

PRODECON AS

Annual Report 2023

[English translation of Norwegian original]

Revenue statement

Prodecon AS

Operating income and operating expenses	Note	2023	2022
Revenue		86 923 248	76 905 211
Other income		1 235 442	2 066 498
Leieinntekt		629 556	597 783
Total income		88 788 246	79 569 492
Raw materials and consumables used		22 439 745	23 730 993
Employee benefits expense	1	47 258 580	42 658 333
Depreciation and amortisation expenses		209 958	240 082
Other expenses	2	6 479 598	5 936 669
Total expenses		76 387 880	72 566 078
Operating profit		12 400 366	7 003 414
Financial income and expenses			
Other interest income		50 078	1 060
Other interest expenses		449	1 877
Net financial items		49 629	-817
Net profit before tax		12 449 995	7 002 598
Skattekostnad	3	2 755 154	1 548 039
Net profit after tax		9 694 841	5 454 559
Net profit or loss		9 694 841	5 454 559
Attributable to			
Ordinary dividend		9 000 000	4 500 000
Other equity		694 841	954 559
Total		9 694 841	5 454 559

Balance sheet

Prodecon AS

Assets	Note	2023	2022
Non-current assets			
Property, plant and equipment			
Equipment and other movables	4	175 829	385 787
Total property, plant and equipment		175 829	385 787
Non-current financial assets			
Loan to group companies	5, 6	2 101 426	819 492
Investeringer i aksjer	7	2 000 004	2 000 004
Other long-term receivables	6	45 814	75 689
Total non-current financial assets		4 147 243	2 895 184
Total non-current assets		4 323 072	3 280 971
Current assets			
Debtors			
Accounts receivables	5	18 224 177	15 343 871
Other short-term receivables		127 806	135 552
Total receivables		18 351 983	15 479 423
Cash and cash equivalents	8	9 288 371	8 168 583
Total current assets		27 640 353	23 648 006
Total assets		31 963 425	26 928 977

Balance sheet

Prodecon AS

Equity and liabilities	Note	2023	2022
Paid-in capital			
Share capital	9	3 438 000	3 438 000
Share premium reserve		512 000	512 000
Other paid-up equity		130 049	130 049
Total paid-up equity		4 080 049	4 080 049
Retained earnings			
Other equity		2 168 870	1 474 029
Total retained earnings		2 168 870	1 474 029
Total equity	10	6 248 919	5 554 078
Liabilities			
Current liabilities			
Trade payables		4 724 593	5 962 552
Tax payable	3	2 755 154	1 548 039
Public duties payable		2 923 056	2 952 973
Dividends		9 000 000	4 500 000
Other current liabilities	5	6 311 703	6 411 335
Total current liabilities		25 714 506	21 374 899
Total liabilities		25 714 506	21 374 899
Total equity and liabilities		31 963 425	26 928 977

Lysaker, 15.03.2024
The board of Prodecon AS

Terje Urnes chairman of the board	Roy Themte member of the board/General Manager	Morten Jevne member of the board
Jostein Nørbech member of the board	Jørgen Waack Viken member of the board	

Accounting principles

The annual financial statements have been prepared in accordance with the Accounting Act and generally accepted accounting principles for small enterprises.

Group

Prodecon AS is 100% owned by Qflow Group AB.

Revenue Recognition

Revenue from the sale of goods is recognized at the time of delivery. Services are recognized as revenue progressively as they are rendered. At year-end, a specific assessment is made of earned, but not yet invoiced, operating income.

Classification and Valuation of Balance Sheet Items

Assets intended for long-term ownership or use are classified as fixed assets. Assets related to the operating cycle are classified as current assets. Receivables are classified as current assets if they are to be repaid within one year from the disbursement date. The same criteria apply for liabilities.

However, the first year's installment of long-term debt is not classified as a current liability.

Current assets are valued at the lower of acquisition cost and fair value. Short-term liabilities are recorded at nominal value at the time of establishment.

Fixed assets are valued at acquisition cost. Fixed assets that decline in value are depreciated on a straight-line basis over their expected useful economic life.

Fixed assets are written down to fair value if the impairment is not expected to be temporary. Long-term liabilities in Norwegian kroner are recorded at nominal value at the time of establishment.

Tangible Fixed Assets

Tangible fixed assets are capitalized and depreciated on a straight-line basis over their expected useful economic life if their useful life exceeds 3 years and their cost exceeds NOK 15,000. Maintenance of fixed assets is expensed as incurred under operating expenses. Upgrades or improvements are added to the asset's cost base and depreciated in line with the asset.

The distinction between maintenance and upgrades/improvements is based on the condition of the asset at the time of purchase. Leasing of assets is expensed as other operating costs, as the lease agreements are considered operational leases. Prepayments are recorded as prepaid expenses and allocated over the lease term.

Receivables

Accounts receivable and other receivables are recorded on the balance sheet at nominal value less provisions for expected losses. Provisions for losses are made based on individual assessments of each receivable.

In addition, a general provision is made for other accounts receivable to cover expected losses.

Tax

The tax expense in the income statement includes both payable tax for the period and changes in deferred tax. Deferred tax is calculated at 22% based on temporary differences between accounting and tax values, as well as any tax loss carryforwards at the end of the fiscal year. Tax-increasing and tax-reducing temporary differences that reverse or may reverse in the same period are offset. Recognition of deferred tax assets on net tax-reducing temporary differences not offset and on tax loss carryforwards is based on assumed future earnings. Deferred tax and deferred tax assets that may be recognized in the balance sheet are presented net.

Note 1 - Payroll Expenses

Payroll costs	2024	2023
Salaries	40 138 762	37 032 118
Employer's national insurance contributions	6 487 385	6 202 151
Pension costs	3 031 530	2 777 583
Other personnel costs	1 159 275	1 246 728
Total	50 816 952	47 258 580
Number of full-time equivalents employed	34,13	34,90

No loans or security have been granted to the CEO, board members, or other related parties.

Mandatory Occupational Pension (OTP)

The company is required to comply with the provisions of the Mandatory Occupational Pension Act.

A collective defined contribution pension scheme has been established, which meets the legal requirements.

Recognized pension premium expenses amount to kr 3 031 530.

Note 2 - Other Operating Expenses

Expensed remuneration (excl. VAT) to the auditor:	2024	2023
Statutory audit	102 500	102 500
Technical assistance – annual accounts, tax return, shareholder register statement	19 500	17 800
Other assistance	3 600	0
Total	125 600	120 300

Note 3 - Tax Expense**Calculation of deferred tax / deferred tax asset
(temporary differences)**

	2024	2023
Fixed assets	-338 028	-310 517
Accounts receivable	-19 248	0
Net temporary differences	-357 276	-310 517
Tax loss carryforwards	0	0
Differences not included in the calculation of deferred tax / deferred tax asset	0	0
Basis for deferred tax (+) / deferred tax asset (-)	-357 276	-310 517
22% deferred tax (+) / deferred tax asset (-)	-78 601	-68 314
Of which deferred tax asset not recognized in the balance sheet	78 601	68 314
Deferred tax (+) / deferred tax asset (-) in the balance sheet	0	0

In accordance with the option available for small enterprises, the net deferred tax asset is not recognized in the balance sheet.

Basis for tax expense	2024	2023
Accounting result before tax	11 091 836	12 449 995
Permanent differences	29 567	0
Basis for tax expense for the year	11 121 403	12 449 995
Change in temporary differences	46 760	73 432
Basis for payable tax in the income statement	11 168 163	12 523 426
Use of tax loss carryforwards	0	0
Taxable income (basis for payable tax in the balance sheet)	11 168 163	12 523 426

Note 3 - Tax Expense (continued)

Breakdown of tax expense	2024	2023
Payable tax (22 %)	2 456 996	2 755 154
Over(-) / under(+) accrued tax from previous year	0	0
Total payable tax	2 456 996	2 755 154
Change in deferred tax	0	0
Tax expense	2 456 996	2 755 154

Payable tax on the balance sheet	2024	2023
Payable tax on the income statement (22%)	2 456 996	2 755 154
Payable tax on the balance sheet	2 456 996	2 755 154

Note 4 - Fixed Assets

	Driftsløsøre, Påkostning inventar, mv. leide lokaler	Totalt
Acquisition cost 01.01.2024	1 979 549	387 084
Additions	219 672	0
Disposals	0	0
Acquisition cost 31.12.2024	2 199 221	387 084
Accumulated depreciation 31.12.2024	-1 986 649	-387 084
Book value 31.12.	212 573	0
Depreciation of the year	165 159	17 769
Expected useful economic life	3-5 years	3 years
Depreciation method	Linear	Linear

Note 5 - Group**Intercompany balances with companies in the same group:**

	Accounts receivable		Receivables	
	2024	2023	2024	2023
Companies within the same group	0	0	0	2 101 426

	Leverandørgjeld		Gjeld	
	2024	2023	2024	2023
Companies within the same group	0	0	0	0

Transactions with companies in the same group:

	Revenue		Purchase of services	
	2024	2023	2024	2023
Companies within the same group	0	0	208 157	0

Guarantee obligation

A guarantee has been provided in connection with a bond loan (SEK 575 million) issued by Qflow Group AB, with a maturity date of September 25, 2028.

Note 6 - Receivables and Liabilities

	0	0
Receivables with maturity beyond 1 year	0	2 101 426
Long-term debt with maturity beyond 5 years	0	0

The item Other long-term receivables on the balance sheet consists of accrued prepaid rent (leasing).

Note 7 - Investments in Shares

The item consisted of shares in Tavler AS. On September 4, 2024, it was resolved to distribute the shares as an additional dividend.

Note 8 - Bank deposits

Restricted bank deposits	0	0
Tax withholding funds	2 115 096	281

Note 9 - Share capital

The share capital of NOK 3,438,000 consists of 3,438 shares with a nominal value of NOK 1,000 each. All shares carry equal rights.

Overview of the company's shareholders as of 31.12.2024:

Name	Position	# of shares	Ownership
Qflow Midco AB		3 438	100,00%
Totalt		3 438	100,00%

Note 10 - Equity

	Share capital	Share premium	Other contributed equity	Other equity	Total
Equity 01.01.	3 438 000	512 000	130 049	2 168 870	6 248 919
Additional dividend				-2 000 004	-2 000 004
Result of the year				8 634 840	8 634 840
Allocated dividend				-8 000 000	-8 000 000
Equity 31.12.	3 438 000	512 000	130 049	803 706	4 883 755

English version:

To the General Meeting of
Prodecon AS

INDEPENDENT AUDITOR'S REPORT

Conclusion

We have audited the financial statements of Prodecon AS, which show a profit of NOK 9,694,841. The financial statements comprise the balance sheet as of December 31, 2023, the income statement for the financial year ended on that date, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements comply with applicable legal requirements, and
- The financial statements give a true and fair view of the company's financial position as of December 31, 2023, and its results for the financial year ended on that date, in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.

Basis for the conclusion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under these standards are described below in the section "Auditor's responsibilities for the audit of the financial statements." We are independent of the company in accordance with the requirements of relevant laws and regulations in Norway and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's responsibility for the financial statements

The board of directors and the CEO (management) are responsible for preparing the financial statements and for ensuring that they provide a true and fair view in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway. Management is also responsible for such internal control as it determines 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 must assess the company's ability to continue as a going concern and disclose, as applicable, matters related to going concern. The going concern assumption is applied in the financial statements unless management either intends to liquidate the company or cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objective is to obtain reasonable assurance about whether the 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 will always detect a material misstatement.

Misstatements can arise from fraud or error and are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of the auditor's responsibilities, please see:

<https://revisorforeningen.no/revisjonsberetninger>

Drammen, March 15, 2024

Borge Revisjon AS

Auditor registration number: 994 503 235

Marius Borge
State Authorized Public Accountant