

ERATIONS

FOR GENERATIO

ONS

2023
Q1

GENERATIONS

FOR GENERATIONS

GENERATIONS

For generations, Arendals Fossekompagni has provided people and communities with clean energy and inspiration. Established in 1896 to harness the energy from an everlasting resource, water – we have utilized the benefits of this resource to build and develop high-tech companies. What started as a local producer of hydropower, has transformed into a global industrial investor.

While running water continues to power our business, we search for, invest in, and support companies that have the potential to make a difference. To enable the transition to a more sustainable future we offer human and financial resources to renew and advance industries. Our competence is particularly strong in areas such as renewable energy, electrification, materials, digitalization, and big data analytics.

We are a proud builder and supporter of technology that impacts the world. That is our legacy, our history, our future. It is what we have done, and what we'll continue to do.

For generations.

Highlights Q1 2023



Best quarterly result ever

In a historic quarter, Arendals Fossekompani reports a consolidated operating result (EBIT) of NOK 202 million - the best quarterly result ever for the AFK Group.



NOK 1.00

Dividend to be paid in May

Arendals Fossekompani will pay a quarterly dividend for the first quarter of NOK 1.00 per share, an increase from NOK 0.95 per share in the previous quarter.

38 GWh

Construction of Kilandsfoss hydropower plant commenced

The plant will produce 38 GWh per year, starting in 2025.



Increase in SaaS revenue continues

SaaS revenues increased by 34% compared to the first quarter of 2022, representing 26% of total revenues.



Record quarterly revenue

Tekna reported a 44% revenue growth in the first quarter compared to the corresponding quarter previous year, the highest quarterly revenues ever recorded.



Reporting strong growth

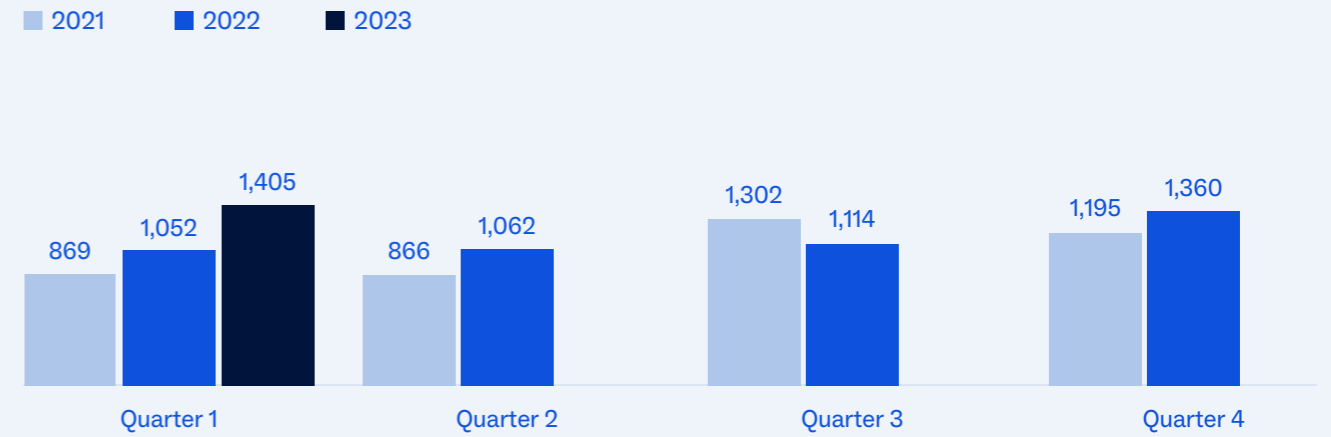
ENRX increased total operating revenues by 40% compared with the same quarter in 2022.



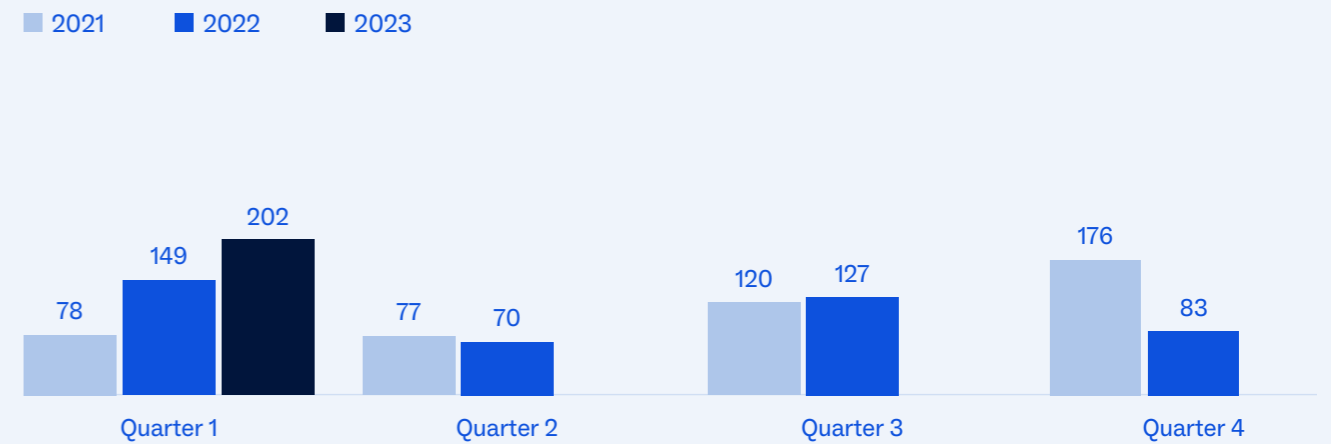
Financial Highlights Q1 2023

FINANCIAL KPIs (MNOK)		Q1 2023	Q1 2022	Q4 2022	Full year 2022
Arendals Fossekompani consolidated	Revenue and other income	1,405	1,052	1,360	4,587
	Operating profit	202	149	83	429
	Margin	14%	14%	6%	9%
Operating profit by company	AFK Parent (Vannkraft & Management)	144	126	180	449
	ENRX	37	13	-29	-3
	Volue	24	14	-4	40
	NSSLGlobal	54	39	20	209
	Tekna	-17	-33	-40	-153
	Ampwell	-16	-	-23	-53
	Alytic	-19	-6	-16	-46
	Vergia	-2	-2	-2	-7
	AFK Property	-2	-1	-3	-7
	Operating profit	202	149	83	429
Profit before income tax	238	134	79	426	
Profit (-loss) for the period	71	36	-123	-33	

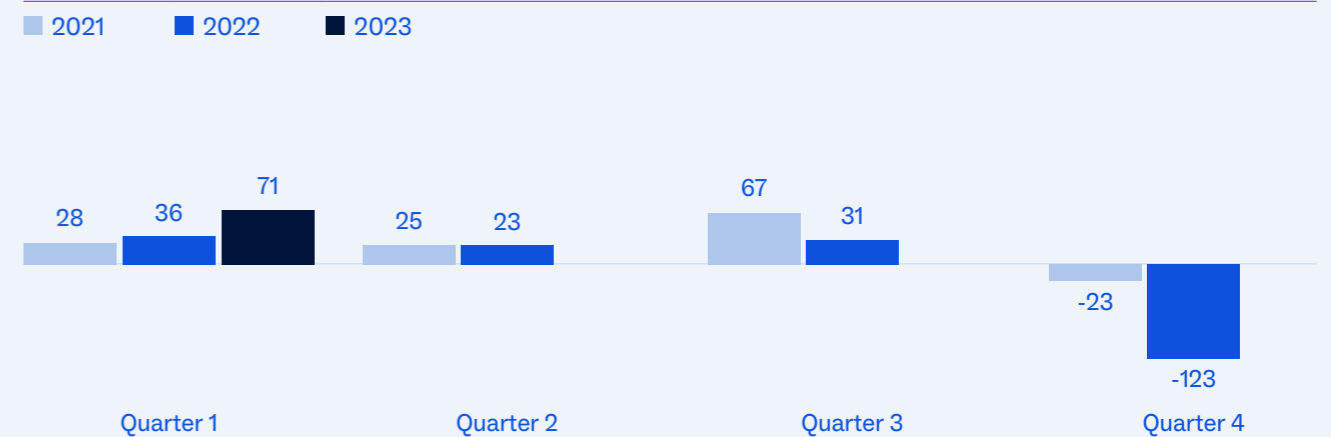
REVENUE AND OTHER INCOME (MNOK)



OPERATING PROFIT (MNOK)



PROFIT (-LOSS) FOR THE PERIOD (MNOK)



Arendals Fossekompani in the world



NUMBER OF EMPLOYEES BY COUNTRY

Norway	745	USA	89	Thailand	12	Israel	5
Germany	359	Romania	80	Malaysia	8	Spain	5
India	229	France	72	Japan	7	South Korea	2
China	192	Denmark	65	Italy	6	Austria	1
Canada	179	Sweden	59	Netherlands	6		
United Kingdom	155	Switzerland	22	Singapore	6		
Poland	126	Brazil	16	Finland	5		

● Arendals Fossekompani Parent Company

AFK Group Management, AFK Vannkraft

Employees
36

Head office
Arendal, Norway

Countries
Norway

● Vergia

Employees
3

Head office
Arendal, Norway

Countries
Norway

● Ampwell

Employees
60

Head office
Arendal, Norway

Countries
Norway, Germany

● Alytic

Employees
86

Head office
Arendal, Norway

Countries
Norway, Germany, Netherlands

● Volue

Employees
778

Head office
Oslo, Norway

Countries
Norway, Germany, Poland, Denmark,
Sweden, Switzerland, Finland, Japan, Spain

● NSSLGlobal

Employees
223

Head office
London, UK

Countries
United Kingdom, Germany, Norway, Denmark,
Singapore, Israel, Netherlands, Poland, USA, Sweden

● Tekna

Employees
216

Head office
Sherbrooke, Canada

Countries
Canada, France, China, South Korea

● ENRX

Employees
1,047

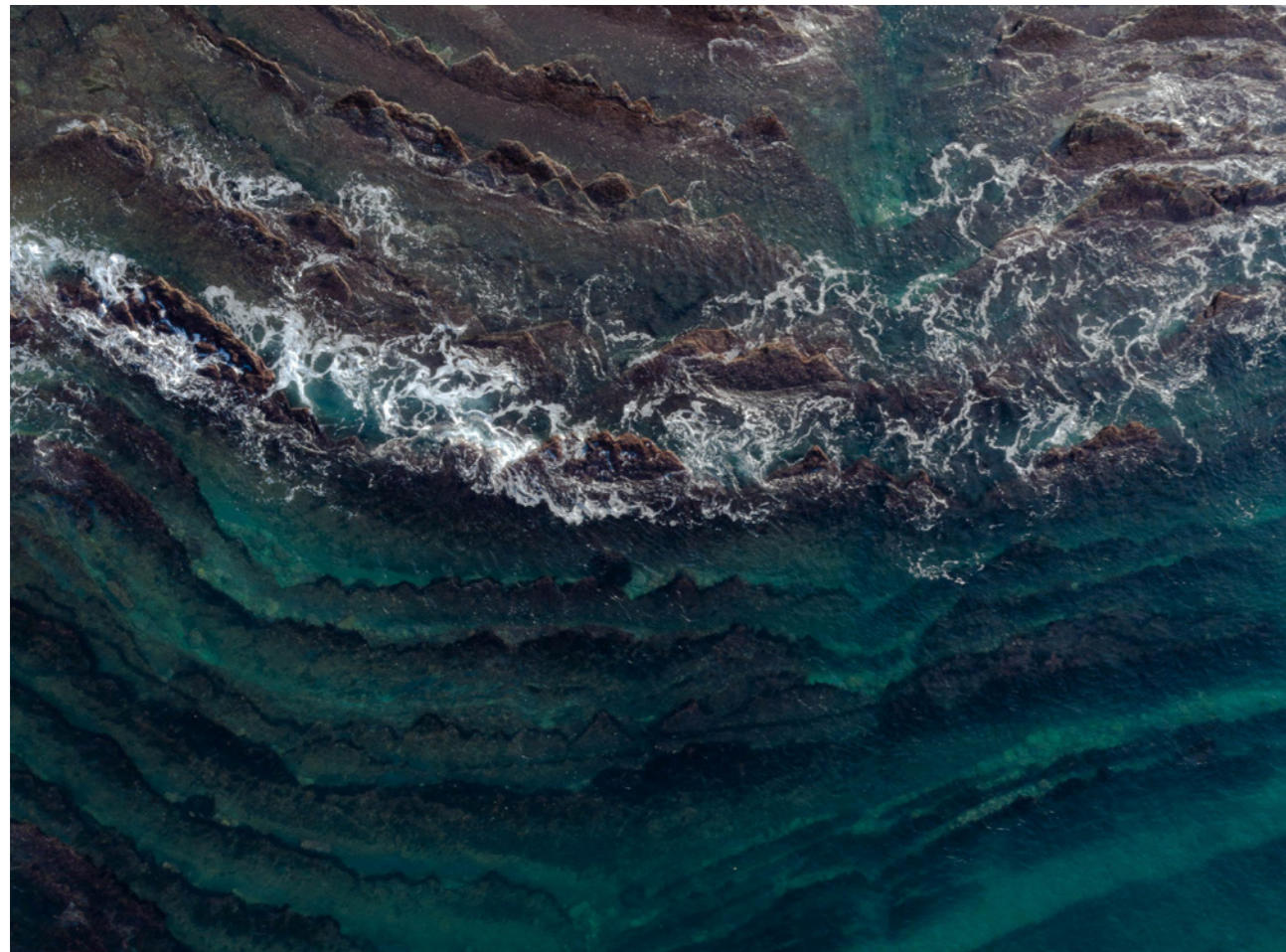
Head office
Skien, Norway

Countries
India, China, Norway, Germany, USA, Romania, France, United Kingdom,
Poland, Brazil, Thailand, Malaysia, Italy, Japan, Sweden, Spain, Austria

EU Taxonomy

Arendals Fossekompni enabling the green transition

Arendals Fossekompni is a proud builder and supporter of technology that impacts the world. Our investments should show a potential to contribute to, or to be transformed to contribute to, one of the six environmental objectives defined by the EU Taxonomy.



The EU Taxonomy is a classification system that helps companies and investors identify environmentally sustainable economic activities to make sustainable investment decisions.

Eligible:
An economic activity that is described and has technical screening criteria set out in the taxonomy.

Aligned:
Taxonomy alignment refers to an eligible economic activity that is making a substantial contribution to at least one of the climate and environmental objectives, while also doing no significant harm to the remaining objectives and meeting minimum standards on human rights and labour standards.

ARENDALS FOSSEKOMPANI IS PROUD TO REPORT ON ALIGNMENT FOR 2022

Arendals Fossekompni performed an initial assessment of the EU Taxonomy in 2021, which provided an indication of eligibility of the portfolio. In 2021, eligible revenue for the Arendals Fossekompni Group was 65%.

In 2022, we expanded our assessment to cover alignment. Each portfolio company has identified their core activities by assessing the financial materiality and strategic relevance of their economic activities. Activities not assessed as core to the portfolio companies, have been scoped out from reporting for 2022. In addition to the adopted Climate Delegated Act, we assessed the activities proposed by the Platform on Sustainable Finance. Since the technical screening criteria for the four remaining environmental objectives have not been adopted by the EU, the reporting on these activities is limited to eligibility, pending finalization of the criteria.

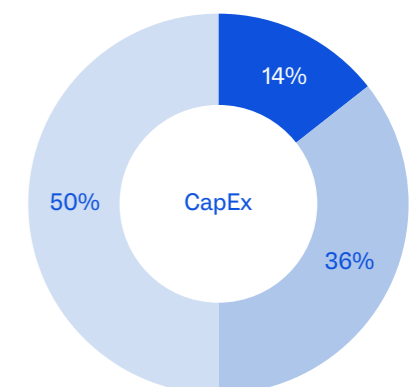
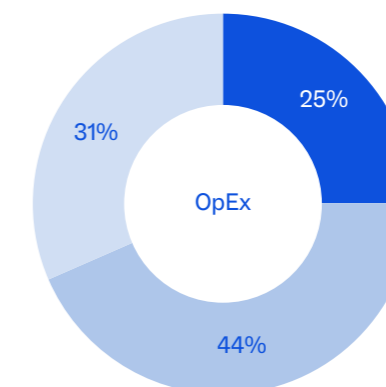
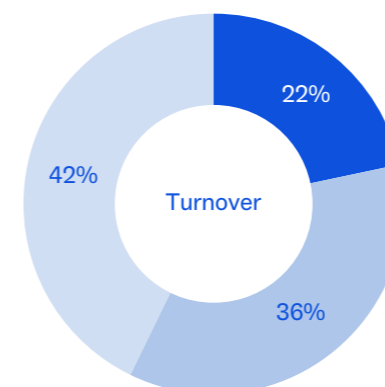
All of Arendals Fossekompni's portfolio companies have eligible activities covered by the EU taxonomy, enabling the green transition. In 2022, eligible turnover for Arendals Fossekompni Group was 58%, of which 22% was aligned. Our portfolio addresses three environmental objectives in particular; climate change and mitigation, climate change and adaptation, and transition to a circular economy.

Due to sector-specific requirements not yet implemented in Norway, and lack of regulatory guidance, some economic activities are not fully assessed for alignment. We also expect the technical screening criteria for the four remaining environmental objectives to be adopted by the EU in 2023, in which case we will perform alignment assessments on these activities.

«Arendals Fossekompni is committed to improving our sustainability performance and further reducing the impact we have on our planet. Given the high percentage of eligible activities, we see a great potential within our portfolio companies' business activities. Our goal is to increase both eligible and aligned reporting in years to come,» says Ingunn Ettestøl, Chief Sustainability Officer.

EU TAXONOMY ELIGIBILITY AND ALIGNMENT

■ Aligned ■ Eligible, not aligned ■ Non-eligible



Arendals Fossekompani Group



FINANCIAL FIGURES (MNOK)

	Q1 2023	Q1 2022	Q4 2022	Full year 2022
Revenue and other income	1,405	1,052	1,360	4,587
Operating profit	202	149	83	429
Operating margin	14%	14%	6%	9%
Earnings before tax (EBT)	238	134	79	426
Earnings after tax (EAT)	71	36	-123	-33
Operating cash flow	101	408	266	483
NIBD	-1,074	-2,051	-1,208	-1,208
Equity	3,835	3,851	3,784	3,784
Equity ratio	46%	55%	48%	48%

Currency rates (NOK/CAD)

Average Q1 2023: 7,57. Average Q1 2022: 6,99 End Q1 2023: 7,73. End Q1 2022: 6,99

Currency rates (NOK/GBP)

Average Q1 2023: 12,44. Average Q1 2022: 11,88 End Q1 2023: 12,96. End Q1 2022: 11,48

Currency rates (NOK/EUR)

Average Q1 2023: 10,98. Average Q1 2022: 9,93 End Q1 2023: 11,39. End Q1 2022: 9,71



Arendals Fossekompani has proud traditions in power production and owns and operates two hydropower plants. In addition, Arendals Fossekompani operates globally in many forward-looking industries including 3D printing, algo trading, satellite services, battery and solar technology, software, and digitalisation, as well as various green energy technologies.

Head office
Arendal, Norway

Chair
Trond Westlie

Chief Executive Officer
Lars Peder Fensli

Employees
2,400

Countries
25

Arendals Fossekompani is an industrial investment company holding nine core investments and a portfolio of financial investments. These operations employ 2,400 people in 25 countries.

HIGHLIGHTS OF Q1 2023

(Figures in parentheses refer to the same period the previous year)

Total revenues for the Group amounted to NOK 1,405 million (1,052 million) in the first quarter. Consolidated earnings before tax came in at NOK 238 million (134 million). Ordinary profit after tax, but before non-controlling interests, totalled NOK 71 million (36 million).

The AFK group of companies delivers its best best quarterly operational result (EBIT) to date. Operating profit in the quarter was driven by high hydropower production levels and stronger results from key portfolio companies ENRX, Volue, Tekna and NSSLGlobal.

Due to increased inflation, the group and its companies have taken initiatives to secure and improve profits going forward.

Operating in international markets, the AFK Group is naturally exposed to currency fluctuations. A weakened NOK has in general led to positive currency effects for the group in the quarter.

ENRX

ENRX (formerly known as Evolgy) is the combination of EFD Induction and the wireless charging solutions provider IPT Technology, which was acquired by Arendals Fossekompani in May 2022. Total operating revenues in the first quarter amounted to EUR 42 million (EUR 30 million), a 40% increase from the same quarter in 2022. Revenue growth was driven by higher activity level within the Heat division, as well as a smaller contribution from the Charge division. The company experienced solid growth in all geographical regions during the quarter. EBIT for the quarter had a solid uplift and ended at EUR 3.4 million (EUR 1.3 million). The EBIT corresponds to a margin of 8% compared to 4% the year before. All geographical regions report growth in EBIT, led by particularly strong numbers from Asia. Current order backlog of EUR 156.5 million creates a strong foundation for continued profitable growth throughout 2023.

TEKNA

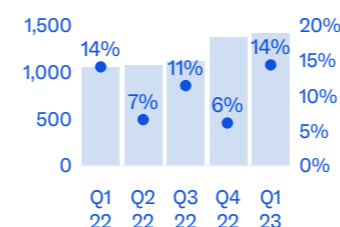
Total revenues for the quarter came in at CAD 9.4 million (CAD 5.3 million), the highest quarterly revenues ever recorded for Tekna. This represents 44% growth compared to the corresponding quarter last year. Adjusted EBITDA was CAD -1.2 million, a significant improvement from CAD -2.8 million in the first quarter last year. Tekna continues to experience strong demand for its advanced materials. Total order backlog at the end of the quarter was CAD 26.4 million, an 86% increase from last year. The backlog was supported by CAD 10.4 million order intake in the reported period, reflecting the growing demand for additive materials, and significant wins and strong pipeline of systems projects.

VOLUME

Volue had a solid quarter with strong growth rates. Total operating revenues in the quarter amounted to NOK 339 million (NOK 286 million). Recurring revenue constituted 66% of total revenues and reached NOK 223 million in the quarter, an increase of 21% from the first quarter of 2022. Adjusted EBITDA in the quarter totalled NOK 55 million (NOK 45 million), corresponding to an adjusted EBITDA-margin of 16% (16%). The transformation towards recurring revenues and Software-as-a-Service (SaaS) continues. SaaS revenues were NOK 88 million in the quarter, an increase of 34% compared to the first quarter of 2022, representing 26% of total revenues.

DEVELOPMENT LAST 5 QUARTERS

■ Revenue (MNOK)
■ Operating margin (%)



The SaaS transformation builds a foundation that can handle a large number of new customers, enabling further revenue growth.

NSSLGLOBAL

NSSLGlobal reports strong sales and operating profit as well as solid order intake. Revenues for the first quarter were GBP 23.8 million, GBP 4.9 million higher than in the first quarter of 2022. Growth came largely due to increased airtime revenues driven by higher operational activity caused by the Ukraine conflict. In addition, expansion of maritime and government projects and service work had a positive impact. Operating profit in the quarter was GBP 4.3 million, compared to GBP 3.2 million in the first quarter last year. NSSLGlobal won GBP 22.9 million of new business opportunities during the quarter, of which a significant portion were either maritime or governmental projects and system work.

AFK VANNKRAFT

Hydropower production contributed with substantial revenues and operating profit in the quarter due to high production levels. Electricity prices in Q1 were higher than normal for the season, but lower compared to the record-breaking first quarter of 2022. Power generation in the quarter amounted to 167 GWh (122 GWh). The average spot price in the NO2 price area was EUR 108 / MWh (EUR 151 /MWh), lifting revenues from AFK Vannkraft to NOK 190 million (169 million) and operating profit to NOK 161 million (NOK 153 million).

Arendals Fossekompani's financial position remains solid. The company's available cash as of 31 March amounted to NOK 1,074 million. In addition, the company has undrawn credit facilities of NOK 1,925 million, securing available liquidity of NOK 2,999 million as per end of the quarter.

EVENTS AFTER THE CLOSE OF THE QUARTER

On 4 May, the Board of Directors decided to pay an ordinary cash dividend of NOK 1.00 per share for the first quarter 2023. The dividend is set to be paid on 22 May.

On 26 April, Benjamin Golding was elected Chairman of the Board of Directors of Volue.

On 3 May, Benjamin Golding will assume the position as Chief Executive Officer of Arendals Fossekompani.

SHARE PRICE LAST 10 YEARS (NOK)



On 26 April, ENRX won a USD 13.6 million contract to supply ground-breaking induction technology for charging of electric vehicles while driving on Florida highway.

On 25 April, NSSLGlobal signed a Smart Maintenance contract with Stolt Tankers. Stolt Tankers operates one of the world's largest fleet of chemical tankers.

On 11 April, Tekna signed a loan facility agreement with Arendals Fossekompani totaling CAD 25 million, which brings additional financial resources to support further growth.

OUTLOOK

There is significant uncertainty associated with the war in Ukraine, the aftermath of the Covid-19 pandemic, supply chain constraints, soaring inflation, rising interest rates and the development of energy prices. In this unpredictable environment, Arendals Fossekompani's solid financial position enables continued support of the portfolio companies, both in handling short-term challenges but also in continued investments to strengthen their long-term competitiveness.

In light of the market's estimated power price trend for 2023, revenues and operating profit for AFK Vannkraft is expected to be considerably lower in 2023 compared to 2022. Furthermore, increased tax burden on the Norwegian hydropower industry will influence the net cash generated from hydropower production.

Following high activity levels in all portfolio companies, AFK Group revenues and operating profit for 2023 are expected to be in line with 2022.

SHARE PRICE

There is a total of 55,995,250 shares in the company. The share price as of 31 March 2023 was NOK 217.50 (NOK 410), corresponding to a decrease of -47% since 31 March 2022. When including direct yield (dividend payouts) in the same period, total decrease in shareholder value was -46%. AFK's total market capitalization was NOK 12.2 billion at the end of March 2023. For the 10-year period from March 2013 to March 2023, compounded annual return to AFK shareholders was 16% (22% including dividends).



Group Management



FINANCIAL FIGURES (MNOK)	Q1 2023	Q1 2022	Q4 2022	Full year 2022
Revenue and other income	3	3	13	23
Operating profit (EBIT)	-18	-27	-22	-86
Operating margin	-	-	-	-
Earnings before tax (EBT)	143	225	-29	461
Earnings after tax (EAT)	133	220	-22	456



Arendals Fossekompani Group Management employs 21 people at the head office in Arendal. The team focuses on the development of new sustainable business opportunities, active ownership of portfolio companies, hydro-power generation, property projects, and management of financial investments.

Head office
Arendal, Norway

Chair
Trond Westlie

Chief Executive Officer
Lars Peder Fensli

Employees
21

Countries
1

Combining industrial, technological, and capital markets expertise, Group Management identifies and develops opportunities for value creation. As an active owner of our portfolio companies, we drive strategy developments, financing, restructuring and transactions, to ensure long-term sustainable value creation.

Arendals Fossekompani has an attractive portfolio positioned in verticals driven by global megatrends, such as Green Energy, Digitalisation & Big Data Analytics, and Electrification & Materials. Our companies are both listed and privately owned, and Arendals Fossekompani is – as part of our strategy – the majority owner.

HIGHLIGHTS OF Q1 2023

Arendals Fossekompani announced in January that Benjamin Kristoffer Golding will be replacing Ørjan Svanevik as Chief Executive Officer of the company. Golding comes from the position as Group Executive Vice President of Products and Innovation at the Norwegian bank DNB. Golding will assume his new position in Arendals Fossekompani on 3 May 2023.

The AFK Parent Company did not complete any financial transactions during the first quarter of 2023. Arendals Fossekompani Group Management continues to focus on developing the portfolio of companies through active ownership.

Arendals Fossekompani's financial position remains solid. The company's available cash as of 31 March amounted to NOK 1,074 million. In addition, the company has undrawn credit facilities of NOK 1,925 million, securing available liquidity of NOK 2,999 million as per end of the quarter.

Arendals Fossekompani Assets

Investments are based on an understanding of Arendals Fossekompani having the competence and energy necessary to be the best owner in a long-term perspective. Our investments are concentrated within four areas: Green Energy, Digitalization & Big Data Analytics, Electrification & Materials, and Property.

Green Energy

Based on more than a century of hydropower production, we are looking to expand our green energy portfolio. As the world is in dire need of more green power, we are looking to capitalize on our competence and history to develop more fossil-free energy sources.

VANNKRAFT

AFK ownership 100%	Head office Froland, Norway
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ampwell

AFK ownership 100%	Head office Arendal, Norway
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Vergia

AFK ownership 100%	Head office Arendal, Norway
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Digitalization & Big Data Analytics

Anything that can be digital, will be digital. By enabling and assisting a digital transformation and providing decision-making data analytics, our portfolio of companies are frontrunners in the digital energy space.

volute

AFK ownership 60%	Head office Oslo, Norway
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Market cap (31.03) 3,029 MNOK	Listed at Oslo Børs
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NSSLGlobal

AFK ownership 80%	Head office London, UK
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alytic

AFK ownership 95%	Head office Arendal, Norway
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Electrification & Materials

Anything that can be electric, will be electric. As a result, demand for electricity will of course grow, as will demand for smart electric solutions. We invest in companies that install smartness into the electric future.

TEKNA

AFK ownership 71%	Headquarter Sherbrooke, Canada
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Market cap (31.03) 769 MNOK	Listed at Oslo Børs
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ENRX

AFK ownership 95%	Head office Skien, Norway
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Property

AFK | Property

AFK ownership 100%	Head office Arendal, Norway
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Our portfolio of green energy companies



Based on more than a century of hydropower production, we are looking to expand our green energy portfolio. As the world is in dire need of more green power, we are looking to capitalize on our competence and history to develop more fossil-free energy sources.

VANNKRAFT

AFK ownership
100%

Head office
Froland, Norway

ampwell

AFK ownership
100%

Head office
Arendal, Norway

Vergia

AFK ownership
100%

Head office
Arendal, Norway

AFK Vannkraft

Portfolio company



FINANCIAL FIGURES (MNOK)	Q1 2023	Q1 2022	Q4 2022	Full year 2022
Revenue and other income	190	169	232	606
Operating profit	161	153	203	535
Operating margin	85%	91%	88%	88%
Earnings before tax (EBT)	161	153	203	535
Earnings after tax (EAT)	31	76	13	148

AFK VANNKRAFT

AFK Vannkraft generates power at two locations in the Arendal watercourse. The Bøylefoss and Flatenfoss hydropower plants produce on average more than 500 GWh annually.

Head office
Froland, Norway

Chair
Trond Westlie

Operating Manager
Jan Roald Evensen

Employees
15

Countries
1

HIGHLIGHTS OF Q1 2023

Hydropower production in the first quarter reached higher levels compared to the year before. Power generation in the first quarter amounted to 167 GWh (122 GWh). Arendals Fossekompani has a defined strategy of selling hydropower production in the day-ahead (spot) market. The average price in the NO2 price area was 108 EUR/MWh (151 EUR/MWh).

The relatively lower price level, compared to the fourth quarter of 2022, came as a result of higher precipitation than normal, lifting the hydro reservoir levels in the south of Norway. Precipitation and inflow in Q1 2023 were respectively around 137% and 155% of the norm for the watercourse. Accumulated snow and reservoir levels in the watercourse were higher than normal by the end of the quarter.

Essential audits and maintenance routines took place in the quarter in accordance with established control procedures for the hydropower facilities.

The figure below shows the weekly power price (NO2) and power generation in the period 01/01/2022 – 31/03/2023.

OUTLOOK

AFK Vannkraft is required by law to improve the power plants and associated dam facilities, and consequently Arendals Fossekompani is planning upgrades to both plants in the coming years. The reconstruction of dams will start once detailed requirements have been agreed with the Norwegian Water Resources and Energy Directorate (NVE). Rehabilitation of the exterior of the Bøylefoss hydropower plant building will start in 2023.

Considering the market's estimated power price trends for the remaining quarters of 2023, water levels and forecasted production, AFK Vannkraft expects revenues and operating profit for 2023 to be lower than in the record-breaking year 2022. Actual energy prices depend on many factors, including hydrological balance, oil and gas prices, weather conditions, temperatures, and more. With limited reservoir capacity, the production volume will also be dependent on precipitation.

POWER PRICE & POWER GENERATION



Ampwell

Portfolio company



FINANCIAL FIGURES (MNOK)

	Q1 2023	Q1 2022	Q4 2022	Full year 2022*
Revenue and other income	34	*Ampwell was established by Arendals Fossekompani in Q2 2022.	54	106
Operating profit	-16		-23	-53
Operating margin	-		-	-
Earnings before tax (EBT)	-23		-25	-62
Operating Cashflow	-15		-9	-64
NIBD	462		373	373
Equity	-19		31	31
Equity ratio	-30%		62%	62%

Currency rates (NOK/EUR)

Average Q1 2023: 10,98. Average Q1 2022: 9,93 End Q1 2023: 11,39. End Q1 2022: 9,71

ampwell

Ampwell was established by Arendals Fossekompani in 2022 to build an eco-system for battery technology and a Battery-as-a-Service business model. Efficient energy storage solutions are needed to reduce energy costs and enable the green transition. With Ampwell, it is possible to fully utilize non-flexible power production, like wind and solar, to secure a functional and stable energy grid. Ampwell consists of the German energy storage provider Commeo and the Spanish software company Collect Energy.

Head office
Arendal, Norway

Chair
Torkil Mogstad

Chief Executive Officer
Torkil Mogstad

Ownership
100%

Employees
60

Countries
2

Established in 2014, Commeo has over the years developed its proprietary energy storage system and is now in a position where the product can be manufactured on an industrial scale. Commeo systems typically range from 50 kWh to 1 MWh, but the modular plug-and-play setup allows for even larger systems. The company is on a strong growth trajectory and has started the construction of a new production facility which will be one of Germany's largest.

In 2022, Arendals Fossekompani co-founded and acquired 40% of Collect Energy, a Spanish company currently developing analysis and control software in cooperation with some of the largest energy players in Europe. The solutions are specifically designed for the stationary storage market and will help customers utilize the stored energy in the best possible manner. The solutions are meant to be agnostic, which means they will be able to connect to several different batteries, independent of manufacturer and technology. Arendals Fossekompani reached a majority ownership of 51% at the end of first quarter of 2023.

HIGHLIGHTS OF Q1 2023

Revenues for the quarter amounted to EUR 3.1 million. Operating profit in the same period was EUR -1.5 million. Revenues were driven by increasing battery module sales in Commeo and increased production capabilities. Operational ramp-ups in both Commeo and Collect Energy, as well as Ampwell parent company, contributed to negative margins in the quarter.

The construction of Commeo's new semi-automatic production facilities is currently ongoing. The first part of the new production facilities is estimated to be finalized in mid-2024 and will over time enable above 1 GWh production capacity. The demand for stationary storage and the sales pipeline for Commeo continues to increase.

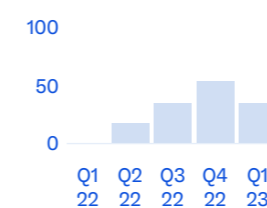
Collect Energy is running pilots with selected customers and is still developing their solutions according to plan. Their solutions have generated high commercial interest in the relevant market segments, and the company is expected to generate commercial revenue based on their solutions within the next quarter.

OUTLOOK

Driven by strong demand for energy storage solutions, Ampwell expects to generate revenue growth in 2023, which will be its first full year of operation. EBIT is expected to be higher, but remain negative at 2022 levels for the year due to the ramp-up phase of production of battery modules and development of related software solutions.

DEVELOPMENT LAST 5 QUARTERS

■ Revenue (MNOK)



Vergia

Portfolio company



FINANCIAL FIGURES (MNOK)	Q1 2023	Q1 2022	Q4 2022	Full year 2022
Revenue and other income	0	-	1	1
Operating profit	-2	-2	-2	-7
Operating margin	-	-	-	-
Earnings before tax (EBT)	-4	-3	-8	-18
Operating cash flow	-1	-0	-5	-7
NIBD	14	-19	5	5
Equity	5	24	9	9
Equity ratio	14%	95%	28%	28%



Established early in 2022, Vergia is an Arendals Fossekompani initiative that combines all existing green infrastructure projects and related portfolio companies in a new entity. Vergia is a strategic green energy enabler leveraging in-house competence with strategic partners to develop infrastructure projects in alternative verticals within the energy transition sphere.

Head office
Oslo, Norway

Chair
Trond Westlie

Chief Executive Officer
Martin Kjäll-Ohlsson

Ownership
100%

Employees
3

Countries
1

The Vergia ecosystem includes verticals such as small-scale hydropower, energy parks, power-to-x, offshore wind, and green fuel. Vergia is owned 100% by Arendals Fossekompani.

OFFSHORE WIND

Arendals Fossekompani and Ferd, two of Norway's leading industrial investment companies, have come together to establish the offshore wind company Seagust. Seagust is structured as a 50:50 joint venture between Vergia and Ferd, with a mandate to become an offshore wind developer with operations domestically and internationally. Seagust and Swedish energy major Vattenfall have joined forces with the intention to bid on two areas in the initial Norwegian offshore wind licensing round.

AMMONIA

Vergia and Grieg Maritime Group have joined forces to create a leading provider of green ammonia. North Ammonia is dedicated to developing the next generation green fuels for shipping and transportation. The company builds on extensive first-hand experience. Grieg Maritime Group has more than 60 years of experience in shipping. Arendals Fossekompani has more than 125 years of experience in industrial developments and green power production. Eydehavn in Arendal has been chosen as the first production site for North Ammonia. Eydehavn is being developed as a maritime hub and is ideally located for green ammonia production and distribution. MoUs have been signed with maritime end-users. World-class technology, engineering and maritime cooperation partners are in place to develop the project and production facility. Production is expected to start in 2027.

SMALL-SCALE HYDROPOWER

Vergia has two small-scale hydropower development projects; Kilandsfoss and Glomsdam, which can contribute with an annual power production of 38 and 7 GWh respectively. During the first quarter of 2023, Vergia made the decision to start construction of Kilandsfoss hydropower plant. The project is expected to be completed in 2025.

ENERGY PARKS

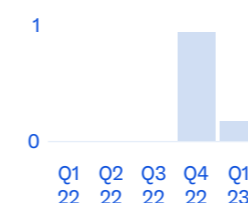
Vergia is developing Bøylestad Energy Park, an industrial and commercial area facilitating energy intensive industry, powered by renewable energy. The area is situated next to one of the largest energy hubs in Southern Norway, which makes for a highly suitable area for power intensive industries. Bøylestad Energy Park also offers proximity to highway systems, railway, and a port, which further increases the strategic value of the area.

HYDROGEN

Vergia, Kongsberg Maritime and Moreld have joined forces to develop a combined offshore substation and hydrogen factory. Hydepoin is a complete solution for receiving, converting, and transmitting the full energy potential from offshore wind farms, with reduced dependence on the onshore power grid. Placed in the ocean, close to wind farms, Hydepoin can convert all or part of the energy into hydrogen. This will reduce the need for upscaling the power grid both to and on land.

DEVELOPMENT LAST 5 QUARTERS

■ Revenue (MNOK)



Our portfolio of digitalization companies



Anything that can be digital, will be digital. By enabling and assisting a digital transformation and providing decision-making data analytics, our portfolio of companies are frontrunners in the digital energy space.

value

AFK ownership
60%

Market cap (31.03)
3,029 MNOK

Head office
Oslo, Norway

Listed at
Oslo Børs

NSSLGlobal

AFK ownership
80%

Head office
London, UK

alytic

AFK ownership
95%

Head office
Arendal, Norway

NSSLGlobal

Portfolio company



FINANCIAL FIGURES (MNOK)

	Q1 2023	Q1 2022	Q4 2022	Full year 2022
Revenue and other income	297	224	275	1,042
Operating profit	54	39	20	209
Operating margin	18%	17%	7%	20%
Earnings before tax (EBT)	51	39	47	236
Operating cash flow	-43	38	32	154
NIBD	-210	-240	-356	-356
Equity	490	358	524	524
Equity ratio	53%	51%	57%	57%

Currency rates (NOK/GBP)

Average Q1 2023: 12,44. Average Q1 2022: 11,88 End Q1 2023: 12,96. End Q1 2022: 11,48



NSSLGlobal is an independent provider of cyber secure satellite and mobile communications and IT support that delivers high-quality voice and data services across the globe, regardless of location or terrain. NSSLGlobal's activities are divided into four main areas: Airtime, Projects, Hardware and Service. Its main customers are within the maritime segment, the military and government sector, large international corporations and the energy sector.

Head office
London, UK

Chair
Arild Nysæther

Chief Executive Officer
Sally-Anne Ray

Ownership
80%

Employees
223

Countries
10

NSSLGlobal has more than 50 years of experience in the maritime and military mobility markets. The company operates its own Global VSAT network using its own patented Satlink Hub and Modem technology as well as partnering with other established satellite and mobile operators such as Inmarsat, Iridium, Thuraya and Vodaphone and more recently with LEO operator Starlink. Customers are supported locally via global sales and service offices, 24/7 network operations centers, teleports and a global network of local service partners.

NSSLGlobal is headquartered in the United Kingdom, but also has offices in Germany, Denmark, Norway, Sweden, Poland, Netherlands, Singapore, USA, Israel, and Japan. The revenue model is to a large degree based on multiyear subscription and support contracts, thereby securing a significant degree of recurring revenues.

HIGHLIGHTS OF Q1 2023

Revenues for the first quarter were GBP 23.8 million, GBP 4.9 million higher than last year. The growth in the quarter compared to last year, was largely due to increased airtime revenues driven by higher operational activity caused by the Ukraine conflict. In addition, expansion of maritime and government project and service work had a positive impact.

Operating profit in the quarter was GBP 4.3 million, compared to GBP 3.2 million in Q1 last year.

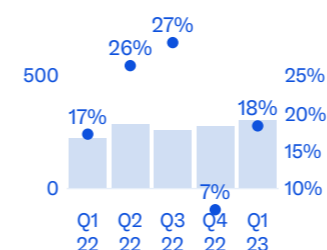
In the first quarter, NSSLGlobal won GBP 22.9 million of new business opportunities of which a significant portion were either maritime or governmental project and system work. One of the contracts won is a 3-year contract with Defence Digital, UK Ministry of Defence (MOD), to provide the next iteration of the Ship Alongside Contract, SAS3. The deliverables include service management, engineering services and support, installations in ships and submarines as well as the roll out of additional innovative connectivity solutions within UK and Overseas Dockyards. NSSLGlobal's sales and pipeline continues to be strong, across both governmental and maritime sectors. NSSLGlobal also launched its Fusion^{IPLEO} service during Q1 2023. Fusion^{IPLEO} is a managed service that offers its customers a hybrid communication solution combining the traditional guaranteed high availability services, with the new low latency, high capacity services available in the market.

OUTLOOK

NSSLGlobal expects 2023 revenues to be in line with 2022, driven by a solid pipeline for sales and bid, somewhat offset by lower high-margin airtime. Operating profit is expected to be lower than in 2022, driven by the latter, as well as inflation-driven cost increases.

DEVELOPMENT LAST 5 QUARTERS

■ Revenue (MNOK)
■ Operating margin (%)



Volue

Portfolio company



FINANCIAL FIGURES (MNOK)	Q1 2023	Q1 2022	Q4 2022	Full year 2022
Revenue and other income	339	286	341	1,219
EBITDA	46	40	22	147
Adjusted EBITDA*	55	45	64	203
Operating profit	24	14	-4	40
Operating margin	7%	5%	-	3%
Earnings before tax (EBT)	25	10	-12	36
Operating cash flow	305	285	-14	214
NIBD	-614	-618	-426	-426
Equity	840	767	809	809
Equity ratio	42%	43%	43%	43%

* Adjusted EBITDA: In order to give a better representation of underlying performance, EBITDA is adjusted for non-recurring items.

volue

Volue is a market leader in technologies and services that power the green transition. Based on 50 years of experience, Volue provides innovative solutions, systems and insights to industries critical to society. 780 employees work with around 2,500 customers across energy, power grid, water and infrastructure projects that ensure a sustainable, flexible and reliable future. Volue operates within three segments, Energy, Power Grid, and Infrastructure. The company is active in 40+ countries.

Head office
Oslo, Norway

Chair
Ørjan Svanevik

Chief Executive Officer
Trond Straume

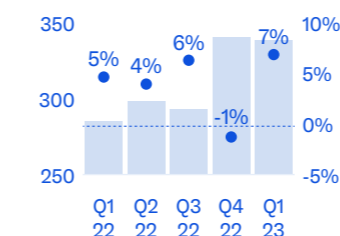
Ownership
60%

Employees
778

Countries
9

DEVELOPMENT LAST 5 QUARTERS

■ Revenue (MNOK)
■ Operating margin (%)



HIGHLIGHTS OF Q1 2023

(Figures in parentheses refer to the same period the previous year)

The transformation towards recurring revenues and Software-as-a-Service (SaaS) continues. Volue generated solid growth rates during the quarter. SaaS revenues were NOK 88 million in the quarter, an increase of 34% compared to the first quarter of 2022, representing 26% of total revenues. Revenues and other income in the quarter amounted to NOK 339 million (NOK 286 million). Adjusted EBITDA in the quarter totalled NOK 55 million (NOK 45 million), corresponding to an adjusted EBITDA-margin of 16% (16%).

The Energy Segment recorded revenue growth of 22% from the first quarter in 2022 to NOK 209 million in the same quarter in 2023. The segment has a strong tailwind from volatile energy markets that drive increased demand for Volue services, including trading, optimisation, forecasting and analyses. Volue currently see Japan as the most exciting new market opportunity and is proud to report that contracts have been signed with 11 clients in Japan. The sales results are ahead of the expectations for the first half of 2023.

For the Power Grid Segment, operating revenues grew by 20% year-over-year to NOK 76 million. A contract with a large Danish power grid operator was won in the quarter, where Volue will deliver a domain application for grid planning. The deal is similar to the one announced in the fourth quarter of 2022. Both represent the SaaS transition for the segment and are of strategic importance for Volue as they lay the foundation for similar deliveries outside the Nordics.

The Infrastructure segment generated revenues of NOK 54 million in the first quarter, up from NOK 50 million in the same quarter the previous year. Volue has a strategy of country-by-country expansion for the Infrastructure segment, and is currently taking the construction offering to Sweden.

Recurring revenue constituted 66% of total revenues and reached NOK 223 million in the quarter, an increase of 21% from the first quarter of 2022.

OUTLOOK

Since listing Volue has prioritised strategic investments in its SaaS platform and expansion into new markets. This has created short- to mid-term EBITDA impact and increased R&D capitalisation in line with plans. Measures are in place to counter margin effects, and Volue target year-by-year improvement in profitability and cash-conversion.

Volue provides the following updated long term guidance to the market:

- Annual long term organic growth of 15% reiterated
- Target of NOK 2 billion in revenues 2025, including M&A, reiterated
- Year-by-year increase of adjusted EBITDA margin, cash conversion, share of ARR and SaaS revenues

Additionally Volue has set the following priorities and ambitions for 2023:

- Long-term growth target of 15% reiterated, whilst lower 2023 non-recurring revenues may limit growth from 2022
- Continue to grow ARR and SaaS business in line with 2022 performance
- Focus on profitability initiatives to improve profitability and cash conversion
- Structural growth through M&A

Alytic

Portfolio company



FINANCIAL FIGURES (MNOK)	Q1 2023	Q1 2022	Q4 2022	Full year 2022
Revenue and other income	11	9	12	41
Operating profit	-19	-6	-16	-46
Operating margin	-	-	-	-
Earnings before tax (EBT)	-19	-7	-16	-45
Operating cash flow	-13	-2	-8	-35
NIBD	-57	-20	-45	-45
Equity	153	74	132	132
Equity ratio	68%	69%	67%	67%

alytic

Alytic invests in companies with strong domain competence and works actively with them to develop and market scalable, data-rich products based on a SaaS business model. Founded in 2020 by individuals who played a key role in the successful development of Wattsight, and utilizing the same principles, Alytic has acquired four companies as a starting point for developing verticals in aquaculture, renewables, ESG, and telecom.

Head office
Arendal, Norway

Chair
Lars Peder Fensli

Chief Executive Officer
Espen Zachariassen

Ownership
95%

Employees
86

Countries
3

HIGHLIGHTS OF Q1 2023

In the first quarter of 2023, the annual recurring revenues (ARR) for the portfolio grew to NOK 30 million, which represents a 15% increase compared to the previous quarter.

Alytic is developing its existing portfolio while also exploring investment opportunities in both new and existing verticals. Alytic is working closely with all portfolio companies and has committed new capital to accelerate their development.

FACTLINES

Factlines represents Alytic's ambition to develop a European one-stop-shop for responsible supply chains, ESG reporting, and product life cycle assessments. In Q1 Factlines recruited and started onboarding both senior developers and sales executives. Sales were strong throughout the quarter, with an ARR growth of 25% compared to the previous quarter. With a stronger development and sales team in place, an even higher speed of development on both the product and the sales side is expected going forward. Factlines expects to see an upgraded supply chain transparency product launched in Q2, in time for the Transparency Act to enter into force on 30 June 2023.

VEYT

In Q1 Veyt (formerly Greenfact) launched their new platform and a series of new products, including carbon market coverage and a long-term GO price forecast. Response to the new platform and products has been promising with new clients already signed for both carbon and premium products and a strong quarter for sales. Veyt grew ARR by 14% compared to the previous quarter. In Q1 the Veyt sales team has also grown with two new people joining the team, positioning Veyt to continue to drive sales through the remainder of the year. During 2023 Veyt aims to continue developing its net-zero analytics product and grow a global customer base.

KONTALI

Throughout Q1, Kontali has experienced strong demand for its new digital portal Edge. ARR grew by 37% compared to the previous quarter. The portal is undergoing continuous, rapid development with the aim of having several new features and analytical tools made available to customers in the quarters to come. Kontali will continue to invest and develop Edge to be the leading portal for seafood professionals, and expects strong growth in subscribing customers in 2023.

UTEL

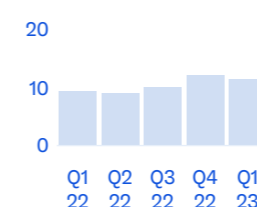
Utel is continuing to test and develop a general solution for anomaly detection, with a particular focus on fraud detection for communication service providers. With a strong emphasis on outbound sales, Utel's sales pipeline at the end of the quarter is noticeably stronger than ever before. Utel expects a significant uptick in ARR in Q2.

OUTLOOK

All portfolio companies are experiencing traction in the market, and Q1 represents the first full quarter where focus has shifted from transformation and development to include sale and scale. All portfolio companies are expected to keep growing recurring revenues and launch new products throughout the year. The companies are still in a strong investment phase, and in the coming quarter Alytic expects its portfolio to improve existing products and develop new product areas.

DEVELOPMENT LAST 5 QUARTERS

■ Revenue (MNOK)



Our portfolio of electrification and material companies



Anything that can be digital, will be digital. By enabling and assisting a digital transformation and providing decision-making data analytics, our portfolio of companies are frontrunners in the digital energy space.

TEKNA

AFK ownership
71%

Market cap (31.03)
769 MNOK

Headquarter
Sherbrooke, Canada

Listed at
Oslo Børs

ENRX

AFK ownership
95%

Head office
Skien, Norway

Tekna

Portfolio company



FINANCIAL FIGURES (MNOK)	Q1 2023	Q1 2022	Q4 2022	Full year 2022
Revenue and other income	71	46	51	199
EBITDA	-9	-25	-32	-124
Adjusted EBITDA*	-9	-21	-20	-95
Operating profit	-17	-33	-40	-153
Operating margin	-	-	-	-
Earnings before tax (EBT)	-19	-38	-39	-166
Operating cash flow	-25	-31	-11	-145
NIBD	1	-178	-40	-40
Equity	393	495	389	389
Equity ratio	72%	78%	72%	72%

* Adjusted EBITDA: In order to give a better representation of underlying performance, EBITDA is adjusted for non-recurring items.

Currency rates (NOK/CAD)

Average Q1 2023: 7,57. Average Q1 2022: 6,99 End Q1 2023: 7,73. End Q1 2022: 6,99

TEKNA

Tekna is a world-leading provider of advanced materials and plasma systems to several industries. Tekna produces high-purity metal powders for applications such as 3D printing in the aerospace, medical and automotive sectors, as well as optimized induction plasma systems for industrial research and production.

Head office
Sherbrooke, Canada

Chair
Dag Teigland

Chief Executive Officer
Luc Dionne

Ownership
71%

Employees
216

Countries
4

HIGHLIGHTS OF Q1 2023

In the first quarter of 2023, revenue came in at CAD 9.4 million, a 44% increase from the same period last year and the highest quarterly revenues ever recorded for Tekna. Both Systems (+53%) and Advanced Materials (+40%) contributed to the revenue growth.

Adjusted EBITDA for Q1 was CAD -1.2 million, a significant improvement from CAD -2.8 million in the same quarter last year. Profitability improvement is mainly driven by revenue growth and increased contribution margin, showing strong organizational productivity. Tekna is maintaining cost control while scaling revenues and managing inflationary costs increases.

Arendals Fossekompani reiterates its support of Tekna. Tekna signed a loan facility agreement with Arendals Fossekompani totaling CAD 25 million, which brings additional financial resources to support further growth.

Tekna continues to experience strong demand for its products. Total order backlog at the end of the quarter was CAD 26.4 million, an 86% increase from last year. The backlog was supported by CAD 10.4 million order intake in the reported period, reflecting the growing demand for additive materials, and significant wins and strong pipeline of systems projects.

Tekna has seen the systems market rebound with several new contracts awarded. In January 2023, two plasma system sales valued at CAD 1.6 million for delivery by end of 2023 were announced. In April, Tekna announced orders for another three plasma systems valued at CAD 2.6 million.

Technical capacity upgrades have been successfully implemented on all machines while cautiously managing customer priorities until the end of April. Some upgraded machines have been operating since late 2022 and have proven to be reliable. The factory is now operating at a 70% increased rate and additional atomisers are scheduled to be commissioned by year-end 2023. The increased production capacity will translate into higher material availability, shorter delivery lead-times, and increased sales.

OUTLOOK

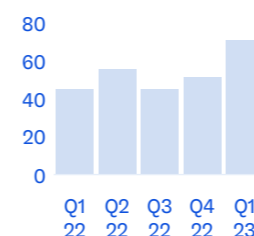
Tekna's strategy, technology, and products are considered highly relevant in today's global markets, which are marked by geopolitical turmoil, economic uncertainty, an urge for sustainability, and increased predictability. The company's customers are transitioning towards new technology, moving manufacturing closer to markets whilst considering more sustainable production processes. Additive manufacturing (AM) remains the most prominent segment for Tekna materials at present with a projected AM materials market growth of up to 30%¹.

At present, Tekna prioritizes the significant opportunities in additive manufacturing, systems, and microelectronics focusing strategically on revenue opportunities in the near term. Nevertheless, Tekna remains engaged in dialogues with strategic partners in the energy storage industry. Additionally, Tekna aims to improve profitability and cash position by emphasizing operational excellence.

Operating revenues and margins are expected to increase in 2023 compared to 2022, supported by the strong order backlog, increased production capacity and organizational productivity.

DEVELOPMENT LAST 5 QUARTERS

■ Revenue (MNOK)



1. Source: Smartech 2022

ENRX

Portfolio company



FINANCIAL FIGURES (MNOK)

	Q1 2023	Q1 2022	Q4 2022	Full year 2022
Revenue and other income	459	296	388	1,338
Operating profit	37	13	-29	-3
Operating margin	8%	4%	-	0%
Earnings before tax (EBT)	28	12	-35	-20
Operating cash flow	-51	-25	134	46
NIBD	555	66	425	425
Equity	403	413	384	384
Equity ratio	21%	34%	22%	22%

Currency rates (NOK/EUR)

Average Q1 2023: 10,98. Average Q1 2022: 9,93 End Q1 2023: 11,39. End Q1 2022: 9,71

ENRX

ENRX combines former EFD Induction's global market leadership in industrial induction heating systems (Heat) with IPT Technology's leading technology in the high-growth market for wireless induction charging solutions for mobility and industrial applications (Charge). Among the industries served by ENRX are automotive, renewable energy/wind energy, pipe fabrication, electronics, cable, and mechanical engineering. ENRX has operations in 20 countries.

Head office
Skien, Norway

Chair
Ørjan Svanevik

Chief Executive Officer
Bjørn E. Petersen

Ownership
95%

Employees
1,047

Countries
17

ENRX (formerly Evolgy) was formed through the combination of EFD Induction (Heat) and the wireless charging solutions provider IPT Technology (Charge), which was acquired by Arendals Fossekompni in May 2022.

HIGHLIGHTS OF Q1 2023

Total operating revenues in the first quarter amounted to EUR 42 million, a 40% increase from the same quarter in 2022. Revenue growth was driven by a higher activity level within the Heat division, as well as a smaller contribution from the Charge division. The company experienced solid growth in all geographical regions in the quarter. March isolated was particularly strong, representing an all-time high in sales revenues.

Operating costs increased during the quarter, reflecting an increase in sales. In addition, increasing cost inflation is impacting operating costs negatively. On the positive side, operating costs increased at a lower rate than operating revenues compared to Q1 of 2022.

EBIT for the quarter had a solid uplift and ended at EUR 3.4 million, up from EUR 1.3 million in the same quarter last year. This is the second-highest quarterly EBIT in the history of ENRX Group. The EBIT corresponds to a margin of 8%, compared to 4% in the same quarter last year. All geographical regions, and especially Asia, reported growth in profitability.

Overall, the Heat division did well in all activity areas, and the order intake continued its strong development from 2022. Total order intake for the quarter ended at EUR 41,7 million, compared to EUR 42,6 million in the same quarter last year. All geographical regions reported high order intake levels during the first quarter.

OUTLOOK

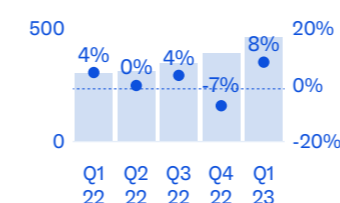
The current order backlog of EUR 156.5 million is at a historic high level, and creates a strong foundation for continued profitable growth throughout 2023. The overall market for heating products is still considered strong.

ENRX's Charge division is also experiencing a positive tailwind as the Aspire contract was awarded to ENRX on 14 April. The company will deliver a dynamic wireless charging system that will allow vehicles to charge while driving on a four-lane highway outside Orlando, Florida. The total contract value is USD 13,6 million and the project will be delivered over a 3-year period. The awarded contract is an important testimonial and milestone for ENRX and paves the way for further growth within the potentially large market within wireless charging solutions. The Charge division has a unique competitive advantage as ENRX is the only company with dynamic charging experience in powers above 100 kW. The Charge division is expected to generate long-term revenue and cost synergies to further improve the company's operational leverage.

Both revenue and operating profit are expected to be higher in 2023 than in 2022.

DEVELOPMENT LAST 5 QUARTERS

■ Revenue (MNOK)
■ Operating margin (%)



Our portfolio of properties

The Arendal Fossekompagni portfolio of properties include an urban development project, an airport and center for aviation, a site for power-intensive industries, and some stand-alone properties. All property related companies and property investments are comprised in AFK Property.



AFK | Property

AFK ownership
100%

Head office
Arendal, Norway

AFK Property

Portfolio company



FINANCIAL FIGURES (MNOK)	Q1 2023	Q1 2022	Q4 2022	Full year 2022
Revenue and other income	5	22	4	35
Operating profit	-2	-1	-3	-7
Operating margin	-	-	-	-
Earnings before tax (EBT)	-3	-1	-4	-10
Operating cash flow	6	-18	-18	-40
NIBD	135	87	135	135
Equity	203	214	206	206
Equity ratio	42%	48%	47%	47%

AFK Property

All property related companies and property investments are comprised in AFK Property.

Head office
Arendal, Norway

Chair
Torkil Mogstad

Chief Executive Officer
Tom Krusche Pedersen

Ownership
100%

Employees
5

Countries
1

BRYGGEBYEN

The largest company in the property portfolio is Vindholmen Eiendom AS, which is transforming an old shipyard into a new urban residential and commercial area under the name Bryggebyen. The transformation will take 10-15 years to complete and will create 500-700 residential units in combination with exciting trade and commerce offerings.

The third stage of the apartment complex at Bryggebyen is progressing according to plan, with 44 of 48 apartments sold.

Arendals Fossekompagni also plans to build a public indoor swimming facility at Bryggebyen. The municipality of Arendal has signed a long-term rental agreement, and a final investment decision is scheduled for late 2023. AFK Property is in final negotiations with two entrepreneurs, and if the regulation process progresses according to expectations, building will start in early 2024.

ARENDAK AIRPORT & PROPERTY GULLKNAPP

AFK Property is the majority owner of Gullknapp, which consist of an airport facility as well as an attractive area of 200,000 sqm. for industrial/commercial use. The main user of the airport facility is OSM Aviation Academy which runs a pilot school at the premises. Future plans include developing the airport facility into a center for drones as well as a hub for electrified aviation under the name Gullknapp Aerial Center.

BØLEVEGEN 4

This property, located along the Skien River, just one kilometer south of downtown Skien, was acquired in 2020. The 4,700 sqm building is fully let to Arendals Fossekompagni portfolio company ENRX on a 15-year bare-house agreement.

AFK Property will erect new facilities for ENRX, providing approximately 2,500 sqm of new offices, production and storage space. Application papers have been filed with Skien Municipality, and building is expected to start in May 2023.

LONGUM PROPERTY

The 170,000 sqm property is located outside the city of Arendal, close to the E18 highway and the main production site of the coming Morrow Batteries. The process to regulate the property at Longum for commercial development has started, and interested parties have already inquired about possibilities for purchasing and/or renting space.

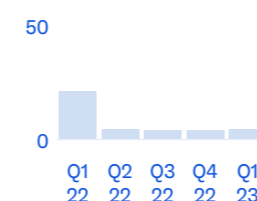
BEDRIFTSVEIEN 17

Bedriftsveien 17 is located in the middle of the emerging commercial area Krøgenes, 3 kilometers east of downtown Arendal. The 3,500 sqm building has been completely refurbished and is now fully let to Volue Industrial IoT on a 25-year bare-house agreement. The area has grown in attractiveness with a new feed-in road to the new E18 highway recently completed.

During the quarter, AFK Property added two new experienced employees to its organization. They will focus on project development and project management.

DEVELOPMENT LAST 5 QUARTERS

Revenue (MNOK)



Shareholder Information Outlook

Arendals Fossekompani is committed to maintaining an open dialogue with its shareholders, investors, analysts, and the financial markets in general. Our goal is to ensure that the share price reflects its underlying value by making all price-relevant information available to the market.

SHARES AND SHAREHOLDERS

There are a total of 55,995,250 shares in the company. As of 31 March 2023, a total of 1,118,319 were treasury shares. The share price on 31 March 2023 was NOK 217.50, down from NOK 250.50 on 31 December 2022.

RISK AND UNCERTAINTIES

Arendals Fossekompani is exposed to credit risk, market risk, and liquidity risk. These matters are described in detail in Note 16 to the annual financial statements for 2022.

RELATED PARTY TRANSACTIONS

The company's related parties comprise subsidiaries, associates and members of the Board of Directors and executive management. Transactions between Arendals Fossekompani's companies and other related parties are based on the principles of market value and arm's length distance. Transactions carried out between related parties are detailed in Note 4. None of these transactions are considered of material importance for the company's financial position or earnings.

OUTLOOK

Following high activity levels in all portfolio companies, AFK Group revenues and operating profit for 2023 are expected to be in line with 2022. There is uncertainty associated with the war in Ukraine, the aftermath of the Covid-19 pandemic, supply chain constraints, soaring inflation, rising interest rates, as well as the development of energy prices.

AFK VANNKRAFT

AFK Vannkraft expects revenues and operating profit to be significantly lower in 2023 compared to 2022.

AMPWELL

Ampwell expects revenues and operating profit to be higher in 2023 compared to 2022.

VERGIA

Vergia expects revenues and operating profit for 2023 be in line with 2022.

NSSLGLOBAL

NSSLGlobal expects 2023 revenues to be in line with 2022, while operating profit is expected to be lower than in 2022.

VOLUE

Volue expects revenues and operating profit for 2023 to be higher than in 2022.

ALYTIC

Alytic expects revenues to be considerably higher in 2023 compared to 2022. Operating profit is expected to be lower than in 2022, as companies in the Alytic portfolio still are in a growth phase.

TEKNA

Tekna expects revenues to be higher and operating profit to improve in 2023 compared to 2022.

ENRX

ENRX expects revenues and operating profit to be higher in 2023 compared to 2022.

AFK PROPERTY

AFK Property expects revenues and operating profit to be lower in 2023 compared to 2022.

The Board of Directors emphasizes that significant uncertainty is associated with assessments of future circumstances.

Froland, 4 May 2023

The Board of Directors, Arendals Fossekompani ASA

CONSOLIDATED STATEMENT OF INCOME

(MNOK)	Note	Q1 2023	Q4 2022	Q1 2022	Full year 2022
Revenue	6	1402	1355	1049	4 569
Other Income		3	5	3	18
Revenue and other income		1405	1360	1052	4 587
Materials and consumables used		452	447	286	1447
Employee benefit expenses		489	519	395	1691
Other operating expenses	2	194	226	155	722
Operating expenses		1135	1191	837	3 860
EBITDA		270	168	215	726
Depreciation	2	42	45	44	184
Amortisation		26	31	21	104
Impairment loss property, plant and equipment	3	-	-	-	-
Impairment loss intangible assets	3	-	9	-	9
Operating profit		202	83	149	429
Finance income		83	42	12	118
Finance costs		35	25	24	81
Net financial items		48	17	-11	37
Share of profit or loss of associates and joint ventures		-12	-21	-4	-40
Profit before income tax		238	79	134	426
Income tax expense	5	167	202	98	458
Profit (-loss) for the period		71	-123	36	-33
Attributable to:					
Non-controlling interests		-4	-34	-1	-38
Equity holders of the company		75	-89	37	6
Basic/diluted earnings per share (NOK)		1,29	-2,24	0,65	-0,59
Statement of comprehensive income					
Items that may be reclassified to statement of income					
Total Effect from Foreign Exchange		111	-78	-27	56
Change on Cash flow hedges		-15	-33	2	-9
Tax on cash flow hedges that may be reclassified to P&L		3	1	-1	2
Items that may be reclassified to statement of income		99	-110	-25	50
Items that will not be reclassified to statement of income					
Change in financial assets at fair value through OCI		1	1	1	-3
Actuarial gains and Losses		-	-2	-	-2
Tax on OCI that will not be reclassified to P&L		-	1	-	1
Items that will not be reclassified to statement of income		1	-1	1	-5
Total Other Comprehensive Income (OCI)		100	-111	-25	45
Profit (-loss) for the period		71	-123	36	-33
Total Comprehensive Income		171	-234	11	12
Attributable to:					
Non-controlling Interests		29	-48	-7	-25
Equity holders of the parent		142	-186	18	38
Total Comprehensive Income per share (NOK)		3,12	-4,27	0,20	0,22

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(MNOK)	Note	Q1 2023	Q1 2022	Full year 2022
Assets				
Property, plant and equipment		1140	916	1086
Intangible assets		1892	1097	1757
Investments in associates and joint ventures		34	14	37
Net pension assets		25	28	25
Non-current receivables and investments		295	232	264
Deferred tax assets		121	85	108
Non-current assets		3 508	2 372	3 277
Inventories		1031	552	845
Contract assets		199	187	137
Current receivables		1311	844	1218
Cash and cash equivalents		2 272	2 960	2 340
Derivatives - current assets:		12	20	11
Financial assets at fair value through OCI		13	16	12
Current assets		4 839	4 580	4 563
Total assets		8 347	6 952	7 840
Equity and liabilities				
Share capital		224	224	224
Other paid-in capital		22	10	22
Treasury shares		-110	-63	-110
Other reserves		29	-55	-7
Retained earnings		3 001	3 204	2 994
Capital and reserves attributable to owners of the company		3 166	3 320	3 123
Non-controlling Interests		668	531	662
Total equity		3 835	3 851	3 784
Non-current bond loans		498	497	498
Non-current interest-bearing debt		370	264	353
Pension liabilities		25	24	24
Non-current provisions		31	30	34
Deferred tax liabilities		64	52	65
Non-current lease liabilities		209	139	203
Non-current liabilities		1 197	1 006	1 176
Current interest-bearing debt		197	19	171
Bank overdraft		132	129	111
Derivatives - current liabilities		24	8	9
Accounts payable		738	583	970
Payable income tax		474	219	437
Contract liabilities		520	390	233
Current lease liabilities		63	58	58
Current provisions		118	92	118
Other current liabilities		1048	597	773
Current liabilities		3 315	2 094	2 880
Total liabilities and equity		8 347	6 952	7 840

CONSOLIDATED STATEMENT OF CASH FLOWS

(MNOK)	YTD 2022
Cash flow from operating activities	
Profit (-loss) for the period	36
Adjusted for	
Depreciation, Impairment and Amortization	66
Net financial items	11
Share of profit from associates and joint ventures	4
Tax expense	98
Total after adjustments to net income	214
Change in Inventories	-56
Change in trade and other receivables	119
Change in trade and other payables	-155
Change in other current assets	-1
Change in other current liabilities	336
Total after adjustments to net assets	457
Tax paid	-49
Net cash from operating activities	A 408
Cash flow from investing activities	
Interest received and realized FX gains	2
Dividends received	3
Proceeds from sales of PPE	2
Purchase of PPE and intangible assets	-60
Purchase of other investments	-8
Proceed from sale of other investments	4
Purchase of shares in subsidiaries	4
Proceeds from the sales of shares in subsidiaries	3
Net cash from investing activities	B -50
Cash flow from financing activities	
New long-term borrowings	4
Repayment of long-term borrowings	-24
Cash Flow from issuance of receivables	-
Cash Flow from Net change in current interest bearing debt	14
Interest paid and realized FX losses	-26
Dividend paid	-74
Cash flow from treasury shares	2
Net cash from financing activities	C -104
Cash Flow	A+B+C 255
Opening balance for cash and cash equivalents	2 708
FX effects on cash accounts	-3
Closing balance for cash and cash equivalents	2 960

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(MNOK)	Share capital	Other paid-in capital	Treasury shares	Other reserves	Retained earnings	Capital and reserves attributable to owners of the company	Non-controlling Interests	Total equity
Opening balance at 01.01 2022	224	10	-63	-47	3 240	3 364	545	3 909
Profit (-loss) for the period	-	-	-	-	37	37	-1	36
Total Other Comprehensive Income (OCI)	-	-	-	-19	-	-19	-6	-25
Gain from sale of shares in subsidiaries	-	-	-	-	163	163	-	163
Other changes from subsidiaries	-	-	-	12	14	26	16	42
Dividends paid	-	-	-	-	-253	-253	-24	-277
Closing balance at 31.03	224	10	-63	-55	3 204	3 320	531	3 851
Opening balance at 01.01 2023	224	22	-110	-7	2 994	3 123	662	3 784
Profit (-loss) for the period	-	-	-	-	75	75	-4	71
Total Other Comprehensive Income (OCI)	-	-	-	68	-1	67	33	100
Other changes from subsidiaries	-	-	-	-32	-9	-41	3	-39
Dividends paid	-	-	-	-	-57	-57	-25	-82
Closing balance at 31.03	224	22	-110	29	3 001	3 166	668	3 835

STATEMENT OF INCOME PARENT COMPANY

(MNOK)	Note	Q1 2023	Q4 2022	Q1 2022	YTD 2023	Full year 2022
Revenue		189	231	169	189	605
Other Income		4	14	3	4	23
Revenue and other income		193	245	172	193	628
Materials and consumables used			14	-4		4
Employee benefit expenses		20	28	17	20	78
Other operating expenses		26	19	29	26	83
Operating expense		45	61	43	45	165
EBITDA		147	184	129	147	463
Depreciation		3	3	3	3	12
Amortisation		-	-	-	-	2
Operating profit		144	180	126	144	449
Finance income and finance costs						
Finance income	7	174	17	264	174	601
Finance costs		13	23	11	13	55
Net financial items		161	-6	252	161	547
Profit before tax		305	174	378	305	996
Income tax expense		140	183	82	140	392
Profit (-loss) for the period		164	-9	297	164	604
Basic/diluted earnings per share (NOK)		3,00	-0,17	5,41	3,00	11,03
Statement of comprehensive income						
Profit for the period		164	-9	297	164	604
Change in financial assets at fair value through OCI		1	1	1	1	-3
Actuarial gains and Losses		-	-3	-	-	-3
Tax on OCI that will not be reclassified to P&L		-	1	-	-	1
Items that will not be reclassified to statement of income		1	-1	1	1	-5
Total Other Comprehensive Income (OCI)		1	-1	1	1	-5
Total Comprehensive Income		166	-11	298	166	599
Attributable to:						
Equity holders of the parent		166	-11	298	166	599
Total Comprehensive Income per share (NOK)		3,02	-0,20	5,42	3,02	10,93

STATEMENT OF FINANCIAL POSITION PARENT COMPANY

(MNOK)	Note	Q1 2023	Q1 2022	Full year 2022
Assets				
Property, plant and equipment		231	168	229
Intangible assets		8	10	9
Investment in associates		17	-	17
Investment in subsidiaries		1792	1599	1752
Intercompany loans		812	5	321
Net pension assets		12	14	12
Non-current receivables and investments		172	148	171
Deferred tax assets		47	42	47
Non-current assets		3 092	1 987	2 558
Current receivables		205	125	508
Cash and cash equivalents		1074	1584	1160
Financial assets at fair value through OCI		13	16	12
Current assets		1 292	1 726	1 680
Total assets		4 384	3 712	4 238
Equity and liabilities				
Share capital		224	224	224
Other paid-in capital		22	10	22
Treasury shares		-110	-63	-110
Other reserves		-1	1	-3
Retained earnings		3 007	2 745	2 894
Capital and reserves attributable to owners of the company		3 141	2 917	3 027
Total equity		3 141	2 917	3 027
Bond		498	497	498
Non-current interest-bearing debt		167	-	153
Pension liabilities		6	6	6
Provisions		2	10	2
Non-current lease liabilities		60	15	60
Non-current liabilities		731	528	719
Accounts payable		7	57	12
Payable income tax		401	165	375
Current interest-bearing debt, intercompany		27	36	17
Current lease liabilities		2	4	2
Other current liabilities		73	5	85
Current liabilities		511	267	492
Total liabilities and equity		4 384	3 712	4 238

STATEMENT OF CASH FLOWS PARENT COMPANY

(MNOK)	YTD 2023	YTD 2022
Cash flow from operating activities		
Profit (-loss) for the period	164	297
Adjusted for		
Depreciation, Impairment and Amortization	4	3
Net financial items	-161	-252
Tax expense	140	82
Total after adjustments to net income	147	129
Change in trade and other receivables	-11	-12
Change in trade and other payables	-6	7
Cash flow form Internal Accounts Payable and Receivable	16	52
Change in other current liabilities	-2	-10
Change in employee benefits	-1	-1
Total after adjustments to net assets	143	166
Tax paid	-114	-2
Net cash from operating activities	A 30	165
Cash flow from investing activities		
Interest received and realized FX gains	14	1
Dividends received	96	97
Purchase of PPE and intangible assets	-5	-1
Purchase of other investments	-1	-8
Purchase of shares in subsidiaries	-41	-5
Proceeds from the sales of shares in subsidiaries	1	1
Net cash from investing activities	B 64	85
Cash flow from financing activities		
Repayment of long-term borrowings	-1	-1
Cash Flow from Internal Loans and Borrowings	-120	-8
Interest paid and realized FX losses	-17	-19
Group Contribution Received	9	-
Dividend paid	-52	-50
Net cash from financing activities	C -180	-77
Cash Flow	A+B+C -87	173
Opening balance for cash and cash equivalents	1160	1411
Closing balance for cash and cash equivalents	1074	1584

STATEMENT OF CHANGES IN EQUITY PARENT COMPANY

(MNOK)	Share capital	Other paid-in capital	Treasury shares	Other reserves	Retained earnings	Capital and reserves attributable to owners of the company	Total equity
Opening balance at 01.01 2022	224	10	-63	1	2 700	2 872	2 872
Profit (-loss) for the period	-	-	-	-	297	297	297
Total Other Comprehensive Income (OCI)	-	-	-	1	-	1	1
Dividends paid	-	-	-	-	-252	-252	-252
Closing balance at 31.03	224	10	-63	1	2 745	2 917	2 917
Opening balance at 01.01 2023	224	22	-110	-3	2 894	3 027	3 027
Profit (-loss) for the period	-	-	-	-	164	164	164
Total Other Comprehensive Income (OCI)	-	-	-	1	-	1	1
Dividends paid	-	-	-	-	-52	-52	-52
Closing balance at 31.03	224	22	-110	-1	3 007	3 141	3 141

NOTE 1 CONFIRMATION OF FINANCIAL FRAMEWORK

The financial statements for the quarter have been prepared in accordance with IAS 34 Interim Financial Reporting. The report does not include all the information required in full annual financial statements and should be read in conjunction with the consolidated financial statements for 2022.

NOTE 2 KEY ACCOUNTING POLICIES

The accounting policies for 2022 are described in the Annual Report for 2022. The financial statements have been prepared in accordance with EU-approved IFRS and associated interpretations, as well as the additional Norwegian disclosure requirements pursuant to the Norwegian Accounting Act and stock exchange regulations and rules, applicable as at 31 December 2022. The same policies have been applied in the preparation of the interim financial statements as at 31 March 2023. New standards effective from 1 January 2023 have had no material effect on the financial statements.

NOTE 3 ESTIMATES

Areas involving significant use of estimates include the valuation of companies in the share portfolio and measurement of goodwill/excess values in subsidiaries and associates, and of impairment indicators for property, plant and equipment and intangible assets. In the year to date these measurements have not resulted in material impairment losses on any assets or cash-generating units.

NOTE 4 RELATED PARTY TRANSACTIONS

Disclosures concerning related party transactions are given in the company's Annual Report for 2022, Note 24.

NOTE 5 PROVISION FOR INCOME TAX

Provision for income tax for the quarter is based on the new increased tax burden on the Norwegian Hydropower industry as adopted and implemented by the government in 2022. The additional new resource rent tax has increased the provision for income tax by MNOK 14 for the quarter. The new high-price contribution has increased the provision for income tax by MNOK 17 for the quarter. Total increased tax burden for Q1 2023 due to new tax regulations is MNOK 31.

NOTE 6 SEGMENT REPORTING

(MNOK)

Per 31.03.	Group Management		AFK Vannkraft		Volue		NSSLGlobal		ENRX	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Sales at a point in time	1	-	189	169	62	51	297	224	215	66
Sales over time	-	-	-	-	277	234	-	-	244	230
Other Income	3	3	1	-	1	1	-	-	1	1
Revenue and other income	3	3	190	169	339	286	297	224	460	297
Operating expenses	20	29	26	14	293	246	238	175	404	270
Depreciation, amortization and impairment	1	1	3	2	23	26	5	11	19	15
Operating profit	-18	-27	161	153	24	14	54	39	37	13
Net financial items	161	252	-	-	1	-3	-3	-	-9	-1
Income tax expense	10	5	130	77	6	4	10	6	11	6
Profit (-loss) for the period	133	220	31	76	19	6	41	32	17	6
Total assets	4 153	3 510	233	202	2 004	1 780	928	697	1 930	1 200
Total liabilities	831	566	413	229	1 165	1 012	437	339	1 526	786
Net interest bearing debt	-1 364	-1 129	-	-	-614	-618	-210	-240	555	66

Per 31.03.	Tekna		Alytic		Property		Vergia		Ampwell	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Sales at a point in time	52	33	12	9	2	19	-	-	34	-
Sales over time	18	12	-	-	-	-	-	-	-	-
Other Income	1	1	-	-	3	2	-	-	-	-
Revenue and other income	71	46	11	9	5	22	-	-	34	-
Operating expenses	80	71	28	15	3	19	2	2	45	-
Depreciation, amortization and impairment	8	8	3	1	3	3	-	-	6	-
Operating profit	-17	-33	-19	-6	-2	-1	-2	-2	-16	-
Income from associates	-3	-2	-	-	-	-	-2	-2	-1	-
Net financial items	1	-3	-	-	-1	-	-	-	-5	-
Income tax expense	-	-	-	-	-	1	-	-	-	-
Profit (-loss) for the period	-19	-38	-19	-7	-3	-1	-4	-3	-23	-
Total assets	546	632	225	106	484	443	34	26	711	-
Total liabilities	153	136	72	32	281	229	29	1	729	-
Net interest bearing debt	1	-178	-57	-20	135	87	14	-19	462	-

Per 31.03.	Eliminations		Total	
	2023	2022	2023	2022
Sales at a point in time	-	-	863	572
Sales over time	-	-	539	477
Other Income	-7	-5	3	3
Revenue and other income	-7	-5	1 405	1 052
Operating expenses	-5	-3	1 135	837
Depreciation, amortization and impairment	-2	-2	68	66
Operating profit			202	149
Income from associates	-6	-	-12	-4
Net financial items	-95	-256	48	-11
Income tax expense	-	-	167	98
Profit (-loss) for the period	-102	-256	71	36
Total assets	-2 900	-1 643	8 347	6 952
Total liabilities	-1 125	-232	4 512	3 100
Net interest bearing debt	-	-	-1 074	-2 051

NOTE 7 FINANCE INCOME, PARENT COMPANY

(MNOK)

	YTD 2023	YTD 2022
Interest income, I/C	10	-
Interest income	9	4
Currency exchange income	58	-
Gain on partial sale of subsidiaries	-	163
Dividend income	-	3
Dividend income I/C an group contribution	96	94
Total	174	264

VISITING ADDRESS

Langbryggen 9
4841 Arendal

POSTAL ADDRESS

Box 280
4803 Arendal

+47 37 23 44 00
firmapost@arendalsfoss.no
arendalsfossekompani.no