciation is discontinued.

Reversal of previous revaluations and recognised deferred taxes concerning revaluations are recognised directly in company equity.

Other property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Buildings	30 years	20 %
Plant and machinery	5-10 years	0-20 %
Other fixtures and fittings, tools and equipment	3-5 years	0-20 %

Accounting policies

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

As regards self-constructed assets, the cost comprises direct costs for materials, components, deliveries from subsuppliers, payroll costs, and borrowing costs from specific and general borrowing concerning the construction of each individual asset.

Leases

The enterprise will be applying IAS 17 as its base of interpretation for recognition of classification and recognition of leases.

At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the company holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value of the asset being leased or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise. Hereafter, assets held under a finance lease are treated in the same way as other similar property, plant, and equipment.

The capitalised residual lease commitment is recognised in the statement of financial position as a liability other than provisions, and the interest part of the lease is recognised in the income statement for the term of the contract.

All other leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in group enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. write-down for impairment is done to the recoverable amount if this value is lower than the carrying amount.

Accounting policies

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Financial fixed assets

Investments in group enterprises

Investments in group enterprises are recognised and measured at cost. If the recoverable amount is lower than the cost price, it shall be written down for impairment to this lower value.

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

The net realisable value for inventories is recognised as the estimated selling price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value. Writedowns are made to the net realizable value in order to meet expected losses.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Cash on hand and demand deposits comprise cash at bank.

Accounting policies

Equity

Share premium

Share premium comprises premium payments made in connection with the issue of shares. Costs incurred for carrying through an issue are deducted from the premium.

The premium reserve can be used for dividend, for issuing bonus shares, and for covering losses.

Reserve for development costs

The reserve for development costs comprises recognised development costs less related deferred tax liabilities.

The reserve cannot be used as dividends or for covering losses.

The reserve is reduced or dissolved if the recognised development costs are amortised or abandoned. This is done by direct transfer to the distributable reserves of the equity.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Accounting policies

Mortgage loans and bank loans are thus measured at amortised cost which, for cash loans, corresponds to the outstanding payables. For bond loans, the amortised cost corresponds to an outstanding payable calculated as the underlying cash value at the date of borrowing, adjusted by amortisation of the market value on the date of the borrowing effectuated over the repayment period.

Also, capitalised residual leasing liabilities associated with financial leasing contracts are recognised in the financial liabilities.

Liabilities other than provisions relating to investment properties are measured at amortised cost.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.